

Addis Ababa  
University

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# **The Influence Leadership Style on Organizational work Culture**

## **The case of Bank of Abyssinia**

By

Binyam Gebremichael

**A Research Project submitted to Addis Ababa University,  
School of**

**Commerce in partial fulfillment of the Requirements for the  
Degree of Masters of Business Leadership**

**Advisor, Zegeye Mulye (PhD)**

April, 2022 Addis Ababa



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Leadership**

**Approved by Board of Examiner**

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## **DECLARATION**

I, Binyam G/michael, hereby declare that the study entitled “**The Influence of Leadership Style on Organizational Culture: The Case of Bank of Abyssinia**” is my original work and has not been presented in Addis Ababa University or any other University. I have carried out the study independently with the guidance and support of the research advisor Zegeye Mulye (PhD). All other contributors or sources used for the study have been duly acknowledged.

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**date**

### **Confirmation by advisor**

**Zegeye Mulye (PhD)** \_\_\_\_\_

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**Date**

## **STATEMENT OF CERTIFICATION**

This is to certify that Binyam G/Michael's research work on the topic entitled "**The influence of leadership style on organizational work culture: The Case of Bank of Abyssinia**" is his original work and suitable for submission for the award of Master's Degree in business Leadership.

The project paper is submitted for examination with my approval as a university advisor.

Zegeye Mulye (PhD)

(Advisor)

April, 2022

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## ABBREVIATIONS

ANOVA -Analysis of Variance

BoA - Bank of Abyssinia

Dep't – Department

IFE- Internal Factors Evaluation scale

SPSS - Statistical Package for Social Sciences

SD -Standard Deviations

### **ABSTRACT**

*The main objective of the study was to assess the influence of leadership style on organizational work culture in case of Bank of Abyssinia. The Internal Factors Evaluation scale was used to measure the influence of leadership style on organizational work culture. The study specifically intended to ascertain what the organization leadership style of BoA looks like, the extent to which organizational leadership style affects organizational culture. The target population of this research was 100 employees of Bank of Abyssinia composed of 19 management staff at head office and 81 branch staff from branches in Addis Ababa simple random sampling is implemented for population distribution. In order to achieve the above objectives, primary data was collected through questionnaire. This paper conclude that leadership style moderately influence organizational work culture. The findings of this study show the existence of a significant relationship between leadership style and organizational culture as well as the leadership style of bank of Abyssinia is task centered.*

**Key words:** *leadership style, Organizational culture;*

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# CHAPTER ONE

## Introduction

### 1.1 Background of the study

Nowadays the competition in the business world is very tough. Globalization changes the globe in to village. In this constantly changing world it is a must for leaders to be competitive and proactive in managing their company culture by selecting appropriate leadership style.

Throughout history, great leaders have emerged with particular leadership styles providing direction, implementing plans and motivating people. (IMD, 2021)

A leadership style refers to a leader's methods and behavior when directing, and managing others.

A person's leadership style also determines how they strategize and implement plans while accounting for expectations of stakeholders and wellbeing of their team. (Branden, 2021)

Leadership is a fluid practice. We are always changing and improving the way in which we help or direct reports and the company grow. (Branden, 2021)

Culture is the collection of society's way of perception, norms, attitudes, values, assumptions, and system of doing things that is commonly accepted by community of an organization and trained for new comers. (Lussier, 2010)

All organizations have culture whether they acknowledge it or not. Every organization have culture, distinguished by its own beliefs and approaches to problem solving and decision making.

An organization's culture is manifested in the values, norms, and expectations that leaders preach and practice, in its employees' attitudes and behavior, in ethical standards and policies, in the "chemistry" that permeates its work environment, and in the stories people repeat about events in the organization. (Lussier, 2010)

An organization's culture is fairly enduring and can be described as warm and friendly, aggressive/passive, defensive/offensive, conservative/liberal, or innovative. (Lussier, 2010)

Making sure an organization's culture is aligned with its strategies is among the most challenging responsibilities of leadership. To maintain and build a strong culture, senior

Managers must have a clearly defined vision, mission, and culture statements that define the way things will be done. (Lussier, 2010)

The leadership styles exercised in most companies such as transformational leadership, transactional leadership, transitional leadership, autocratic and others are discussed in detail in literature review part or chapter two of this paper. Therefore this paper discussed the influence of leadership style on organizational culture.

## **1.2 Background of Bank of Abyssinia**

Bank of Abyssinia was established on February 15, 1996 G.C, named after the first Ethiopian bank during Emperor Menilik second of Ethiopia that was established 1906. (Addisalem, 2019)

Bank of Abyssinia is a share company of private individuals who amass experience and success in different areas including business, entertainment and education. Such diverse ownership not only

reflects the company's determination and willingness to succeed in the sector it operates in, but also signifies its ability to work together towards building a successful business venture and commercial bank service. (BoA, 2021)

Throughout its' over 677 branches in the country, BoA (Bank of Abyssinia) serves over six million customers. BoA's well-structured financial service system is connected through the T-24 core banking system. This coupled with the 1300 ATM machines placed in different locations to allow customers to access their accounts from anywhere at any time. This also allowed BoA to increase its capital a hundred-fold from 50 million ETB to ETB 5.5 billion. As of December, 2021 BoA has 7000 employees, 6,373,646+ customers and 2400 shareholders. (BoA, 2021)

The bank offers corporate and retail banking services that includes current account, saving account, special saving account, fixed deposit, foreign currency accounts, loans, trade finance, forex, mobile banking, card banking, internet banking, and agent banking to customers through its branches, and corporate branches. Corporate branches are branches dedicated for corporate or high-value customers of the bank. The bank provides forex operations through the forex bureaus located at branches and trade finance operations through International Banking Department (IBD) and its affiliates placed at the branches. Moreover; the bank provides various credit services through the credit department at head office and districts which are located outside Addis Ababa.(BoA, 2021)

As any organization Bank of Abyssinia faces the management change, structure change, operation system changes and culture change. The former chief economist and vice governor of the national bank of Ethiopia (NBE), Bekalu Zeleke began working as a president of Bank of Abyssinia from January, 8 2019. (Capital, 2019).

### **1.3 Statement of the problem**

Leadership style is very important in building organizational culture. Leadership style is a leader's method of providing direction, implementing plans, and motivating people. It is how leaders interact with another and their team. (TANNER, 2021)

After reviewing many research papers and discussion with people in the banking industry of Ethiopia researcher has learned that there is no clearly defined information that shows the influence of leadership style on work culture of the bank though there are strong and weak leadership. Moreover; at time of top leaders change there is no concerning organ for the work culture management instead everything starts from the scratch. These make the influence of leadership style unknown on work culture of the banking industry. Thus, the researcher decided to study the influence of leadership style on organizational work culture. Most of the researches were focused on the leadership effect on financial performance.

Therefore leaders must understand their role in shaping an organization's culture, and organizations must make intentional efforts to help develop their leader. Most researchers focus on the effect of leadership style on organizational effectiveness. It could be financial or non-financial effectiveness but there is no enough research that is conducted in our country on the influence of leadership style on organizational work culture of banking industry. The researcher studies this topic to fill the knowledge gap in this area in the selected organization.

### **1.4 Research Questions**

In order to address the identified problem, the following basic research questions were developed:

1-What does the organizational leadership style of BoA look like?

2-Is there influence of leadership style on the organization's culture?

3- How does the influence of the leadership style on organizational culture prevailed?

## **1.5 Objectives of the study**

### **1.5.1 General objective of the study**

The general objective of the study is to describe the influence of leadership style on organizational culture.

### **1.5.2 Specific objectives of the study**

The specific objectives of this research are

- i. To describe the prevailing organizational leadership style of Bank of Abyssinia.
- ii. To assess the prevailing organizational culture of the Bank of Abyssinia.
- iii. To describe to what extent organizational leadership style influence affects the organizational culture of Bank of Abyssinia

## **1.6 Significance of the study**

There will be diverse bodies that could be advantageous from this study. This study would help the bank to give a better attention to its leadership style to be implemented to bring about the desired cultural traits and further to decide which shall be improved, and managed. It also creates a good opportunity for bank of Abyssinia to take it as a trial for further research.

This study may serve as an input/reference for future researchers who are interested to study in such related areas in order to identify, explore, and explain relationship among organizational cultures, and leadership styles.

For leaders it explores knowledge of leadership style influence, how leaders should interact, and build culture, operate, communicate, and make decision in organization.

### **1.7 Scope of the study**

As previously discussed in the topic background of Abyssinia bank; the bank has 677 branches. Studying all branches may give better information throughout the country but it is not manageable to study all branches firstly, and also it is not necessity to study all branches because of the similarity of banking business. Job oriented leadership style and employee oriented leadership style are covered. Therefore scope of this research study is limited to headquarters of the BoA and randomly selected branches in Addis Ababa.

### **1.8 Limitation of the study**

During the entire process of this research the limitation was lack of secondary data there are almost no research papers and books directly related to this research topic.

### **1.9 Research Hypothesis**

In order to answer the research questions and achieve the objectives of the study, the following hypothesis was developed and were tested in this research to verify the under listed hypotheses.

- 1- There is a significant relationship between leadership style and organizational culture.
- 2- Leadership style influence organizational culture positively.

### **1.9.1 Operational terms and definitions**

**Leadership:-**is the action of leading a group of people or an organization. (Oxford languages dictionary)

**Leadership style:-**is a leader's method of providing direction, implementing plans, and motivating people. (wikipedia)

**Culture:** - is the aggregate of beliefs, norms, attitudes, values, assumptions, and ways of doing things that is shared by members of an organization and taught to new members. (Lussier, 2010)

**Organizational culture:-**is the collection of values, expectations, and practices that guide and inform the actions of all team members. It is collection of traits that make company what it is. Kellie W. (2021)

**Influence:** - is the capacity to have an effect on the character, development, or behavior of someone or something, or the effect itself. (Oxford dictionary)

# CHAPTER TWO

## 2.1 REVIEW OF RELATED LITRATURE

### 2.2 Introduction

An effective leader influences followers in a desired manner to achieve desired goals. Different leadership styles may affect organizational effectiveness or performance. Nahavandi A, ( 2002) Organizational Culture is influenced by leadership style and consequently, leadership style affects organizational performance.

From the very beginning, culture has been considered as an essential element of organizational success in business sector. Organizations take very different approaches to build better work culture. For some organizations, quality work culture may not mattered most. But in some organizations, work culture is crucial to ensure the employees served a better service to the customers. In addition, quality culture will contribute to synergy in the workplace. In this century, most of the effective organizations have got great leaders and managers where they can lead and supervise employees' character and performance. Good leader will show employees to become more proactive and dynamic in executing their daily tasks. The leadership styles of leaders may influence work culture in the organization. If the leaders depict poor qualities of leadership styles it may negatively affect the quality of culture in the organization. Andrew Carnes, Jeffery D. Houghton & Christopher N. Ellison (2015) emphasized that one of the most significant success factors for any organization is the ability to identify and select successful leaders. Choosing the best leader contribute an important role to ensure that employees discipline and retain for a long time. But, there are some questions appeared in leaders' mind. Do rigid leaders harm their organization and the culture value created before them? Do lenient leaders will lead employees to served and worked better in future? Therefore, in this study there are two objectives in order to answer above questions. Firstly is to examine what does the organization leadership style of BoA looks like? Secondly is there influence of leadership style on the organizations culture? The findings on this paper are hoped to contribute towards improving

work culture by choosing the prominent leadership style practiced by financial organizations. It is very crucial to choose and understand the leadership styles since they may have positive consequences of improvement staffs' quality work culture in future.

### **2.3 What is Leadership and who is Leader?**

Before going deep in to the center let us start from meaning of leader and leadership. McNamara (2008) define leader as a person who sets vision and direction in an effort and influences people to follow such directions to achieve the vision. Chemers (2002) has different view about the definition of leadership. The meaning of leadership is given as the process of social influence in which one person can inflict the aid support of others in the accomplishment of a common task. Crawford & Loh (2004) added that leadership styles are major influences on individuals. This is because leaders are the ones who set the vision of the organization, define its values and norms, and create and maintain traits of what the organization look like (David & Ricky, 2006). However, all the definitions share similarities at some point. It can be said that leadership styles are one of the factors that influence organizational traits. To keep leading in a challenging environment, a leader must keep learning and highly responsible on their tasks and subordinates.

Leadership at its simplest is concerned with the ability to influence others to achieve goals. Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives (yuki g. 2010).

### **2.4 Organizational culture**

Organization's culture comprises the values, beliefs, attitudes, and behaviors that employees share and use on a daily basis in their work. Charles Rogel (2014). The culture determines how employees' show where they work, how they consider the business, and how they perceive themselves as segment of the organization. It is also agreed by Robert & Thomas (2007) that appropriate work culture is one of the elements needed by organization leaders. Appropriate work culture includes shared institutional values,

priorities, rewards and other practices which foster sense of ownership, high effectiveness, and commitment, while having room for diversity in thought and action. By taking this definition as a base, work culture can be understood as a practice of an organization, norms, shared values and basic assumptions of all members in the organization. To be dominant in the market competition, it is important for an organization to create quality work culture by applying appropriate leadership style for its employees. Giving a good treatment to employees will benefit the organization as well. Additionally, Robert & Thomas (2007) emphasized that combination of qualities work culture in an organization and its employees that arise from what is generally regarded as appropriate ways to think and act. There are many key traits of work culture in an organization. The key values of work culture usually being practiced in most of organizations such as professionalism, flexibility, adaptability, collaboration, accountability, commitment, empowerment equity, good morale, effective communication trust, continuous quality improvement, and respect. By having all those key values, the company will move forward smoothly without any obstacles and error. In addition as Lizz Pellet (2013), said culture is created by four distinct methods in an organization which included actions and character of leaders; what leaders pay attention to; what gets appreciated and what gets punished; and allocation and focus of resources. In the face of intense competition, quality work culture can be seen on different levels. Researchers often discuss organizational or corporate culture in order to know deeper about the organization. Stefan Lagrosen, ( 2002) said Companies cannot develop an organizational culture that differs substantially from the prevailing cultural factors of the country in which it operates but I do not agree with this notion because there effective companies in poor countries that have got good leaders with their own leadership style. To be effective, an organization must have clear and strong objectives, have high standards of excellence, have a work culture that supports employees, utilize teamwork, have technical training provided through on the job training, and have effective leadership. It is clearly stated that an effective organization must have a work culture that supports its employees. Clear objectives in term of mission and vision will lead the organization in a

better way to success in future and this could be the result of effective leaders' leadership style. On the next topic I will discuss about leadership styles.

Effective leadership is one of the greatest basics to building organizational cultures. A leader can be anyone who has influence or authority, regardless of title, and leaders set the tone for organizational culture.

Leaders can reinforce values while simultaneously holding people accountable. This influence over others can be either positive or negative based on the leadership style and implementation of strategy, but both effective and ineffective leadership will influence and build organizational culture in the workplace. SHRM advises leaders to be deliberate in creating a culture where employees can thrive. Failing to build a strong culture is detrimental to employees and the bottom line.

#### **2.4.1 Importance of organizational culture**

When the above aspects of culture are implemented by a leader in a workplace, the workers becomes more committed. Some benefits of higher employee engagement include:

- Higher quality and safety. Engaged employees are committed to achieve a standard of quality and excellence. Because of this, they make smarter decisions, pay closer attention to detail, and approach their work with thoughtfulness. These same actions also go far in promoting and maintaining workplace safety.
- Better work/life balance. When a company motivates and supports a healthier balance for employees, they don't just work harder, but smarter. Being able to merge these two important parts of life makes way for motivation and efficiency to take effectiveness. It also decreases absenteeism and increases loyalty to the organization.
- Excellent customer service. Employees who are valued end up valuing their customers, clients, team members, and everyone else they come into contact with each day. When more care is taken to answer questions, address concerns, solve problems, and generally be of help to others, soaring sales are sure to follow. But at this point it is not only valuing caring employees that bring good change to organization

according to Taylor 1911 scientific theory said “they offer people things in order to persuade them and punish them if they refuse to do it”. This implies that some employees need some sort of follow up.

- Greater retention rates. All of these benefits aren’t only enjoyed by the employer. Employees of companies that cultivate such a culture are apt to stay put for the long term. Why? There’s simply no reason to leave when you’re feeling appreciated, heard, and allowed to advance.

## **2.4.2 Things that contribute to strong organizational culture**

According to Lissner (2010) A positive culture should be the foundation of an organization.

- 1- Meaningful work
- 2- Appreciation
- 3- Wellbeing
- 4- Connection and
- 5- Leadership, are all aspects that contribute to your culture.

1) Meaningful work Employees spending nearly 30% of their lives at work should feel a deep and personal connection with the work they do daily. Hopefully, they also have a sense of opportunity and motivation to be the best they can be in their role.

Having a vision within their role allows people to develop and feel more connected to the work they do. Seeing new and additional opportunities at work helps employees stay engaged and contribute in a meaningful way.

### 2) Appreciation

Don’t let top talent leave because of poor company culture. Invest in your employees by celebrating career milestones and achievements. Personal recognition makes employees feel valued by peers, friends, leaders, and family members.

3) Wellbeing is more than just physical fitness and healthy eating habits. It also encompasses emotional and social wellness that can be felt when people are part of a strong support system. While your organizational culture should reinforce a healthy lifestyle, it should also foster a healthy sense of community.

4) Connection Our research shows there has been an increase in isolation and burnout at work in recent years. Interactions have been replaced by social media tools that were created to connect us. However, employees are still not as connected to their organization or sharing as many experiences collectively as in times past. This lack of connection inhibits collaboration and can lead to a decreased sense of belonging and purpose at work.

5) Leadership influences company culture heavily. Leaders can reinforce organizational values by helping their people grow and develop through goal setting, opportunities, and recognition. Elevate employees through frequent one-on-ones and regular two-way feedback. When employees have open and ongoing dialogue about their work, their trust in their leader strengthens.

## **2.5 What is Leadership culture?**

Leadership culture is important to building organizational culture. Leadership culture is how leaders interact with one another and their team members. It's the way leaders operate, communicate, and make decisions. And it's about the everyday working environment: their behaviors, interactions, beliefs, and values. N. Lussier, F. Achua(2010)

Leaders must understand their role in shaping an organization's culture, and organizations must make intentional efforts to help develop their leaders. Effective leadership development goes beyond training classes, adding on to your organizational structure, or even determining the right cultural fit when hiring new leaders. The best way to ensure your leadership culture is positively contributing to your organizational culture is to create modern leaders. N. Lussier, F. Achua(2010)

### **2.5.1 What Aspects of Company Culture Can Leaders Control?**

Leaders have a tremendous impact on company culture. They set the agenda, prioritize work, manage, lead, and delegate. Strong leaders provide a sense of vision, purpose, mentorship, and inspiration to those they lead. C. Proval, (2007)

Today's diverse workforce is reshaping what it means to achieve personal and professional success. Traditional leadership styles and types of leadership culture are not resonating with younger generations who thrive upon more growth and coaching. C. Proval, (2007)

The relationship between a leader and an employee is a critical connection. If the link is weak or negative, our research also shows that employees will be disconnected from other aspects of culture as well. C. Proval, (2007)

### **2.6 Seven Ways Leaders Can Focus on Culture**

Leaders significantly affect an organization's culture, so doing a good job at inspiring others should be a big focus of every leadership strategy. This can be done a multitude of ways, according to

G. N. Stock, K. L. McFadden (2007)

**There are seven that stand out:**

**1. Be a role model.** Those at the top must exemplify the culture they preach—no exceptions. If trust is ever breached, a solid apology (and, depending on the situation, perhaps even consequences) better follow in a timely manner.

**2. Observe for insights.** Sometimes just sitting back for a bit and soaking in what’s happening around the office will be quite telling. Take in subtle details about the work environment and employee behavior. You might be surprised by how much can be learned when there is a moment to step back.

**3. Provide an open communication platform.** When anyone at any level has access to participate in Q&A sessions with senior leaders, answers can be given on the spot. This helps employees be heard, but it’s also a good way to reinforce the company’s goals and values.

**4. Take meaningful action on feedback.** Asking for feedback is only as useful as the action that follows. Feigning a listening ear won’t go unnoticed.

**5. Empower employees.** A culture of autonomy allows for more problem solving and greater innovation. When employees are trusted to contribute (with accountability), they will outperform everyone’s expectations.

**6. Remind workers that failing isn’t fatal.** Failure is inevitable, no matter who you are. It just means that chances were taken and growth is occurring. Don’t punish people for trying, but encourage them to learn from what went wrong and make improvements the next time around.

**7. Recognize a job well done.** Employees who are openly shown appreciation at work are happier and more productive. When they know and that their superiors take the time to express thanks, employees are more loyal to their team and the company as a whole. G. N. Stock, K. L. McFadden, and C. R. Gowen (2007)

## **2.7 Leadership styles**

Newstrom, Davis (1993) defines Leadership style as the way and system of giving direction, implementing plans, and motivating people. However, businessjargon.com (2022) define leadership style as behavioral arrangement that a leader use to influence the behavior of his followers, i.e. the way he gives directions to his followers and motivates them to achieve the organizational vision.in addition Lussier and Achua (2010) define leadership style is combination of traits, skills, and behaviors leaders use as they interact with followers. More or less there is a similarity in this three definitions all definitions agreed that leadership style is way of interacting and influencing followers.

Great leaders have emerged through the course of history with particular leadership styles in giving direction, taking action and influencing followers. These can be broadly grouped into 5 different categories: (IMD, 2021) but Lussier and Achua(2010) classify leadership in two broad categories as autocratic and democratic. In autocratic leadership style leader makes the decisions, tells employees what to do, and closely supervise workers but for democratic leadership style leader encourages participation in decisions, works with employees to determine what to do, and does not closely supervise employees. Lussier and Achua (2010). Both approach that means the IMD approach and Lussier and Achuas approach are agreeable but IMD approach is more detail.

IMD approach divided leadership style in five as follows.

1-Authoritarian Leadership

2-Participative Leadership

3-Delegative Leadership

4-Transactional Leadership

5-Transformational Leadership

Despite these definitions, questions still remain.

What is the meaning of leadership styles listed above?

What are the differences among those leadership styles?

What are the merits and demerits of using each of the leadership styles?

## **1. Authoritarian Leadership**

Authoritarian leadership styles allow a leader to impose expectations and define outcomes. A one-person show can turn out to be successful in situations when a leader is the most knowledgeable in the team. Although this is an efficient strategy in time-constrained periods, creativity will be sacrificed since input from the team is limited. The authoritarian leadership style is also used when team members need clear guidelines.

### **Merits**

Time spent on making crucial decisions can be reduced.

Chain of command can be clearly emphasized.

Mistakes in the implementation of plans can be reduced.

Using authoritarian leadership style creates consistent results.

### **Demerits:**

A very strict leadership style can sometimes lead to employee rebellion.

It kills employee creativity and innovation.

It reduces group synergy & collaboration.

Group input is reduced dramatically.

Authoritarian leadership increases employee turnover rate.

## **2. Participative Leadership**

Participative leadership styles emanate from democratic theory. The core is to participate team members in the decision making process. Team members thus feel sense of ownership, engaged and motivated to contribute. The leader will normally have the last word in the decision-making processes. However, if there are disagreements within a group, it can be a time-consuming process to reach a consensus.

### **Merits:**

It increases employee motivation and job satisfaction.

It encourages use of employee creativity.

A participative leadership style helps in the creation of a strong team.

High level of productivity can be achieved.

### **Demerits:**

Decision-making processes become time-consuming.

Leaders have a high probability of being apologetic to employees.

Communication failures can sometimes happen.

Security issues can arise because of transparency in information sharing.

Poor decisions can be made if the employees are unskilled.

### **3. Delegative leadership**

Also known as "laissez-faire leadership", a delegative leadership style focuses on delegating initiative to team members. This can be a successful strategy if team members are competent, take responsibility and prefer engaging in individual work. However, disagreements among the members may split and divide a group, leading to poor motivation and low morale.

#### **Merits:**

Experienced employees can take advantage of their competence and experience.

Innovation & creativity is highly valued.

Delegative leadership creates a positive work environment.

#### **Demerits:**

Command responsibility is not properly defined.

Delegative leadership creates difficulty in adapting to change.

### **4. Transactional leadership**

Transactional leadership styles use "transactions" between a leader and his or her followers - rewards, punishments and other exchanges - to get the job done. The leader sets clear goals, and team members know how they'll be rewarded for their compliance. This "give and take" leadership style is more concerned with following established routines and procedures in an efficient manner, than with making any transformational changes to an organization.

#### **Merits:**

Leaders create specific, measurable and time-bound goals that are achievable for employees.

Employee motivation and productivity is increased.

Transactional leadership eliminates or minimizes confusion in the chain of command.

It creates a system that is easy to implement for leaders and easy to follow by employees.

Employees can choose reward systems.

**Demerits:**

Innovation & creativity is minimized.

Empathy is not valued.

Transactional leadership creates more followers than leaders among employees.

**5. Transformational Leadership**

In transformational leadership styles, the leader inspires his or her followers with a vision and then encourages and empowers them to achieve it. The leader also serves as a role model for the vision.

**Merits:**

It leads to a lower employee turnover rate.

Transformational leadership places high value on corporate vision.

High morale of employees is often experienced.

It uses motivation and inspiration to gain the support of employees.

It is not a coercive approach to leadership.

It places high value on relationships.

## **Demerits:**

Leaders can deceive employees.

Consistent motivation and constant feedback may be required.

Tasks can't be pushed through without the agreement of employees.

### **2.7.1 Job centered employee centered leadership**

The University of Michigan Leadership Model thus identifies two leadership styles: job- centered and employee-centered. **The job-centered** style has scales measuring two job-oriented behaviors of goal emphasis and work facilitation. Job-centered behavior refers to the extent to which the leader takes charge to get the job done. The leader closely directs subordinates with clear roles and goals, while the manager Employee-Centered Leadership Style

The employee-centered style has scales measuring two employee-oriented behaviors of supportive leadership and interaction facilitation. Employee-centered behavior refers to the extent to which the leader focuses on meeting the human needs of employees while developing relationships. The leader is sensitive to subordinates and communicates to develop trust, support, and respect while looking out for their welfare tells them what to do and how to do it as they work toward goal achievement. Lussier and Achua(2010)

### **2.7.2 Developing your own leadership style**

It is important to recognize and understand different leadership styles including the situations in which they work best. However, you are unlikely to be a successful business leader simply by imitating these. Leadership is not about reflecting a certain response in a certain situation. It's about using your natural leadership strengths in an undisputed manner to inspire and motivate others.

Leadership training from a good business school can help you to understand and strengthen your own leadership style. Good leadership courses teach you the dynamics of human behavior as well as raise self-

awareness and provide the chance to practice leadership in different situations. Depending on the level, such courses can also include training on business and/or strategic leadership. . N. Lussier, F. Achua(2010)

Leadership coaching is another way to identify your leadership strengths and weaknesses. Indeed, the best leadership courses include personal leadership coaching for even greater impact on developing authentic and effective leadership styles. Transformational leadership can sometimes lead to the deviation of protocols and regulations. . N. Lussier, F. Achua(2010)

## **2.8 Influence**

Influencing is the process of a leader communicating ideas, gaining acceptance of them, and motivating followers to support and implement the ideas through change. Influence is the essence of leadership. H. M. Hutchins and J. Wang (2008)

Influencing is the process of affecting others' attitudes and behaviors in order to achieve an objective, which is usually to get what you want. Lussier and Achua(2010)

If you want to understand why organizations do the things they do, or why they perform they do, you must consider the powerful top executives. However, power is the leader's potential influence over followers. Because power is the potential to influence, you do not actually have to use power to influence others. Often it is the perception of power, rather than actual use of power, that influence others. Power is based on certain qualities or capabilities, but power itself is transactional and flows out of relationship, real or perceived.

### **2.8.1 Influencing tactics and types of power**

In 1950s French and Raven's distinguished five types of power this are

1-Reward power

2-Coercive power

3-Legitimate power

4-Expert power

5-Referent power

Connection and information power are added to update the important type of power. These seven type of power will be discussed, and explore ways to increase each type with influencing tactics.

Generally, power is given to those who get results and have good human relations skills.

**1-Legitimate power** is based on the user's position power, given by the organization. It is also called the legitimization influence tactic. Boss assign job, referee decides the free kicks, and teacher awards grades. These three positions have formal authority from the organization.

Without this legitimate authority, they could not influence followers in the same way. Employees tend to feel that they ought to do what their manager say within the scope of the job.

Appropriate use of legitimate power is employee comply with management authority in return for the benefit of organization membership. The use of legitimate power is appropriate when employee are asked to work within it is the scope of their job. In legitimate power leader use rational consultation influence tactic. With consultation, you seek others' input about achieving an objective and are open to develop plan together to achieve the objective. Logical arguments generally work well with people whose behavior is more influenced by thinking than emotions. J. R. P. French and B. H. Raven (1959)

## **2-Coercive power**

The use of coercive power involves punishment and withholding of rewards to influence compliance. It is also called the pressure influence tactic. From fear of reprimands, probation, suspension, or dismissal,

employees often do as manager request. It is also called the pressure influencing tactic. From fear of reprimands, probation, suspension, or dismissal, employees often do as their manager requests. The fear of lost valued outcomes or rewards—such as receiving poor performance evaluations, losing raises and benefits, being assigned to less desirable jobs, and hurting a relationship—causes employees to do as requested. Other examples of coercive power include verbal abuse, humiliation, and ostracism. Group members also use coercive power (peer pressure) to enforce group norms.

**Appropriate Use of Coercive Power** Coercive power is appropriate to use in maintaining discipline and enforcing rules. When employees are not willing to do as requested, coercive power may be the only way to gain compliance. In fact, without it, employees may not take you seriously and ignore your requests. Coercion is effective when applied to a small percentage of followers under conditions considered legitimate by most of them. When leaders use coercion on a large scale against followers, it undermines their authority and creates a hostile opposition that may seek to restrict their power or to remove them from office. Employees tend to resent managers' use of coercive power. There has been a general decline in use of coercion by all types of leaders. G. Colvin (2007)

Managers that bully employees are being fired. So keep your use of coercive power to a minimum by using it only as a last resort. J. R. P. French and B. H. Raven (1959)

### **3-Reward power**

Reward power is based on the user's ability to influence others with something of value to them. Reward power affects performance expectations and achievement. In a management position, use positive reinforcements to influence culture, with incentives such as praise, recognition, special assignments or desirable activities, pay raises, bonuses, and promotions. A leader's influence is strong or weak based on the ability to punish and reward followers.

An important part of reward power is having control over resources, such as allocating expense and budget funds. This is especially true for scarce resources.

Appropriate use of reward power is when employee do good job, they should be rewarded. Catching people doing things right and rewarding them is a great motivator to continue the culture. J. R. P. French and B. H. Raven(1959)

**4-Referent Power** Referent power is based on the user's personal relationships with others. It is also called the personal appeals influencing tactic based on loyalty and friendship. Power stems primarily from friendship or the employee's attractiveness to the person using power. The personal feelings of "liking" or the desire to be liked by the leaders also gives referent power. Today's successful leaders are relying more on relationships than position power to get the job done. G. Colvin (2007)

Leaders can also use the inspirational appeals influencing tactic. The leader appeals to the follower's values, ideals, and aspirations, or increases self-confidence by displaying his or her feelings to appeal to the follower's emotions and enthusiasm. M. Miller (2007) So rational persuasion uses logic, whereas inspirational persuasion appeals to emotions and enthusiasm. Thus, inspirational appeals generally work well with people whose behavior is more influenced by emotions than logical thinking. Great sports coaches, such as Vince Lombardi, are well respected for their inspirational appeals to get the team to win the game. Have you heard the "win one for the Gipper" saying from Notre Dame? To be inspirational, you need to understand the values, hopes, fears, and goals of followers. You need to be positive and optimistic and create a vision of how things will be when the objective is achieved. Use nonverbal communication to bring emotions to the verbal message, such as raising and lowering voice tone and pausing to intensify key points, showing moist eyes or a few tears, and maintaining eye contact. Facial expressions, body movement, and gestures like pounding a table effectively reinforce verbal messages. You can also include the ingratiation influencing tactic within your inspirational appeal. N. Lussier, (2010)

Appropriate Use of Referent Power The use of referent power is particularly appropriate for people with weak, or no, position power, such as with peers. Referent power is needed in self-managed teams because

leadership should be shared. Increasing Referent Power to increase your referent power, follow these guidelines:

1. Develop your people skills, which are covered in all chapters. Remember that you don't have to be a manager to have referent power. The better you get along with more people (good working relationships), the more referent power you will have. M. Miller (2007)

2. Work at your relationship with your manager and peers. Your relationship with your manager will have a direct effect on your job satisfaction. Gain your manager's confidence in order to get more power. Remember that the success of your manager and peers depends to some extent on you and your performance. M. Miller (2007)

**5-Expert Power** Expert power is based on the user's skill and knowledge. Being an expert makes other people dependent on you. Employees with expert power have personal power and are often promoted to management positions. People often respect an expert, and the fewer people who possess an expertise, the more power the individual has. N. L. Torres (2007)

For example, because so few people have the ability to become the CEO of a large corporation, they have the power to command multimillion-dollar contracts, and superstars at all levels are capable of negotiating distinctive employment conditions. The more people come to you for advice, the greater is your expert power. In the changing global economy, expert power is becoming more important. It's wise to be sure that your expertise does not become unimportant or obsolete. D. M. Rousseau(2006)

Experts commonly use the rational persuasion influencing tactic because people believe they know what they are saying and that it is correct. Appropriate Use of Expert Power Managers, particularly at lower levels, are often—but not always—experts within their departments. New managers frequently depend on employees who have expertise in how the organization runs and know how to get things done politically. Thus, followers can have considerable influence over the leader. Expert power is essential to employees

who are working with people from other departments and organizations. Because such employees have no direct position power to use; being seen as an expert gives them credibility and power. Increasing Expert Power To increase your expert power, follow these guidelines: 1. To become an expert, take all the training and educational programs your organization provides. 2. Attend meetings of your trade or professional associations, and read their publications (magazines and journals) to keep up with current trends in your field. Write articles to be published. Become an officer in the organization. 3. Keep up with the latest technology. Volunteer to be the first to learn something new. 4. Project a positive self-concept , and let people know about your expertise by developing a reputation for having expertise. You have no expert power unless others perceive that you have an expertise and come to you for advice. You may want to display diplomas, licenses, publications, and awards.

Information Power: Information power is based on the user's data desired by others. Information power involves access to vital information and control over its distribution to others. Managers often have access to information that is not available to peers and subordinates. Thus, they have the opportunity to distort information to influence others to meet their objective. Distortion of information includes selective editing to promote only your position, giving a biased interpretation of data and even presenting false information. Managers also rely on employees for information, so followers sometimes have the opportunity to distort information that influences management decisions. Distortion of information is an ethical issue. Some administrative assistants have more information and are more helpful in answering questions than the managers they work for. N.Lussier(2010)

Appropriate Use of Information Power is an important part of the manager's job is to convey information. Employees often come to managers for information on what to do and how to do it. Leaders use information power when making rational persuasion and often with inspirational appeals. S. Maitlis and T. B. Lawrence (2007)

Personal computers give organizational members information power, since information flows freely through informal channels. Increasing Information Power to increase your information power, follow these guidelines: 1. Have information flow through you. For example, if customer leads come in to the company and all sales representatives have direct access to them, the sales manager has weak information power. However, if all sales leads go directly to the manager, who then assigns the leads to sales representatives, the manager has strong information power. Having control of information makes it easier to cover up failures and mistakes, and to let others know of your accomplishments, this can also increase expertise.

2. Know what is going on in the organization. Provide service and information to other departments. Serve on committees because it gives you both information and a chance to increase connection power. Develop a network of information sources, and gather information from them. D. M. Rousseau, V. T. Ho, and J. Greenberg (2006)

**6-Connection Power** Connection power is based on the user's relationships with influential people. Connection power is also a form of politics, the topic of our next major section, but first we discuss how power is acquired and lost. You rely on the use of contacts or friends who can influence the person you are dealing with. The right connections can give power, or at least the perception of having power. If people know you are friendly with people in power, they are more apt to do as you request. For example, if the owner's son has no position power but wants something done, he may gain compliance by making a comment about speaking to his father or mother about the lack of cooperation. Sometimes it is difficult to influence others all alone. With a coalition influencing tactic you use influential people to help persuade others to meet your objective. J. M. Evans, L. K. Trevino (2006)

There is power and safety in numbers. The more people you can get on your side, the more influence you can have on others. Superiors, peers, subordinates, and outsiders can help you influence others. You can tell others who support your idea, have the supporters with you when you make a request, have supporters follow up, or ask a higher authority to get what you need done for you. Coalitions are also a political

strategy—a tactic that will be discussed again later in this chapter. Appropriate Use of Connection Power  
When you are looking for a job or promotions, connections can help. There is a lot of truth in the statement, “It’s not what you know, it’s who you know.” connection power can also help you to get resources you need and increase business.

**Increasing Connection Power:** to increase connection power, follow these guidelines:

1. Expand your network of contacts with important managers who have power. 2. Join the “in-crowd” and the “right” associations and clubs. Participating in sports like golf may help you meet influential people. 3. Follow the guidelines for using the coalition influencing tactic. When you want something, identify the people who can help you attain it, make coalitions, and win them over to your side. 4. Get people to know your name. Get all the publicity you can. Have your accomplishments known by the people in power; send them notices without sounding like a bragger. N. Lussier (2010)

## **2.9 Role of leadership in creating culture**

Guaranteeing an organizations culture is aligned with its mission is among the most challenging task of leadership. To create and sustain a productive culture, leaders must have a clearly defined vision, mission, and culture statements that define the way things will be done.

A culture that values employees treats them with respect, and builds trusting relationships at all levels will almost always outperform one that treats its employees opposite way. This type of culture can transform an organization’s work force in to source of creativity and innovative solution. Unfortunately, not too many organizations can make claim of having this type of culture. Changing the culture of an organization to adapt to changes in environment is a vital leadership responsibility. Effective leadership of culture should be proactive rather than reactive. S. E. Fawcett, J. C. Brau(2008)

To create high performing cultures, leaders can initiate many different types of organizational process. Examples of organizational process that have been studied as a tools to embed and reinforce strong, high performance cultures include the strategy formulation process, the leader's authority and influence, the motivation process, the management control process, the conflict management process, and the customer management process. Depending on the leadership style used, the outcome of this process can significantly influence the culture of the organization. Lussier and Achua (2010)

Some of these actions are substantive, while others are mainly symbolic. However, they all have the same positive effect on followers when applied and the opposite when ignored.

Symbolic actions are valuable for the signals they send about the kinds of behavior and performance leaders wish to encourage and promote. The meaning is implied in the action taken. Schein uses the terms *primary* and *secondary mechanisms* to distinguish between symbolic and substantive actions. T. Macalister (2007)

Substantive actions are explicit and highly visible and are indicative of management's commitment to new strategic initiatives and the associated cultural changes.

These are actions that everyone will understand are intended to establish a new culture more in tune with the organization's strategy and environment. For example, a leader may set as his or her objective to create a culture that supports ethical behavior. Here the leader's actions in serving as a role model (symbolic), and/or developing a written values statement (substantive), may significantly influence the realization of the objective. L.Lussier (2010)

**Table 2.1 Leadership measures to mold culture**

**Symbolic Actions**

**Substantive Actions**

<ul style="list-style-type: none"> <li>• Leaders showing as role models</li> <li>• Recognition for accomplishments</li> <li>• Communicating face-to-face with rank-and-file</li> <li>• Sewing organizational structure to culture</li> </ul>	<ul style="list-style-type: none"> <li>• Fixing HR practices to culture</li> <li>• Aliening operation frameworks and actions to culture</li> <li>• Creating a strategy–culture fit</li> <li>• Attaching reward/incentive system with culture</li> <li>• complementing work environment design to culture</li> <li>• creating written values statement</li> </ul>
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J. A. Raelin (2007)

### **2.9.1 Leaders Serving as Role Models**

Senior executives are role models, and the stories they tell, decisions they make, and actions they take build an implicit cultural image for followers. Employees learn what is valued most in an organization by watching what attitudes and behaviors leaders pay attention to and reward and whether the leaders’ own behaviors match the espoused values. Employees want to see that their leaders “walk the talk.”<sup>70</sup> For example, top executives leading a cost-reduction effort by curtailing executive perks, and emphasizing the importance of responding to customers’ needs by requiring all managers and executives to spend a portion of each week talking with customers and understanding their needs, sets a good example. The message employees get when a leader institutes a policy or procedure but fails to act in accordance with it is that the policy is really not important or necessary. D. Jung and J. Sosik (2006)

### **2.9.2 Celebrating Achievements**

Leaders can schedule ceremonies to celebrate and honor people whose actions and performance exemplify what is called for in the new culture. Ceremonies reinforce specific values and create emotional bonds by allowing employees to share in important moments. This type of culture helps to retain valued employees. A ceremony often includes the presentation of an award. N. Lussier ,( 2010)

### **2.9.3 Interacting Face-to-Face with Rank-and-File**

Leaders who are sensitive to their role in creating a high-performance culture make a habit of appearing at ceremonial functions to praise individuals and groups who symbolize the values and practices of the new

culture. Effective leaders will also make special appearances at no ceremonial events (such as employee training programs) to stress strategic priorities, values, cultural norms, and ethical principles. They understand the symbolic value of their presence at group gatherings and use the opportunity to reinforce the key aspects of the culture. To organization members, the mere appearance of the executive—and the things he or she chooses to emphasize—clearly communicates management’s commitment to the new culture. D. Jung and J. Sosik (2007)

## **2.10 Matching Organizational Structure to Culture**

Organizational structure can symbolize culture. A decentralized structure reflects a belief in individual initiative and shared responsibility, whereas a centralized structure reflects the belief that only the leader knows what is best for the organization.

### **2.10.1 Matching HR Practices to Culture**

The strongest sign that management is truly committed to creating a new culture is replacing old-culture members who are unwilling to change with a “new breed” of employees. Beyond immediate actions to replace old-culture employees, leaders can influence culture by establishing new criteria for recruiting, selecting, promoting, and firing employees. These new criteria should be consistent with the new culture of the organization. More and more, organizations are looking for employees who understand their culture and are willing to learn to work within it.

In high-performance cultures, policies on recruitment, selection, and training of new employees are different from those in low-performing cultures. For example, high-performance cultures often employ careful and vigorous hiring practices. New employees go through an extensive interviewing process, and when hired, a new employee is assigned a sponsor from within the company. The sponsor, who is usually a veteran of the company, will ensure that the new associate fully understands the company’s culture and

approach. This ensures that the employee and the organization's culture are compatible; something that creativity and team spirit are critical, "niceness" is an important cultural value. N. Lussier (2010)

### **2.10.2 Matching Operating Policies and Practices to Culture**

Existing policies and practices that impede the execution of new strategies must be changed. Policies on budgets, planning, reports, and performance reviews can be used to emphasize aspects of the organization's culture. Through these actions, leaders let other members know what is important. Wal-Mart executives have had a long-standing practice of spending two to three days every week visiting Wal-Mart's stores and talking with store managers and employees. Sam Walton, Wal-Mart's founder, was dissatisfied with managerial practices that he observed in competitors' stores. To make sure it did not happen at his stores, he insisted on a different policy and practice. He made sure his managers understood his view on this issue. N. Lussier, F. Achua (2010)

He believed that to be an effective manager, you have to get out into the store and listen to what the associates have to say, because the best ideas come from clerks and stockpersons. Over the years, this practice has become part of Wal-Mart's culture. N. Lussier, F. Achua (2010)

### **2.10.3 Creating a Strategy–Culture Fit**

It is the leader's responsibility to select a strategy that is compatible with the prevailing culture or to change the culture to fit the chosen strategy. The lack of a fit will hinder or constrain strategy execution. In rapidly changing business environments, the capacity to introduce new strategies is a necessity if a company is to perform well over long periods of time. M. E. Brown and L. Trevino (2006) Strategic agility and fast organizational response to new opportunities require a culture that quickly accepts and supports company efforts.

A strategy–culture fit allows for easy adaptation, while a strategy–culture mismatch makes for a difficult adaptation. This is particularly true for high-tech firms that need to fast-track innovation in order to stay competitive. A study exploring the innovation process within the context of strategy, organizational culture,

and leadership styles found close associations among these constructs. T. J. Chermack, S. A. Lynham (2007)

Even during periods of stability and economic growth, it is still critical for the leader to pay attention to the existing culture. The culture of an organization naturally evolves over time, and without strong leadership it can change in the wrong direction. N.Lusier (2010)

Key values or practices in a culture may gradually erode if no attention is paid to the culture. For example, incompatible subcultures may develop in various departments of the organization, leading to a culture of isolation rather than teamwork and cooperation.

With mergers and acquisitions dominating global business strategy, the integration of corporate cultures is often the deciding factor in whether a newly merged entity succeeds or fails. It is generally understood that following a merger, a culture assessment needs to be conducted to determine whether the acquired company's culture will mirror the acquiring company's culture, or a new culture will be formed from the merger. Senior leaders can improve the likelihood of a merger's success by ensuring that the two organizations' cultures are in sync, or that an attempt is made to develop a common culture that the two sides agree with. K. Miller, M. Zhao, and R. Calantone (2006)

The damage that can be caused by culture incompatibility is underscored by a series of high-profile mergers and acquisitions that failed to meet expectations. The failed merger of Chrysler and Daimler-Benz comes to mind. Experts and scholars on mergers and acquisitions seem to favor the creation of a completely new corporate culture for merged organizations. They prefer a complete makeover rather than choosing to leave the cultures separate or permitting one culture to dominate.

The creation of a new, shared culture in any merged organization may require a careful review of existing practices in the two organizations, the identification and retention of common practices, the introduction of new practices, and the discarding of old, unworkable practices. N. Lussier, F. Achua(2010)

#### **2.10.4 Aligning Reward/Incentive System with Culture**

Tying compensation incentives directly to new measures of strategic performance (i.e., strategic goals) is a culture-shaping undertaking, because it gives the leader leverage to reward only those performances that are supportive of the strategy and culture. It is often the case that in many organizations, when strategies change, changes to the reward structure tend to lag behind changes to the strategy. Imagine an organization in which the CEO and his or her top management team have articulated an integration-based strategy that will require middle-level leaders to think and act across boundaries and on behalf of the entire enterprise; however, imagine that the organization's reward system offers leaders incentives for achieving unit success, even when they fail to behave as enterprise leaders. Such reward/incentive misalignments weaken an organization's culture. A. J. Wefald and J. P. Katz, (2007)

#### **2.10.5 Matching Work Environment Design to Culture**

Leaders can design the work environment to reflect the values they want to promote within the organization. For example, having common eating facilities for all employees, no special parking areas, and similar offices is consistent with a value of equality. An open office layout with fewer walls separating employees is consistent with a value for open communication.

In designing its headquarters, Google wanted to provide open working spaces and an environment that promoted coworker contact and interaction. By providing a clear sense of place and purpose for its employees, Google succeeded in communicating an employee-friendly value through its facility, with the uniqueness and comfort of the setting reinforced by the cultural and aesthetic elements in the building. N. Lussier, F. Achua(2010)

#### **2.10.6 Developing a Written Values Statement**

Many leaders today set forth their organization's values and codes of ethics in written documents. Written statements have the advantage of explicitly stating the company's position on ethical and moral issues, and they serve as benchmarks for judging both company policies and actions and individual conduct. Value

statements serve as a building block in the task of culture creation and maintenance. A. J. Wefald and J. P. Katz, (2007)

## 2.11 Conceptual framework

This study considers leadership style as an influencing factor of organizational work culture. I was able to determine management make sure that work is done according to the standard and management make sure that employee meet department goals is factor in leadership style to influence work culture.

### Leadership style

(independent variable)

1-Management make sure work is done according to the standard

2-Make sure all employee meets department goals



### Organization work culture

(dependent variable)

1-Punctuality and attendance are satisfied

2-Not doing things that are not related to job in office

## **CHAPTER THREE**

### **3.1 RESEARCH METHODOLOGY**

#### **3.1.1 Introduction**

Research methodology refers to the techniques used to find and analyze information for a study, ensuring that the results are valid, reliable and they address research objectives. It focuses on research approach, research design, variables, target population, sampling technique, sample size, data collection instrument, method of data collection and data analysis and presentation tools to report the study results.

### **3.2 Research Design and Approach**

Research design refers to the overall strategy that researchers choose to integrate the different components of the study in a coherent and logical way, thereby ensuring researchers will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data. (De Vaus, 2021)

The study adopted a quantitative approach to gather relevant data to describe how leadership style (independent variables) influence organizational culture (dependent variable) in the Bank of Abyssinia. The study also employed a descriptive and inferential type premise to describe the findings. The study dependent variable is organizational culture, while independent variables were leadership style. The structured questionnaire was developed to assess both variables and used as the main research instrument for the study.

### **3.3 Sources of data collection**

#### **3.3.1 Primary Source**

All the necessary data was gathered from the primary and secondary source. The primary data was collected through structured questionnaire from the employees still working in Bank of Abyssinia.

#### **3.3.2 Secondary Source**

The secondary sources were annual reports, books, articles and webpage of the bank for the literature review about organizational culture.

### **3.4 Population:**

There are two hundred fifty branches of Bank of Abyssinia in Addis Ababa: Among these branches the research will start from head office located around legehar, but all branches professional employees have equal chance of being selected in Addis Ababa district offices. Due to the reason mentioned in the scope of the study and taking in to account the similarity of the banking job; the branches out of Addis Ababa were not included.

#### **3.4.1 Sampling frame**

The size of target sample was hundred it use criterion of professional workers who have college diploma and above.

Thus, the researcher group them in to two, 1) managerial employees in head office and branch offices. Managerial employees refer to highly experienced employees who have supervisory, administrative or strategic exposure in the banking business. Managerial positions under this study are Branch Managers, Deputy Branch Managers, Relationship Managers, Directors, Operational Managers, Business Managers, Team Leaders, Internal Auditors, Marketing Officer, and cash supervisors.

2) Front-line worker who have direct contact to the bank daily operation. Front liners are tellers of the bank who are serving customers at the front window.

Thus, the researcher did not include non-professional workers; professional employees are considered more reliable and relevant by the researcher.

#### **3.4.2 Sample size**

Questionnaires were distributed to 100 BoA employees systematically with respect to their job category and branch composition. Simple random sampling was used to distribute the survey

questionnaires to acquire employee perception towards leadership style influence on organizational culture of Bank of Abyssinia. The below procedure shows the systematic random sampling procedure

There are three steps

1-sampling interval  $k$  was determined

2-one unit between the 1<sup>st</sup> and  $k^{\text{th}}$ , unit in the population list was randomly chosen

3- $K^{\text{th}}$  unit to the randomly chosen number were added

We have 250 branches of bank of Abyssinia in Addis Ababa, from which I did select 10 branches

$$K=250/10 \quad K=25$$

To select the first unit, I randomly pick one number among 1 to 25 i.e. “1”. So my sample started from 1st which were the head office and continue, 26th, 51<sup>st</sup>... 225<sup>th</sup> branch based on sequence of opening.

### **3.5 Data collection method and procedure**

The researcher studied influence of leadership style on organizational work culture, and explain the influence of leadership style on work culture of Bank of Abyssinia.

Different literatures and empirical studies were reviewed to gain insights and background information about the influence of leadership style on organizational culture.

This help to better understand the problem of the study and adopt measurement scale. Accordingly, the data collection method questionnaire were developed having three parts. The first part was to collect the respondents’ demographic information. The second part questions assess and explore

the leadership style of BoA. The third part of the questionnaire questioned the respondents' to what extent leadership style influence existing cultural traits of the bank.

The measurement scales involve closed ended questions with Likert scale were applied from Strongly Agree (5) to Strongly Disagree (1) to what extent the respondent agree for dependent and independent variables list of questions.

First, the study proposal was developed and gets approval from the advisor. After the proposal approved a formal letter were sent to BoA to request a permission to make the study. Once the permission is granted by BoA, the researcher has developed questionnaire as pilot test tool with 5 respondents for validity test. Feedbacks from the questionnaire pilot were used to simplify the language and to clearly state questions. The questionnaires was printed and physically distributed to the respondents. Respondents were given three days to fill in the questionnaire, after which, the researcher collected all the questionnaires through the office mail delivery channel.

### **3.5.1 Data content**

The primary data were collected from employee of BoA through structured questionnaire. The researcher used close ended questionnaire for gathering information from employees of BoA about the influence of leadership style on organizational culture. The researcher reviewed secondary source of information which are annual report of the bank, books, journals, articles, company website.

The primary instrument for data collection in this research was structured questionnaire having three parts. The main part of the questionnaire was from part two to part three, second part questions assess and explore the leadership style of BoA., and third describe the influence of leadership style on BoA work culture respectively. Internal Factors Evaluation (IFE) scale were

used in this scale major strengths of organizational culture include punctuality and attendances, reward system, and delegation of tasks given clearly to employees. All these major strengths were indicated by the rating of 1 to 5 on Likert scale.

### **3.6 Method of data analysis**

Data from the questionnaire were coded and entered accordingly into the SPSS 23 statistical software. The descriptive statistics such as frequency distribution, regression analysis, correlation were used to analyze the data and interpret the results. The data was analyzed using descriptive and inferential statistics helpful to identify and describe how the independent variables (leadership style) affect dependent variables (organization culture) and lastly gave some recommendation based on the findings from the analysis. Finally major findings were interpreted based on the result from the analysis. All data was analyzed using SPSS 23 and study was descriptive; hence it was analyzed in terms of mean, standard deviation, and correlation matrix

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS & INTERPRETATION**

#### **4.1 Introduction**

This chapter describes the analysis and interpretation of the collected data about the influence of leadership style and Organizational Culture taking Bank of Abyssinia as a case company. The chapter is consisting of different topics such as: introduction, response rate, demographic characteristic,

Finally, the chapter presents the influence of leadership style on organizational culture correlation and regression analysis.

## 4.2 Response rate of the Respondents

Among all 100 questionnaires distributed to employees of Bank of Abyssinia all questionnaires were collected and the response rate was 100%.

**Table 4.1 Response rate**

Target population	Total questionnaire distributed	Questionnaire Returned	Not responded	Response rate
250	100	100	0	100%

Source: own source 2022

## 4.3 Demographic details of Respondents

To find out general profile of the respondent, the respondents were asked their, age, gender, educational qualification, years of service at BoA and their job category at BoA. The results obtained from the structured questionnaires are presented on the table 4.2.

**Table 4.2 Demographic information of the Respondents**

Description	Frequency	Percent	Valid percent	Cumulative percent
Age	21 to 30	73	73	73
	31 to 40	27	27	100
	41 to 50			
	51 and above			
Gender	Male	31	31	31
	Female	69	69	100
Educational qualification	College diploma			
	Degree	64	64	64
	Masters	36	36	100
	PhD			
Year of service at Bank of Abyssinia	less than 5 years	35	35	35
	6 to 10 years	14	14	49
	11 to 15years	27	27	76
	Above 15 years	24	24	100
Job category	Management staff	19	19	19

	Professional or support staff				19
	Branch manager or deputy	17	17	17	36
	Customer service officer	64	64	64	100

Source: Own source 2022

From the 100 respondents 31(31%) were male and 69(69%) of the respondents were female. 73 (73%) of the respondents are between 21 to 30 years old whereas 27(27%) were from 31 to 40 years old. Regarding educational level, more than half of the respondents 64 (64%) are first degree holders, 36(36%) are post graduates. 35(35%) of the respondents are below 5 years working experience. 14(14%) of respondents served the bank under the study 6 to 10 years. 27(27%) of respondents served the bank under the study 11 to 15 years. the remaining 24(24%) served the bank for above 15 years. when we come to the Job category most of the respondents 64(64%) were customer service officers. 17(17%) were managers and deputy managers. 19(19%) of the respondents were management staff.

**4.4 Descriptive Analysis on Leadership Style**

In order to understand the organizational culture at Bank of Abyssinia, employees were asked to give their level of agreement to the two dimension statements that enable us to distinguish the leadership style is task centered or employee centered. Employees rating in five points of Likert scale are then analyzed with descriptive statistics of mean and standard deviation. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to „Strongly disagree“, 2 point as „Disagree“, 3-point as „Neutral/ undecided“, 4-point as „Agree“, and 5-point as „Strongly Agree“. The analysis results are presented in subsequent tables each deals with one dimension of organizational culture at Bank of Abyssinia.

The leader is sensitive to subordinates and communicates to develop trust, support, and respect while looking out for their welfare.

The statements in part 2 of questionnaire are designed to enable us separate the leadership style as employee centered and job centered the odd numbers are style of task centered and even are employee centered. Please

note that in this research I use job centered and job oriented, employee centered and employee oriented terms synonymously.

According to Zaidation and Bagheri (2009), the mean score below 3.39 is considered as low, the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

**Table 4.3 Descriptive Statistics task oriented leadership style**

	N	Minimum	Maximum	Mean	Std. Deviation
1-Employee knows that they should not be doing things during work hours that are not directly related to getting their job done.	100	2	5	3.93	1.148
3-A clearly written agenda of things to be accomplish during department meetings.	100	1	5	3.82	1.403
5-managementset clear goals so employees know what needs to be done.	100	2	5	3.86	1.239
7-Management spends much of its time directing employees to ensure that they meet department goals.	100	1	5	3.50	1.446
9-mgmt makes sure that employees do their work according to the standard method to be sure it is done correctly	100	1	5	3.83	1.364

11-department heads keep good, frequent records of department's Productivity and let employees know how they are doing	100	1	5	3.94	1.229
13-Managers are quick to take corrective action with employees who are not meeting the standard or goals	100	1	5	4.25	.744
15-Managers continue to set higher standards and goals and challenge to employees to meet them	100	1	5	3.55	1.258
17-managers schedule employees' work hours and tasks to be completed	100	1	5	3.74	1.220
19-managers focus on continually trying to improve the productivity of departments with activities like cutting costs	100	2	5	3.87	1.060
Valid N (leastwise)	100			3.829	1.211

Source :own source, 2022

The leadership style dimensions, job centered statements scored mean ranges from the smallest 3.5(Management spends much of its time directing employees to ensure that they meet department goals.) to the largest 4.25 (Managers are quick to take corrective action with employees who are not meeting the standard or goals). The task oriented leadership style is found to be with a mean score,  $M=3.829$  which is a high agreement. In general, the job centered leadership style, which is an aggregate of ten sub-dimensions statements, is then evaluated to have been practiced to the level  $M=3.829$  and this result shows that BoA has highly practicing job oriented leadership style according to the frame work suggested by Zaidation and Bagheri (2009). The standard deviation of job oriented is 1.211 which is low as depicted above on table 4.3, this shows most of individual responses are close to the average /mean.

#### **4.5 Descriptive statistics of employee centered leadership style**

The leadership style dimensions, employee centered mean range from the smallest mean 2.82 (It is allowed employees to come in late or leave early to take care of personal issue) to the largest mean

4.08(Management gets involved with employee conflicts to help resolve them). The employee oriented leadership style is found to be with a mean score,  $M=3.398$  which is a lesser agreement compared to job oriented agreement. In general, the job oriented leadership style, which is an aggregate of ten sub-dimensions statements, is then evaluated to have been practiced to the level  $M=3.829$  and this result shows that BoA has highly practicing job oriented leadership style according to the frame work suggested by Zaidation and Bagheri (2009). The standard deviation of employee oriented is 1.2514 in table 4.4 below which is higher than employee oriented leadership style as depicted above on table 4.3, this shows most of individual responses are close to the average /mean as already discussed

**Table4.4 Descriptive Statistics employee oriented leadership**

	N	Mean	Std. Deviation
	Statistic	Statistic	Statistic
2-managers spend time talking to employees to get to know them personally during work hours	100	3.10	1.096
4-It is allowed employees to come in late or leave early to take care of personal issue.	100	2.82	1.438
6-Management gets involved with employee conflicts to help resolve them.	100	4.08	1.245
8 Management encourage employees to solve problems related to their work without having to get permission to do so.	100	3.15	1.167
10-Management seeks the advice of employees when making decisions.	100	3.31	1.107

12-Leaders work to develop trust between employees and managers, and among the department members.	100	4.00	1.181
14-managers personally thank employees for doing their job to standard and meeting goals.	100	3.68	1.262
16-Managers open to employees to discuss personal issues during work time	100	3.03	1.259
18-Managers encourage employees to cooperate with rather than compete against each other.	100	3.80	1.279
20-Department heads defend good employees of if manager or peers criticized their work, rather than agree or say nothing	100	3.01	1.480
Valid N (list wise)	100	3.398	1.2514

Source: *source: own source 2022*

#### 4.6 Descriptive Analysis on Organizational work culture

In this section organizational culture is assessed using Internal Factors Evaluation (IFE) scale in this scale major strengths of organizational leadership style on organization work culture that include punctuality and attendances, reward system, and delegation of tasks given clearly to employees all major strengths is rated .According to this work, the influence of task oriented leadership style on organizational culture is evaluated.

**Table 4.5 Descriptive Statistics of work culture of BoA**

	N	Mean	Std. Deviation
1-Work conflict and dissatisfaction is handled effectively by the head of department	100	3.58	1.304

2-There is unbiased treatment among the manager and subordinates.	100	3.78	1.151
3-There is lack of restriction among employees in making any complaints.	100	3.50	1.352
4. There is participation of employee's involvement in decision making.	100	3.80	1.101
5. The management always concern on the welfare of its employees.	100	3.44	1.290
6-Teamwork is very important for all employees in handling any activities.	100	4.22	1.299
7-Full working hours are used efficiently by employees.	100	3.78	1.244
8-Enforcement of punishment for those employees who are against the rules and policy of the company	100	3.48	1.114
9-Employee's competencies are satisfactory in handling all the tasks given by the higher authority	100	3.25	1.306
10-Communication efficiency is smooth among the higher level and subordinates	100	3.09	1.272
11-The higher authorities always give their supports and encouragement to their employees in order to improve their work performance.	100	3.37	1.495
12-The higher authorities always show a good attitude and act as a role model to their employees	100	3.41	1.379
13-Employees are very loyal to work in the firm for a very long period.	100	4.00	1.181

14-Working environment is conducive and flexible.	100	3.75	1.344
15-Employees practice the culture of helping each other in completing the important assignment. (e.g.; absenteeism)	100	4.17	1.190
16-Task assignments are given clearly and in details to the employees to avoid any difficulties.	100	3.07	1.233
17-The firm gives appreciation to their employees in the form of good rewards system, promotion of position and so on	100	3.94	1.153
18-punctuality and attendances of employees are very satisfied	100	3.84	1.070
Valid N (list wise)	100	3.63	1.24

Source: own source 2022

The average agreement to these statements ranges from the smallest mean 3.07(Task assignments are given clearly and in details to the employees to avoid any difficulties.) to the largest mean 4.22 (Teamwork is very important for all employees in handling any activities.). This indicates that leadership style has moderate level influence on culture of BoA. Overall, the Internal Factors Evaluation (IFE) scale the higher result of organizational culture of BoA as perceived by the sampled employees is computed to the level  $M=3.63$ , which is a moderate level of performance. This implies that leadership style influence organizational culture moderately to the level  $M=3.63$ . The standard deviation of organizational culture measurement is 1.24 which is low as depicted above on table 4.5 this shows most of individual responses for this dimension are close to the average /mean.

#### **4.7 Relationship between leadership style and organizational culture**

One of the objectives in this research is to study the relationship of leadership style on the organizational culture practiced at BoA. In order to evaluate this relationship, a Pearson Product Movement Correlation Coefficient is conducted with the result shown in the matrix below. As per Saunder (2009), a correlation coefficient enables to quantify the strength of the linear relationship between variables. This coefficient is usually represented by “r” and can take only the value from -1 to +1.

#### 4.7.1 Pearson Correlation Analysis

This study implements correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo & Festinger, 2005).

Pearson correlation is +1 in the case of a perfect increasing (positive) linear relationship (correlation), -1 and +1 in all other case indicating the degree of linear dependency between variable. To determine the relationship among, organizational culture Pearson correlation was computed.

**Table 4.6 Correlation analysis matrix**

		There is unbiased treatment among the manager and subordinates
A clearly written agenda of things to be accomplished during department meetings.	Pearson Correlation	.288**
	Sig. (2-tailed)	.004
	N	100
Employee knows that they should not be doing things during work hours that are not directly related to getting their job done.	Pearson Correlation	-.035
	Sig. (2-tailed)	.732
	N	100
Work conflict and dissatisfaction is handled	Pearson Correlation	.537**

effectively by the head of department	Sig. (2-tailed)	.000
	N	100
There is unbiased treatment among the manager and subordinates	Pearson Correlation	1
	Sig. (2-tailed)	
	N	100

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

Source: own survey 2022

Accordingly, from the above partly taken correlation analysis table 4.6 results, noted that there is significant positive relationship between leadership style and organizational culture. The "There is unbiased treatment among the manager and subordinates" has strongest relationship level  $r=1$ , followed by the "Work conflict and dissatisfaction is handled effectively by the head of department"  $r=0.537$ . The "A clearly written agenda of things to be accomplished during department meetings" has a relationship  $r=.288$ . These moderate positive relationships indicate that leadership style has influence on organization culture at BoA. So, the moderate level influence of leadership style on organizational culture at BoA,  $M=3.63$  influenced by the perception of employees on organization culture practice.

In General; the unbiased treatment among the manager and subordinates had stronger positive and significance correlation with organizational culture than other dimensions.

#### **4.8 Multiple Regression Analysis for influence of job oriented leadership**

##### **Style on organizational culture**

Regression is a statistical technique of modeling the relationship between variables. Multiple regressions are the most common and widely used to analyze the relationship between a single continues dependent variable and multiple continues on categorical independent variable (George et al, 2003). In this study multiple regression analysis was employed to examine the influence of job oriented leadership style on organizational culture. The coefficient of regression which is

represented by  $R^2$  measures the proportion in a dependent variable that can be explained by the independent variables.

The following table presents the results of multiple regressions analysis. Here the squared multiple correlation coefficients ( $R^2$ ) which tells the level of variance in the dependent variable (organizational culture of Bank of Abyssinia) that is explained by the model summary under.

#### 4.8.1 Model Summary

**Table 4.7 Model Summary of Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667 <sup>a</sup>	.445	.428	.810

Source: own source 2022

The results of multiple regressions, as presented in table 4.7. Above, the coefficient of determination, i.e adjusted R Square, is computed to be 0.428=42.8%. That implies 42.8% of the variation of organizational culture can be predicted by the independent variables management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees

to ensure that they meet department goals. That is leadership style at BoA has 42.8% influences on its organizational culture. The remaining 57.2% of the variation on organizational culture can be explained by other variables. This implies that leadership style at BoA considerably influences organizational culture.

#### 4.8.2 ANOVA Table

From the ANOVA table 4.8 Shows that accepting at least one of the leadership style of Bank of Abyssinia (management makes sure that employees do their work according to the standard method to be sure it is done correctly) had a significant relationship on: punctuality and attendances of employees are very satisfied, since the p-value for F-Statistics (0.000) less than the significance level 0.05.

**Table 4.8 ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.464	3	16.821	25.642	.000 <sup>b</sup>
	Residual	62.976	96	.656		
	Total	113.440	99			

a. Dependent Variable: punctuality and attendances of employees are very satisfied

b. Predictors: (Constant), mgmt. makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done., mgmt. spend much of its time directing employees to ensure that they meet department goals.

Source: own source 2022

#### 4.8.3 Coefficients

Based on the table 4.8, show the unstandardized beta coefficient, which tell us the unique

contribution of each factor to the model. A high beta value and a small p value ( $<0.05$ ) indicate the predictor variable has made a significance statistical contribution to the model. On the other hand, a small beta value and a high p value ( $p > 0.05$ ) indicate the predictor variable has little or no significant contribution to the model George et al (2003).

The under depicted Table 4.9 Coefficients also indicates that variables( management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals had significant relation to organizational culture of Bank of Abyssinia at 99% confidence level, since their p-values 0.000 for variables management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals. respectively less than the significance level 0.01.

**Table 4.9 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.088	.312		16.322	.000
Employee knows that they should not be doing things during work hours that are not directly related to getting their job done.	-.532	.082	-.571	-6.500	.000

Mgmt. spends much of its time directing employees to ensure that they meet department goals.	.685	.096	.926	7.111	.000
mgmt. makes sure that employees do their work according to the standard method to be sure it is done correctly	-.406	.101	-.517	-4.023	.000

a. Dependent Variable: punctuality and attendances of employees are very satisfied

Source: own source 2022

#### 4.8.4 SPSS23 Regression results output, 2022

To further assess the influence leadership style on organizational culture, multiple linear regression analysis was conducted and indicated as follows.

a. Predicators: (Constant), (management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals.

b. Dependent Variable: organizational culture

Multivariate regression model is applied to determine how leadership style in BoA influences organizational culture. The following model is used with three predictor variables that are X1, X2, and X3.

Where Y is the organizational culture, X1 is management makes sure that employees do their work according to the standard method to be sure it is done correctly, X2 is employee know that they should not be doing things during work hours that are not directly related to getting their job done, X3 is management spend much of its time directing employees to ensure that they meet department goals, e is the error term.

From the significant leadership style dimensions to Organizational culture of Bank of Abyssinia using organizational culture model can construct the model as follows.

Organizational culture = 5.008 - 0.532 management makes sure that employees do their work according to the standard method to be sure it is done correctly +0.685 employee know that they should not be doing things during work hours that are not directly related to getting their job done -0.406 management spend much of its time directing employees to ensure that they meet department goals.

#### **4.8.5 Hypothesis testing**

Hypothesis testing is based on standardized coefficients beta and p-value to test whether the hypotheses are accepted or rejected.

**Hypothesis 1:** There a positive relationship between leadership style and organizational culture.

The results of multiple regressions, as presented in table 4.9 above, revealed that management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals have confidence level ( $p < 0.01$ ). The beta value (-0.532), (.685), and (-.406) shows there is significance relationship . Therefore, the researcher may accept the hypothesis; this indicates that leadership style influence culture of Bank of Abyssinia.

**Hypothesis 2:** Leadership style of BoA influence organizational culture positively.

The results of multiple regressions, as presented in table 4.9 above, revealed that management makes sure that employees do their work according to the standard method to be sure it is done correctly, beta vale for this statement is (-.532) and management spend much of its time directing employees to ensure that they meet department goals have beta value (-.406). The beta value (-0.532), (-.406) shows there is negative relationship. Therefore, the researcher may reject the hypothesis

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the study findings and results and based on the key findings and results, conclusions are drawn and some recommendations are given accordingly.

The main objective of this study was to describe and identify the influence of leadership style on bank of Abyssinia work culture. Therefore; the researcher has summarized the findings, and has given conclusions and recommendation based on the information collected and analyzed.

#### **5.2 Summary of Findings**

On this section the researcher presents the summary of key findings of the study and they are outlined as follows.

- 100 responses which are represented by 100% response rate were valid for analysis.

□ The study revealed that the respondents were composed of male staff which constitutes 31% and the other 69 are female staff.

□ From the age group data, 73(73%) of the respondents are in the age group of 21-30 years, 27(27%) of the respondents are in the age group of 31-40.

□ The study revealed that respondents from each employment category under the study are involved. The majority 64(64%) are customer service officers. Management staff 19(19%) and Branch Managers /Deputy/ are 17(17%).

□ The leadership style dimensions, job oriented statements scored mean ranges from the smallest 3.5(Management spends much of its time directing employees to ensure that they meet department goals.) to the largest 4.25 (Managers are quick to take corrective action with employees who are not meeting the standard or goals). The job centered leadership style is found to be with a mean score,  $M=3.829$  which is a high agreement. In general, the job oriented leadership style, which is an aggregate of ten sub-dimensions statements, is then evaluated to have been practiced to the level  $M=3.829$  and this result shows that BoA has highly practicing job oriented leadership style.

□ The average agreement to organizational culture of BoA ranges from the smallest mean 3.07(Task assignments are given clearly and in details to the employees to avoid any difficulties.) to the largest mean 4.22 (Teamwork is very important for all employees in handling any activities.). Overall, the Internal Factors Evaluation (IFE) scale in this scale major strengths of organizational culture of BoA as perceived by the sampled employees is computed to the level  $M=3.63$ , which is a moderate level of performance. This implies that leadership style influence organizational culture moderately to the level  $M=3.63$ .

□ Correlation analysis results show that there is significant positive relationship between leadership style and organizational culture. The” There is unbiased treatment among the manager and subordinates” has strongest relationship level  $r =1$ , followed by the” Work conflict and dissatisfaction is handled effectively

by the head of department”  $r=0.537$ . The “A clearly written agenda of things to be accomplished during department meetings” has a relationship  $r=.288$ . These moderate positive relationships indicate that leadership style has influence on organization culture at BoA.

□ To further assess the influence of leadership style on organizational culture using Multiple Regression Analysis (model summary) was conducted, from the regression result, the coefficient of determination, i.e R Square, is computed to be  $0.428=42.8\%$ .

□ Using ANOVA regression analysis, the unstandardized beta coefficient, which tell us the unique contribution of each factor to the model. A high beta value and a small p value ( $<0.01$ ) indicate the predictor variable has made a significance statistical contribution to the model. Since the p-value for F-Statistics (0.000) is less than the significance level 0.01.

□ Coefficients also indicates that variables( management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals had significant relation to organizational culture of Bank of Abyssinia at 99% confidence level, since their p-values 0.000 for variables management makes sure that employees do their work according to the standard method to be sure it is done correctly, employee know that they should not be doing things during work hours that are not directly related to getting their job done, management spend much of its time directing employees to ensure that they meet department goals; respectively less than the significance level 0.01.

□ Hypothesis testing from the result, revealed that management makes sure that employees do their work according to the standard method to be sure it is done correctly, ( $p < 0.01$ ). The beta value (-0.532), (.685), and (-.406) shows there is significance relationship leadership style and organizational culture. Beta value for the statement management makes sure that employees do their work according to the standard method

to be sure it is done correctly (-.532) management spend much of its time directing employees to ensure that they meet department goals have beta value (-.406). The beta values (-0.532) and (-.406) respectively shows there is negative relationship.

### **5.3 Conclusion**

Based on the above findings on each research objective, this section gives the conclusions in leadership style influence on organizational culture. This study attempted to determine the current practice of work culture at BoA and also to identify which leadership styles create influence on work culture. This research work justified that the leadership style of B0A is job centered leadership style. Based on the results of this study the overall performance of current work culture found to be good.

This is due to teamwork is very important for all employees in handling any activities and employees practice the culture of helping each other in completing the important assignment strengths of culture seems to be superior to the existing weaknesses.

The result of this study indicates that job centered leadership style have significant influence in organizational culture.

The results in IFE matrix organizational culture of BoA Supported that most of employees are willing to work longer due to rewards system, and many other factors. The overall findings in this study show that leadership styles have influence in the organization culture.

### **5.4 Recommendations**

Based on the findings of the study, we evaluate influence of leadership on organizational work culture. It is well recognized that leadership style influence organizational culture. In order to build good working culture, there should be continuous effort to maintain and enhance the existing leadership style.

According to the overall study findings, organizational work culture at Bank of Abyssinia, as evaluated by the Internal Factors Evaluation (IFE) scale employees, is found to be good. However, in order to keep this momentum going and to the strengthening of the organizational culture in the future, the following recommendations are suggested by the researcher

□ among the job centered leadership style statements: Managers are quick to take corrective action with employees who are not meeting the standard or goals and department heads keep good, frequent records of department's productivity and let employees know how they are doing, has a significantly higher impact on organization culture. Therefore, the bank should review the positive or negative significance and act accordingly.

□ From the review result. Employees practice the culture of helping each other in completing the important assignment example in absenteeism have higher positive significance this culture should be adopted by other organizations.

□ According to the research the organizational Communication efficiency is smooth among the higher level and subordinates has lower significance therefore it is advisable for the bank to review its communication channel.

□ Overall, review of organizational culture of BoA as perceived by the sampled employees is computed to the level  $M=3.63$ , which is a moderate level of performance. This implies that leadership style influence organizational culture moderately: other factors obviously contribute for the organization culture of bank of Abyssinia; I recommend other researcher to fill this gap.

#### **5.4.2 Recommendations for further studies**

The following are some of the recommendations for future studies:

- This research study was done based on job centered and employee centered leadership style with respect to internal factor evaluation (IFE) whereas; further research on the same organization can be done using a different framework of organizational work culture and leadership style.
  
- This study was on the influence of leadership style on organizational work culture but it is recommended to further study to improve leadership style of bank of Abyssinia.

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## Addis Ababa University

### School of Commerce

## Questionnaire

This questionnaire is mainly conducted for the partial fulfilment of Master’s degree in Business leadership Addis Ababa university school of commerce carried on the title “ The influence of leadership style on organizational culture: The case of Bank of Abyssinia.” The information you provide is used ONLY for academic purpose. Your honest and thoughtful response is crucial for validity and soundness of the result.

Thank you in advance for your cooperation!

All information you provide are confidential and anonymous.

**Part I: General Profile (General Profile (Please put (√) mark in the box that best describes you)**

- 1) Age  21-30     31-40     41-50     51 and above
- 2) What is your Gender  Male  Female
- 3) What is your educational status  college diploma     Degree     Masters     PhD
- 4) Service duration at Bank of Abyssinia  5 years or less     6-10 years     11-15 years  
 Above 15 years
- 5) Your job category at BoA  Management staff                                     Professional or support staff  
 Branch manager or Deputy                                     Customer service officer

**Part II: Leadership style of Bank of Abyssinia**

Please indicate the degree of your agreement/disagreement with the following statements associated with the leadership style of Bank of Abyssinia. Please put (√) sign on the alternative choice that best describes your view using the five Point Likert Scale shown under.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral or Undecided	Agree	Strongly Agree

	1	2	3	4	5
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1. Employees know that they should not be doing things during work hours that are not directly related to getting their jobs done.					
2. Managers spend time talking to employees to get to know them personally during work hours.					
3. There is a clearly written agenda of things to be accomplish during department meetings.					
4. It is allowed to employees to come in late or leave early to take care of personal issues.					
5. Management set clear goals so employees know what needs to be done.					
6. Management gets involved with employee conflicts to help resolve them.					
7. Management spend much of its time directing employees to ensure that they meet department goals					
8. Management encourage employees to solve problems related to their work without having to get permission to do so.					
9. Management makes sure that employees do their work according to the standard method to be sure it is done correctly.					
10. Management seeks the advice of employees when making decisions.					
11. Department heads keep good, frequent records of department's Productivity and let employees know how they are doing.					
12. Leaders work to develop trust between employees and managers, and among the department members.					
13. Managers are quick to take corrective action with employees who are not meeting the standards or goals.					
14. Managers personally thank employees for doing their job to standard and meeting goals.					

15. Managers continue to set higher standards and goals and challenge to employees to meet them.					
16 Managers open to employees to discuss personal issues during work time.					
17. Managers schedule employees' work hours and tasks to be completed					
18. Managers encourage employees to cooperate with rather than compete against each other.					
19. Managers focus on continually trying to improve the productivity of departments with activities like cutting costs.					
20. Department heads defend good employees of if manager or peers criticized their work, rather than agree or say nothing.					

**Part III. Culture of Bank of Abyssinia**

Please indicate the degree of your agreement/disagreement with the following statements associated with the culture of Bank of Abyssinia. Please put (√) sign on the alternative choice that best describes your view using the five Point Likert Scale shown under

1	2	3	4	5
Strongly Disagree	Disagree	Neutral or Undecided	Agree	Strongly Agree

	1	2	3	4	5
1. Punctuality and attendances of employees are very satisfied.					
2. A firm gives appreciation to their employees in the form of good rewards system, promotion of position and so on.					
3. Task assignments are given clearly and in details to the employees to avoid any difficulties.					
4. Employees practice the culture of helping each other in completing the important assignment.  (e.g.; absenteeism)					
5. Working environment is conducive and flexible.					
6. Employees are very loyal to work in the firm for a very long period.					
7. The higher authorities always show a good attitude and act as a role model to their employees.					
8. The higher authorities always give their supports and encouragement to their employees in order to improve their work performance.					
9. Communication efficiency is smooth among the higher level and subordinates.					
10. Employee's competencies are satisfactory in handling all the tasks given by the higher authority.					

11. Enforcement of punishment for those employees who are against the rules and policy of the company.					
12. Full working hours are used efficiently by employees.					
13. Teamwork is very important for all employees in handling any activities.					
14. The management always concern on the welfare of its employees.					
15. There is participation of employee's involvement in decision making.					
16. There is lack of restriction among employees in making any complaints.					
17. There is unbiased treatment among the manager and subordinates.					
18. Work conflict and dissatisfaction is handled effectively by the head of department.					