

**THE EFFECTS OF LEADERSHIP STYLE ON
ORGANIZATIONAL PERFORMANCE
IN CASE OF COMMERCIAL BANK OF ETHIOPIA**



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Declaration

I, Habtamu Zeleke, declare that this research entitled “The effects of leadership style on organizational performance in case of Commercial Bank of Ethiopia.” is my unique work for the partial fulfilment for the award of Master of Arts in Business Leadership (MBL), and that all the sources of material used for the research were appropriately accredited.

Signature

Date

Certification

This is to certify that the thesis prepared by Habtamu Zeleke, entitled: The effects of leadership style on organizational performance in case of Commercial Bank of Ethiopia submitted in Partial Fulfillment of the Requirements for the Award of a Master's Degree in business leadership, obeys with the regulations of the University and the supposed standards with respect to uniqueness.

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Abstract

A process in which one or more individuals influence a group of individual to move in a definite direction is called Leadership. Certain types of leadership become important in any organization working towards a stated goal, to achieve organizational objective which measure in terms of performance. This study was designed to explain the commercial bank of Ethiopia leadership style, which practised by management team, effects on performance of organization. The descriptive and explanatory research design with quantitative approach was used. Two category of respondent were participated; operational officers and management team. 302 operational staff and 42 management team member were filled the five scale likert questionnaire in stratified with sample random sampling technique. This is 89.12% of planned sample in the study, the data primarily collected from respondents through adapting standard questionnaire which is previously used and analyzed in SPSS version 24. The result displays that democratic leadership is the most practiced leadership style than autocrat and laissez-faire leadership style in commercial bank of Ethiopia. The regression analysis showed that leadership style has a higher relationship with organizational performance, which shows 65.1% organizational performance is predicted and explained by the three type of leadership style. The researcher recommended that if the leadership style takes important influence on organizational performance, CBE head and district supervisor have to deliver leadership training to the CBE management team to enhance a higher level of performance in the organizational.

Key words: *Autocratic Leadership, Democratic Leadership, Laissez-faire leadership, Organizational performance*

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Table of Contents

Declaration	i
List of Table	vii
List of figure	vii
Acronyms	viii
Chapter One	1
Introduction.....	1
1.1. Background of the study	1
1.2. Statements of the problem	2
1.3. Basic research questions:	3
1.4. Research Objectives	4
1.5. Significance of the Study	4
1.6. Scope of the Study	4
1.7. Limitations of the Study.....	5
1.8. Definition of terms/ concepts/constructs	5
1.9. Organization of research report	6
Chapter Two.....	7
Review of related literature.....	7
2.1. Introduction	7
2.2. Theoretical Review	7
2.2.1. Concept and definition of Leadership	7
2.2.2. Types Leadership style	8
2.2.3. Theory of leadership.....	11
2.3.4. Organizational performance	13
2.3.5. Leadership and performance of the organization	14
2.4. Empirical review	16
2.5. Conceptual frame work	18
Chapter Three.....	19
Research methodology.....	19
3.1. Introduction	19
3.2. Research design.....	19
3.3. Research approach.....	19

3.4. Population and sampling	19
3.4.1. Sampling design	20
3.4.2. Sample size	20
3.1. Source of data collection	21
3.2. Research instrument	21
3.3. Method of data collection.....	21
3.4. Data analysis method	21
3.5. Validity and reliability	22
3.6. Ethical consideration	23
Chapter Four	24
Data presentation analysis and interpretation	24
4.1. Introduction	24
4.2. Respondent characteristics	24
4.3. Practices of leadership style	26
4.4. CBE Organizational Performance	29
4.5. Leadership styles and organizational Performance	30
4.6. Effect of Leadership style on Performance of Organization.....	32
4.7. Discussions.....	35
Chapter Five.....	37
Summary, conclusion and recommendations	37
5.1. Introduction.....	37
5.2. Summary of major findings	37
5.3. Conclusion	39
5.4. Recommendations.....	40
References.....	41
APPENDEX 1 questionnaire	47
APPENDEX 2 normality graph	52
APPENDEX 3 p-p plot regression graph.....	53
APPENDEX 4 scatter plot graph.....	54

List of Table

Table 3.1 distribution of Sample size	20
Table 3.2 Reliability test	22
Table 4.1 Respondent background.....	24
Table 4.5 Descriptive Statistics on autocratic leadership	26
Table 4.6 Descriptive Statistics on democrat leadership	27
Table 4.7 Descriptive Statistics on laissez-faire leadership.....	28
Table 4.8 Descriptive Statistics on organizational performance	29
Table 4.9 correlation	31
Table 4.10 multi collinearity.....	32
Table 4.11 coefficient table.....	33
Table 4.12 model summary.....	34
Table 4.13 ANOVA table	35

List of figure

Figure 2.1 conceptual model.....	18
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Acronyms

CBE: - commercial bank of Ethiopia

SPSS: - Statistical package for social science

ALS: - Autocratic leadership style

DLS: - Democratic leadership style

LLS: - Laissez-faire leadership style

PM: - performance measurement

KPI: - key performance indicator

ChapterOne

Introduction

1.1. Background of the study

Leadership style could be a key determinant of the achievement or disappointment of any organization. A leader is an individual who impacts, coordinates, and create motivation on others to perform particular assignments jointly motivates his subordinates for proficient execution towards the achievement of the expressed corporate targets. According to the study Ojokuku, Odetayi and Sayjuyigbe (2012) Leadership style is persuading individuals and also the technique and approach of giving direction to actualizing plans.

In 2011, Ngambi define leadership as a practice of realizing employee full talent in value-added activities, create common image, be passion and truthfulness through persuading others' commitment. This impact environment is such that the followers of the group unite willingly with each other to accomplish the objectives which the leader has set for each individual, as well as for the team. The leadership style employed by organization are influenced meaningfully the excellence of performance and connections between the lead and follower (Jeremy, Coetzee and Ciliers, 2012).

Recently there are flourishing banks in number greater than the total existing banks of Ethiopia with high financial capability which shows The sector is the most attractive and competitive financial institution in Ethiopia. Meyer and Botha's study (as cited in Akinlabi, 2012) fast-changing and increasingly multipart business environment like the banking industry require motivational leadership, and leaders who are willing to acquire knowledge, experiment, and influence organizational change.

The daily work of organization, effectively realizing business procedures, realizing a competitive advantage, and optimize human capital decides by leadership style the company employed (Teshome, 2011). Many writers illustrated that the dependence of organizational execution on the leader viability (Wang et al, 2011; Muejohn et al, 2012).

Tariku, Kenenisa and Debebe (2020) when studying Ethiopian banking performance states the following:

Ethiopia bank branch stake after old-fashioned ways of doing things. Both leaders and operational employees are engaging in daily work of the

common duties. Most of supervisors are spending their time on routine duties like observing absenteeism and dress code observing, combining related rules and regulations that needs the following of penalty for any abnormality happened against the bounded rule. Employees, on the other side are complaining that the management team and top leaders of the bank doesn't work to fulfil the individual and total labour union questions and also doesn't create comfortable and safe working environments. This disappoints employees to feel belongingness to the organization which results in less productivity. (P.12)

Mezemur (2018) finds that there is recognizable space within management team and employees, because of inadequate and free discussion, so employees are not comfortable to share what they think. So, it shows the leadership gap in Ethiopian banking industry is clearly observable. Therefore, the motivation of this work is to examine the effects of leadership style on performance of organizational in the context of the commercial banking sector.

1.2. Statements of the problem

The objective of any organization isn't as it were to survive but moreover to maintain its presence by improving organizational performance (Hurduzeu, 2015). Any organization desires to perform significantly, to meet the desires of the remarkably competitive markets; organizations should persistently increment performance (Arslan & Staub, 2013). Earlier writing recommends that a part of management is basically crucial for accomplishing the execution of organizations (Peterson, Smith, Martorana and Owens 2003). However, there is a contradicting idea about organizational performance linkage with the part of the leadership style. A few thinks, like (Peterson, Smith, Martorana, & Owens 2003) suggest that the role of leadership is basically critical for an organization to attain a high level of execution. One of the elements that play important role in improving the attention and promise of the folks in the organization is leadership of an organization (Obiruwu et al., 2011). Furthermore, research showed by (Hueryen Yeh, 2012), leadership style doesn't directly affects organizational performance as well as job satisfaction. It is particularly vital to inspire employees' assurance to fulfil organizational aims and progress in performance of businesses. Chi, Lan, & Dorjgotov (2012) and also some

other studies (like. Pfeffer 2017) summarized that leadership style does not have effect in attaining the organizational performance.

Subsequently, these conflicting discoveries almost the part of leadership style in organizational performance propose that there's more have to be consider the role of leadership style in organizational performance. Especially, (Wang Tsuil, and Xin, 2011) recommend that there's have to be considered more the role of leadership in organizational execution since of the restricted but conflicting comes about from past thinks about. Therefore, circumstance is between these two facts so researcher addresses the boundary between them. So far, some literature and researchers in the past have neglected the importance of leadership in decision making on organizational performance. Gaps and unsolved questions still occur. Thus the study describes the effects of leadership style and organizational performance.

Any branches of CBE operate with respect to policies and practices in a similar manner but; their performance differs from branch to branch. The greater variances in performance among branches arecreated by leadership style difference. This study has been conducted on the effect of leadership style on performance of organizational, on selected KPI's of the organization.

Based on this, the study doneconsidering at the effects of leadership styles (i.e. autocratic, democratic and laissez-faire) on performance of the organizational in case of Commercial banks of Ethiopia located in Addis Ababa city.

1.3. Basic research questions:

1. Which leadership style mostly practiced in commercial bank of Ethiopia?
2. What is the performance level of commercial bank of Ethiopia?
3. What is the relationship betweenexisting leadership and organizational performance?
4. To what extent the existing leadership style affectsperformance of the organizational?

1.4. Research Objectives

1.4.1. General Objective

The study overall objective is to determine the leadership style (autocratic, democratic and laissez-fair leadership styles) effects of on organizational performance the case of commercial bank of Ethiopia.

1.4.2. Specific Objective

1. To assess the type of leadership style mostly practiced at the commercial bank of Ethiopia
2. To examine the performance level of commercial bank of Ethiopia
3. To assess the existing relationship between leadership style and organizational performance.
4. To examine the effects of existing leadership styles on organizational performance

1.5. Significance of the Study

The study works focused in the effects of leadership styles on the organizations performance, based on KPI's of commercial banks Ethiopian. Therefore, the findings of this study believes that have a great contribution to the body of knowledge how leadership style affects the organizational performance of banks.

It also may give an opportunity to view the performance in the area of leadership styles. Senior bank managements may take advantage to make investigation of existing leadership styles in their organizations. And also show away to district manager, how to follow up performance of branch in relation with different leadership style adopted by manager.

This study may help researchers who have an interest to make further study on the concept of leadership and performance in Ethiopian bank context.

1.6. Scope of the Study

Variable scope: the study use independent variable, which the three main leadership styles that have providing a foundation for extra well-defined leadership ideas (which is autocratic, democratic and laissez-faire) by Kurt Lewin. And also Organizational

performance measured by CBE selected KPI's which was (Deposit mobilization, Expand customer base, Expand digital banking channel-mobile banking, Expand digital banking channel-CBE birr, Expand digital banking channel- card banking.)

Conceptual scope: the study assesses the effects of Leadership styles practiced on Organizational Performance in the Commercial Bank of Ethiopia.

*Time Scope:*the study covers views of recent KPI's 4 quarter which is 3rd and 4th quarter of year 2020 and 1st. and 2nd quarter of year 2021

Geographical Scope: eight districts of the Addis Ababa city employees are participated in the study.

Methodological Scope: the study used the research approach both quantitative and quantitative.

1.7. Limitations of the Study

The paper was limited in the three styles of leadership effects on the performance of organization in CBE, but doesn't study other factors which affect organizational performance. Main limitation of this study was respondent negligence to fill the questionnaire timely and also Because of it's a period of COVID-19 and banks budget closing time some manager haven't willingness to answer question, push to other unrelated, Fear to fill the questionnaire by operational staff was another minor difficulty. Finally shortage of time was another factor limiting the scope of the paper.

1.8. Definition of terms/ concepts/constructs

Conceptual definition: Leadership Styles, Organizational Performance.

- ❖ Leadership Styles: - it is the method of given that path towards the achievement of the desired objectives through realizing strategies and also implementing strategies through motivating individuals (Khan and Nawaz, 2016).
- ❖ Organizational Performance:-it is a measurement of organization actual work as compared to goals and objectives (Hsieh and Liou, 2018).

Definition of operational Terms

KPI's-A Key Performance Indicator is a calculable rate that set by an organization to evaluation how a business is attainingimportant business activities in effective and efficient manner (David, 2015).

Expand customer base- is an increase in new customer be served in a bank through opening new account in different types of product (Rayan and Ansari, 2018)

Digital banking performance- is the process ofusing smart technology through e-commerce service of the entire standard banking product and service activities that were once open to customers while without contact physically within a bank branch to increase efficiency for customers (Rao and Troshani, 2007).For this study it includes activities mobile banking, card banking, and CBE birr.

Deposit mobilization is a process that banks collect people's surplus cash or resources through different product and service, like, savings accounts, current accounts, and also other particulararrangements. It's a core mission of the banking business. (Beakana, 2017)

1.9. Organization of research report

This paper (research)organized as follows: **Chapter I:**includedintroduction, background of the study, statements of the problems, research questions and its objective of the study, scope and limitation of the study and finally significance of the study; **Chapter II:** included review of related literatures; **Chapter III:** research methodology; **Chapter IV:** included analysis and interpretation of data. And **Chapter IV:** included finding, conclusion and recommendation

Chapter Two

Review of related literature

2.1. Introduction

The following chapter discusses about the problem under research through theoretical, empirical and conceptual parts. It discusses the thought of leadership, Types of leadership styles, effects of leadership and relation to Organizational performance.

2.2. Theoretical Review

2.2.1. Concept and definition of Leadership

2.2.1.1 Leader

A leader is someone who gathers people to move toward that better vision and who can see how things can be better (Daniel, 2018). In order to realizing their vision leader should give priority to people, leaders inspiring people aren't enough, leaders essential to envision and communicate with others in addition to being able to empower others. Most leaders grow from a variety of life experiences, but the mechanism by which this happens is largely unknown (Cole and Brent, 2019).

Leaders are human beings who are expected to accomplish superior (Mavrinac, 2005). Leaders own several qualities such as: trustworthiness, intelligence, integrity, and dependability. In order to complete desired jobs and establishing relationships with individual's leaders possess styles that involve encouraging individuals. (Spohn, 2005) In a leader-follower partnership, the desire to influence others by the use of force will lead to power abuse. Whether or not authority is manipulated is determined by the outcome of the intentions of the leader, actions of the followers, and combined relationship (Whittington, 2004).

2.2.1.2. Leadership

Leadership is defines how to promote individual and group actions to accomplish the goals you are working on through the method of influencing others to approve on what desires to be done and how it should be accomplished. (Yukl, 2010)

Leadership is fundamentally a continuous process of influencing behaviours. It should be considered in situation of shared between a leader and his supporter's relations. To achieve desired goals, the leader attempts to manipulate the behaviour of individuals or groups of individuals around him.

Leadership has been discussed for years and it is not a contemporary concept. Different definitions of leadership exist in many literatures. Leadership takes the process a step further than regular management by involving how the employees think and feel (Boehnet *al.*, 2015).

The achievement of an organization goal and leadership development is important to developing good leaders and also critical to Effective leaders. This development is not the main focus of leadership, because it that includes relationships of individual (Javaneh, Sadraei and Nasrollahi, 2019). Adjusting the attitudes and actions of followers is basic for capable Successful leaders. Leadership is a dynamic process, an interpersonal process involving relations among leaders, members and sometimes outside areas.

2.2.2. Types Leadership style

Leadership style states that a leader's performance and approach to governance and supervision (Gachiri, 2020). It is ability to identify, affirm, and renew the values of the group and also the outcome of behaviour characters, knowledge, attitude and thinking of the managers (Iqbal et al, 2015). According to Lawn's study, he identifies different style of leaders and established three major leadership styles that have provided a foundation for more defined leadership theories.

2.2.2.1 Authoritarian Leadership

Authoritarian leaders, which commonly recognized as autocratic leaders, leaders make decisions on their own without consulting subordinates. Autocratic leadership communicates to follower for implementation of duty. In this leadership style decision-making is less creative especially dependent on, guidelines, procedures and policies. But, It is suitable in Situations where there is a need of urgent for teams decision, when the circumstances needed for quick conclusions and critical actions or where the leader is the best knowledgeable among member of the team it is best practical to authoritarian leadership (Igbaekemen and Odivwri, 2015).

2.2.2.2. Democratic Leadership

Democratic or Participative leadership encompasses consulting with employee on each decision and evaluate the view and suggestion before make a decision (Hassen, 2018). These types of leaders inspire collection employees to contribute, but maintain the final round about in the decision-making process. Most members' senses involved in the process, fill parts of work and are more motivated and creative. A participative leader helps increase commitment to the objectives of the group, which have a tendency to make followers feel like they are as substantial part of the group member and their organization.

2.2.2.3. Laissez-Faire Leadership

Laissez faire leadership style denotes that leader delegates almost all authority and control to subordinates. It shows is no individual of authority in the organization. The manager leads the organization indirectly; leader does not make decisions; rather he/she stands by general decisions.

In Laissez-faire leadership style, individual followers grant utmost right from a leader, Subdivisions or dependents with least or no interfering to fulfil their obligation (Igbaekemen and Odivwri, 2015).

Laissez faire leaders deal little or no supervision to group members and leave the executive power to followers. This leadership may be suitable when circumstances relating extremely competent and well experts employees (Wong and Giessner, 2018).

2.2.2.4. Transactional Leadership

Fundamentally described the mutual exchange of the leader and the follower to achieve the goal is the basic idea of the transactional leadership theory (Muijs, 2011). The theory beliefs a two manner beneficial relationship between the leaders and followers, the underlying assumption is that reward and punishment to motivate people. Leader practices the incentive and prize reasons to obtain outcomes. The theory does not emphasis on employee personal development and tends to be goal oriented.

The transactional leader is responsible for the follower through either an incentive or penalty for recognized goals. The relationship becomes much like a financial deal for goods and services in the retail market. The three primary characteristics of transactional leaders are:

1. The leader must develop clear, specific and attainable goals, in order to control an acceptable reward and assure followers get the reward when achieve the goal.
2. The leader interactions rewards and promises of prizes for worker strength.
3. The leaders are responsive to the direct self-interests of workers if their needs can be met while getting the work done. (Bryant, 2003)

Transaction leadership issues include management by exception, expected effort and expected performance, and contingent reward (Avolio and Bass, 2004).

2.2.2.5. Transformational Leadership

In the study of (Avolio *et al.*, 2004; Beng-Chong & Ployhart, 2004) both leader and followers raise each other to higher levels of motivation and morality through transformational leaders co-operate with their followers. Because of its application to current work situations, transformational leadership is important to leadership. In 2004, Beng-Chong and Ployhart suggested that Organizations must increasingly struggle with varying degrees of uncertainty for such reasons as mergers and acquisitions, changes in the economy global competition, and stock market. Transformational leader, for the better of the organization, should be able to view the organization as continuously being reinvented to implement change when desired. An organization should be revised from a level that permits the objectives and the future of the organization to be clearly interpreted and tactical plans being clearly set (Tucker and Russell, 2004).

Culture has a capacity forbid or encourage the development in the organization; it may have a positive or negative consequence on an organization. Transformational leaders try to find almost convert within the organization system. An organization with a changing culture rather than a static culture will become more productive and efficient as well as will the followers (Tucker & Russell, 2004). Because they fear the unknown, People struggle change frequently. A transformational leader is charged

with helping the followers free themselves of the fear within and accepting change and transformation to improve themselves (Barbuto, 2005).

The culture of an organization is affected by the relationship of the transformational leader with the followers, the relationship is affected by: deep thinking and empathy (Tucker and Russell, 2004). When an organization is performing and progressing, the results are based on the way followers think about the organization. Productivity affected by culture of workers and the way they develop and allocate information (Williamson, 2007).

2.2.3. Theory of leadership

Many different theories and approaches in their attempts to explain leadership have developed by scholars and philosopher in studying leadership.

The research and theory on leadership can be divided into three sequential phases: the trait period from, the beginning of the 20th century to the 2nd World War; the behavioural period starts from 2nd World war to 1960s; and the contingency period, proceeding from 1960s to the contemporary day. In order to recognize the nature of leadership and its different aspects it's important to discuss with different theories of leadership (Yeheyis, 2017). Therefore, in this study the researcher reviews theories such as Great man theory, contingency theory, and behavioural theory.

The following sections contain a study of the earlier and most current ideas and approaches to leadership. It can be recognized that before the twentieth century, leadership research was not focused on empirical inquiry (Lambropoulos & Vivitsou, 2011).

2.3.3.1. Great man theory of leadership

Great man, according to Mouton (2017), is neither great nor do they control the course of events: they merely believe they do, owing to an inexorable mix of conceit and incognizance. The illusion of their widespread dominance sustains because it is fixed in the stories we tell about events, in the form of unquestioned expectations about authority, plans, and planners, among other things.

The concept Great man popularized by Historian Thomas Carlyle, which adopted that leaders are born with leadership characteristics as associated to non-leaders (Chemers,

2014). Leadership traits were inheritable significantly by those from the elite or higher society is the underlying assumption of the great man theory. The theory concluded, Great leaders not developed over time, but they were born with different leadership qualities. There is limitation of the great man theory as only a few are born with leadership talents. Leadership scholars like Bolden et al. (2003) concluded that personality is not a determinative think about the appropriateness for leadership essence.

2.3.3.2. Behavioural theory

The behavioural theories of leadership supported the importance of human relationships. In this approach, scholars explored on the concept however a leader's behaviour affects their effectiveness and followers. The behavioural models were influenced by Douglas McGregor writings that specialized in the place of the role of behaviours of leaders (Bolden et al., 2003). This concept is also referred to like the style approach which stresses on the leader's behaviour and action. The behavioural approach suggests that leaders be likely to use one style from; autocratic, democratic, and laissez-faire they are the three most important styles defined in leadership literature. The behavioural theoretician believes that leaders are made rather than born which indicates that leaders can be qualified or made through time (Ayman & Korabik, 2010).

2.3.3.3. Situational or context theory

Situational theory first presented as the "life cycle of leadership" (Gier and Lars, 2018). This situational leadership theory principles dealing with newer employees by using more order centre, and then gradually substituting directives with supportiveness as employee increased seniority.

Behavioural theories were found to be inadequate approaches for finding out leadership. By this point, researchers had come to return to acknowledge that situational factors such as characteristics of leaders and subordinates, the character of the task, and group characteristics must be considered within the study of leadership effectiveness (Ansari and Naeem, 2010).

Situational leadership theory is relies on the ways in which people operating and being directed in groups. It is necessary to know the situational leadership idea on task

behaviour, the quantity of guidance and direction you provide; relationship behaviours, the amount of social and emotional support you deliver follower readiness, displayed in followers acting a particular purpose; employees' development and talent to succeed in association structure surrounding. According to modern theories of situational leadership, (Gier and Lars, 2018) there is no one best way to influence people. The situational leadership style basically believes that the follower limits the leadership style; that is, your follower behaviour should decide the leadership behaviours most suitable for you to employ.

2.3.4. Organizational performance

It is the groups of member's ability in achieve the predetermined plans successfully and resourcefully using allocated means. In 2008, Ratnatunga and Montalisaid that attaining organizational goals are recognized as organizational performance.

It is the efficiency resulting from an organization in relations of provision of service and products which measured by consumer gratification, productivity, types of products and service distributed to customer (Porter, 2003)

The concept of organizational effectiveness holds essential position in the management of private and public organizations as well as in the field of organizational research (Kasturi, 2006).

In the study (Ahay, 2009) Performance measures are primarily used to evaluate organizational, as well as employee performance and Performance measurement system is specification whether the organization is on path to accomplish its desired goals or not.

The issue of appropriate performance measures is thus a really significant one to think about, not solely because it can affect the commercial success of banking firms. A dominant issue of duty accounting is whether a branch manager should be held accountable for transactions that he or she cannot impact by his or her actions (Shishini and Mohammed, 2004).

One of the most widely recognized practices in recent studies is the use of scales to evaluate performance comparative to the main competitors (Choi et al., 2008). Many researchers use managers' subjective views. Others prefer objective data, such as return on assets to measure beneficial outcomes for firms.

Organization Performance plays that measures how fit an enterprise accomplishes their purposes (Hamon, 2003). Organizational performance can be measured by an organization's efficiency and effectiveness of goal attainment (Robbins and Coulter, 2002).

Effectiveness is a proportion, indicating that entities are essential when defining and determining effectiveness. He also argues that when effectiveness is conceptualized as a degree of goal attainment, that is, the achievement of profitability goals. Performance refers to the quality and quantity of employee or a teamwork achievement (Schermerhorn et al., 2002). Recently, Organization Performance, effectiveness and efficiency are synonyms which are interchangeable (Hancott, 2005). The researcher additionally states that, a number of displays have been approved to measure it since 19th century, such as total assets growth rate profit growth rate, shareholder profit, increase market share, number of new products, return on net assets and so on.

Seyd and Waseef (2012) Organizational performance defined as established a measurement of marketing performance which contains market share and profit ratio. In 2003, Tippins and Sohi states that Organizational performance is recognized on four dimensions: customer retention, relative profitability, return on investment, and total sales growth. Through the review of related literature, two factors were considered: financial performance and market performance.

- Financial performance: the organization performs denotes the level to which in comparative profitability, return on investment, and total sales progress.
- Market performance: the organization performs which refers to the extent in market share, profit ratio, and customer satisfaction.

2.3.5. Leadership and performance of the organization

Effects of leadership style on organizational performance has been discussed often, Leadership has been recognized as a significant issue in the field of organizational behaviour. Leadership is management's ability to make coordinated efforts depends on ability of leadership. Lee and Chuang (2009) explained that good leaders can meet their requirements in the process of achieving organizational goals and they are not limited in stimulate the potential of their subordinates to improve efficiency. Fry (2003) explained leadership as the use of leadership strategies to provide inspiring

motivation and increase the growth and development potential of employees. One of several reasons about there should be a relationship between leadership style and organizational performance is that, today's serious and dynamic market is based on competition based on innovation, price, performance competition, and diminishing returns (Al Khajeh, 2018) Research has shown that when organizations face these new challenges, effective leadership performance can promote performance improvement (McGrath and MacMillan, 2000). On the other hand, organizational performance refers to the company's ability to use relevant action strategies to achieve goals such as high profits, high-quality products, large market shares, good financial results, and survival within a determined period (Hurduzeu, 2015). leadership style features a significant relation with organizational performance is indicated by most scholar, and diverse leadership fashion have a direct correlation or indirect correlation on the performance of organizational, which the variables hired by researchers may vary the results (Fu-Jin et al., 2010).

McGrath and MacMillan (2000) recognize that leadership styles have significantly affect the organizational performance. Which indicate the leadership style effectiveness realized as a powerful foundation of managing performance and has reasonable benefit to the organization. Sun (2002) concluded that leadership style had a meaningfully direct correlation with the organizational performance in together schools and enterprises when the researcher relates leadership style with the leadership enactment on educational and organizations, and located Leadership performance is same with organizational performance in most organization.

The leadership change of administrative supervisors features a considerable effect on the organizational performance which show in Business management features their successes to leadership efficiency, (Sun, 2002). Fu-Jin et al. (2010) finds that care and high opinion for workers, it might increase interest of employees in their work and enable them increase better performance; when senior manager use their leadership style to validate care, thereby affecting their organizational performance positively. Howell and Frost (1989) cited in Fu-Jin et al, 2010) also approve that there's a significant relation between leadership style and organizational performance.

2.4. Empirical review

In 2019 Girma, conducted a research to study the leadership style effect on organizational performance. The research concludes effective leadership style has a constructive connection with performance of the organization and which indications performance is forecasted by the type of leadership styles which is: Democratic, Autocratic, and Laissez-faire leadership style. The considered research approach was descriptive with explanatory; and employed qualitative and quantitative research approach. Stratified simple random sampling was a method followed to select sample of 392 and both primary and secondary sources was conducted. Which concluded that the leadership style has a significant effect on performance of the organizational; the researcher suggested to the management to prepare packages of leadership training for the leaders which increase organizational performance.

According to Melese (2017) conducted study to describe the Effect of Leadership style on Deposit target performance of private banks Ethiopia. The research cited Leadership style effect on deposit target performance of banks and has both positive and negative correlation. Quantitative type of research approach with explanatory research design was deployed. The researcher purposely selected sample from total population through multistage mixed sampling technique. The research adapts questionnaires of leadership behaviour and deposit target performance from preceding studies. Finally the study find out leadership style positively affects to improve the business performance in the competitive business industry.

Hariswaran, Nishad and Vijayakumar (2020) discuss on study the impact of leadership on organizational performance of service organizations finds that a significant correlation of Leadership on Organizational Performance. The research proves that Organizational Performance of Service Sectors significantly influenced by leadership style. Primary and secondary data was the resources for the study. The Primary data collected from the leader positioned employees through questionnaire. To distribute questionnaires for the banking and insurance division, Stratified Random Sampling technique was used out of which 281 (the study sample size) questionnaires appropriately filled and returned utilized for the analysis.

Ebrahim (2018) conducted a research to examine the impact of leadership styles on the organizational performance. The study believe that Leadership as one of the

crucial factors related with the achievement or disappointment in a business the research further recognize Leadership style is the way direct individuals and drive in order to attain business objectives. It concentrated on different leadership styles and the conclusions reaches on bureaucratic, charismatic and transactional leadership styles ensure adverse connection in performance of an organizational, Whereas, democratic, and autocratic leadership styles, had a positive association with performance of the organizational. It use quantitative approach as primary research, with the help of survey instrument, questionnaire. And through the review of previously established literature, the secondary research has been done for accomplishing the research purposes.

According to Ojokuku et al., (2012), conduct study to assessing the effect of leadership on performance of Nigeria selected Banks. The research use Purposive sampling technique adapted to selecting a total of sixty participants, to participate through a structured standard questionnaire. To examine the relationship between leadership and performance of the organizational Pearson product moment correlation was used. The research establishes positive and negative correlation between leadership style dimensions and organizational performance. The study shows 23% change in organizational performance predicted by leadership style. It concluded that in order to be competitor a global environment strongly, transformational and democratic leadership style should be practiced by the Banks' management.

In 2014, Samaitan discussed that there is a strong positive relationship between managers helping their staff develop themselves, managers guiding their staff on activities of their work in order to be rewarded. Thus, the study concludes that leadership styles positively affect the financial performance of commercial banks in Kenya.

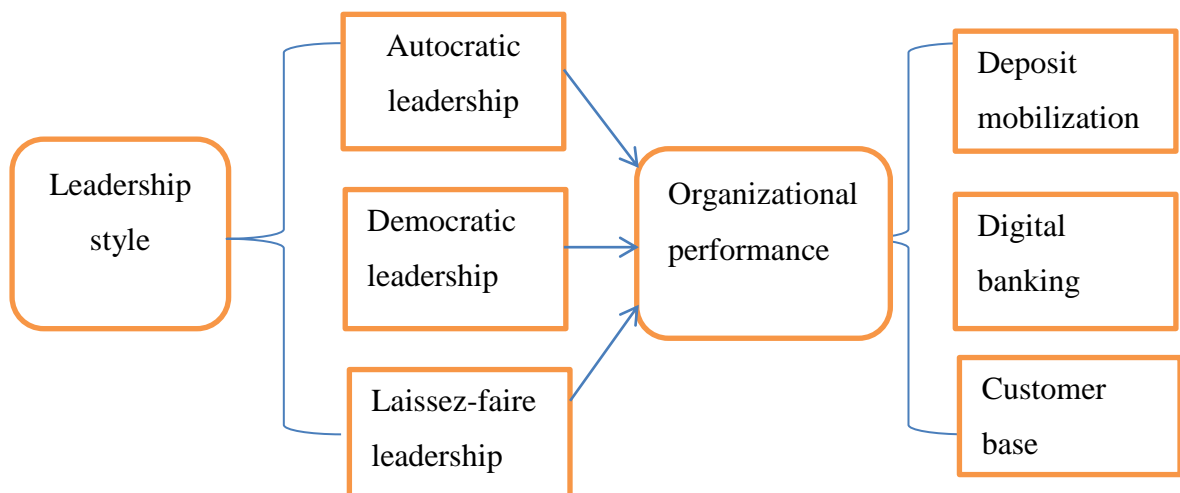
Other study studied by Lee and Huang, (2009), they conclude that there is no only identical measure of performance that can entirely explain all aspects of the term, examined 525 firms in Chinese to study. Consequently, they acknowledged two types of leadership which is, task behaviour and relational behaviour. Based on their study, profitability, sales growth, market share, and competitive advantages are measurements of organizational performance. Leader's task related behaviour is directly related to organizational performance (Obiruwu *et al*, 2011).

Similarly Onikoyi and Awolusi, (2014), organizational performance refers to an organization's ability to attain its goals by using resources efficiently and effectively. However, the definition of organizational performance, as stated by (Lee and Chuang, 2009), organizational performance measured in terms of productivity, sales increase, increase in market share, and competitive advantages. Some studies (Lee and huang, 2009) suggest that the role of leadership is critically important for an organization to achieve a high level of performance.

2.5. Conceptual frame work

In order to summarize aim of the paper was describe leadership style effect on performance of commercial bank of Ethiopia the subsequent conceptual model prepared. Based on most of the related literature review parts, organizational performance is affected by leadership style and structured autocratic leadership style, democratic leadership style and Laissez-faire Leadership Style as independent variable, on dependent variable organizational performance.

Figure2.1 conceptual model



Chapter Three

Research methodology

3.1. Introduction

The succeeding section outlines the overall research methods engaged to collect data and examine it which used in the entire study. This consists of discussions on the research methods and instruments used in the study.

3.2. Research design

This study was applied descriptive and explanatory research analysis style. Description in business and management research analysis features a terribly clear place. In keeping with Creswell (2003) descriptive research design permits a researcher to collect data, summarize, present data and interpret it for the aim of clarification. In order to explain certain opinions and to look the relationships and variations with in dependent variable and independent variables Explanatory design, casual research is selected. This basically used to explain the cause and effect relationship between leadership style and organizational performance.

3.3. Research approach

The study used quantitative research approach to measure and analyse the effect of leadership styles on organizational performance. While the quantitative approaches was used for descriptive statistics, in order to deep thoughtful and gain facts in the work quantitative approach was used, the research questions deal with issues that require (Saunders, 2009).

3.4. Population and sampling

Population is general word in research used to define the entire number of objects, people and even events to be studied as part and the subject of the study Walliman (2011). Hence the entirety of units to study about which the research proposes, the research population for the study comprises all the 11,405 (as of August 2020) operational and management staff of Addis Ababa branches of CBE.

3.4.1. Sampling design

To the benefit of including management teams and operational staff proportionally stratified random sampling technique used. This technique helps to take fair representatives in all participant categories. Accordingly, the population was stratified by management team and operational staff in Addis Ababa. From each stratum participants were then selected simple random sampling method. It may produce gain in precision of estimates of the characteristics of the whole population and was supportive for convenience of administration (Kothari, 2004).

3.4.2. Sample size

CBE in Addis Ababa which is 11,405, Agreeing on the data offered from the overall number of employee including branch level management team, senior operation staff, and operation officers 386 sample was selected.

The sample size was determined and the representative of the target Addis Abababranches of CBE, estimated by using statistical instrument formula approved from Yemane (1967).

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

e- Error of margin assume as 5% and confidence level as 95%.

Where: n: denotes the sample size, N: represents size of population & also e: indicates the level of precision (e = 0.05)

Table 3.1 distribution of Sample size

Stratum by population category	Population size	Sampling in fraction	Ratio in %	Sample size
Management (leader response)	1382	386(1382/11405)	12%	47
Operational staff	10023	386(10023/11405)	88%	339
Total population	11405		100%	386

Source: own survey (2021).

3.1. Source of data collection

The source of data in the research gathered from primary source. Thus, consuming structured questionnaire primary data was collected from the Employees of CBE and additional data were used to get additional information about the issue organization finally, the research narrates such as relevant journal articles, and books.

3.2. Research instrument

Data collected through structured and prepared standard questionnaire. To collect primary data the research instruments that were used data is a likert Scale questionnaire in order to gather the necessary facts about leadership style and Organization performance from respondents. Standard leadership question derived from cite @ www.sagepub.com/northouseintro2e to identify leadership style practice.

The questionnaire consists of three parts Part-1 about the demographic profile of the participants, and part-2 consists of measurements leadership style from followers and manager. The final Part of question consists of measurements of organizational performance, through only circle the appropriate choice.

3.3. Method of data collection

Data was collected from the respondents: - **Via mail**- by sending questionnaire through banks internal outlook site which easily allocate all employees. But because of majority of respondent doesn't respond through email the researcher use second option **Face to face** (on person) – by distributed hard copy questionnaire to management and other employee of the bank

3.4. Data analysis method

Formerly the genuine data analysis, questionnaires were crisscrosscheck for fullness and consistency. The descriptive analysis including correlation and multiple regression examination were applied for data analysis of the research.

The result presented in tables, frequency distributions and percentages in order to offer a summarized appearance of the data in the descriptive statistical. Each variable in the study were computed through summary statistics; the means and standard deviation results SPSS Version 24 were used to encode and analyse the data which describe the degree of effect of leadership style on performance of the organization.

3.5. Validity and reliability

To advance the validity of the study the researcher use questionnaires which established on the basis of prior studies and analysis of related literatures and standardized questions.

3.5.1. Reliability

Reliability denotes the consistency, where internal reliability covers associating the answers to each question in the questionnaire by those another questions in the questionnaire (Khotari, 2004). The researchers piloted a pre-test by distributing 16 questionnaires to ensure the validity of the instrument (Creswell, 2003) from the most commonly used indicators of internal consistency one is Cronbach's alpha coefficient.

Table 3.2 Reliability test

Variables	No of item	Cronbach's alpha
Over all	27	.773
ALS	6	.732
DLS	6	.724
LLS	6	.781
PM	9	.623

Source: researcher own survey (2021)

According to Burg- Brown, (2016) the scale between 0 to 1.0 is used to measure Reliability, and a tool is observed mostly reliable if the instrument has a reliability coefficient statistic of $\alpha > .80$, it is considered very reliable if $\alpha > .70$, and reliable if $\alpha > .60$; when $\alpha < .60$, reliability is measured poor reliable. The instrument is reliable and also shows the validity of study. Therefore, it can be decided that each variable characterizes a reliable and valid idea.

3.6. Ethical consideration

The research agreements were acquired from each respondent participates in the research after the compulsory clarification about the aim of the study. Respondents were assured of secrecy and privacy of the data that they delivered and treated with respect and were informed about the purpose of the questionnaire. They also well informed orally and also in questionnaire paper in written that any data attained through questionnaire were totally consumed for educational purpose and pu in the highest order of confidentiality, that does not affect their life by any means.

Chapter Four

Data presentation analysis and interpretation

4.1. Introduction

The following chapter observe the Connectionamongorganizational performance of commercial bank of Ethiopia and leadership style. Therefore, this chapter presents and analyses the data collected from the participants. The study questionnaires wereestablished in likert scales ranging from five to one; strongly agree tostrongly disagree and alsoRegression analysis used in the study.

4.2. Respondent characteristics

The study Participants fromAddis Ababa districts, Commercial Bank of Ethiopia found in Addis Ababa branches. Questionnaires distributed to 47 leaders and 339 for operational Staff members, whereas 42 leaders and 302 subordinate completed and returned questionnaires, successfully with a non-response rate of 10%from management and 11% from operational staff.

Based on Cooper and Schindler 2014 (cited in Girma, 2015), response rate50% is satisfactory for examination, while 60% is good and 70% excellent response rate for analysis.Hence, the response rate of questionnaire 89.12% which is excellent to continue with data analysis.

Table 4.1 Respondent background

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	197	57.3	57.3	57.3
	Female	147	42.7	42.7	100.0
	Total	344	100.0	100.0	
Age	18-25	54	15.7	15.7	15.7
	26-35	163	47.4	47.4	63.1
	36-45	89	25.9	25.9	89.0
	46-55	24	7.0	7.0	95.9
	Above 55	14	4.1	4.1	100.0
	Total	344	100.0	100.0	

Education	Diploma	14	4.1	4.1	4.1
	Degree	254	73.8	73.8	77.9
	Masters	76	22.1	22.1	100.0
	Total	344	100.0	100.0	
Experience (in No. of year)	1-2	102	29.7	29.7	29.7
	3-5	152	44.2	44.2	73.8
	6-9	51	14.8	14.8	88.7
	10-12	20	5.8	5.8	94.5
	Above 12	19	5.5	5.5	100.0
	Total	344	100.0	100.0	

Source: own survey (2021).

The above table shows the overall respondents background information. The sex alignment of the respondents, 197 (57.3%) of them were male and 147 (42.7%) of them were female out of the total 344 respondents. This shows that male participant slightly more than females in the study. The age category of respondent indicates the majority respondents' which 47.4% is between 26 to 35 years old in the organization followed by those 36 to 45 years old which is 25.9% and 15.7% 7% and 4.1% for those age grouped from 18-25, 46-55 and above 55 years old correspondingly. This shows that the more young participants are participate in the study well.

The above table also presents the results of the sample distribution by education background, which show that almost all of the respondents have minimum first degree holder except 4.1% 14 participant have only certificate, 73.8% (254 participant) were achieve bachelor's degree while 76 were second degree holder (22.1%). Based on educational qualification almost all respondents are capable to understand the questions response fairly.

The question work experience was categorized into five groups based on the same title and position in the organization. The number respondents whose service in the commercial bank of Ethiopia between 3-5 years is 152 (44.2%) and below two years 102 (29.7%) 51 respondents 14.8% have between 6-9 year service years. also, 20 and 19 respondents are service year 10-12 and above 12 years' experience respectively.

This implies that junior and senior banker's response was the majority participant in the study.

4.3. Practices of leadership style

Mean score measurement can be used in order to deducing the data (Akmaliah,2009), Additionally stated, the practice of the stated variable is measured as great if the mean score is larger than 3.79, and also measured as modest, if the mean greater than 3.40 but less than 3.79, and finally reflected as low if the mean score is below 3.40

Table 4.5 Descriptive Statistics on autocratic leadership

Descriptive Statistics on autocrat			
	N	Mean	S.D
Followers need to be supervised closely, or they are not likely to do their work.	344	2.88	.853
It is fair to say that majority employees in the general population are lazy.	344	2.80	.839
As a rule, followers must be given prizes or penalties to motivate them to attain organizational goals.	344	3.02	.801
Most employees feel unconfident about their work and wantway.	344	2.97	.885
Manager is the chief judge of the attainments of the members of the team.	344	2.92	.795
give instructions and explain procedures as Effective leaders	344	2.88	.795
Overall average		2.91	.828

Source: researcher own survey (2021).

Based on Table 4.5, the overall mean score 2.91 reflection of respondent towards their autocrat leadership style and SD 0.828. That shows that the practice of autocratic leadership style in commercial bank of Ethiopia is low.

The above autocratic leadership measurement, the 3rd question ‘response of employee about rewards or punishments in order to motivate them to achieve goals of organizational score the maximum mean of 3.02 and standard deviation of .801 while the question with the lowest mean of 2.80 and of 0.839 was the standard deviation on the fairness to say employees in the overall population are idle.

On the same findings with Iqbal, et al. (2015) concluded that autocrat leadership style minimize organizational performance through creating less work place communication and socialization of employee. Similarly the study conducted by Briker, Walter, and Cole, (2020) supports the idea;autocratic leadership style is not operational for in working with professionals, which creates stress on work and lower well-beings.

Table 4.6 Descriptive Statistics on democrat leadership

Descriptive Statistics on democrat					
	N	Min	Max	Mean	S.D
Employees want to be a share of the exercise makes a decision.	344	1	5	3.17	.817
As long as direction without load is the important to being a decent leader.	344	1	5	3.10	.822
Most workers want regular and helpful communicate from their leaders.	344	1	5	3.12	.910
Leaders need to help subordinates accept responsibility for finalizing their work	344	1	5	3.20	.797
It is the leader’s job to help dependents find their passion.	344	1	5	3.12	.863
People are mostly capable and if assumed a task will do a decent work.	344	1	5	3.16	.760
Valid	344				
Overall average				3.15	0.829

Source: own survey (2021).

The above table shows that, the overall mean score is 3.15 for opinion of participant towards their democratic leadership style and SD .829. It also indicates that the low but slightly moderate democratic leadership style practice in commercial bank of Ethiopia.

Based on the above democratic leadership measurement, the statement that subordinates receive responsibility for accomplishing their work assistance leaders. Score the maximum mean of 3.20 and standard deviation of .797 whereas the statement ‘Provided that guidance to employee without burden is the main to being a noble lead.’ with the lowermost mean of 3.10 and standard deviation of 0.822.

Table 4.7 Descriptive Statistics on laissez-faire leadership

Descriptive Statistics on laissez faire					
	N	Min.	Max.	Mean	S.D
In complex situations, leaders should let subordinates work problems out on their own.	344	1	5	2.80	.827
leaders should permit dependents to assess their own work	344	1	4	2.78	.819
Leaders should give to their subordinate’s complete freedom to solve their own problems.	344	1	4	2.86	.796
Most situations, workers select little input from the leader.	344	1	4	2.63	.837
generally, it is best to leave dependent on your own	344	1	5	2.67	.768
Leadership necessitates staying out of the mode of dependents as they do their work.	344	1	5	2.88	.837
Overall average				2.77	0.814

Source: own survey (2021).

The above table shows that, the overall mean score is 2.77 for opinion of participant about their laissez-faire leadership style and SD .814. It also indicates that very low the laissez-faire leadership style exercise of commercial bank of Ethiopia.

Based on the above laissez-faire leadership measurement, the statement about staying out of the way of employees as they do their work requires Leadership requires. Mark the maximum mean of 2.88 and also std. deviation of .837 while the statement 'Most situations, employee select little input from the leader.' with the lowest mean of 2.63 and with std. deviation of 0.837.

The study by Schoel et al., (2011) also indicates democratic leadership style have a preference by employees, leader communicate with ideas of followers.

4.4. CBE Organizational Performance

As stated in the leadership style mean score used as measurement while inferring the data, Hence, great if the mean score is larger than 3.79, and also measured as modest, if the mean greater than 3.40 but less than 3.79, and finally reflected as low if the mean score is below 3.40

Table 4.8 Descriptive Statistics on organizational performance

Descriptive Statistics on organizational performance			
	N	Mean	S.D
Your branch has active marketing team to recruits new customer to CBE.	344	3.09	.754
Your branch achieve customer base target in year 2020 and 1st & 2nd quarters of this year.	344	3.10	.771
Your branch has enough market shares, whose customer deposits increase at increasing rate.	344	2.94	.722
You involve actively in deposits mobilization process to achieve cascaded branch deposit target	344	2.94	.771
Your branch achieve amount of deposit target in year 2020 and 1st & 2nd quarters of this year	344	2.89	.828
Eligible customers of your branch uses digital banking product.	344	3.11	.788

Customer transact with digital banking up to bank limit, without attending physically	344	3.12	.769
Your branch achieve digital banking user target in year 2020 and 1st & 2nd quarters of this year	344	3.05	.754
Over all mean score		3.03	.770

Source: own survey SPSS 24 output.

Based on the table above, democratic leadership style with 3.15 the highest mean value and indicating that democratic leadership style is vastly practiced in commercial bank of Ethiopia. Autocratic leadership style follow with mean value consistent to 2.91 showing that Autocratic leadership style is fairly practiced in commercial bank of Ethiopia. Laissez-faire leadership style has the lowest mean value equivalent to 2.77 least practiced of autocratic leadership style representing in commercial bank of Ethiopia

4.5. Leadership styles and organizational Performance

To determine whether there is association with in variables occurs and also to define whether those variables are correlated and to decide the power of their relationship among the variables used is Correlation we used statistical method (Allan, 2009).

The correlation effect lies between [-1, 0], shows that the variables are adversely associated. On the other hand condition let correlation outcome within variables between [0 1], shows variables are certainly correlated. Also, overall advice correlations of 0.1–0.29 are measured small connection, correlations of 0.30–0.49 are reflected moderate and correlations above = > 0.5 are measured great correlation according to (Field, 2005). Based on this, the study recognizes there is a correlation on dependent and independent variables of the study variable. See in the table 4.9 below.

Table 4.9 Pearson correlation

Correlations		ALS	DLS	LLS	PM
organizational performance	Pearson Correlation	.463**	.708**	.529**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	344	344	344	344
**shows significant Correlation at the 0.01 level (2-tailed).					

Source: researcher own survey (2021)

Based on the above correlation Table autocrat leadership has 0.463 correlation value with organizational performance which is moderate, but democratic and Laissez-Faire Leadership style with Organizational Performance is .708 and .529 correspondingly which is above 0.49. Then we can say that there is a positive relationship between leadership style and organisation performance. The consequences from these analyses indicate that the leadership styles are moderate and high, and significant relationship with the organizational performance.

4.5.1. Multiple Regression analysis

Multicollinearity arises, when there is a high association between with one or more independent variable with a grouping of other independent variables, a problematic that arises in regression investigation. It has a benefit to find the correlation between explanatory variables and to avoid binary effect of independent variable from the model.

Tolerance is a display of how much the inconsistency of the identified independent is not described by the other variables in the model (Pallant, 2005). It is normal if tolerance value should be greater than 0.1 but, If the value is less than 0.10, which indicates that there is a high multiple correlation with other variables, additional value given is the VIF called Variance Inflation Factor, is better to be low, closer to 1 but above 10 indicate high multicollinearity between variable.

Table 4.10 multi collinearity

Model	Tolerance	VIF
1 (Constant)		
ALS	.688	1.453
DLS	.787	1.270
LLS	.833	1.200

Source: own survey (2021).

4.5.2 Normality Test

It is a plot that in order to recognise essential partings from normality through a graphical system. Normality test practical to decide a data is well-modelled by a normal distribution, and to describe how likely an essential random variable is to be normally distributed. The figure in histogram shows the in the appendix 2 should be bell-shaped when the residuals are normally distributed;

The normal probability plot of the regression shows consistent effects story in a regularly 45% diagonal line from foot left to top right corner. If it is, recommend there is no main abnormality from regularity. As shown in the figure in the probability plot specifies that the normality condition is fulfilled and there is no as such major abnormality.

Also, a residual scatter plot is examined. It is a figure that displays one axis for factors scores and one axis for errors of prediction. The difference between the found dependent variable and the independent scores and the variance of the residuals should be similar for all forecast marks homoscedasticity. If this is correct, the assumption is met and the scatter plot takes the approximate shape of a rectangle. Consequently, the figure attached as appendix shows a random displacement of scores with no grouping.

4.6. Effect of Leadership style on Performance of Organization

The analysis of regression indicates how independent variables explain the dependent variable. The completed regression analysis was made between the independent variables dimensions of Leadership style; Autocratic, Democratic and laissez-faire leadership style with dependent variable Organizational Performance.

Table 4.11 Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.271	.118		2.287	.023
	ALS	.021	.039	.021	.546	.585
	DLS	.531	.031	.615	17.041	.000
	LLS	.377	.034	.389	11.084	.000

Source: own survey (2021).

The table shows that the regressions model the relationship between leadership style and organizational performance. The coefficients of Democratic Leadership style and Laissez-fair Leadership style helps to improve organizational performance significantly. However leadership style of Autocratic input to the organizational performance is not important. A (0.000) value of significance Democratic Leadership style and Laissez-fair Leadership style are strongly affecting performance organization.

In regression, an interface effect exists when the effect of an independent variable on a dependent variable changes, depending on the value(s) of one or more other independent variables. Thus, in a regression equation, an interaction effect is represented as follows: The general form of the multiple regression equation with independent variables is

$$OP = C + \beta_1(ALS) + \beta_2(DLS) + \beta_3(LFLS) + \epsilon$$

$$OP = 2.71 + 0.021(ALS) + 0.531(DLS) + .37(LFLS) + \epsilon$$

The coefficient of determination for autocrat leadership is positive (0.021) but it is insignificant effects on performance of organizational. The p-value of 0.585 is greater than the t-statistic value of 0.546 and the standard error value of 0.039. This implies that a unit increase in autocrat leadership will lead to only 0.021 increases in organizational performance, which means that there are positive but statistically insignificant effects of leadership on improving the organization performance.

The coefficient of determination for democrat leadership is positive (0.531) and is highly significant (0.000) in increasing organizational performance. The p-value of 0.000 is less than the t-statistic value of 17.041 and the standard error value of 0.34.

This implies that a unit increase in democratic leadership will lead to .531 increases in improving the performance of the organization. Therefore, there are positive effects of democrat leadership on cultivating the organization performance.

The coefficient of determination for laissez-faire leadership is positive (0.377) and is highly significant (0.000) in increasing organizational performance. The p-value of 0.000 is less than the t-statistic value of 11.084 and the standard error value of 0.31. This implies that a unit increase in laissez faire leadership will lead to .377 increases in improving the performance of organization. Therefore, there are positive effects of laissez-faire leadership on improving the organization performance.

Table 4.12 model summary

Model Summary				
Model	R	R ² (R-Square)	Adj. R Square	Standard. Error of the Estimate
1	.807 ^a	.651	.648	.30348
a. Predictors: (Constant), LLS, DLS, ALS				
b. Dependent Variable: PM				

Source: own survey (2021).

Based on the regression analysis the three independent variables of leadership presented and The R of model summary explains that 80.70% change in Performance of organization can be forecast by the grouping of the leadership styles.

Multiple correlation coefficients, R reflected as one measure of the quality of the forecast the dependent variable. The R square value as well termed the coefficient of determination is the part of variance in the organizational performance, 65.1% of the variation in the performance of the organization is explained by leadership style.

The ANOVA table presented that the value of F statistics, representing that using the model is better than guessing the mean. The above table describes $F = (3, 340) = 211.50$, $P = 0.000$; which means that the value of $F(211.50)$ at degree of freedom 3 and 340 with P value (0.000) less than the threshold 0.05 shows significant relationship between leadership and performance of organization. Therefore, it is possible to conclude that, the independent variables (autocrat, democrat, and liaises

fair leadership style) were at the same time contributing to the variation in the dependent variable (organizational performance).

Table 4.13 ANOVA table

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.440	3	19.480	211.510	.000 ^b
	Residual	31.314	340	.092		
	Total	89.753	343			
a. Dependent Variable: performance of organization						
b. Predictors: (Constant), LLS, DLS, ALS						

Source: own survey (2021).

4.7. Discussions

The main goal of the study was on the leadership style effect on performance of the organizational. Hence the result shows, that there is positive correlation as well as effect of leadership style dimensions on organizational performance, the model gives good account of dependent variable of organizational performance on leadership style dimensions. Autocratic leadership style (ALS) with a significant value of 0.585 and beta coefficient value is 0.21, which indicates autocratic leadership is indicates a positive but irrelevant impact on organizational performance. The findings related with Ojokuku et al. (2012) study in the same sector, Nigeria banks, that specified this type of leaders directs organization leads as they force their employee to implement plans and services in a very slight way, founded upon a particular indication of what achievement appearances. This finding is similar to Bhargavi and Yaseen (2016) suggested that organizational performance is positively affected by the autocratic leadership style.

Democratic leadership style has beta coefficient of 0.531 with a significant value of 0.000 which is lower than 0.05, this indicate democratic leadership is has significant effect on performance of the organization.

In same way finding is also related to Ojokuku, et al. (2012) the study found out in this type of leadership style and leaders help groups meet their visions and needs, and

advance organizational efficiency. The study by Elenkov (2002) showed that organizational performance is highly affected by the democratic leadership. The democratic leadership permits the followers to participate in decisions with sharing them with the team and the leader. In democratic leadership style, compliments and disparagement are stated objectively and obligation is similarly established among the followers (Elenkov, 2002). Bhargavi and Yaseen (2016) likewise studied organizational performance is affected by democratic leadership. Based on findings, performance of the organization positively affected by the democratic leadership because the DLS gives chances to the followers to participate and implement their creative ideas and take part in the resolution of problem occur in their area.

Laissez-faire leadership style beta coefficient value is 0.377 and 0.34 of a significant value of which is higher than 0.05, hence laissez-faire leadership is found to have a helpful and significant impact on performance of the organization. This finding is similar to a study conducted by Girma (2019) the result indicates that there is positive and significant relationship within laissez faire leadership and performance of the organization.

The model offers good explanation of organizational performance on independent variable leadership style scopes. The coefficient of determinant of $R = 0.23$ indicates that 23% variation in organizational performance is accounted for by good leadership style and the outcome approves the work of Fu-Jin et al. (2010), Obiwuru et al (2011), and Ojokuku et al (2012) that organizational performance is significantly affected by leadership style.

Chapter Five

Summary, conclusion and recommendations

5.1.Introduction

The previous chapter presented descriptive analysis and surveyed the result of the regression of independent variables, based on this the following section presents summary, conclusion, and recommendation are made in this chapter.

5.2.Summary of major findings

The backgrounds of respondent in the organization composed of, most of the study participant age 47.4%layswithin the bracket of 26 and 35 yearsand 25.9% the age bracket lies between 36 and 45 years.Most participant of the study 57.3% are male, and 42.7% were female. The educational background of the respondent summarized asDiploma only 4.1%, majority of participants are bachelor degree holder which marks73.8% and 22.1% S masters level and above it. The length of service which shows title in the organization, 44.2% of the respondents work experience between 6 to 9 years and 29.7% of participant worked below 2 years, as bank trainee level.

Through discussing different sources such as questionnaire, reviewing report document finds the result of study. Categorized, edited, organized and analysed the collected raw data using quantitative methods. Total Cronbach's alpha value is 0.773 were verified and show the instrument reliability is good. This indicates that data have a good reliability in internal consistency. The research shows that there is no problem of multi-collinearity regression analysis improved the reliability. The analysis of variance results displays that a model fit results, that the model has power to forecastinfluences affecting meaningfully from the organizational performance scores.

Based on analysis, the mean score of Autocratic Leadership style was calculated to be2. 27, which is included in law choice, mean score of Democratic Leadership style was computed to be 3.15, which is included in low range but slightly near to moderate practiced and the mean score of Laissez-Faire Leadership style with mean score 2.92 which is low practiced in CBE.

Democratic leadership style has constructive association with performance of the organizational CBE ($\beta = 0.531$ and $P = 0.000$) the positive relation sign of the coefficient show statistically significant estimate the existence of direct and strong relationship between democratic leadership style and organizational performance.

Laissez-faire leadership style has positive relation with organizational performance of CBE ($\beta = 0.377$ and $P = 0.000$). This also shows relation positive sign of the coefficient statistically significant estimate the existence of direct and which show the strong association within performance of the organization.

Autocratic leadership style has not significance relation and has positive relation with organizational performance of CBE ($\beta = 0.236$ and $P = 0.658$).

Also the participants' response, on the organizational performance shows that the level of organizational performance in CBE is the mean score 3.03 which are included in low range.

The consequence of Pearson correlation discovered that significant and positive relationship is found between all Leadership style and Performance of the Organization which is Autocratic leadership was perceived to have a positive outcome on the significant measures of organizational performance by .463 at p value is .000. Democratic leadership also had a highly positive effect on the significant gauges of organizational performance by .708 at p value .000 and Laissez-faire leadership has a positive effect on organizational performance by .529 at p value is .000. The entire leadership measurement has a positive and significant relationship between the three extents of leadership style and Organizational Performance.

The result of the linear and multi regression analysis shows that the model that was used good fit for the data which is the R square (R^2) explain that 65.1% change in Performance of the organizational can be forecasted by the combination of the three leadership styles. With respect to the coefficients of regression analysis, Organizational Performance can be predicted by; Autocratic leadership style explains 2.1%, Democratic leadership style explains 53.1% which is very high and Laissez-fair leadership style explains 37.7%.

5.3. Conclusion

The entire process of the study; data analysis and major findings resulting on conclusions were drawn in line with research objective and questions helps to make the following conclusion:

The mentioned all types of leadership practiced in different degree in CBE by the mean score of the dimensions of leadership styles were computed. 2.77 mean score of Autocratic Leadership style, which are considered as low, 3.15 mean score of Democratic Leadership style which can be considered also low but near to moderate and also 2.92 the mean score of Laissez-Faire Leadership style which also considered as low. Therefore, the practice of leadership style mostly practiced in commercial bank of Ethiopia is Democratic leadership style, even if the range lied below moderate, In addition, laissez-faire leadership style is practiced in following level.

Democratic leadership style is an important leadership style, which helps to attain organizational performance in CBE. The highest score of mean in the organizational performance measurement goes to democratic leadership style than autocratic leadership and laissez faire leadership style. So, this leads to decided that, a growth on democratic leadership style lead to rise in performance of organization in CBE.

Laissez-faire leadership style has positive effect on organizational performance, which indicates that organization performance would increase when laissez-faire leadership style is applied and also it is statistically significant.

Regression coefficient of $R = .807$ or 80.7% indicate that relationship exist between independent leadership style and organizational performance. The coefficient of determination $R^2 = 0.651$ which show that 65.1% of variation in increasing the organizational performance is explained by leadership. The adjusted R-square in the table shows that the dependent variable, (organizational performance) is affected by 64.8% by independent variable (leadership).

5.4.Recommendations

Based on the data collected through the questionnaire conducted in the organization, summary of findings and conclusion; the effects of leadership on the organization performance. Based on research aim and inquiries the subsequent recommendations were promoted;

- The management of CBE needed to adapt Democratic Leadership style as it has its own impact on improving organizational performance. And also district manager should advice for those branch level managers to exercise democratic leadership style to accomplish organizational performance objective positively.
- The CBE districts in AA should provide trainings to the leaders in order to create awareness about the features of democratic leadership style.
- The exercise of Democratic Leadership style is found mostly practiced and has highest organizational performance result, Therefore, the management team of CBE increase on participating employees and communicates their operational staff member positively and should bedeliver responsibility to their operational staff.
- Meanwhile the level of CBE organizational performance is low; the researcher also recommends that CBE districts should look at their manager leadership style effects on their performance.
- The controlling body of CBE branches in AA, districts, should narrate the leadership style followed by management team of branches and the variance of performance among branches.

Recommendation for Further Research

- ❖ The researcher recommends the effect of leadership styles and organizational performances based on industry average performance.
- ❖ Furthermore, it is advisable to study the relationship of only digital banking performance with other leadership styles.

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APPENDEX 1 questionnaire



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!

Addis Ababa University
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Addis Ababa University School of Commerce

Department of business leadership

Dear respondent:

This questionnaire is prepared for the purpose as part of the researcher's work to partially fulfil the requirements for MA Degree business leadership in Addis Ababa University, School of Commerce.

The research aim is to explore **“The Effects of Leadership Style on the Organizational Performance of Commercial bank of Ethiopia”**. The research is hoped to highlight leadership styles being practiced in commercial bank of Ethiopia and their effect on performance of the organizational in bank. Your active participation in the research and your honest feedback to the questionnaires will help achieve the objective. The data shall be kept confidential and used for academic purposes only, indicate your name is not mandatory.

Thank you in advance for your cooperation!

Should you require further clarification, please contact me via:-

HABTAMU ZELEKE

Phone 0913701259

Zelege617@gmail.com

HABTAMUZELEKEM@cbe.com

Part One: For operational staff

Please tick (✓) in all cases where answer choices are existing in suitable box. For questions that request your opinion, please be trustworthy as per the questions on the space providing.

1. Sex 1. Male _____ 2. Female _____
2. Marital Status 1. Married _____ 2. Single _____ 3. Divorce _____
3. Age
 1. 18 -25 _____
 2. 26 - 35 _____
 3. 35-45 _____
 4. 45 -55 _____
 5. Above 55 _____
4. Educational Qualification
 1. Certificate _____
 2. Diploma _____
 3. First Degree _____
 4. Masters and Above _____
5. Years of work experience in commercial bank of Ethiopia.
 1. 1 - 2 _____
 2. 2-5 _____
 3. 5-9 _____
 4. _____
 5. above 12 _____
6. Current Job position in CBE _____

Core Questions for operational staff

Please see instructions below.

Circle for each of the statements below, which the number that shows the degree to which you agree or disagree about the leadership trends in CBE.

Note: Indicate your answer by selecting from: 5-Strongly Agree (SA), 4-Agree (A), 3-Neutral (N) 2-Disagree (D), 1-Strongly Disagree (SD).

The following section discusses leadership tendencies of your immediate manager and organizational performance. 1 to 18 Statements characterise three different leadership styles with six declarations for each style and 9 questions about organizational performance. Attempt to judge leadership honestly and specify the level of your agreement or disagreement on the statement against the leadership tendencies and organizational performance put in the questionnaire.

Part 1. For employee

No.	Statements on leadership style	SD	D	N	A	SA
1.	My leader trusts followers need to be managed strictly, or they are not likely to do their work.	1	2	3	4	5
2.	My manager involves employees to be a part of the decision-making process.	1	2	3	4	5
3.	When there is situations complex, leaders should let dependents work problems out on their own.	1	2	3	4	5
4.	For my manager it is reasonable to say that most employees in the general population are lazy.	1	2	3	4	5
5.	My manager believes provided that guidance without pressure is the key to being a good leader.	1	2	3	4	5
6.	My manager requires staying out of the way of subordinates as they do their work.	1	2	3	4	5
7.	My manager trusts employees must be given rewards or punishments in order to motivate them to attain organizational objectives.	1	2	3	4	5
8.	My manager believes most workers want frequent and helpful communication from their leaders.	1	2	3	4	5
9.	As a rule, my manager allows subordinates to appraise their own work.	1	2	3	4	5
10.	Most employees feel insecure about their work and need direction.	1	2	3	4	5
11.	My manager needs to help subordinates accept responsibility for completing their work.	1	2	3	4	5
12.	My manager gives subordinates complete freedom to solve problems on their own.	1	2	3	4	5
13.	My boss trusts the leader is the chief judge of the attainments of the members of the group.	1	2	3	4	5
14.	My manager have faith in it is the leader's job to assistance subordinates find their passion.	1	2	3	4	5
15.	My manager believes in most situations, workers prefer little input from the leader.	1	2	3	4	5

16.	My manager believes effective leaders give commands and clarify procedures.	1	2	3	4	5
17.	My manager believes people are basically capable and if given a task will do a good job.	1	2	3	4	5
18.	In general, for my manager it is best to leave subordinates alone.	1	2	3	4	5

Part2. For leader

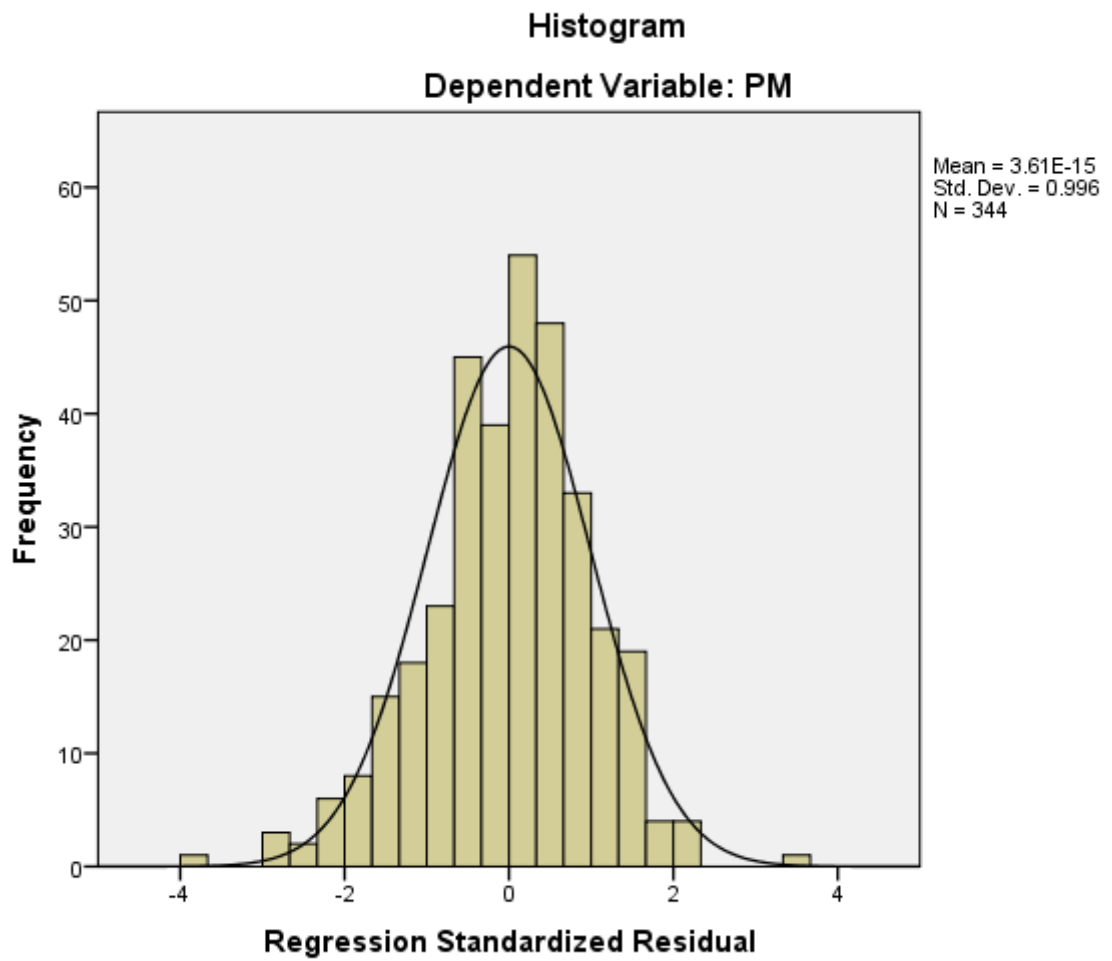
No	Statements	SD	D	N	A	SA
1.	Employees need to be supervised closely, or they are not likely to do their work.	1	2	3	4	5
2.	Followers want to be a part of the decision-making process.	1	2	3	4	5
3.	In complex situations, manager should let subordinates work problems out on their own.	1	2	3	4	5
4.	It is fair to say that most operational staff in the generalisidle.	1	2	3	4	5
5.	Providing guidance without pressure is the key to being a good leader.	1	2	3	4	5
6.	Leadership involves staying out of the way of subordinates as they do their work.	1	2	3	4	5
7.	As a rule, employees must be given rewards or punishments in order to motivate them to achieve organizational aims.	1	2	3	4	5
8.	Most workers want every day and supportive communication from their leaders.	1	2	3	4	5
9.	As a rule, leaders should allow subordinates to appraise their own work.	1	2	3	4	5
10.	Most employees feel unconfident about their work and need direction.	1	2	3	4	5
11.	Leaders need to help subordinates accept responsibility for completing their work.	1	2	3	4	5
12.	Leaders should give subordinates	1	2	3	4	5

	comprehensive freedom to solve problems on their own.					
13.	The leader is the chief judge of the attainments of the members of the group.	1	2	3	4	5
14.	It is the manager's job to help subordinates find their "passion."					
15.	most circumstances, workers select little input from the leader.					
16.	Effective leaders give orders and clarify procedures.					
17.	People are basically competent and if given a task will do a good job.					
18.	In general, it is best to leave subordinates alone.					

Part3. Organizational performance

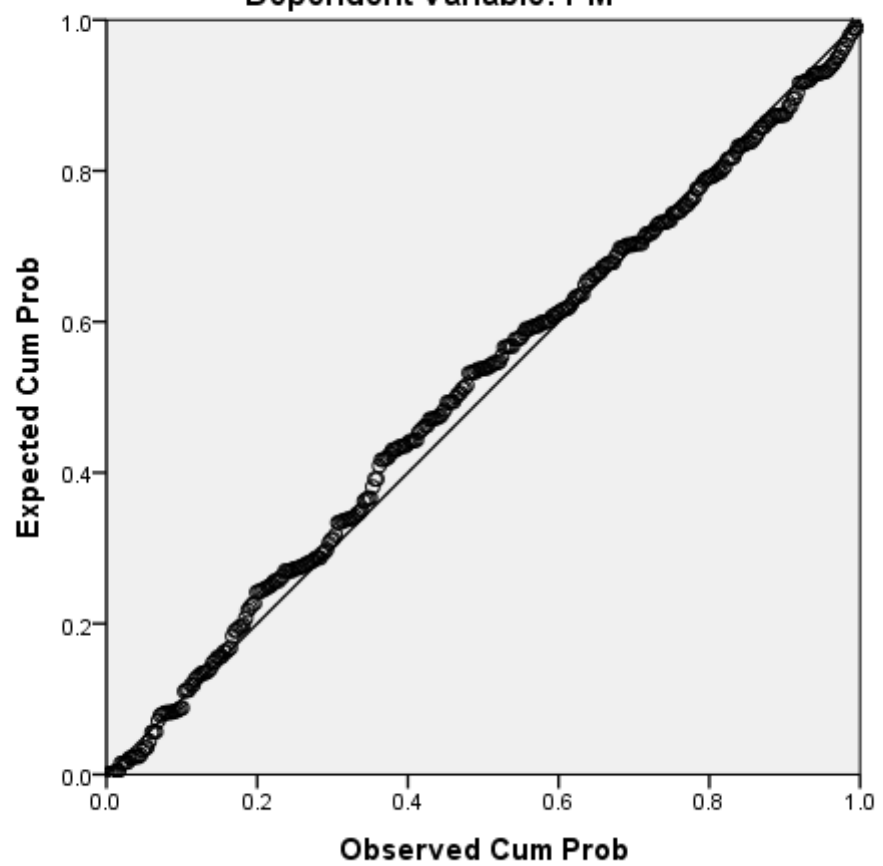
No.	Statements on organizational performance	SD	D	N	A	SA
1.	Your branch address the nonbank users market to be used banking product in your branch	1	2	3	4	5
2.	Your branch has active marketing team to recruits new customer to CBE.	1	2	3	4	5
3.	Your branch is in good position to achieve customer base target.	1	2	3	4	5
4.	Your branch has enough market share to mobilize targeted deposit from customer	1	2	3	4	5
5.	You involve actively in deposits mobilization process.	1	2	3	4	5
6.	Your branch carrying deposit performance parallel to the cascaded branch deposit target.	1	2	3	4	5
7.	Eligible customers of your branch uses digital banking product.	1	2	3	4	5
8.	Customers have positive feedback to use the product effectively.	1	2	3	4	5
9.	Customer transact with digital banking as per limit.	1	2	3	4	5

APPENDEX2 normality graph



APPENDIX 3 p-p plot regression graph

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: PM



APPENDEX 4 scatter plot graph

