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**THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE: THE
CASE OF UNITED INSURANCE SHARE COMPANY**

BY

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*A Research Project Submitted to the School of Graduate Studies of Addis Ababa
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the Award of Master of Art Degree in Business Leadership*

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Declaration

I hereby declare that the work entitled: “The Effect of Leadership Style on Employee Performance: The case of United Insurance Share Company”, is the outcome of my own effort and study and that any other contributors or sources of materials used for the study have been duly acknowledged. I have produced it independently except the guidance and suggestion of my Research Project Advisor, Abraraw Chane (PhD). Moreover, this study has not been done and submitted on this particular company for any degree in this university or any other university for the award of Degree or Diploma Program. Here, it is offered for the partial fulfillment of Degree of Master of Arts in Business Leadership.

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Certification

This is to certify that the research project prepared by Abraham Takele, entitled: “**The effect of Leadership Style on Employee Performance: The case of United Insurance Share Company**” for partial fulfillment of Master of Arts Degree in Business Leadership at Addis Ababa University School of Commerce. This study complies with the regulations of the university and meets the accepted standard with respect to originality and quality. Hence, the study is original and is not done and submitted on this particular company for any degree in this university or any other university.

CONFIRMATION BY ADVISOR: _____ _____
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ABSTRACT

The purpose of the study was to investigate effects of leadership styles practiced in insurance industry in Ethiopia, specifically the united insurance share company on employee performance. The study adopted a descriptive and explanatory research design with sample size of 150 respondents in which 128 useable data were collected from the distributed 150 questionnaires to respondents and analyzed to arrive at findings, conclusions, and recommendations. Primary data collection, convenience and random sampling methods were used, data collection instruments were closed ended/structured questionnaires and lastly the data collected were analyzed quantitatively and presented in the form of tables, frequencies, means and standard deviations using Statistical Package for Social Science software (SPSS). Data were presented in tables and analyzed using mean scores, standard deviation, frequencies and percentages. In the study, even though all the leadership styles were hypothetically accepted and positively related to employee performance from the analysis of data, democratic style was the most dominant and followed by transformational and transactional styles respectively in being exercised in this company. Thus, the United Insurance Share Company was recommended to use democratic, transformational, and transactional leadership styles to enhance employee performance so as to enable quality service delivery. A further research was also recommended on other insurance companies collectively and to find other factors rather than styles that determined employee performance not included in this study.

Keywords: Leadership styles, Democratic leadership style, Transformational leadership style, transactional leadership style, employee performance, and United Insurance Share Company.

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ACRONYMS/ABBREVIATIONS

UNIC: United Insurance Company

S.C.: Share Company

SA: Strongly Agree

R: Coefficient of Correlation

R Square: Coefficient of Determination

F: Frequency

Sig.: Significance

β : Beta Coefficient

t-value: Confidence Interval

P-value: Significance Level

F-value: Fitness of the Model

Std. Standard

ANOVA: Analysis Of Variance

DLS: Democratic Leadership Style

ALS: Autocratic Leadership Style

LLS: Laissez-faire Leadership Style

TRALS: Transactional Leadership Style

TRFLS: Transformational Leadership Style

EP: Employee Performance

II: Idealized Influence

IM: Inspirational Motivation

IC: Individualized Consideration

IS: Intellectual Stimulation

CHAPTER ONE

INTRODUCTION

This chapter comprised back ground of the study, back ground of the company, problem statement, research objectives, research questions, research hypotheses, significance of the study, scope of the study, limitation of the study, definition of terms, and organization of the study.

1.1 Background of the Study

Effective leadership is crucial in implementing decisions successfully and hence, it is a major ingredient of effective management and for the delivery of good insurance services in the industry as well as other organizations in Ethiopia.

Different styles of leadership exist to match different situations in an organization and each of these styles works best only if the leader has a vision of what can be achieved and then communicates this to others and evolve strategies for realizing the vision (Reddins, 1990). Most leaders motivate people and are able to negotiate for resources and other support to achieve their goals. Given limited resource and difficult operating environments of many low to middle profile insurance companies in Ethiopia, the Managing Director, who is the overall leader is nonetheless expected to achieve optimum results. Thus, it may not be out of place to draw at this point in time that probably this instance mark; where most scholars in the area of leadership research concluded that leading is a complex process. But it is common knowledge today that most organizational leaders succeed whenever they successfully influences others (followers) in achieving organizational goals.

Theoretically, different leadership styles yielded different results desirables and undesirables. The best or effective leadership style is one that produces desirable results for individual workers and the organization at large. Hence, there is a need to investigate the leadership style that influences workers behavior and contributes to the organizational goals positively. Findings from previous studies on leadership styles and employee performance are inconsistent. For example, studies by Adeyemi (2010), Nuhu (2010) and Belonio (2011) found that autocratic leadership style has significant impact on employee performance while Dolatabadi and Safa (2010) and

Obiwuru, Okwu, Akpa and Nwankwere (2011) found no significant impact between the two variables.

Employees' poor attitude to work can be attributed to poor leadership style. A good leadership style is expected to direct workers behaviors toward achieving organizational predetermined goals. Therefore, this study investigate how different leadership styles (e.g. democratic, autocratic, Liaises faire, transactional and transformational) affect employees' job performance in the United Insurance Share Company, in Addis Ababa. The novelty and contribution of the study to existing knowledge hinge on the fact that no work of this nature has been conducted using United Insurance Share Company, in Addis Ababa as a case study.

In today's society, flow of life depends on effective leadership in several aspects such as; organizations development, survival of community, work function and effective performance. Organizations have been established to address social needs and group activities. Moreover, the current global economy is constantly driven by innovation, performance and profitability. Batista-Taranet et al (2009), note that due to globalization, companies are changing their structure in order to compete in the bigger global arena. A number of studies have discussed the impact of leadership on employee performance. The term leadership is a highly valued phenomenon that is very complex and is a process that is similar to management in many ways as it involves influence and requires working with people, which management requires as well (Northhouse, 2013). Leadership is not "one size fits all" thing; often, a manager must adapt their style to fit a situation or a specific group and this is why it is useful to gain a thorough understanding of various leadership styles; after all, the more approaches the manager is familiar with, the more tools they will be able to use to lead effectively (Murray, 2013).

In Africa, Mohammed, Yusuf & Sanni (2014), used the path-goal theory of leadership to study the relationship between leadership styles and employees' performance. They focused on selected business organizations in federal capital territory of Abuja, Nigeria. The study was carried out to determine the relationship between leadership style and employee performance in the identified organizations. The findings showed that there was a significant relationship between leadership style and employee performance in an organization. This study has observed that leaders and leadership style in organizations have affected the ability of their employees to achieve corporate goals and objectives (Menz, 2012). The study recommended that for superior

employee performance to be attained, a good reward system must be put in place (Northouse, 2014). The research concluded that leadership has a significant effect on workers' performance and organization growth. Wanjala (2014), in her study on the influence of leadership style on employees' job performance in the hospitality industry looked at the case of Safari Park hotel. The purpose of this study was to investigate the leadership styles of managers and how it affected the employee job performance. The study found out that the democratic and transformational leadership styles were prevalent /dominant at the Safari Park Hotel more than the directive/autocratic style. The study revealed that the leadership style of a manager affects the employee job performance either negatively or positively. It has been argued by Ng'ethe et al., (2012) that the role of leaders and their leadership styles are crucial in employee retention. This assertion/agreement is on the premise/reason that leadership styles can either motivate or discourage employees, which in turn causes employees' increase or decrease in their level of performance and propensity/preference for retention in the organization (Rochelle, 2012). Note also that the main aim of this study is to investigate the influence of leadership style on employees' performance in the United Insurance S.C.

1.1.1 Back ground of the Company

The United Insurance Share company profile contains information about its capital, re-insurance, its products, and the like. The company was established by 87 Ethiopians (individuals & enterprises) with an initial capital of Birr 8, 073, 000. It received its license and started writing non-life insurances from just one office location at Meskel square on 10 November 1994. By 1997, the number of the company's shareholders was well above 150; its authorized capital stood at Birr 50,000,000; its subscribed capital increased to Birr 20, 080, 000 and its paid-up capital had reached Birr 14, 968, 050. In that year, it also became the first private-sector insurance company to start underwriting life insurance. In this connection, also became the first company to introduce with profits individual life policy. And also, for the first time in the company's history, acquired a relatively younger and smaller insurance company. Lion Insurance Company S.C., in October 2000, thus setting the pace for the industry.

The vision of the company was aims to be the best insurance company in the country, most professional, most commercial, and most responsible. The mission of the company was to provide complete insurance cover at economic rates, honest, prompt, and courteous claims

services, to fully satisfy all its constituencies; customers, shareholders, employees, society and the environment. The values of the company includes embrace the concept that ‘people’ make the most important asset of the company; aim to be the best equal-opportunity employer in the country; endeavor to attract, develop, and retain the best insurance professionals; write trust and help customer to buy insurance, not sell to them; conduct the business of insurance with honesty and integrity; uphold the value of fair competition: level playing field and same rules of the game;

1.2 Problem Statement

Jing & Avery (2011) concluded that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret making direct comparisons virtually impossible. They identify the need for more studies on this subject as a priority. In Africa, Mohammed, Yusuf & Sanni (2014), stated that although progress has been made in understanding leadership traits, there is need to realize that much is not known about how a leadership style can be applied effectively to enhance employee performance, thus gaps and unanswered questions remain. There is a need for more studies that can contribute to growing body of literature investigating leadership influence on employees performance, scholars have noted that academic research lags behind and this is particularly notable with respect to the role of leadership in employee performance especially in the United Insurance S.C. leadership and its influence on employees performance a gap that this study seeks to fill.

There are different leadership behaviors currently being exercised by leaders or managers of the united insurance company such as transactional, transformational, democratic, autocratic leadership styles. However, which one of leadership styles is the most dominantly exercised, which ones follow depending on the situation and that increased employee job performance is unknown. Therefore, there is a gap and unanswered questions with regard to the leadership behaviors. Therefore, these are the reasons to carry out this study in the united insurance company in order to fill the gap, answer the raised questions, arrive at conclusions and deliver any improvement recommendations.

1.3 Research Questions and Hypotheses

1.3.1 Research Questions

The study is intended to answer the questions as follow;

- (i). what is the kind of leadership style currently being practiced in the United Insurance share Company?
- (ii). How is the level of employee performance in the Company?
- (iii). How employees' performance and its rate improvement system do look like in the Company?
- (iv). what are the effects of leadership styles on employees' performance in the Company?

1.3.2 Research Hypotheses

H1: Democratic leadership has significant effect on employee performance in the Company.

H2: Autocratic leadership has significant effect on employee performance in the Company.

H3: Laissez-faire leadership has significant effect on employee performance in the Company.

H4: Transactional leadership has significant effect on employee performance in the Company.

H5: Transformational leadership has significant effect on employee performance in the Company.

1.4 Research Objectives

Research Objectives are intended outcomes of the research undertaking.

1.4.1 General Objective

The general objective of this study was to investigate the main effects of leadership styles on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company.

1.4.2 Specific Objectives

The aim of this study specifically was:

- (i). Identifying the kind of leadership style existing in the United Insurance S.C.
- (ii). Examining the level of employees' performance in the Company.
- (iii). Examining the relationship between leadership style and employee performance.
- (iv). Assessing the effect of leadership style on employees' performance.

1.5 Significance of the Study

Findings of this study can have a great contribution such as:

The first contribution of findings of this research is its usefulness to future researchers, students and academicians to thoroughly understand the effects and importance of different leadership styles on employee performance, the second one is after determining the relationship between leadership style and employee performance, the insurance company is in a better position to use the findings of this research to develop leadership programs that help leaders acquire relevant leadership skills for effective management and organizational performance, and the third one is that this study's findings assist different leaders in identifying the best and the most appropriate leadership style to use in relevant situations for team effectiveness and increased staff productivity.

1.6 Scope of the Study

The study was intended to address the problem under consideration; hence, this research was delimited to the effect of leadership style on employee performance in the United Insurance S.C. The study focused on the internal management of the company which is called leadership and the effect the leadership has on employees' performance. To measure the effect of leadership style a regression model was implemented; and correlation was also implemented to identify the relationship between a leadership style and employee job performance using primary data. Focused area of the study was the insurance industry, specifically United Insurance S.C. and the respondents were from head quarter in Addis Ababa, Ethiopia where operational level managers and subordinate employees were combined. In carrying out the study, challenges were encountered, for instance, the research only be focused to head office located in Addis Ababa city by excluding other branches in the city and outline which was directly related with proximity, largest staff number, time and budget availability. This research consisted of data in the physical year 2020.

1.7 Limitation of the Study

In carrying out the study, limitations were encountered, for instance, there was lack of willingness of the employees regarding filling out the questionnaires and being unable to return the questionnaire on time basis. The research was dependent on the perception of employees; the

current COVID-19 pandemic has significantly affected the research process. Because of the pandemic the researcher was unable to conduct interview with the company's employees.

1.8 Definition of Terms

Leadership: According to Peris, (2012) leadership to be a reciprocal processes of social influence, in which leaders and subordinates influence each other in order to achieve organizational goals. Good leader motivates employees and motivated employees do not only increase his or her job performance and commitment within an organization, but also goes beyond the job requirements thus increasing the organization's general performance and making it more profitable.

Leadership style is viewed as the combination of traits, characteristics, skills and behaviors that leaders use when interacting with their followers/subordinates.

Thomas, (2002) define leadership style is the ingredient of personality embodied in leaders that causes subordinates to follow them. Alexander (2002) on the other hand defines leadership styles is particular behaviors applied by a leader to motivate subordinates to achieve the objectives of the organization.

A leadership style occupies an important position in an insurance company management. Leaders express leadership in many roles. These, among others, are: formulating aims and objectives, establishing structures, managing and motivating personnel and providing leadership. Maxwell, (2007), asserts providing leadership is a very essential component of a leader's role. The leadership style leaders choose to perform the above mentioned roles determine whether they accomplish the task at hand and long-term organizational goals or not, and whether they are able to achieve and maintain positive relationships with staff.

Performance is a multidimensional construct and an extremely vital criterion that determines organizational successes or failures.

Employee Performance: The main goal of any organization is to enhance the job performance of its employees so that it can survive in this highly competitive environment.

Prasetya and Kato (2011) defined employee performance as the attained outcomes of actions with skills of employees who are competent in delivery of the organizational goals and

objectives. Therefore, it is very important to measure the value that was derived from the different leadership styles to ensure effective delivery of services by the employees at the United Insurance Share Company.

1.9 Organization of the Study

Five chapters have been consisted in this paper. The first chapter comprised introduction of the study; back ground of the study; back ground of the company; problem statement; research objectives; research questions, research hypotheses, significance of the study, scope of the study, limitation of the study and definition of terms. Chapter two consisted of the review of related literature where the researcher analyzed the existing literature about subject and developed a conceptual framework for the study. Chapter three comprised the research methodology with the designs, approach, and methods used to attain the research objectives. The fourth chapter concerned with data presentation, analysis, and interpretation based on the data gathered. Finally, the fifth chapter incorporated summary of the findings, conclusions and recommendations part of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

The chapter presented a review of the literature related to the study. Past studies used were important as they guide the researcher on other studies done on the same topic. From this review, a conceptual framework using the dependent and the independent variables in the survey was developed, which laid a framework for the study. The chapter comprised three parts; review of theoretical literature, the review of empirical literature, and the conceptual framework.

2.2 Review of Theoretical Literature

Globally, leadership has become the most widely studied aspect of organizational behavior and a number of theories have emerged focusing on the strategies, traits, styles and the situational approach to leadership. As a result of ever-growing interest in the field of leadership, behavioral scientists and sociologists began to analyze the possible consequences of leadership behaviors and the variables that are used to predict the leader's behaviors.

2.3 The Concept of Leadership

The organizational structure is comprised of different departments in which the employees work as the basic units with different capacities. In this regard, the basic responsibility of the leadership is to raise the moral values, working capacity and ultimately the output graph of the organization (Avolio & Bass, 2004). The employees, in the presence of a leadership may not feel isolated from the central authority which keeps them intact and resultantly they work with integrity and utmost commitment. On the part of the researchers, the ongoing research highlights different leadership styles in the different circumstances in diverse spheres of life.

Stogdill, (1989) describes leadership as both a process and a property. As a process, leadership involves the use of non-coercive influence, while as a property it specifies the set of characteristics attributed to someone who is perceived to use influence successfully. Akanni (1987) defines leadership as the process of influencing the actions and attitudes of followers to achieve certain results. Blake and McCause (1991) see leadership as a process whereby an individual influences a group of individuals to achieve a common goal.

Drawing from foregoing definitions, one can reasonably posit that while there are a variety of leadership definitions out there, there is a specific component that is central to the majority of these definitions. Thus, “influence” is central to most definitions of leadership especially the ones given above. However, the concept of influence used here connotes the leader’s ability to accomplish much more in association with others than the strictly formal components of organization would appear to permit. Rowe, (2007) affirms that “influence” involves getting people to do what you want them to do thereby providing the means or methods to achieve two ends of operating and improving the organization. Operating and improving the organization by the leader borders on one’s commitment to integrity, transparency and service to the organization and community at large. While transparency is very vital in an organization where status and greed have characterized leadership in the past, there is always a price for attempting to cultivate integrity, transparency, and provide service to humanity. The price according to Akanni (1987) is usually rejection and cynicism and members of the organization call the leader names. But it is worth persisting, if a leader is able to withstand these names he gets honored at the end by these same members.

In contrast, a leader who has no commitment to integrity, transparency and service could be said to have ignored the moral component of his position and may well go down in history as a wicked person with no principles.

The phrase ‘cheat now and pay later’ would no doubt remain a warning for those in the position of leadership and who may wish to ignore the moral components of their positions as they approach their retirement period. One will also agree with Ogbe (2006) as he posits that, people must ask all questions about the activities of their leaders, they must make their leaders to account for public funds in the interest of sustainable development. It follows from the foregoing, that leadership plays a key role in uplifting any human society or holding down the wheel of progress.

2.4 Basic Elements in the Definition of Leadership

The two basic elements in the definition of leadership are:

A) Power and Influence: Leadership a relationship between people in which influence and power are evenly distributed on a legitimate basis. The power may be given to the leader by the

consent of the group members by a contractual work agreement or law; it is his or her to exercise.

B) Followers: there is no leadership in isolation of followers, if you want to know whether you are a leader, see if there is someone following you and since one cannot really coerce people to behave in appropriate ways. Leadership indicates that followers must explicitly or implicitly consent to their part in this influence relationship. In effect, followers voluntarily relinquish to the leader their right to make certain independent decisions (Fielder and Chemers, 1974).

2.5 Leadership Theories

2.5.1 Great Man Leadership Theory

The effort toward explorations for common traits of leadership is protracted over centuries as most cultures need heroes to define their successes and to justify their failures. Thomas Carlyle, in 1847, stated in the best interests of the heroes “universal history, the history of what man has accomplished in this world, is at the bottom of the history of the great men who have worked here”. Carlyle claimed in his “great man theory” that leaders are born and that only those men who are endowed with heroic potentials could ever become the leaders. He opined great men were born, not made.

He proposed that the eventful man remained complex in a historic situation, but did not really determine its course. On the other hand, he maintained that the actions of the event-making man influenced the Course of events, which could have been much different, had he not been involved in the process. The event making man’s role based on “the consequences of outstanding capacities of intelligence will and character rather than the actions of distinction”. However, subsequent events unfolded that this concept of leadership was morally flawed, as was the case with Hitler, Napoleon, and the like, thereby challenging the credibility of the Great Man theory. These great men became irrelevant and consequently growth of the organizations, stifled (MacGregor, 2003). “The passing years have given the coup de grace to another force the great man who with Brilliance and farsightedness could preside with dictatorial powers as the head of a growing organization but in the process retarded democratization”. Leadership theory then progressed from dogma that leaders are born or are destined by nature to be in their role at a particular time to a reflection of certain traits that envisage a potential for leadership.

2.5.2 Traits and Behavioral Leadership Theory

The trait perspective was one of the earliest theories of leadership in the 1940's which assumes that great leaders are born with distinguished personality traits that make them better suited for leadership and make them different from other people or their followers. Stogdill's (1948) survey of the leadership literature came up with the most comprehensive list of traits. Stogdill's observation that leadership situations vary significantly and place different demands on leaders, destroyed trait theory, leading to the emergence of situational and behavioral approaches.

Behavioral theories of leadership state that it is the behavior of leaders that distinguishes them from their followers. It focuses on the actions of leaders rather than on mental qualities or internal states with the belief that great leaders are made, not born. According to this theory, people can learn to become leaders through teaching and observation. Behavior theories examine whether the leader is task oriented, people oriented, or both. Studies conducted at the University of Michigan and Ohio State University in 1945, established two major forms of leader behavior namely: employee-centered and production-centered (Hersey and Blanchard, 1988).

2.5.3 Situational and Contingency Leadership Theory

Contingency theory is an approach to leadership in which leadership effectiveness is determined by the interaction between the leader's personal characteristics and aspects of the situation. Contingency theories are based on the assumption that the relationship between leadership style and organizational outcomes is moderated by situational factors related to the environment, and therefore the outcomes cannot be predicted by leadership style, unless the situational variables are known (Cheng and Chan, 2002).

Three models exist in this leadership approach: Fielder's (1967) co-worker theory, House's (1971) path-goal theory, and Hersey and Blanchard (1969) situational leadership theory. From this approach and the three models no leadership style is best in all situations. Success depends upon a number of variables, including the leader's preferred style, the capabilities and behaviors of the followers, and aspects of the situation. Effective leadership requires adapting one's style of leadership to situational factors, and control is contingent on three factors namely the relationship between the leader and followers, the degree of the task structure and the leaders' authority, position or power.

2.6 The Concept of Employee Job Performance

An organization is judged by its performance; hence the word “performance” is utilized extensively in all fields of management. Despite the frequency of the use of the word, its precise meaning is rarely explicitly defined by authors even when the main focus of the article or book is on performance. Ivancevich et’ al. (2007) defines employee job performance as the behavior that is expected to contribute to organizational success. Further, Mullins (1999) argues that employee job performance is the product of ability multiplied by motivation ($JP = A \times M$). Furthermore, Adaeze (2003) concur that job performance is ultimately an individual phenomenon with environmental factors influencing performance primarily through their effect on the individual determinants of performance ability and motivation. Insights gotten from definitions of employee job performance above are that, it is the individual employee who either performs or fails to perform a task. Therefore, in order for an organization to perform an individual must set aside his personal goals, at least in part, to strive for the collective goals of the organization. It also follows that appropriate application of leadership styles as situation demands enables greater participation of the entire workforce, and can also influence both individual and organizational performance.

2.7 Styles of Leadership and Employee Performance Relationships

2.7.1 Democratic Leadership and Employee Performance

Performance effectiveness is obtained from human aspirations and human values that are invisible roots of organizational values, they determine the rationale for which organizations exist. The job a leader performs in the organization in this circumstance will be to nurture the roots of organizational values, which comprised of nothing, however, a basic human aspiration, that is, the will to give Maurik (2001). The very nature here is that democratic leadership is the method to be used in accordance with responsibility but the challenge that lies in this perspective is that, solely giving power to the subordinates may not be wise enough because delegation, empowerment and specialization are calculated risks. Thus, in the perspective of this study such elements as what kinds of situations need the use of democratic approach were not satisfactorily explored thus the necessitation of this study.

Democratic approach is required to have efficiency and power subordinate management that will lead to improved performance. In the other angle/view, Henderson (1998) identified supervision

as a democratic strategy to promoting a positive organization. He contended that the opportunity of supervision gives to promote not solely performance but also personhood. But, the researcher thought that it is ideally important to target on empowerment rather than just personhood. In the local government settings, transparency and openness are as such part of leadership as directing to performance and effective evaluations. The roles of recognition, training, employee participation, and communication have been shown to promote both organizational and employee effectiveness as noted by Nkata (2005). With this understanding, managers are expected to: communicate clear anticipation and boundaries; participate employees in decision-making, goal setting, project development, give training both for growth and remediation; and acknowledge employees for their contribution to the organization. But, one may raise question to the process of employee supervision for the United Insurance Share Company the actual practice of democratic structures in such still remains a challenge in this insurance company.

2.7.2 Autocratic Leadership and Employee Performance

Autocratic leaders are classic “do as I say” types. Typically, these leaders are inexperienced with leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision- making rights. They can damage an organization irreparably as they force their ‘followers’ to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure this leadership produces and the removal of the leader that follows Michael (2010).

2.7.3 Laissez Faire Leadership and Employee Performance

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership, (laissez-faire style) North house (2001). Many researchers have tested it and have found it to be valid and reliable to explaining how effective leadership can be achieved. It stresses the importance of focusing on inter personal relationships between the leader's style and the demands of various situations and employees. Under this type of leadership according to Kumar (2015) maximum freedom is allowed to subordinates. They are given freehand in deciding their own policies and methods and to make independent decisions.

It carries the belief that the most effective leadership style depends on the ability to allow some degree of freedom to employees in administering any leadership style. This study will aim to investigate further how laissez-faire may contribute to employee performance. On the other hand, much has been written in regard to the relation of positive self and effective management. Kerns (2004) discussed the relationship of values to organizational leadership and his study was hugely in support of the laissez-faire style in bridging the gap between the employer and employee where his concern was solely on the fact that laissez-faire would create a positive environment through which employees and employers felt like a family regardless of their positions.

2.7.4 Transactional Leadership and Employee Performance

Transactional leadership: is a leadership style that emphasizes to transactions between leaders and subordinates. Bass and Avolio (2003) suggest that characteristics of transactional leadership consist of two aspects, namely contingent reward and exception management. Contingent reward is where leaders make agreement about what must subordinate do and promising reward obtained when goal is achieved. While exception management is leader monitor deviations from established standards and take corrective action to achieve organizational goals. Yukl (2007) asserts that transactional leadership style is one leadership style that emphasizes on transaction between leaders and subordinates. Transactional leadership motivates and influencing subordinates by exchanging reward with a particular performance. In a transaction the subordinate promised to be given rewards when subordinate is able to complete their duties in accordance with agreements. In other words, leader encourages subordinates to work. Transactional leadership styles can affect positively or negatively on performance. It depends on employee assessment. Positive effect can occur when employees assess transactional leadership positively and a negative effect can occur if employee considers that transactional leadership styles cannot be trusted because they do not keep their promises, dishonest or not transparent.

2.7.5 Transformational Leadership and Employee Performance

This seeks to transform of visionary. It becomes collective vision where subordinates work to realize the vision into reality. In other words, transformational process can be seen through a number of transformational leadership behaviors as: attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration Bass and Avolio, (2003). Yukl (2007), states that application of transformational leadership style can

improve performance because transformational leadership style wants to develop knowledge and employees potential. Leader with transformational leadership provides opportunity and confidence to his subordinates to carry out duties in accordance with his mindset to achieve organizational goals. Butler (1999) states that a transformational leader encourages subordinates to have vision, mission and organization goals, encouraging and motivating to show maximum performance, stimulates subordinates to act critically and to solve problems in new ways and treat employees individually.

Suharto (2005) suggests that more frequent transformational leadership behaviors implemented will bring significant positive effect to improve psychological empowerment quality of subordinates. Transformational leader that gives attention to individual will be capable to direct vision and mission of organization, providing motivational support, and creating new ways to work effectively.

2.8 Review of Empirical Literature

Wang, Tsui and Xin (2010) analyzed the 125 Chinese firms to study the role of leadership on employee and organizational performance. Their study identified two types of leadership behaviors, relational behavior and task behavior. In this study, performance is measured as profitability, sales growth, market share, and competitive status. They found out that leader's task related behavior is directly related to organizational performance. Further, Wang, et al. (2011) analyzed the 548 participants in Pakistan to study the role of leadership on organizational performance. Their study also identified two types of leadership behaviors. These are relational leadership and task leadership. In their study, organizational performance is measured in terms of innovation propensity/preference. Their study found out that leader's task related behavior is the main for achieving organizational performance. Over the years, leadership has presented a major challenge to practitioners and researchers alike (Northhouse, 2013).

Many researchers have studied leadership style from different prospective and in different Social political and economic environment. The following ones are very much related and useful for this study: In (Bass's 1998) current definition, leadership is an interaction between one or more members of a group.

In another more recent definition, leadership is a relationship between leaders and followers where they influence each other and they intend real changes and outcomes that reflect their shared purposes (Daft, 2005).

Assuming “the essence of leadership is influence”, leadership could broadly be defined as “the art of mobilizing others to want to struggle for shared aspirations” (Kouzes & Posner, 1995). Transformational leaders encourage subordinates to put in extra effort and to go beyond what they expected before (Burns, 1978).

The performance of many individuals culminates in the performance of an organization, or the achievement of goals in an organizational context (Armstrong and Baron, 1998).

Whetten and Cameron, (1998), state that individual performance is the product of ability multiplied by motivation ($P = A \times M$). The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership North house, (2001).

To have an effective organization the people within the organization need to be inspired to invest himself or herself in the organization's mission- the employees need to be stimulated so that they can be effective. Fielder and House, (1988) indicate that organizational performance will suffer in direct proportion to the neglect of this. Ultimately, it is the individual employee who either performs, or fails to perform, a task.

In order for an organization to perform, an individual must set aside his personal goals, at least in part, to strive for the collective goals of the organization (Cummings and Schwab, 1973). Effective leadership enables greater participation of the entire workforce, and can influence both individual and organizational performance (Bass, 1997; Mullins, 1999).

Effective leader behavior facilitates the attainment of the follower's desires, which then results in effective performance (Fiedler and House, 1988; Maritz, 1995; Ristow, et al., 1999).

According to (Bass, 1997), in the modern business environment, much research has proved that leaders make a difference in their subordinate's performance, and make a difference as to whether their organizations succeed or fail. (Kotter, 1988) argues for the ever-increasing importance of leadership in organizations, because of significant shifts in the business

environments, such as the change in competitive intensity and the need for more participation of the total workforce.

There is agreement in the literature (Maritz, 1995; Bass, 1997) that leadership is a critical factor in the success or failure of an organization; excellent organizations begin with excellent leadership, and successful organizations therefore reflect their leadership.

Through research it was shown that transformational leadership is an extension of transactional leadership (Bass, 1997). The difference between these two models is that followers of transformational leadership exhibit performance which is beyond expectations, while transactional leadership, at best, leads to expected performance (Bass and Avolio, 1994).

Ristow, (1998) states that transactional leaders were effective in markets, which were continually growing, and where there was little or no competition, but this is not the case in the markets of today, where competition is fierce and resources are scarce. Research data (Brand, et al., 2000) has clearly shown that transformational leaders are more effective than transactional leaders, regardless of how “effectiveness” has been defined.

2.9 Conceptual Framework

The study has independent variables and dependent variable. The leadership behavior plays an independent role variables and employee’s job performance as dependent variable.

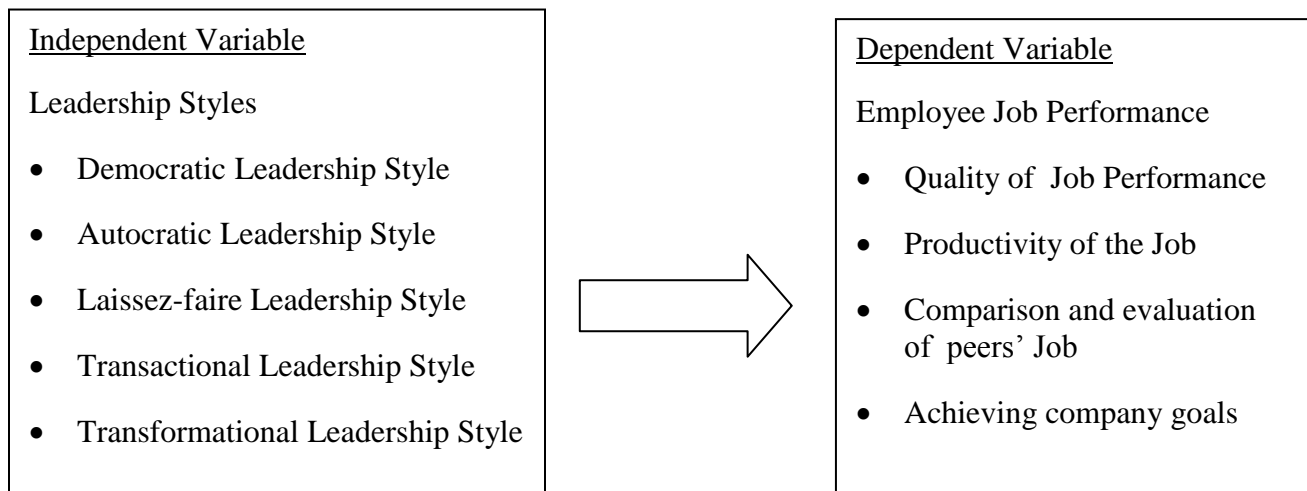


Figure 1: Conceptual Framework

Source: Adopted from Bass and Avolio (2003)

The framework above shows that leadership styles are usually practiced in the United Insurance S.C. were five in nature and these styles require different situations. Nevertheless, department and administrative procedures and bureaucracy were a huge hindrance to employee performance. It additionally points at the reality that the five leadership styles such as democratic, autocratic and laissez-faire, transactional and transformational where these styles are instrumental in accordance with appropriate leadership means to the supervisor and managers in the carrying out of duties and responsibilities of the department/the organization. One should assume that this conceptual frame work accords managers with the most suited style at a given time rather than applying these styles unconsciously. These styles are important in encouraging employee performance that would be manifested in the increased execution of duties, meeting deadlines, increasing team work and consequently achieving departmental goals. Nevertheless, in the united insurance share company, the perfect execution of the leadership styles is largely limited by both internal and external politics which is reflected in high levels of bureaucracy, government interference and internal disputes/wrangles that have been profoundly emanate in the united insurance share company.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter as the main objective of the study was to identify correlation and inferential relationship between leadership styles and employee performance. Planning and formulating appropriate study area was essential. Thus, this chapter presented the research methodology, research approach and design, target population and sampling design, sampling frame, sample size and sampling technique, data source types and collection methods, research instrument, data quality control that assured validity and reliability of the research instrument and that controlled data generated via the instrument, data processing and analysis and finally ethical consideration.

3.2 Research Approach

This study used a quantitative research and the collected data were analyzed using quantitative measure. Therefore, the research approach used in this study was quantitative approach where the data were gathered using questionnaires that were distributed to sample respondents. This approach helped in using better statistical analysis and in avoiding bias.

3.3 Research Design

Research design is the conceptual structure with in which research is conducted; it constitutes the blue print of what the researcher will do from writing questions, hypothesis and its operational implications to the final analysis of data (Tabachnick & Fidell, 2007).

There are three basic research design frameworks: Exploratory, Descriptive and Causal. Exploratory Research focus on gaining ideas and insight, breaking broad, vague problems into smaller, more precise sub problems. Descriptive research emphasis on determining the frequency with which something occurs or the extent to which two variables correlate and the third research design: Causal research focuses on determining cause-and-effect relationships.

As result, this study represented by causal research as the effect of leadership style on employee's performance using correlation and regression analysis to which the variables were correlated and determining the cause and effect relationship. And also the study adopted a survey research design. This survey research design according to Amin (2005) is important in United

Insurance S.C. since it helps the researcher attain systematic data on different respondents at the same time.

Convenience sampling of respondents was used to ensure that for those employees that were found at their workplaces were the ones used for the study. The design was quantitative to allow for descriptive and inferential analysis that is using descriptive and explanatory research methods.

Research design deals with planning the strategy or overall design of the study. This study used descriptive and explanatory type research design. Ogutu (2012) suggests that a quantitative research method is probably the best method available to social scientists who are interested in collecting original data for the purpose of describing a population that is too large to observe directly. The descriptive and explanatory type design permitted the investigation of possible relationships between variables. Thus, the descriptive and explanatory type design was more appropriate for the study because it enabled data collection from broader category and comparisons between variables. Employee performance was the dependent variable and leadership styles were the independent variables in this study.

3.4 Target Population and Sampling Design

3.4.1 Target population

According to Sekaran (2001), population is the entire group of people, event or things of interest that the researcher wishes to investigate; while the target population is the total collection elements about which the researcher wishes to make some inferences (Okiro & Ndungu, 2013).

The company has a total population of 440 employees including in its city branches, outline branches and head office. It has 24 city branches and 12 upcountry/outline branches at this study time. Target population for this study was 240 permanent employees of the United Insurance S.C. at head office. This choice of this target population was based on ease of accessibility or proximity and to minimize the cost incurring for the study.

Target population is the group to which the findings are applicable, should be defined, and consistent with the statement of the problem and objectives. The study was conducted among the targeted population of the company's engineering officers, engineering supervisors, engineering services manager, claims officers, claims supervisors, claims managers, underwriting officers,

HR officers, Marketing officers and manager, Finance officers and manager, legal officers and manager, life insurance officers and manager, General Service officers in Addis Ababa at Head Office. The categories chosen were thought to be involved in the operational level leadership or management, decision making and operations of the company. From the above population of respondents, the researcher consulted the Human Resource department and obtained this 240 intended number of permanent employees.

3.4.2 Sampling Design

To qualify for scientific research the sampling of the study should be properly designed. The sample from which the data is to be collected should represent the population being large enough and constituting the heterogeneity within the population.

3.4.2.1 Sampling Frame

Sampling is the process by which a researcher selects a sample of participants/respondents for a study from the population of interest as defined by Leary (2004). A sample is therefore is the portion of the population of interest that is selected for a study (DoylePortillo, 2009).

Sampling frame is a complete and correct list of target population members only (Cunanan & Cruz, 2008). For this study, the sample frame consisted of 150 employees of the United Insurance S.C. at head office identifiable by human resources unit.

3.4.2.2 Sample Size and Sampling Technique

The sample size of this study was drawn from the total of the United Insurance Share Company at Head Office. The company has a total population of 240 at head office. Generally, the sample size in this study was estimated from the equation below as explained by Kothari (2004).

$$n = N/1 + (N \times e^2) \quad \text{where } n = \text{Sample size} \quad \text{thus, } N = 240 \text{ and } e = 5\%$$

$$N = \text{Total population} \quad n = 240/1 + (240 \times (5\%)^2)$$

$$e = \text{Standard error (5\%)} \quad n = 240/1 + (240 \times 0.0025)$$

$$1 = \text{Constant} \quad n = 240/1 + 0.6 = 240/1.6 = 150$$

N = 240 & n = 150

Thus, in this study that was taken in the United Insurance Share Company at head office the values as follow were used to compute the sample size; N = 240, e = 5%, giving sample size (n)

equals 150 sample respondents at head office. Respondents involved were junior staff, senior staff and operational level management staff and the staffs were selected randomly from those who were found at work place during the data collection.

In quantitative research, it is possible to generalize the results to whole population if the sample is carefully obtained as suggested by Amin (2005). In this study the sample random sampling techniques were used by the researcher. This was done after contacting the head of particular unit informing the head on this study and got appointment of conducting the work. Random sampling of respondents was done during data collection date whereby employees who were found during those particular days were the ones were responding to this study.

Studying the whole of the population was impossible. For this reason, the researcher picked a representative sample of the whole population from staff inventory. To achieve a representative sample for a research study, the employees who were under the study (i.e. the subjects) were carefully selected using simple random sampling methods. The researcher then used a sample of respondents that were drawn from the population of United Insurance S.C. Staff using the above formula calculation in the Head quarter sample in Addis Ababa, Ethiopia. A sample of respondents was chosen because it represented the permanent employees in the company and also these respondents worked for the company leading to reliable assessment of both perception of leadership style and own performance on the job. The respondents included were Head quarter operational level management and non-management subordinates (followers) of the staffs.

The sampling procedure that was adopted in selecting the sample was convenience sampling and accordingly the targeted group excluded the top and middle level management, secretaries, liaison officers, messengers, cleaners, and security guards. Therefore, the primary data that were required for the study was gathered from operational level management and non-management staff members of the company except the above mentioned excluded ones through the sampling method which was the questionnaire.

3.5 Data Source types and Collection Methods

The study used primary data source type. Primary data sources were respondents/targeted employees of the United Insurance S.C. at head office. The interpretation was conducted which could account as qualitative in nature.

The primary data was collected through the use of survey questionnaire by drop and pick strategy to ensure high response rate. The use of questionnaire was adopted because it ensured that data collection was standardized such that each respondent got the same question and in the same format. Questionnaires also enabled collection of original data from the sample of the target population within a short time and at low cost for purposes of describing the entire population (Ogutu, 2012).

The data collection method considered the current leadership style and its effect on employee's performance was investigated using structured questionnaire based on 5 point Likert Scale rating from 1 (strongly disagree) to 5 (strongly agree) for independent variable leadership styles and from 1 (Very low) to 5 (Very high) for the dependent variable employee job performance. The questionnaire was designed to gather quantitative data pertaining to subordinate employees' feelings or perceptions of the leadership style of their immediate supervisor/leader and employee's self-assessment of their own job performance in the company. Thus, data for this study was collected using a structured self-complete research questionnaire/population survey which was distributed to the target population and collected after a few days. Primary data was collected from the subject of the study. Accordingly, the data collected using questionnaire was checked for its consistency and completeness before analysis was made.

The questionnaire that was proposed and used in this study was divided into five parts. Part one as introduction part; Part two explored demographic characteristics or variables of respondents; Part three consisted of a series of statements to capture perception of employees on the leadership style practiced by the immediate supervisor, Part four comprised of statements for capturing employees' self-rated performance. Lastly Part five considered appreciation. These questionnaires were sent to the HR department in Head quarter. The questionnaire was annexed.

3.6 Research Instrument

The research instrument applied in this study was questionnaire. The questionnaire was structured according to the research questions. In this study the proposed and used questionnaire was divided in to five parts. Part one as introduction, part two that explored demographic characteristics or variables of respondents, part three was a series of statements to capture perception of employees on the leadership style practiced by the immediate supervisor/manager, part four was for capturing employees self-rated performance, and finally part five was

appreciation. These questionnaires were sent to human resource department at the head office of the company. Questionnaires method used was advantageous because it was convenient for the research to administer many questionnaires at once and was collected later in saving time.

The formulated questionnaires helped the researcher in obtaining data regarding age of respondents, marital status, gender, education levels, and length of service in the company which helped in understanding the respondent's background information. The key variables included were the independent variables (leadership styles) that consisted of transformational, transactional, laissez faire, autocratic, and democratic and the dependent variable (employee performance). Questionnaire developed by Avolio and Bass (1995), was modified to fit the context of the study.

The study adopted scales which have validated elsewhere. In measuring leadership styles the study adapted the Multi factor Leadership Questionnaire (MLQ) developed by Avolio and Bass (1995), and was modified to fit the context of the study. To measure employee performance the study adapted scale of Yousef (2000).

3.7 Data processing and Analysis

Data analysis is the process of editing and reducing accumulated data to a manageable size, developing summaries, seeking for patterns and using statistical methods as described by Cooper and Schindler (2000). The questionnaire was coded before entering the data into Statistical Package for Social Sciences (SPSS) for analysis.

The data analysis involved frequencies, means, analysis of variances and bi-variate analysis in form of cross tabulation to explore the relationships between the various variables tested in the current study. The data was then presented in form of Tables.

After the data was collected, it was then coded and entered into SPSS. Correctness of data entry was also checked. The scale based variables were checked for internal consistence after which the scores were aggregated and obtained mean scores for each respondent per scale variable measure.

Descriptive and inferential statistical techniques were used for data analysis. According to Amin (2005) Descriptive statistics provides us with the techniques of numerically and graphically presenting information that gives an overall picture of the data collected. In inferential statistics,

Pearson's correlation and multiple regression analysis are used to assess both relationships and effects as per the hypotheses of the study.

3.8 Ethical Consideration

As researchers, we will be unable to conduct our research successfully if we do not receive the help of other people. If we expect them to give their valuable time to help us, it follows that we should offer them something in return. Many people are willing to disclose a lot of personal information during our research so we need to make sure that we treat both the participants and the information they provide with honesty and respect (Dawson, 2002).

Accordingly, all the research participants included in this study were appropriately informed about their right to participate in this study or not and the purpose of the research. Additionally, their willingness as well as consent was secured before the commencement of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names were kept confidential thus instead collective names like "respondents" was used.

Therefore, in this study the researcher consciously considered ethical issues in seeking consent, avoiding deceptions, maintaining the confidentiality, respecting the privacy and protecting the anonymity of respondents that encountered during the study. Generally, the ethical standards of the research were duly practiced.

3.9 Data Quality Control

This part was important in assuring the validity and reliability of the instruments and thus controlling data generated through questionnaires. A reliable and valid research instrument is absolutely essential for collecting accurate data for the conduct of any research and the process of development of the present research work. Here, detail discussion should be presented to explain how the validity and reliability of the data collection instrument is secured. The discussion should be also backed by appropriate explanation as to how validity is maintained. Statistical tests should be used to prove scale reliability.

3.9.1 Reliability and Validity test

3.9.2 Reliability

According to (Bhattacharjee, 2012) reliability is the degree to which the measure of a construct is consistent or dependable. Internal consistency reliability is a measure of consistency between different items of the same construct (Bhattacharjee, 2012).

Reliability is the extent with which findings repeat/consistent (Joppe, 2000). Reliability refers to the accuracy and consistency of information attained in a study (Beck, 2004). Reliability is the consistence of a score from one occasion to the next occasion. In survey reliability problems commonly resulted when the respondents/research participants did not understands the question, are asked about something they did not clearly remember, or asked about something they did not clearly know effectively (Kothari, 2004). It was planned that this research used well-structured questionnaire in order to avoid reliability problems.

Cronbach alpha with acceptable cut off points 0.7 demonstrate that all attributes are internally consistent; the reliability test for the instrument used for the study was conducted using SPSS the results shows that the items used are reliable. Therefore, in this study, in order to test the reliability of the research instruments, a pilot test was carried out before the final research was commenced from 15(10%) of the sample size the respondents did not participate in the main research. The reliability test was conducted based on (Zikmund, 2010) scales with a coefficient between 0.80 and 0.95 are considered to have very good reliability, Scales with a coefficient between 0.70 and 0.80 are considered to have good reliability, and value with a coefficient between 0.60 and 0.70 indicates fair reliability. When the coefficient is below 0.6, the scale has poor reliability.

Table 1: Reliability test of measurement items

No	Variables	Number of items	Cronbach alpha
1	Democratic leadership style	6	0.859
2	Autocratic leadership style	6	0.800
3	Transactional leadership style	6	0.819
4	Laissez-faire Leadership Style	6	0.861
5	Transformational leadership style	12	0.882
6	Employee performance	6	0.846
Total		42	0.8445

Source: survey questionnaires, 2020

The alpha value for democratic leadership style, autocratic leadership style, transactional leadership style, laissez-faire leadership style, transformational leadership style, and employee performance is 0.859, 0.800, 0.819, 0.861, 0.882 and 0.846 respectively. The result implied that the alpha value for all variables was above 0.70. Therefore, all attributes are internally consistent and reliable. The overall reliability test for all measurement items used in this study was 0.8445. This implied that there was very good internal consistency among measurement items used in this study.

3.9.3 Validity

According to Bhattacharjee (2012) means the extent to which a measure adequately represents the underlying construct that it is supposed to measure. It is concerned with how well the concept is defined by the measure. The researcher used content validity of instruments; initially the instruments were prepared by the researcher and develop under close guidance of advisor. The instrument was validated by some experts in the field to ensure that the instrument contains all the aspects of the subject matter. The experts make some valid correlations on the instrument and they are reflected in the final draft.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter outlined data presentation, analysis and interpretation collected from respondents. The main purpose of this study was to investigate the effects of leadership style on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company. The study used the five leadership styles as independent variables and employee performance as dependent variable. This chapter illustrated the descriptive analysis mainly to know to what extent the sample group averagely agreed or did not agree with the different statements using mean and standard deviation, frequencies and percentage. This chapter also illustrated the Pearson correlation analysis mainly to test the relationship between independent variables and the dependent variable. In addition, this chapter outlined multiple regressions to analyze the effects of independent variables on the dependent variable. Finally the chapter outlined discussion mainly to compare results with empirical and theoretical findings.

4.2 Questionnaires Administration

A total of 150 sets of questionnaires were distributed to respondents out of which 138 or 92% were returned. The remaining 12 or 8% questionnaires were not returned. Usable questionnaires for data analysis were 128 or 85.3% reflecting valid response rate. 10 or 6.7% questionnaires were discarded. According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for the study, 60% is good and above 70% is excellent response for data analysis. Therefore, the response rate is 85.3% which is excellent.

Table 2: Survey Response Rate

	Total	Percent
Distributed Questionnaires	150	100%
Returned Questionnaires	138	92%
Not returned Questionnaires	12	8%

Discarded Questionnaires	10	6.7%
Usable Questionnaires	128	85.3%

Source: survey questionnaires, 2020

4.3 Demographic Characteristics of Respondents

This section summarized the demographic characteristics of the respondents, which included age of the respondent, gender, education level, work experience, and marital status of respondents. The purpose of the demographic analysis in this research was to describe the characteristics of the respondents in terms of the proportion of males and females in the sample, range of age, education level, respondent marital status and service year, so that the analysis could be more meaningful for readers.

Table 3: Age of Respondents

	Frequency	Percent
below 25	20	15.6
26-36	50	39.1
37-47	30	23.4
48-58	18	14.1
59 & above	10	7.8
Total	128	100.0

Source: survey questionnaires, 2020

Respondents were asked to indicate their ages. Accordingly, 50(39.1%) of the respondents were between 26-36 years, 30(23.4%) 37-47, 20(15.6%) below 25 years, 18(14.1%) 48-58 years and 10(7.8%) 59& above. The result implied that the majority of the respondents were young, productive and energetic groups of the company. This implied that they could produce better if leaders exercised appropriate leadership styles.

Table 4: Sex of Respondents

	Frequency	Percent
Male	96	75.0
Female	32	25.0
Total	128	100.0

Source: survey questionnaires, 2020

Respondents were asked to indicate their sexes. Accordingly, 96(75%) of the respondents were male and 32(25%) of the respondents were females. The result implied that both sexes were represented in the study. This implied that data was collected from both male and female perspectives.

Table 5: Educational Levels of Respondents

	Frequency	Percent
Certificate/ Diploma	28	21.9
Higher/Advanced Diploma	5	3.9
Degree	65	50.8
Masters	30	23.4
Total	128	100.0

Source: survey questionnaires, 2020

Respondents were asked to indicate their level of education. The result of the study implied that all of the respondents were educated and able to explain more about the effects of leadership styles on employee performance in their company.

Table 6: Marital Status of Respondents

	Frequency	Percent
Single	70	54.7
Married	58	45.3
Total	128	100.0

Source: survey questionnaires, 2020

Respondents were asked to indicate their marital status. Accordingly, 70(54.7%) of the respondents were single and 58(45.3%) of the respondents were married. The result implied that the majority of the respondents were single in their marital status.

Table 7: Work Experiences of Respondents

	Frequency	Percent
1-10	50	39.1
11-20	35	27.3
21-30	20	15.6
31-40	23	18.0
Total	128	100.0

Source: survey questionnaires, 2020

Respondents were asked to indicate their work experience. The result of the study implied that respondents had more work experience. This indicated that they could explain more about the effects of leadership style on employee performance in their respective company.

4.4 Respondents Level of Agreements and Disagreements on Leadership Styles and Employee Performance

This section seen that the general perception of the respondents regarding the effect of leadership styles on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company. The results were summarized through strongly disagree, disagree, neutral, agree, strongly agree, mean scores and standard deviations. Thus, the mean indicated to what extent the sample group averagely agreed or did not agree with the different statements. The lower the mean, the more the respondents disagree with the statements. The higher the mean, the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from a single sample Marczyk, Dematteo and Festinger (2005).

Table 8: Responses on Democratic Leadership Style

Statement	Level of Agreement						Mean	S.D
		SD	DA	N	A	SA		
I am friendly and approachable to my fellow employees.	F	6	9	0	76	37	4.0078	.99997
	%	4.7	7.0	-	59.4	28.9		
I am consulted before my employer takes action.	F	9	16	0	83	20	3.6953	1.09802
	%	7.0	12.5	-	64.8	15.6		
My supervisor encourages delegation.	F	18	84	1	14	11	2.3437	1.11847
	%	14.1	65.6	0.8	10.9	8.6		
I act without consulting my supervisor.	F	11	60	0	37	20	2.9609	1.31857
	%	8.6	46.9	-	28.9	15.6		

I dialogue with my supervisor on a daily basis.	F	12	68	0	28	20	2.8125	1.31467
	%	9.4	53.1	-	21.9	15.6		
I am involved in performance appraisals to my department and decision making.	F	10	16	0	68	34	3.7813	1.19670
	%	7.8	12.5	-	53.1	26.6		

Source: survey questionnaires, 2020

Respondents were asked to indicate their response on the statement that says "I am friendly and approachable to my fellow employees". The result implied that respondents were friendly and approachable to their fellow employees with the mean value of (4.0078) and standard deviation of (0.99997).

Respondents were asked to indicate their opinion on the statement that says I am consulted before my employer takes action. The result implied that respondents consulted before employer takes action with the mean score of (3.6953) and standard deviation of (1.09802).

Respondents were asked to indicate their opinion on the statement that says my supervisor encourages delegation. The result implied that supervisor did not encourage delegation with the mean score of (2.3437) and standard deviation of (1.11847).

Respondents were asked to indicate their opinion on the statement that says I act without consulting my supervisor. The result implied that respondents did not act without consulting their supervisor with the mean score of (2.9609) and standard deviation of (1.31857).

Respondents were asked to indicate their opinion on the statement that says I dialogue with my supervisor on a daily basis. The result implied that respondents did not dialogue with their supervisor on a daily basis with the mean score of (2.8125) and standard deviation of (1.31467).

Respondents were asked to indicate their opinion on the statement that says I am involved in performance appraisals to my department and decision making. The result implied that respondents were involved in performance appraisals to their department and decision making with the mean score of (3.7813) standard deviation of (1.19670).

Table 9: Responses on Autocratic Leadership Style

Statement	Level of Agreement						Mean	S.D
		SD	DA	N	A	SA		
My supervisor believes employees need to be supervised closely they are not likely to do their work.	F	11	15	0	82	20	3.6641	1.13829
	%	8.6	11.7	-	64.1	15.6		
As a rule, my supervisor believes	F	23	72	1	18	14	2.4219	1.25246

that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	%	17.9	56.3	0.8	14.1	10.9		
I feel insecure about my work and need direction.	F	18	20	0	75	15	3.3828	1.28051
	%	14.1	15.6	-	58.6	11.7		
My supervisor is the chief judge of the achievements of employees.	F	11	22	2	80	13	3.43750	1.168821
	%	8.6	17.2	1.6	62.5	10.2		
My supervisor gives orders and clarifies procedures.	F	11	20	0	66	31	3.6719	1.24299
	%	8.6	15.6	-	51.7	24.2		
My supervisor believes that most employees in the general population are lazy.	F	36	69	5	15	3	2.0625	1.00197
	%	28.1	53.9	3.9	11.7	2.4		

Source: survey questionnaires, 2020

Respondents were asked to indicate their opinion on the statement that says my supervisor believes employees need to be supervised closely they are not likely to do their work. The result implied that supervisor believes employees need to be supervised closely they are not likely to do their work with the mean score of (3.6641) standard deviation of (1.13829).

Respondents were asked to indicate their opinion on the statement that says as a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives. The result implied that supervisor did not believe that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives with the mean score of (2.4219) and standard deviation of (1.25246).

Respondents were asked to indicate their opinion on the statement that says I feel insecure about my work and need direction. The result implied that employees feel insecure about their work and need direction with the mean score of (3.3828) and standard deviation of (1.28051).

Respondents were asked to indicate their opinion on the statement that says my supervisor is the chief judge of the achievements of employees. The result implied that supervisor is the chief judge of the achievements of employees with the mean score of (3.43750) and standard deviation of (1.168821).

Respondents were asked to indicate their opinion on the statement that says my supervisor gives orders and clarifies procedures. The result implied that supervisor gives orders and clarifies procedures with the mean score of (3.6719) and standard deviation of (1.24299).

Respondents were asked to indicate their opinion on the statement that says my supervisor believes that most employees in the general population are lazy. The result implied that supervisor did not believe that most employees in the general population are lazy with the mean score of (2.0625) and standard deviation of (1.00197).

Table 10: Responses on Laissez-faire Leadership Style

Statement	Level of Agreement						Mean	S.D
		SD	DA	N	A	SA		
In complex situations my supervisor allows me to work my problems out on my own way.	F	34	68	2	14	10	2.2031	1.17961
	%	26.6	53.1	1.6	10.9	7.8		
My supervisor stays out of the way as I do my work.	F	30	70	0	16	12	2.2969	1.22545
	%	23.4	54.7	-	12.5	9.4		
As a rule, my supervisor allows me to appraise my own work.	F	26	76	1	15	10	2.2578	1.15183
	%	20.3	59.4	0.8	11.7	7.8		
My supervisor gives me complete freedom to solve problems on my own.	F	41	60	0	16	11	2.1875	1.25334
	%	32.0	46.9	-	12.5	8.6		
In most situations I prefer little input from my supervisor.	F	10	14	2	76	26	3.7344	1.13972
	%	7.8	10.9	1.6	59.4	20.3		
In general my supervisor feels it is best to leave subordinates alone.	F	26	80	3	12	7	2.1719	1.03566
	%	20.3	62.5	2.3	9.4	5.5		

Source: survey questionnaires, 2020

Respondents were asked to indicate their opinion on the statement that says in complex situations my supervisor allows me to work my problems out on my own way. The result implied that in complex situations my supervisor did not allow me to work my problems out on my own way with the mean score of (2.2031) and standard deviation of (1.17961).

Respondents were asked to indicate their opinion on the statement that says my supervisor stays out of the way as I do my work. The result implied that my supervisor did not stay out of the way as I do my work with the mean score of (2.2969) and standard deviation of (1.22545).

Respondents were asked to indicate their opinion on the statement that says as a rule, my supervisor allows me to appraise my own work. The result implied that as a rule, my supervisor did not allow me to appraise my own work with the mean score of (2.2578) and standard deviation of (1.15183).

Respondents were asked to indicate their opinion on the statement that says my supervisor gives me complete freedom to solve problems on my own. The result implied that my supervisor did not give me complete freedom to solve problems on my own with the mean score of (2.1875) and standard deviation of (1.25334).

Respondents were asked to indicate their opinion on the statement that says in most situations I prefer little input from my supervisor. The result implied that in most situations I preferred little input from my supervisor with the mean score of (3.7344) and standard deviation of (1.13972).

Respondents were asked to indicate their opinion on the statement that says in general my supervisor feels it is best to leave subordinates alone. The result implied that In general my supervisor did not feel that it is best to leave subordinates alone with the mean score of (2.1719) and standard deviation of (1.03566).

Table 11: Responses on Transactional Leadership Style

Statement	Level of Agreement						Mean	S.D
		SD	DA	N	A	SA		
Contingent Reward (CR)								
My supervisor tells others what to do if they want to be rewarded for their work.	F	8	16	2	70	32	3.7969	1.13886
	%	6.2	12.5	1.6	54.7	25.0		
My supervisor provides recognition/rewards when others reach their goals.	F	7	10	0	76	35	3.9531	1.04135
	%	5.6	7.8	-	59.4	27.2		
My supervisor calls attention to what others can get for what they accomplish.	F	6	12	2	77	31	3.8984	1.02596
	%	4.7	9.4	1.6	60.1	24.2		
Management By Exception (MBE)								
My supervisor is always satisfied when others meet agreed-upon standards.	F	2	5	0	50	71	4.4297	.81987
	%	1.6	3.9	-	39.0	55.5		
As long as things are working, my supervisor does not try to change anything.	F	15	24	3	54	32	3.5000	1.35739
	%	11.7	18.8	2.3	42.2	25.0		
My supervisor tells us the standards we have to know to carry out our work.	F	8	12	0	82	26	3.8281	1.05822
	%	6.2	9.4	-	64.1	20.3		

Source: survey questionnaires, 2020

This style of leadership has two dimensions CR and MBE each with three items. Respondents were asked to indicate their opinion on the statement that says my supervisor tells others what to

do if they want to be rewarded for their work. The result implied that supervisors tell others what to do if they want to be rewarded for their work with the mean score of (3.7969) and standard deviation of (1.13886).

Respondents were asked to indicate their opinion on the statement that says my supervisor provides recognition/rewards when others reach their goals. The result implied that supervisor provides recognition/rewards when others reach their goals with the mean score of (3.9531) and standard deviation of (1.04135).

Respondents were asked to indicate their opinion on the statement that says my supervisor calls attention to what others can get for what they accomplish. The result implied that supervisor's calls attention to what others can get for what they accomplish with the mean score of (3.8984) and standard deviation of (1.02596).

Respondents were asked to indicate their opinion on the statement that says my supervisor is always satisfied when others meet agreed-upon standards. The result implied that supervisors are always satisfied when others meet agreed-upon standards with the mean score of (4.4297) and standard deviation of (0.81987).

Respondents were asked to indicate their opinion on the statement that says as long as things are working, my supervisor does not try to change anything. The result implied that a long as things are working, supervisor does not try to change anything with the mean score of (3.5000) and standard deviation of (1.35739).

Respondents were asked to indicate their opinion on the statement that says my supervisor tells us the standards we have to know to carry out our work. The result implied that supervisors tell to employees the standards employees have to know to carry out their work with the mean score of (3.8281) and standard deviation of (1.05822).

Table 12: Responses on Transformational Leadership Style

Statement	Level of Agreement						Mean	S.D
		SD	DA	N	A	SA		
Idealized Influence (II) My supervisor makes others feel good to be around him/her.	F	20	50	5	30	23	2.8906	1.40435
	%	15.6	39.1	3.9	23.4	18.0		
I have complete faith in my supervisor.	F	28	58	4	25	13	2.5078	1.30412
	%	21.9	45.3	3.1	19.5	10.1		
I am proud to be associated with my supervisor.	F	25	55	3	28	17	2.6641	1.36478
	%	19.5	43.0	2.3	21.9	13.3		

Inspirational Motivation (IM)	F	18	28	0	58	24	3.3281	1.37531
My supervisor expresses in a few simple words what we could and should do.	%	14.1	21.9	-	45.3	18.7		
My supervisor provides appealing images about what we can do.	F	23	56	3	28	18	2.7031	1.36526
	%	18.0	43.7	2.3	21.9	14.1		
My supervisor helps me find meaning in my work.	F	15	20	0	60	33	3.5937	1.33657
	%	11.7	15.6	-	46.9	25.8		
Intellectual Stimulation (IS)	F	13	18	2	64	31	3.6406	1.27195
My supervisor enables others to think about old problems in new ways.	%	10.1	14.1	1.6	50.0	24.2		
My supervisor provides others with new ways of looking at puzzling things.	F	14	19	3	58	34	3.6172	1.31689
	%	10.9	14.8	2.3	45.3	26.7		
My supervisor gets others to rethink ideas that they had never questioned before.	F	20	45	5	35	23	2.9688	1.40829
	%	15.6	35.2	3.9	27.3	18.0		
Individual Consideration (IC)	F	15	20	0	60	33	3.5937	1.33657
My supervisor helps others develop themselves.	%	11.7	15.6	-	46.9	25.8		
My supervisor lets others know how he/she thinks we are doing.	F	20	25	2	48	33	3.3828	1.44789
	%	15.6	19.5	1.6	37.5	25.8		
My supervisor gives personal attention to others who seem rejected.	F	15	24	8	50	31	3.4531	1.35076
	%	11.7	18.8	6.2	39.1	24.2		

Source: survey questionnaires, 2020

This style of leadership has four dimensions such as II, IM, IS and IC each with three item. Respondents were asked to indicate their opinion on the statement that says my supervisor makes others feel good to be around him/her. The result implied that supervisor did not make others to feel good with the mean score of (2.8906) and standard deviation of (1.40435).

Respondents were asked to indicate their opinion on the statement that says I have complete faith in my supervisor. The result implied that respondents did not feel complete faith in their supervisor with the mean score of (2.5078) and standard deviation of (1.30412).

Respondents were asked to indicate their opinion on the statement that says I am proud to be associated with my supervisor. The result implied that respondents were not proud to be associated with their supervisor with the mean score of (2.6641) and standard deviation of (1.36478).

Respondents were asked to indicate their opinion on the statement that says my supervisor expresses in a few simple words what we could and should do. The result implied that supervisor expresses in a few simple words what employees could and should do with the mean score of (3.3281) and standard deviation of (1.37531).

Respondents were asked to indicate their opinion on the statement that says my supervisor provides appealing images about what we can do. The result implied that supervisor did not provide appealing images about what employees can do with the mean score of (2.7031) and standard deviation of (1.36526).

Respondents were asked to indicate their opinion on the statement that says my supervisor helps me find meaning in my work. The result implied that supervisors help employees to find meaning in their work with the mean score of (3.5937) and standard deviation of (1.33657).

Respondents were asked to indicate their opinion on the statement that says my supervisor enables others to think about old problems in new ways. The result implied that supervisor's enables employee to think about old problems in new ways with the mean score of (3.6406) and standard deviation of (1.27195).

Respondents were asked to indicate their opinion on the statement that says my supervisor provides others with new ways of looking at puzzling things. The result implied that supervisors provide others with new ways of looking at puzzling things with the mean score of (3.6172) and standard deviation of (1.31689).

Respondents were asked to indicate their opinion on the statement that says my supervisor gets others to rethink ideas that they had never questioned before. The result implied that supervisors did not get others to rethink ideas that they had never questioned before with the mean score of (2.9688) standard deviation of (1.40829).

Respondents were asked to indicate their opinion on the statement that says my supervisor helps others develop themselves. The result implied that supervisors help others develop themselves with the mean score of (3.5937) and standard deviation of (1.33657).

Respondents were asked to indicate their opinion on the statement that says my supervisor lets others know how he/she thinks we are doing. The result implied that supervisors let others to

know how he/she thinks about work with the mean score of (3.3828) and standard deviation of (1.44789).

Respondents were asked to indicate their opinion on the statement that says my supervisor gives personal attention to others who seem rejected. The result implied that supervisors give personal attention to others with the mean score of (3.4531) and standard deviation of (1.35076).

Table 13: Employee Performance Frequency Distribution

Statement	Ratings						Mean	S.D
		Very Low	Low	Average	High	Very High		
How do you evaluate quality of your job performance?	F	5	10	25	60	28	3.7188	1.03435
	%	3.9	7.8	19.5	46.9	21.9		
How do you rate your productivity?	F	4	11	34	55	24	3.6562	.98363
	%	3.1	8.6	26.5	43.0	18.8		
How do you evaluate the performance of your peers at their jobs compared with yourself doing the same kind of work?	F	13	23	56	25	11	2.9922	1.05365
	%	10.2	18.0	43.7	19.5	8.6		
How do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work?	F	8	14	20	58	28	3.6563	1.12549
	%	6.3	10.9	15.6	45.3	21.9		
I work keeping my skills up to date.	F	0	1	24	69	34	4.0625	.69588
	%	-	0.8	18.8	53.9	26.5		
I am able to perform my work well with minimal time and effort.	F	5	10	48	40	25	3.5469	1.01841
	%	3.9	7.8	37.5	31.3	19.5		

Source: survey questionnaires, 2020

Respondents were asked to indicate their opinion on the statement that says how you evaluate quality of your job performance. The result implied that the quality of job performance in the company is high with the mean score of (3.7188) and standard deviation of (1.03435).

With regard to productivity of the company 55(43%) of the respondents were replied high, 34(26.5%) average, 24(18.8%) very high, 11(8.6%) low and 4(3.1%) very low. The result implied that the rate of productivity in the company is high with the mean score of (3.6562) and standard deviation of (0.98363).

Respondents were asked to indicate their opinion on the statement that says how do you evaluate the performance of your peers at their jobs compared with yourself doing the same kind of work?

The result implied that the performance of peers in the company is average with the mean score of (2.9922) and standard deviation of (1.05365).

Respondents were asked to indicate their opinion on the statement that says how do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work? The result implied that individuals performances compared to peers are high with the mean score of (3.6563) and standard deviation of (1.12549).

Respondents were asked to indicate their opinion on the statement that says I work keeping my skills up to date. The result implied that employees work in keeping their skills up to date is high with the mean score of (4.0625) and standard deviation of (0.69588).

Respondents were asked to indicate their opinion on the statement that says I am able to perform my work well with minimal time and effort. The result implied that employees perform their work with the minimum time and effort is average with the mean score of (3.5469) and standard deviation of (1.01841).

4.5. Descriptive Statistics

This section has seen the general perception of the respondents regarding the effect of leadership style on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company. The results were summarized through mean scores and standard deviations. Thus, the mean indicated to what extent the sample group averagely agreed or did not agree with the different statements. The lower the mean, the more the respondents disagreed with the statements. The higher the mean, the more the respondents agreed with the statement. On the other hand, standard deviation shows the variability of an observed response from a single sample Marczyk, Dematteo and Festinger (2005). The mean values are presented in table 15, together with standard deviation values for each variable.

Table 14: Descriptive Statistics of Variables

	N	Mean	Std. Deviation
Democratic Leadership Style	128	3.3560	.78168
Authoritative Leadership	128	3.2669	.81624
Laissez-faire Leadership Style	128	3.1107	1.11583
Transactional Leadership Style	128	3.3372	1.01314
Transformational Leadership Style	128	3.3464	.85730
Employees Performance	128	3.1174	.84036

Source: survey questionnaires, 2020

The result of the study implied that democratic leadership style was the most dominant leadership style exercised in the United Insurance Share Company with the mean score of (3.3560) followed by transformational leadership style with the mean score of (3.3464), transactional leadership style with the mean score of (3.3372), autocratic leadership style (3.2669) and laissez-faire leadership style (3.1107). The mean score for employee performance was (3.1174). The result implied that there was a moderate level of employee performance in the company.

According to Moidunny, (2009) the mean score 1.81 up to 2.60 was considered as low, the mean score from 2.61 up to 3.20 was considered as moderate/medium and mean score 3.21 to 4.20 was considered as high as illustrated below.

Table 15: Comparison Bases of Mean of Score of Five Point Likert Scale Instrument

Mean Score	Interpretations (Levels)
1.81 - 2.60	Low
2.61 - 3.20	Moderate/Medium
3.21 - 4.20	High

Source: Adapted from Moidunny, (2009)

From Table-15 above, According to Moidunny, (2009) all the mean scores of the independent variables and dependent variable were found to be moderate and high levels ($2.61 < M < 4.20$).

4.5. Correlation Analysis

The relationship between leadership styles and employee performance was tested through Pearson correlation analysis. The main reason to conduct Pearson correlation analysis was to test

the relationship between the five leadership styles and employee performance. According to Alwadael (2010) if correlation (r) is 0.000 it is said to be no correlation, if it is between 0.01-0.09 it is very weak, if it is 0.10-0.29 the correlation is weak, if it is between 0.30-0.59 the correlation is moderate if it is between 0.60-0.79 the correlation is strong and if it is between 0.80-1.0 the correlation is very strong. Therefore, the correlation is based on Alwadael (2010) rule.

Table 16: Correlations Analysis

		DLS	ALS	LLS	TRANSALS	TRNSFLS	EP
DLS	Pearson Correlation	1					.781**
	Sig. (2-tailed)						.000
	N	128					128
ALS	Pearson Correlation	.327**	1				.511**
	Sig. (2-tailed)	.000					.000
	N	128	128				128
LLS	Pearson Correlation	.496**	.238**	1			.582**
	Sig. (2-tailed)	.000	.007				.000
	N	128	128	128			128
TRANSALS	Pearson Correlation	.605**	.226*	.724**	1		.612**
	Sig. (2-tailed)	.000	.010	.000			.000
	N	128	128	128	128		128
TRNSFLS	Pearson Correlation	.683**	.307**	.514**	.691**	1	.813**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	128	128	128	128	128	128
EP	Pearson Correlation	.781**	.511**	.582**	.612**	.813**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	128	128	128	128	128	128

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

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

Correlation between democratic leadership style and employee performance has been demonstrated in table 16. Accordingly, democratic leadership style has significant, positive and very strong correlation with employee performance at (r=0.781 & P< 0.01). Similarly, autocratic leadership style has significant, positive and moderate correlation with employee performance at (r=0.511, P<0.01). Correlation between laissez-faire leadership styles has been demonstrated in table 16. Accordingly, laissez-faire leadership style has significant, moderate and positive relationship with employee performance at (r=0.582, P<0.01). Similarly, transactional leadership style has significant, positive and strong relationship with employee performance at (r=0.612,

P<0.01). The correlation between transformational leadership style and employee performance has been demonstrated in table 16. Accordingly, transformational leadership style has significant, very strong and positive correlation with employee performance at(r=0.813, P<0.01).

4.6. Multiple Regression Analysis

The main weakness of Pearson correlation analysis was it did not show the effects of independent variables (transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style , laissez-faire leadership style) on dependent variable (employee performance). The main purpose of conducting multiple regression analysis was to show the effects of independent variables (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) on dependent variable (employee performance).

Table 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.909 ^a	.826	.819	.35745

a. Predictors: (Constant), transformational leadership style, autocratic, leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style

The findings of the study from The R or the coefficient of correlation showed that there was a positive correlation between independent and dependent variables. This means there was a positive relationship between leadership styles (transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style, and laissez-faire leadership style) and employee performance. What it means is that employees could produce better when leaders exercised leadership styles appropriately. Table-17 above shows that there is 90.9% correlation between leadership styles (transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) and employee performance. In essence, leadership styles (transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) and employee performance goes hand in hand.

On the other hand, the findings of the study from the R square or coefficient of determination implied that 82.6% of employee performance was determined by leadership styles (transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style). That means 17.4% of employee performance is determined or explained by other factors not included in this study.

Table 18: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.100	5	14.820	115.990	.000 ^b
	Residual	15.588	122	.128		
	Total	89.688	127			

a. Dependent Variable: Employees Performance

b. predictors: (constant), transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style , laissez-faire leadership style

The F change value evaluates the null hypothesis that coefficients on all x variables in the model equal zero (Lawrence, 2009). As a result, the F-value = 115.990 with 5 and 127 degrees of freedom, leads easily to the rejection of the null hypothesis (P = 0.000). For that reason, at the 5 percent level of significance, the F-statistics show that the model is useful in determining if any significant relationship exists between transformational leadership style, autocratic leadership, transactional leadership style, democratic leadership style , laissez-faire leadership style and employee performance. Therefore the F change value of 115.990 is significant at 0.000 levels.

Table 19: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.629	.168		3.740	.000
Democratic Leadership Style	.380	.058	.353	6.498	.000
Autocratic Leadership Style	.234	.042	.227	5.616	.000
Laissez-faire Leadership Style	.150	.042	.200	3.612	.000
Transactional Leadership Style	.117	.055	.141	2.146	.034
Transformational Leadership Style	.488	.058	.497	8.392	.000

a. Dependent Variable: Employees Performance

The regression results are interpreted with respect to coefficients of beta (β), t and other parameters in the regression model as follows: As could be seen in Table-19, the values of the regression coefficients show their relative weights in the prediction of the dependent variable (employee performance).

In the same vein, regression coefficient for transformational leadership style represented by β_1 in the model is 0.497 which means that increase in transformational leadership style by one unit will lead to 49.7 percent increase in employee performance if other variables are not allowed to vary. Similarly, the t-value 8.392 shows that the result is significant because, 0.000 is less than 0.05. Therefore, given the weight of evidence against the null hypothesis, it was rejected while the alternative which suggests transformational leadership style affects employee performance significantly was accepted.

Democratic leadership style represented by β_2 in the model has a coefficient of 0.353 which means that a unit increase in democratic leadership style will lead to 35.3 percent increase in employee performance when other variables are held constant. The t-value is 6.498 and it is significant at 0.000. Consequently, the null hypothesis was rejected while the alternative which

suggests that democratic leadership style has significant effect on employee performance was accepted.

The coefficient of autocratic leadership style which is represented by β_3 is 0.227 which means that one unit increase in authoritative leadership style will increase employee's performance by 22.7 percent. Also, the t-value which is 5.616 is significant because 0.000 is less than 0.05. Consequently, the null hypothesis was rejected while the alternative which suggests that authoritative leadership style can influences employee performance significantly was accepted.

The coefficient for laissez-faire leadership style which was represented by β_4 is 0.200 which mean that a unit increase in laissez-faire leadership style will increase employee's performance by 20 percent when all other variables are held constant. The t-value is 3.612 and it is significant because 0.000 is less than 0.05. Consequently, the null hypothesis was rejected while the alternative which suggests that laissez-faire leadership style influences employee's performance significantly was accepted.

Also, the coefficient transactional leadership style which was represented by β_5 is 0.141 which means that a unit increase in transactional leadership style will increase employee's performance by 14.1 percent when all other variables are held constant. The t-value is 2.146 and it is significant because 0.034 is less than 0.05. Consequently, the null hypothesis was rejected while the alternative which suggests that transactional leadership style influences employee's performance significantly was accepted.

4.7. Discussion on the Findings

The main aim of this study was to investigate the effects of leadership styles on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company. 150 participants out of targeted participants were involved in the study. Most of the participants were degree holders in their level of education. The study aimed at finding answers to objectives prescribed in chapter one. The study dealt with the effects of leadership styles on employee performance in insurance industry in Ethiopia, particularly in the United Insurance Share Company. Four specific objectives were developed to support the general objective; the first objective was identifying the kind of leadership style existing in the United Insurance S.C in Ethiopia. The second objective was examining the level of employees' performance in the Company. The third objective was examining the relationship between leadership style and

employee performance. The fourth objective was assessing the effect of leadership style on employees' performance. The discussion of the findings basically focused on specific objectives along with other findings revealed in the process of this study.

The result of the study implied that democratic leadership style was the most leadership style exercised in the United Insurance Share Company with the mean score of (3.3560). This is supported by Democratic approach is required to have efficiency and power subordinate management that will lead to improved performance. In the other angel/view, Henderson (1998) identified supervision as a democratic strategy to promoting a positive organization. He contended that the opportunity of supervision gives to promote not solely performance but also personhood. But, the researcher thought that it is ideally important to target on empowerment rather than just personhood. In the local government settings, transparency and openness are as such part of leadership as directing to performance and effective evaluations. The roles of recognition, training, employee participation, and communication have been shown to promote both organizational and employee effectiveness as noted by Nkata (2005). With this understanding, managers are expected to: communicate clear anticipation and boundaries; participate employees in decision-making, goal setting, and project development, give training both for growth and remediation; and acknowledge employees for their contribution to the organization. But, one may raise question to the process of employee supervision for the United Insurance Share Company the actual practice of democratic structures in such still remains a challenge in this insurance company.

The second dominant leadership style in the company was transformational leadership style with the mean score of (3.3464). this is supported by transformational leadership is a process of influencing in which leader change their associated awareness of what is important, and moves them to see themselves and the opportunities and challenges of their environment in a new way. Transformational leaders are proactive they seek to optimize individual, group and organizational development and innovation, not only just achieve performance "at expectations". They convince their associate to strive for higher level of potential as well as higher level of moral and ethical standards. Transformational leadership does not replace transactional leadership, but augments it in achieving the goals of the group (Hall et al. 2002).

In a transformational style, there is generally a sense of purpose and feeling of family leader and followers share mutual interests and a sense of shared fates and interdependence. They go beyond their self-interests or expected reward for the good of the team and the good of the organization. The inclusion of transformational assumptions, norms and values does not preclude individuals pursuing their own goals and rewards. Superior's serve as monitors, coaches, role model and leaders, socializing members in to the culture, not necessarily because they are expected to do so but because they feel a personal obligation to help new members assimilate in to the culture. There is rich set of norms which cover a wide range of behaviors, norms that will adapt to and change with external change in the organization's environment (Bolden, 2003).

According to Bass et al (2003), Transformational leaders will focus on developing their followers by tapping them of their potential, inspiring them, promoting collaboration, and motivating them and by reinforcing positive behaviors. The employees often developed a high level of trust and confidence in such a leader. The employees are proved to identify themselves with the leader and develop a strong sense of loyalty to them. Similarly Bass (2000) argues that transformational leaders are pertinent especially during turbulent times when rapid changes and globalization takes place.

Transformational leadership fosters capability development and brings higher level of personal commitment amongst followers to organizational objectives. According to Bass, Avolio, Jung, & Berson,(2003); Transformational leadership occurs when leaders broaden and elevate the interest of their employees, when they generate awareness and acceptance of the purpose and mission of the group, and when they stir employees to look by and their own self-interest for the good of the group. Together, heightened capacity and commitment are held to lead to additional effort and greater productivity (Mannheim and Halamish, 2008).

According to Bass (2000), the goal of transformational leadership is to “transform” people and organizations in a literal sense to change them in mind and heart; enlarge vision, insight, and understanding; clarifies purpose; make behavior congruent with beliefs, principles or values and bring about changes that are permanent, self-perpetuating, and momentum building. Bass, B. M., Avolio, Jung, & Berson, (2003) preferred to explain transformational leadership based on four factors. The four components as suggested by the above author are individualized considerations, intellectual stimulation, inspirational motivation, and idealized influence (attributes or behavior).

The third leadership style in the company was transactional leadership style with the mean score of (3.3372). This is supported by Transactional leadership clarifies everyone's role and responsibility and judgments team member on performance. This leadership style often works well in situations where followers are ambitious or motivated by external rewards including compensation. Transactional leaders engage in transactional leadership in which follower's needs can be met if their performance is as contracted with their leader. This kind of manager may use disciplinary threats to bring group's performance up to standard: However, weather the promise of rewards or the avoidance of penalties motivates the employees depending on whether the leader has control of the rewards or penalties, and on whether the employees want the reward or fear the penalties (Bass, 2000).

The fourth leadership style in the company was autocratic leadership style with mean score of (3.2669). This is supported by autocratic leaders are classic "do as I say" types. Typically, these leaders are inexperienced with leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision- making rights. They can damage an organization irreparably as they force their 'followers' to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure, this leadership produces and the removal of the leader that follows Michael, (2010).

The fifth leadership style in the company was laissez-faire leadership style with mean score of (3.1107). This is supported by Laissez faire in French literally means to let people do as they choose, the factor represents the absence of leadership and it implies a leader takes a "hands-off, let things-ride" approach. This type of leader abdicates responsibility, delay decisions, give no feedback, and make little effort to help followers satisfy their needs. There is no exchange with followers or attempt to help them grow. An example of a laissez-faire leader is the president of small manufacturing firm who calls no meeting with plant supervisors, has no long range plan for the firm, and makes little contact with employees (Northouse, 2013). Laissez faire leadership style is an inactive kind of leadership where the exchange between the leader and the followers is absent. In this kind of leadership style the necessary decisions are avoided. Others describe such

leadership style as absence of leadership. In this kind of leadership style, the responsibility is totally left for the followers. Laissez faire leadership is the avoidance or absence of leadership and is, by definition, most inactive, as well as most ineffective according to almost all research on the style (Hamidifer, 2009). As opposed to transactional leadership, laissez faire represents a non-transactional. Necessary decisions are not made. Actions are delayed. Responsibilities of leadership are ignored. Authorities remain unused. A sample laissez faire item is “the leader avoids getting involved when important issues arise” (Bass and Riggio, 2006).

The findings of the study showed that transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style , laissez-faire leadership style have significant and positive correlation with employee performance. This is supported by there is 90.9% correlation between leadership styles (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) and employee performance. In essence, leadership styles (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) and employee performance goes hand in hand.

The findings of the study indicated that democratic leadership style, autocratic leadership laissez-faire leadership style, transactional leadership style and transformational leadership style have significant effect on employee performance with sig value of 0.000, 0.000, 0.000, 0.034 and 0.000 respectively. This is supported by the findings of the study from the R square or coefficient of determination implies that 82.6% of employee performance was determined by leadership styles (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style). That means 17.4% of employee performance is determined or explained by other factors not included in this study.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter outlined the summary of findings of the study, conclusions and recommendations. Based on the analysis the researcher summarized the following points from descriptive statistics , Pearson correlation and multiple regression analysis based on the four research questions raised in chapter one.

5.1. Summary of Findings of the Study

Findings of the study were summarized based on the four research questions raised in chapter one.

Research Question one: What is the kind of leadership style currently being practiced in the United Insurance share Company? The findings of the study implied that democratic leadership style was the first leadership style exercised in the United Insurance Share Company with the mean score of (3.3560) followed by transformational leadership style with the mean score of (3.3464), transactional leadership style with the mean score of (3.3372), autocratic leadership style (3.2669) and laissez-faire leadership style (3.1107).

Research Question two: How is employee's performance in the Company? The result of the study implied that there is average employees' performance in the company. This is supported by the findings of the study revealed that the mean value for employee performance response was (3.11740) and standard deviation of (0.84036).

Research Question three: How employees' performance and its rate improvement system do look like in the Company? The findings of the study revealed that there is significant, positive and very strong correlation between democratic leadership style and employee performance at ($r=0.781$ & $P< 0.01$). Autocratic leadership style has significant, positive and moderate correlation with employee performance at ($r=0.511$, $P<0.01$). Laissez-faire leadership style has significant, moderate and positive relationship with employee performance at ($r=0.582$, $P<0.01$). Transactional leadership style has significant, positive and strong relationship with employee performance at ($r=0.612$, $P<0.01$). Transformational leadership style has significant, very strong and positive correlation with employee performance at ($r=0.813$, $P<0.01$). Therefore, there is 90.9% correlation between leadership styles (transformational leadership style, authoritative

leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style) and employee performance.

Research Question four: What are the effects of leadership styles on employees' performance in the Company? The findings of the study revealed that democratic leadership style, autocratic leadership laissez-faire leadership style, transactional leadership style and transformational leadership style have significant effect on employee performance with sig value of 0.000, 0.000, 0.000, 0.034 and 0.000 respectively. This is supported by the findings of the study from the R square or coefficient of determination implied that 82.6% of employee performance is determined by leadership styles (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style). That means 17.4% of employee performance is determined or explained by other factors not included in this study.

5.2. Conclusions

The main objective of the study was to investigate the effects of leadership styles on employee performance in the United Insurance S.C in Ethiopia. Accordingly the researcher summarized the following points from the findings of the study. The study concluded that the most frequently used leadership style in the company was democratic leadership style followed by transformational, transaction, autocratic and laissez-faire leadership styles. The findings of the study revealed that democratic leadership style, transformational, transaction, autocratic and laissez-faire leadership styles have significant and positive correlation with employee performance in the company. This implied that democratic leadership style, transformational, transaction, autocratic and laissez-faire leadership behaviors do play important roles in determining levels of employee's performance in the company. To this end, 82.6% of employee performance in the company was determined by democratic leadership style, transformational, transaction, autocratic and laissez-faire leadership behaviors. The study also demonstrates that Democratic leadership style will lead to 35.3 percent increase in employee performance when other variables are held constant. Increase transformational leadership style by one unit will lead to 49.7 percent increase in employee performance if other variables are not allowed to vary. A unit increase transactional leadership style will increase employee's performance by 14.1 percent when all other variables are held constant. One unit increase in autocratic leadership style will

increase employee's performance by 22.7 percent. The unit increase laissez-faire leadership style will increase employee's performance by 20 percent when all other variables are held constant. Finally, the study demonstrated that democratic leadership style, autocratic leadership laissez-faire leadership style, transactional leadership style and transformational leadership style have significant effect on employee performance with sig value of 0.000, 0.000, 0.000, 0.034 and 0.000 respectively.

5.3. Recommendations

Based on the findings of the study the researcher forwarded the following points for both the company and future researchers.

5.3.1. Recommendations for the company

- The findings of the study revealed that democratic leadership style was the first leadership style exercised in the company. This form of leadership style was conducted based on consulting the issue with subordinates. In this case issues might arouse quick responses. Therefore, it is better to apply situational form of leadership style.
- Leaders ought to exercise transformational and transactional leadership style and the subscale individually or in combination depending on the situation effectively by different short and long term leadership training for leaders in order to increase employee performance and achieve the objective of the company.
- Leaders better keep and improve the positive relationship of leadership style and employee performance through building high level of trust and confidence in their followers, act with integrity, inspire vision to others, encourage innovative thinking, coach people for meeting agreed on objective by organizing different short term training and experience sharing mechanism based on quarter or annually.

5.3.2. Recommendations for future researchers

The findings of the study revealed that the R square or coefficient of determination implied that 82.6% of employee performance is determined by leadership styles (transformational leadership style, authoritative leadership, transactional leadership style, democratic leadership style, laissez-faire leadership style). That means 17.4% of employee performance is determined or explained by other factors not included in this study. Therefore, it is better for future researchers to find out

other factors that increase employees' performance in insurance companies. Further study should also be made by including other insurance companies collectively as an industry or insurance financial sector.

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APPENDCES



COLLEGE OF BUSINESS AND ECONOMICS

PROGRAMS OF GRADUATE STUDIES

SCHOOL OF COMMERCE

QUESTIONNAIRE

PART ONE: Introduction

Dear Respondent,

I am **Abraham Takele**, a Master’s student at University of Addis Ababa, School of Commerce. I really would like to say thank you from core of my heart for your welcoming me, cooperation, and devotion of precious time to fill this questionnaire. I am carrying out a study on the topic **“The Effect of Leadership Style on Employee Performance: The case of United Insurance Share Company”** to suggest possible recommendations on the trends of the findings under the guidance of My Advisor Dr. Abraraw Chane. This is required as part of the partial fulfillment of requirement for the award of degree of Master of Business Leadership.

To that end, I request you to kindly respond to a few questions on this questionnaire as sincere and thoughtful as possible with genuine and unbiased response. The questionnaire has been primarily designed to collect relevant, crucial, and truthful information to address issues in the study. The research reliability and fruit fullness is highly depends on the information provided by you, to this understanding your honest full information is the foundation and pillar of the study. A guide is provided under each part of the questionnaire. The completion of this questionnaire is very important to the overall design of the study and should take you less than 15 minutes to complete. Your timely completion and return of this questionnaire is highly appreciated and will be counted as a continuation of your kind support to the development of the profession and myself as a member of the same. All the data you provide will be strictly confidential and used for the stated purpose only under the ethics standard of the research.

I once again thank you for your participation and taking the time to complete questionnaires. For any further clarifications, concerns and comments please do not hesitate to contact me directly on my mobile phone no. +251911893904or e-mail: **abrishtakele2020@gmail.com**

Sincerely,

Abraham Takele

Student, Master of Business Leadership (MBL)

Addis Ababa University School of Commerce.

Guideline: Please Mark the Symbol ‘√’ in the space of your category.

PART TWO: General Information (Respondent’s Demographic Characteristics)

1. What is your age?

Below 25 years () 26-36 years () 37-47 years () 48-58 years () Above 59 & ()

2. What is your gender (sex)?

Male () Female ()

3. What is your highest education qualification or level?

Certificate/diploma () Higher/Advanced diploma () Bachelor degree () Master’s degree ()

4. What is your Marital Status?

Single () Married ()

5. How long have you served as an employee?

1-10 years () 11-20 years () 21-30 years () 31-40 years ()

PART THREE: Leadership Styles

The sets of statements aimed at helping you assess your feelings or perceptions of the leadership style of your immediate supervisor/boss/manager/leader. So, please indicate in the table below the level of importance of the criteria that you consider is important to leadership style on employee performance in your company to indicate your level of agreement with what the statement is suggesting, where the ratings are here below:

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

Please place a tick ‘√’ mark in the box (cell) that represents your appropriate level of agreement.

Please **Choose&Tick** the right alternative that corresponds with your opinion genuinely’.

Statement		Level of Agreement (Ratings)				
A.	DEMOCRATIC (PARTICIPATIVE) LEADERSHIP	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I am friendly and approachable to my fellow employees.					
2.	I am consulted before my employer takes action.					
3.	My supervisor encourages delegation.					
4.	I act without consulting my supervisor					
5.	I dialogue with my supervisor on a daily basis.					
6.	I am involved in performance appraisals to my department and decision-making.					
B.	AUTHORITATIVE (AUTOCRATIC) LEADERSHIP	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	My supervisor believes employees need to be supervised closely 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.					
6.	My supervisor believes that most employees in the general population are lazy.					
C.	LAISSEZ-FAIRE LEADERSHIP	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	In complex situations my supervisor allows me to work my problems out on my own way.					
2.	My supervisor stays out of the way as I do my work.					
3.	As a rule, my supervisor allows me to appraise my own work.					
4.	My supervisor gives me complete freedom to solve problems on my own.					
5.	In most situations I prefer little input from my supervisor.					

6.	In general my supervisor feels it is best to leave subordinates alone.					
D.	TRANSACTIONAL LEADERSHIP					
	Contingent Reward (CR)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	My supervisor tells others what to do if they want to be rewarded for their work.					
2.	My supervisor provides recognition/rewards when others reach their goals.					
3.	My supervisor calls attention to what others can get for what they accomplish.					
	Management By Exception (MBE)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	My supervisor is always satisfied when others meet agreed-upon standards.					
2.	As long as things are working, my supervisor does not try to change anything.					
3.	My supervisor tells us the standards we have to know to carry out our work.					
E.	TRANSFORMATIONAL LEADERSHIP					
	Idealized Influence (II)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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 Simulation (IS)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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.					

Source: Adopted from Bass and Avolio (1992).

PART FOUR: Employee Job Performance

The sets of statements aimed at helping you assess your performance at your job in the company. You are requested to rate yourself against each statement to indicate your self-assessment of your own performance, where the following ratings are:

1 = Very low 2 = Low 3 = average 4 = high 5 = Very high

Please place a tick ‘√’ mark in the box (cell) that represents your appropriate level of performance rating.

Please **Choose&Tick** the right alternative that corresponds with your opinion genuinely.

Statement		Ratings				
A.	Quality of your job performance and Productivity of your job.	Very Low	Low	Average	High	Very high
1.	How do you rate quality of your job performance?					
2.	How do you rate your productivity on the job?					
B.	Individual’s quality of performance and productivity compared with other’s doing similar jobs,	Very Low	Low	Average	High	Very high
1.	How do you evaluate the performance of your peers at their jobs compared with yourself doing the same kind of work?					
2.	How do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work?					
C.	Achieve Company goals	Very Low	Low	Average	High	Very high
1.	I work keeping my skills up to date.					

2.	I am able to perform my work well with minimal time and effort.					
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PART FIVE: Appreciation

I wish to thank you very much for spending your valuable time to respond to this questionnaire.

Test of standardized errors for normality.

To minimize the influence of potential violations, regression assumption are tested (normality, linearity and homoscedasticity) by examining the normal probability plot (P-P) of the regression standardized residual and the scatter plot of the standardized residuals for all variables and there was no serious violation of the normality assumption for employee performance model.

Normality: when draw a histogram of the residuals are normally distributed. Even though the distribution is slightly skewed, but it is not hugely deviated from being normal distribution satisfies the normality. As a result of the histogram residuals assumption is not skewed, that means the assumption is satisfied. For the chapter four figures as follow were illustrated.

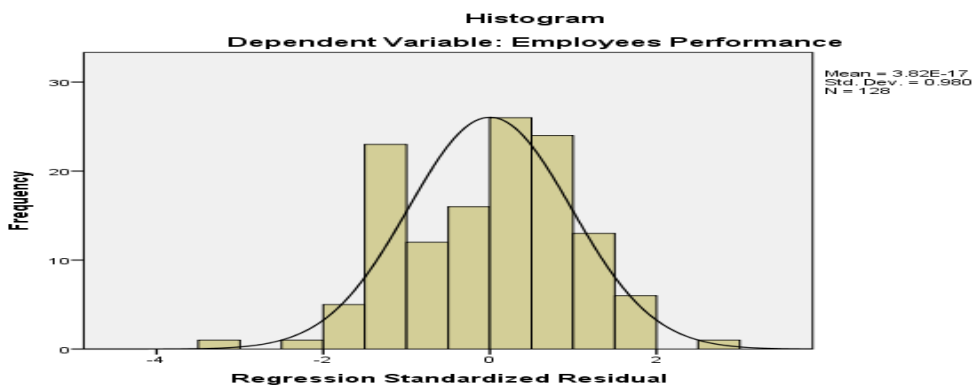


Figure 2: A histogram Normality Assumption Measure

Linearity: the relationship between the dependent and independent variable should be linear in respect to their parameter, which is checked by the scatter plot of dependent variable to that of standardize predicted. As it has indicated below, the plot shows that there is approximately linear relationship between employee performance and the set of predictor variables represented by standardized predicted value.

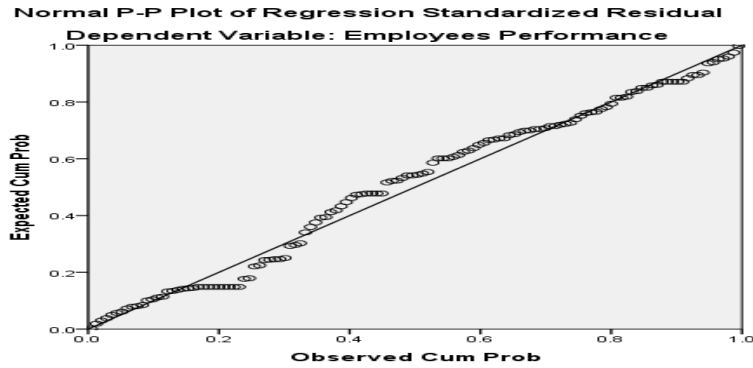


Figure 3: Linearity Assumption

Constant variance (Homoscedasticity): the third assumption of multiple linear regressions is error assumption that is error terms should have a constant variance; if this assumption is violated there is a problem of homoscedasticity, which is a problem of data to be treated before analysis. This can be checked by drawing the scatter plot of standardize residual versus standardize predicted value. To attain this assumption the distribution or the scatteredness of the point on the graph should be random. As indicated below the distribution of points has not any pattern which is random, so the assumption of constant variance was attained.

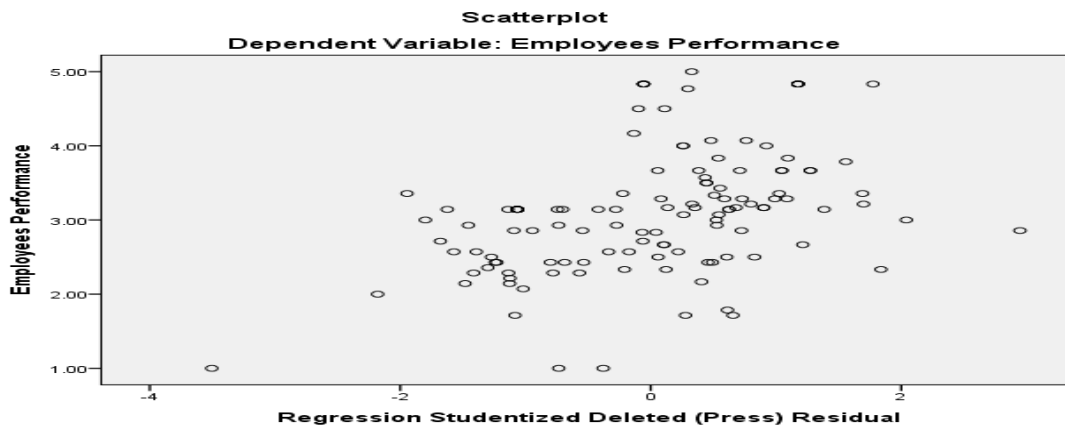


Figure 4: Constant Variance (Homoscedasticity)