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THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEES ENGAGEMENT: THE CASE OF ZAMZAM BANK

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BUSINESS LEADERSHIP PROGRAM**

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**The Effects of Leadership Style on Employees Engagement: The case of
Zamzam Bank**

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Statement of Declaration

I, **Abdulkerim Dino** declare that this work entitled “**THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEES ENGAGEMENT: THE CASE OF ZAMZAM BANK**” is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the Master of Business Leadership.

By: Abdulkerim Dino

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Statement of Certification

This is to certify that Abdulkerim Dino has carried out this project work on the topic ‘**THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEES ENGAGEMENT: THE CASE OF ZAMZAM BANK**’ This work is original in nature and is suitable for the awards of Master’s in business leadership.

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**The Effects of Leadership Style on Employees' Engagement: The case of Zamzam
Bank**

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Abstract

*This study examines the effect of leadership styles on employees' engagement in ZamZam bank. Explanatory mixed design was employed to achieve the objectives of the study. Purposive sampling was employed to select the management teams for key informant interview; whereas, census technique was used to consider the entire population in all districts of the bank. To collect data, Multifactor Leadership Questionnaire (MLQ) a standard instrument & KIIs were utilized. Both quantitative and qualitative data analysis was employed. The finding of this study revealed that transformational leadership style was prevailing leadership style with the mean value of 3.40 & laissez-fair leadership style with 2.04 mean values respectively. Added to this, Pearson correlation analysis result shows that there is moderate positive correlation between transformational leadership style & employee engagement was indicated with $r = .4311^{**}$, $p = .008 < 0.01$). Likewise, there is weak negative correlation between laissez-faire leadership style & employee engagement with $r = -.246^*$, $p = .015 < 0.05$). The regression analysis shows that transformational leadership style have been shown a positive and significant effect on the employee engagement ($\beta = 0.635$, $p=0.000$). The qualitative result shows that employees' should be part of the decision making process, employee should be supervised, new employees should be guided, the leader should clarify procedures. Factors such as working expectation, lack of giving recognition, poor working condition, low benefit packages, unhealthy relationship between leadership have affected employees' engagement. As a result, they indicated loss of passion for doing job and think of leaving for better job. Therefore, the bank should make its employees more engaged by improving working conditions, making materials and instruments available, recognizing employees' best performance by providing necessary answers to the questions of employees such as promotion, raise in salary and training opportunities.*

Keywords: *Leadership Style, Transformational Leadership Style, Transactional Leadership Style, Laissez faire Leadership Styles, Employee Engagement*

CHAPTER ONE: INTRODUCTION

This chapter includes the background of the study, statement of the research problems, the research questions, research objectives, scope and limitation of the study, and significance of the study.

1.1 Background of the Study

The term leadership has been studied and widely used in politics, academics, and business ever since the 20th c as part of behaviorism moved studying in leadership behavior (Lewin and Lippitt, 1939). Despite the fact that there is no universally accepted definition of leadership, the most widely accepted definitions include Hersey and Blanchard (2001) defined it “as the process of influencing the activities of an individual or a group in efforts toward goal accomplishment”. Likewise, for Wood et al, (2010) leadership is all about results because leaders inspire, create opportunities, coach and motivate people to gain in their support on fundamental long-term choices. Added to this, Yukl (1994) defines leadership as the process of influencing followers to achieve a set goal.

Apart from leadership, the concept leadership style may differ from the former depending on the situation and from person to person. For example, Dubirn (2001) described leadership style as ‘the constant pattern of behavior that characterizes a leader. Likewise, for scholars like Memon (2014) and Cuadradoet.al (2007), leadership style is described by the direction they provide for employee and coworker’s motivation and individual and team plans realization. Added to this, Darling & Leffel (2010) defined leadership style as the behavior that leaders use to effectively lead the organization. Most commonly, leadership style is described as the manner and approach of providing direction, implementing plans and motivating people (Jeremy, et al., 2012).

Citing the fact that no specific leadership style fits best for all context, scholars also describe it by classifying into three categories such as transactional, laissez-faire and transformational leadership styles (Bass, 1990; Darling and Leffel, 2010; Ukaidi, 2016). In laissez faire leadership style, leaders deal little or no supervision to group members and leave the executive power or all

authority to the subordinates. Whereas, the transactional leadership style focuses on everything in terms of explicit and implicit contractual relationship between the leader and follower, in which followers are rewarded for meeting specific goals or performance criteria (Trohhtieret al., 2008; Bass and Avolio, 1993).

Lastly, transformational leaders are those that stimulate and encourage followers to both achieve extraordinary outcomes and, within the process, develop their own leadership capacity (Bass and Riggio, 2006:94). Studies on transformational leadership indicate that this leadership style is crucial for advancing organizations as these leaders inspire employees towards the vision and role model the attitude and behaviors expected of employees (Nortje, 2010). From these definitions, it can be said that leadership style is a consistent collection of behaviors or pattern practiced by for leaders to achieve the desired organizational goals.

Be this as it may, the literature on leadership styles and employee engagements show that scholars have been attracted to study the relationship of the two from different perspectives. Several scholars have been asking fundamental questions in order to understand employee engagement, in terms of its definition, domain of its usage, its line of engagement, its level of measure, its relation with other determinants. As a result, scholars studied employee engagement in different ways.

To state few, Jeve, Oppenheimer and Konje (2015) defined employee engagement as the employee's emotional commitment to the organization and its goal; for Dvir, Eden, Avolio, and Shamir (2002) employee engagement is described in terms of high levels of employees' activity, initiative, and responsibility; for Wellins and Concelman (2004), employee engagement is the illusive force that motivates employees to higher levels of performance; for Kahn (1990), it is described as "the harnessing of organization members to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances".

To show the relationship between the leader and employee, Aditya (2007) argue that the quality of the employees' engagement is influenced by the leadership style adopted by the leader. The

measurement of these employee engagement factors can be conducted using Gallup Workplace Audit (Buckingham et al., 1999). More specifically, this measurement instrument entails 12 items or factors that encourage employee engagement and elements needed to “attract, focus and keep the most talented employees” (Buckingham et al., 1999, p.28).

Therefore, leadership is a crucial management skill that encourages a group of people towards a common goal. Hence, this study based its argument on the notion that the employee’s engagement is one of the determinant factors for the success or failure of the organization and the leadership styles practiced by leaders is equally vital for the organizational success. Therefore, this study attempts to identify the leadership style practiced by ZamZam bank and its effect on employees’ engagement at ZamZam Bank.

1.2 Statement of the problem

Today, employee engagement has become a leadership priority as they constantly seek for different methods to keep their work-force engaged. The capability to keep employees engaged rests up on the organizational management and/or leadership. This is mainly due to the fact that engaged employees are those who work with passion towards the organization’s goals, act in the interests of their organization they tend to generate high business outcomes as measured by increased sales, improved productivity, and profitability (Neeta, 2011). On the contrary, scholars reported that employees who are disengaged are more likely to perform poorly, actively look for another job, say bad things about management or the organization for which they work, cost their businesses financially via decreased profits, decreased sales, lower customer satisfaction, and lower productivity (Gubman, 2004; Sanford, 2003). Therefore, the implementation of effective leadership style along with adequate employee engagement offers several competitive advantages for an organization.

Adequate employees’ engagement can be created when the management deals with employee’s engagement factors such as career advancement opportunity, clarity in communication, conveyance of expectations of working conditions, recognition & rewards, contributions, control

over own job, collaboration between employees, connection, credibility in leaders, and confidence in the company (Seigts et al., 2006).

Therefore, the current researcher believes that the existing leadership style in ZamZam bank may have not been considering the aforementioned employee engagement factors. This is attested in the current researcher's work experience in observing poor engagement level of employees' reflected on their low performance, dissatisfied with the management actions and look for other jobs. As a result, the researcher is motivated to conduct this study on the effect of leadership style on employee engagement to supplement empirical data for the banking sector in Ethiopia.

In addition, the result of studies on the impact of leadership styles adopted have on employee performance seem to contradict one another based on difference in situation, sector & organizational culture. On one hand, there are scholars who argue the utilization of appropriate leadership style has significantly positive effect on the employee performance. Among those who contributed to this view, Mullins (2007) a leader who adopt effective leadership style enhance productivity; Lee and Ahmad (2009) the leader's style determines the morale of employees towards the positive impacts on performance; Iqbal et al (2015) organizations face poor innovation, low productivity, inability to meet performance targets as a result of lack of intervention of specific leadership style to specific situation.

On the contrary, there are scholars who disagree on the positive relation between leadership styles on employees' performance. For example, finding of Hueryren Yeh (2012); Chi, Lan, & Dorjgotov (2012) showed that leadership style does not directly affects organizational performance as well as employee's job satisfaction. Likewise, Belete (2015) found out that leadership style does not influence employee performance, in particular the democratic leadership styles. It can be understood from these literatures that there is no conclusive agreement and both negative and positive impacts have been indicated on employee performance. Regardless of differences in terms of country, sector or situation, it is apparent the relevance of conducting this study in Ethiopian context.

In the case of Ethiopia, there are few studies which focused on the service rendering organizations including the hotel and hospitality industry, airlines industry, banking industry and manufacturing industry. To state few, Liya (2018) found that managers' use of transformational leadership style contributed to employees' performance at Wugagen bank; (Mohamed, 2014) leadership styles contribute to resolving organizational problems & enhancement of employee's performance; Habtamu(2021) concludes leadership style has a higher relationship with organizational performance in CBE; Tamrat (2019) identified autocratic & democratic leadership style had a positive significant effect on employees' performance in Sheraton Addis Hotel; Haymanot (2019) revealed democratic leadership style & laissez-faire leadership style positively affect employees' performance in the Carter Center Ethiopia & Orbis International Ethiopia; Kidist (2019) showed that employees exhibited high level of engagement in utilizing transactional leadership style in CBE; Gebrehiwot (2021) identified transactional leadership style positively correlate with employee performance in CBE.

Even though the above studies have shown that leadership style have direct effect on customer satisfaction, staff satisfaction and organizational performance, the effects of leadership style on employee engagement in general has not been well studied as far as the knowledge of the researcher is concerned in ZamZam bank. In addition to this, the experience of the current researcher while working in Ethiopian banking industry also shows that there are contributing factors related to leadership style that affects employees' engagement. Unless appropriate leadership style is properly implemented, it could have serious repercussion for an organization to achieve the targeted business outcomes and for employee to interpret organizational goals. Therefore, it is based on this motive that this research intended to explore the status of leadership styles being adopted by managers and its impact on the employee engagement at ZamZam bank.

1.3 Research Questions

- 1.3.1** What leadership style is mostly practiced at ZamZam Bank?
- 1.3.2** What are the employees' engagement levels at ZamZam Bank?
- 1.3.3** What are the prevailing relationship between leadership style and employees' engagement?
- 1.3.4** What is the effect of leadership style on employees' engagement at ZamZam Bank?

1.4 Objectives of the study

1.4.1 General objective

The general objective of this study was to assess the effect of leadership style on employees' engagement at ZamZam Bank.

1.4.2 Specific objectives

The study seeks to achieve the following objectives:

- i.** To assess the leadership styles mostly practiced by leaders at ZamZam Bank;
- ii.** To measure the employee's' engagement level at ZamZam Bank;
- iii.** To evaluate the prevailing relationship between leadership style & employees' engagement
- iv.** To find out the effect of leadership style on employees' engagement at ZamZam Bank.

1.5 Significance of the Study

This study mainly focuses on analyzing the effect of leadership style on employees' engagement the case of ZamZam Bank in Addis Ababa. Thus, the findings of this study will be significant to provide leaders of ZamZam bank how their styles of leadership can affect the overall performance and productivity of the bank. Added to this, the finding can be used as an input to provide better understanding on possible ways to improve the employees' commitment for the bank's productivity. Most of all, the study can be used as base for other researchers who would like to conduct further researches on the area.

1.6 Scope of the Study

This study is limited to assess the effect of leadership style on employees' engagement in the context of ZamZam Bank located in Addis Ababa city administration. From 14 branches located in Addis Ababa city, this study was conducted in all branches as their numbers are manageable.

1.7 Organization of the study

This study is organized into three chapters. The first chapter contains the introduction part of the study. It deals with the background of the study, statement of problem, research question, objective of study significance of the study and scope of the study. The second chapter provides review of related literature. The third chapter deals with the research methodology including research design, study area, source of data, sampling method, data collection method, data analysis method and ethical consideration.

1.8 Limitations of the study

In the process of conducting this study, the researcher has encountered few limitations. More specifically, during data collection, some of the respondents were not willing to take part in key informant interview. However, the researcher used his maximum effort to secure data through repeated explanation of the purpose of the study and assuring the confidentiality of the response. In addition, few respondents were not willing to hand over the questionnaire and others handed over very late. On top of this, there has been time limitation to collect data and submit the final report according to the university schedule. These were major problems, if not all, that have affected the quality of the study.

CHAPTER TWO: LITERATURE REVIEW

This chapter focuses on leadership, major leadership styles, employees' engagement and the nexus between leadership style and employee performance.

2.1 Theoretical Review

2.1.1 Leadership defined

The concept leadership is defined differently by scholars on the area. For instance, for Robbins (2012), leadership is defined as the ability to influence a group toward the achievement of a vision or set of goals. Similarly, Kotter (1990) views leadership as the process of influencing people to strive willingly to achieve individual and organizational goals. By distinguishing between leader and leadership, Wammy & Swammy (2014) described a leader as “an individual person who influences other members of the organization to perform specified objectives, and leadership as a process of social influence for which the leader demands the willing participation from its subordinates in an effort to achieve organizational goal.”

For Ngambi (2011), leadership is defined as a ‘practice of realizing employee’s full talent in value-added activities, create common image, be passion and truthfulness through persuading others’ commitment’. Additionally, leadership is different from management in which it involves the process that further takes how the employee feel and think towards certain organizational activities (Boehn *et al.*, 2015). For Yukl (2010), leadership involves the method of influencing others to approve what desires to be done and how it should be done. From these definitions, it can be concluded that leadership is a process, ability of influencing the behaviors of individuals and groups, a way of guiding, structuring and facilitating activities and relationships in organization.

2.1.2 Major Leadership Styles

Studies on leadership style show that there are different styles, but the common ones are transformational, laissez-faire and transactional leadership styles (Bass, 1990; Darling and Leffel, 2010; Ukaidi, 2016).

2.1.2.1 Transformational leadership style

It focuses on the development of relationship between the leader and his/her subordinates through the individual influence, spiritual encouragement and intellectual stimulation (Bass & Avolio, 1990; Yuki, 2010; Kent, Crotts and Aziz, 2001). First, these scholars underscored that the leader provides socio-emotional assistance to his/her fellow followers through the use of individual consideration such as coaching, mentoring and counseling. From this, it can be understood that the leader gives more attention towards the individualized empowerment. Second, the leader is required to appeal to his/her followers' intellect through the provision of awareness creation on problem solving process.

The assumption behind this style is that whenever followers exposed to comprehending the problem and it's solving process, they are motivated and committed to achieving the organizational goals. Third, the leader encourages his/her followers to reach ambitious goals by arousing the individual and team spirit. Added to this, the leader raises high level of motivation through clear communication of high expectations, changing their culture of work, and idealizing the future state (Tucker & Russell, 2004; Bass & Avolio, 1990).

2.1.2.2 Transactional Leadership

It is concerned with the transaction concluded between the leader and followers through the reward and punishment approach (Marjory, 2017). Likewise, the definition given by Avery (2004) shows that transactional leadership is an exchange of valued things between the leader and follower for the sole purpose of achieving organizational outcome and/or getting followers meet job requirement through the utilization of methods such as reinforcing rewards and punishment.

According to Bryant (2003), the characteristics of transactional leader include less responsive to the direct self-interests of workers if their needs can be met while getting the work done; the leader interaction rewards and promises of prizes for worker strength and developing clear, specific and attainable goals to control acceptable rewards.

2.1.2.3 Laissez-Faire Leadership

According to Antonakis et al. (2003) laissez faire leadership avoid making decision, abdicate responsibilities, ignores problems and subordinates need and ineffective form of leadership. Other scholars like Jones and Rudd (2007) described laissez-faire leadership as leadership in an inactive form characterized by unwillingness to be actively involved in units. Among other things, the following are the characteristics of laissez faire leadership: offer absolute freedom for followers to make decision, provide the tools and resource for followers to make decision and provide less guidance.

2.1.3 Employee Engagement

Literatures on employee performance show that the concept employee engagement is defined in a different way. For some scholars, employee engagement is defined as the required condition which involves both attitudinal and behavioral components of employees (Macey and Schneider (2008). According to these scholars, employee engagement need to have organizational purpose and connotes involvement, commitment, passion, enthusiasm, focused effort and energy. Likewise, employee engagement is defined as “a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of the business context and works with colleagues to improve performance within the job for the benefit of the organization” (Robinson et al., 2004).

Similarly, Wellins and Concelman (2004) put forward that “employee engagement is the illusive force that motivates employees to higher levels of performance.” For this scholars, this illusive force or energy is the combination of factors such as “commitment, loyalty, productivity and ownership, feelings and attitudes of employees towards their jobs and their organization. By the same token, Pratima and Bhagirathi (2016) described employee engagement as the degree to which an employee is emotionally bonded to his organization and passionate about the work and the devotion and passion of employees towards their job. Whereas, the study conducted by Kahn (1990) defined employee engagement as “people’s attachment and detachment to their role varies”.

2.1.3.1 The nexus between leadership styles and employee engagement

To show the nexus between and employee engagement of employees and organizational leadership Pratima and Bhagirathi (2016) explained it as the devotion, passion of employees and effective leadership skills with support from the top management to the employees. To show the relation between leadership and employee engagement, Robinson et al (2004) described employee engagement as two-way relationship between the leadership/employer and employee. This means the level of engagement of an employee in an organization depends on factors such as the leadership attention or commitment to increase the employees' engagement. The finding of Chandani, et al. (2016) showed that the leadership dimensions and qualities; the employees thinking that their leadership's commitment is among the key driver to increase employee engagement (Jyotsna, 2008).

Supporting this, Ambler (2007) argues that if employees see their leader as a confident and ethical person, they will strive to be like their leader. Citing the driving factors of employee engagement, finding of studies conducted by Chandani, et. al. (2016); Khan (1990), Robinson (2006), and May et al (2004 identified that communication, opportunities for employees, empowerment of employees, pays and benefits, health and safety of employees and leaders commitment to the organization.

In order to reveal the effect of having an engaged employee on their performance, Robinson et al. (2004) described that an engaged employee is aware of the business context and works with colleagues to improve performance within the job for the benefit of the organization". This implies employees' awareness of the business context and good cooperation with colleagues on work can only be achieved when the organizational leadership builds such a supportive environment.

Robinson (2006) described employee engagement from the perspective of ways to it can be achieved. Among the other things, through the creation of an organizational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organizational performance, lower employee turnover and better health. In other words,

employees' engagement can be varied in response to the organizational environment where one of which can be the provision of effective leadership style for the employee.

2.1.3.2 Benefits and Drivers of employee engagement

2.1.3.2.1 Benefits of employee engagement

Scholars enumerated list of benefits attached with actively engaged employee. For example, Gallup (2013) identified actively engaged employee are concerned about customer, productivity and profitability of the company; minimize wastage of company's time and resource; solve problems of the company on their own initiative; create new customers or innovatively attract new customers for the company.

More often than not, high employee engagement exhibit vigor - which is characterized by high level of energy, active mind while working their daily routine, more willing to perform best level on their job, and perseverance while dealing with a problem (Schaufeli, 2017).

Another benefit of best employee engagement is dedication – employees who are dedicated show high strength for carrying out certain organizational jobs. In addition, dedicated employees are more inspired and enthusiastic in performing their duties (Schaufeli, 2006).

Lastly, the benefit of high employee engagement is absorption – which is characterized by doing the organizational jobs with happiness and complete concentration. They deal with the expectations of the company's work by performing activities with high energy and by creating positive relationship with their actions to achieve better outcomes (Schaufeli, 2017).

In addition to this, enhancing employee engagement enable employee to take ownership of their tasks, make them loyal to the organizational objective, more committed to the success of the organization. In the due process, employees always work towards the success of an organization by constantly improving their own performance to meeting organizational goals (Devi, 2009; Roehling, Roehling & Moen, 2001).

2.1.3.2.2. Drivers of employee engagement

Among the drivers of employees' engagement, Li Sun, (2019) considered the following as the major drivers that positively increase work engagement: physical, cognitive and emotional inputs in the work. Likewise, Robbins (2001) listed drivers of employee engagement such as meaning at work; supportive organizational cultures and decision-making are amongst the three most significant factors contributing to the extent of engagement.

- **Meaning at work:**

Among the elements of meaningful work include the ability to have autonomy and influence the structure and design of one's work (Bolman and Deal, 2003; Wheatley, 2006). Studies confirm that autonomy and personal resources such as self-efficacy and optimism are important drivers of employee engagement (Bolman & Deal, 2003; Scheier & Carver, 1992).

Wheatley (2006) strongly believed that people support what they create and stated that meaningful work is directly connected to those who create, perform and influence their own work. Penna's (2007) research report, meaning at work has the potential to be a valuable way of bringing employers and employees closer together and benefits both the organisation and employees.

More importantly, factors that affect the employees engagement are categorized as individual-related factors such as resilience, self-consciousness, excellence, devotion and satisfaction; organization-related factors such as leadership, resources, availability of sufficient support and availability of fair treatment; job-related factors such as working environment, work load and job upgrading.

- **Organizational Culture**

Another driver of employee engagement is the culture of an organization which either has direct or indirect impact on the level of commitment, loyalty and engagement that employees provide to the employer (Cameron & Quinn, 2006). Though there are four types of organizational culture, this section will highlight each of them in line with employee engagement. According to Cameron & Quinn (2006), there are four types of organizational culture: hierarchy culture,

market culture, clan culture and adhocracy culture. Each of the four organizational cultures has their own features and characteristics that have an impact on the employee engagement.

For example, hierarchal culture oldest and most structured form that is still often found in large organizations where standardization, uniformity and consistent output are highly valued (Cameron & Quinn, 2006). Besides there is a loss of personal autonomy which may result in loss of self-expression and self-determination and may cause conflict with a person's natural need. The implication of this can be the difficulty of enhancing employees' engagement in hierarchical culture.

With regards to market culture, profitability and bottom-line results are primary objectives. Besides, there is also an outward focus towards improved competitiveness, premium returns and customer-driven initiatives (Cameron & Quinn, 2006).

The third type of organizational culture is clan culture which is emphasizes shared-goals, participation, cohesion and teamwork. Through this clan culture, it is possible to provide safe and trusting work environments, positive relationships and opportunities for empowerment of employees (Cameron & Quinn, 2006).

The fourth adhocracy culture emphasizes values such as innovation, entrepreneurship, creativity, risk-taking and is future thinking. Since this culture does not have a system of centralized power, the leaders bend rules towards achieving the organizational goal. It also makes the leader to be flexible that allows authority to move from one person to the next as tasks and teamwork requires (Cameron & Quinn, 2006).

- **Decision Making**

Any decision being made the management needs further consideration of employees in the organization. Whenever the organizations engage in decision making process, it is unquestionable to let employee participate or give opportunity for employees to have a say on the matter related to employees. According to Greco, Laschinger & Wong (2006), employees need to be provided with resources such as access to information, feedback and autonomy in

order to provide them with the opportunity to participate in decision making are considered vital to driving and enhancing employee engagement.

Doing so would make employee more engaged, more responsible for their work, work towards the realization of organizational goals.

2.2. Empirical review on the Link between Leadership styles and Employee engagement

Several international and local studies have been conducted regarding the relationship between leadership styles and employee engagement. For instance, James, Frank & Emily (2002) studied whether or not employee enhancing engagement increase organizational performance and their study found that employee engagement is significantly positively correlated with organizational performance.

Another study conducted by Zeberga (2017) was related whether or not effective leadership would be crucial precondition to strengthen the degree of employee engagement. Their result indicated that the practice of effective leadership was considered as precondition to enhance the level of employment engagement. Similarly, Ahmad, Jamilah, & Jeffrey, 2013) conducted a study whether or not leadership behaviors can contribute to high level of engagement.

With regards to the characteristics of leaders who share responsibilities among the employees and who engage employees in decision making process through meeting Navneet, Rajkumar & Pankaj (2019) demonstrated in their study. Based on their study, the more leaders inspire employees to carry out certain organizational role, the higher employees' engagement, and increased willingness to implement the responsibilities.

Other studies were conducted from the perspective of dimensions leadership styles such as laissez-faire leadership style, transformational leadership style and transactional leadership styles along with employee commitment. For instance, Bučiūnienė & Škudienė (2008) assessed which leadership styles from the three styles have positive relationship with employees' commitment and found positive correlation between transformational leadership styles. Accordingly, they found employee engagement. On the other hand, they found negative correlation between laissez-faire and employee engagement.

In Ethiopian context, several studies were conducted on leadership styles and employee engagement from different perspectives. For instance, Ermiyas Zeberga (2017) investigated the relationship between leadership styles and employees engagement in Ethiopian Airlines. His study found that transactional and transformational leadership styles have positive relationship with employee engagement. Another study was conducted by Nathan (2021) on assess the effect of the three leadership styles on employee performance in the case of the Bank of Abyssinia and found that transformational leadership had a significant positive effect on employee performance and laissez-faire leadership has a significant negative effect employee engagement.

To determine the employee engagement due to leadership behavior, Yeshitila and Beyene (2019) conducted a study and found that there is a significant positive relationship ($\beta=.201$, $p<.001$) between transformational leadership on employee performance. Kidist Deneke (2021) assessed the leadership styles effects upon the employees' motivation at the headquarters of BGI Ethiopia PLC. The finding showed that transformational leadership style and laissez-faire leadership style have statistically significant and moderate relationship. Likewise, a study conducted by Liya (2018) revealed that that managers' use of transformational leadership style contributed to employees' performance at Wugagen bank.

Ashebir Endale (2020) conducted a study on investigate the role of leadership style on employee engagement in Commercial Bank of Ethiopia. The result of Ashebir indicated that transformational and transactional leadership styles have a positive correlation with employee engagement and laissez-faire leadership has a negative correlation with employee engagement.

Another study conducted by Aneer Mohammed (2021) assessed the relationship between leadership styles and the performance of employees in United Insurance Company Share Company. Aneer found that there is statistically significant positive relationship between transformational leadership and transactional leadership style with employee's performance and the dominant leadership style in the organization was transformational leadership style. Similarly, the study of Mohamed (2014) showed that transformational leadership styles contribute to resolving organizational problems and enhancement of employee's performance. The study of Haymanot (2019) who assessed the impact of leadership styles on employee

performance found that democratic leadership style and laissez-faire leadership style positively affect employees' performance in the Carter Center Ethiopia and Orbis International Ethiopia.

Added to this, Tamrat (2019) conducted a study on the impact of leadership styles on employee performance in Sheraton Addis Hotel. The result of this study showed that autocratic and democratic leadership style had a positive significant effect on employees' performance. Whereas, a study conducted by Kidist (2019) on correlation between leadership style and employee engagement level in Ethiopian Commercial Bank. According the finding of her study, the employees exhibited high level of engagement in utilizing transactional leadership style in CBE. Likewise, another study was conducted in CME by Gebrehiwot (2021) on similar issue, i.e., the impact of leadership style on employee performance. According to the finding of this study, transactional leadership style positively correlated with employee performance in CBE. Lastly, the study conducted by Habtamu (2021) on the relationship between leadership style and organizational performance in the context of Commercial bank of Ethiopia. Habtamu's finding revealed that type of leadership style practiced in the bank has a higher relationship with organizational performance.

2.3 Conceptual framework

Based on the review of related literature, the following conceptual framework shows the relationship between independent variables (leadership styles) and dependent variable (employee engagement).

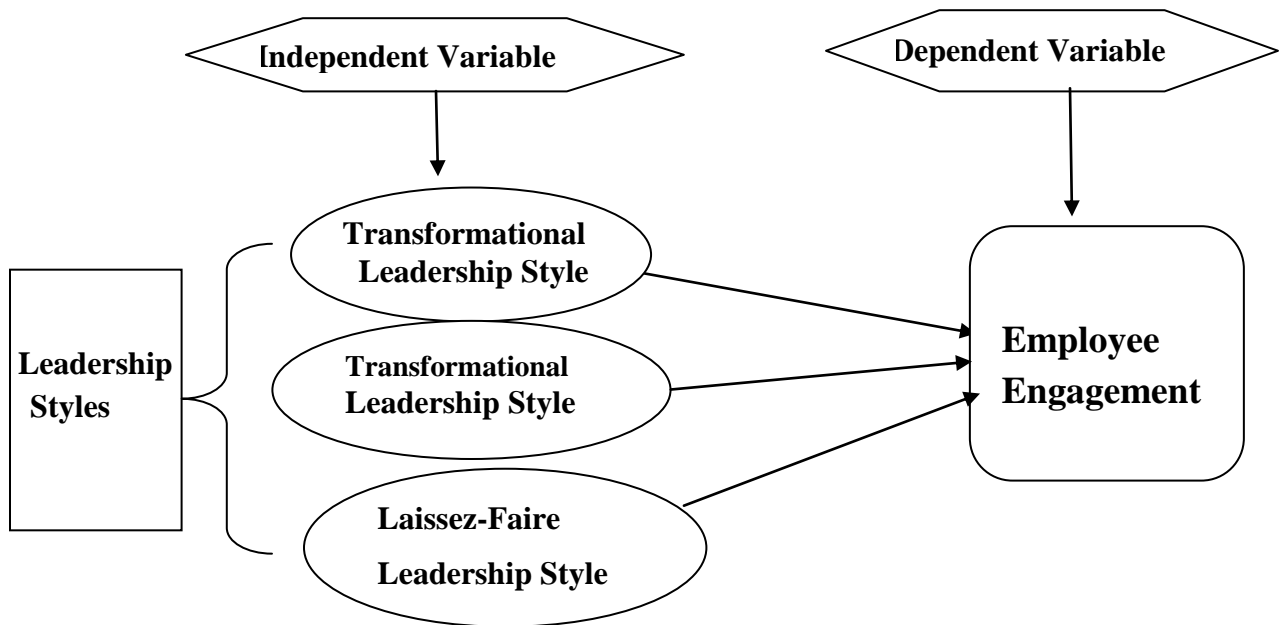


Figure 2.1: Conceptual Framework of the Research. Source: adopted based on Full Range Leadership (Avolio and Bass, 2004).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introductory chapter

This chapter consists of several stages under research methodology such as research design, study area, source of data, sampling method, data collection method, data analysis method, all of which help to achieve the objective of the study.

3.2 Research Design

This research employed explanatory mixed design to assess the effect of leadership style on employees' engagement in the context of ZamZam Bank. The quantitative approach was adopted as it is considered the best fit to answer the proposed research questions on effect of leadership styles on employees' engagement and draw on broader conclusions of findings. Whereas, the qualitative methodology component assumes an interpretive approach to the respondents' experiences, and makes sense of phenomena and understanding (Plano Clark & Creswell, 2018; Patton, 2002). In view of that, this research design was employed for major reasons such as 'triangulation, complementarity, explanation' (Bryman, 2006; Creswell, 2016) of relationship between leadership styles and employees' engagement at ZamZam Bank.

3.3 Study area

This study was conducted in ZamZam bank whereby 14 branches of are found. Among these branches, the researcher considered all of the total branches located in Addis Ababa. The population of this study includes managers, senior branch banking officers, branch banking officer and other employees.

3.4 Source of data

This study considered only primary source of data. The primary source of data was the management team including Branch Managers, Senior Banking Business Officer, Banking Business Officer and Graduate Banking Trainee.

3.5 Sampling method

The population of the study was the management team and permanent staff or employees of ZamZam bank. Given the manageability of the study within given time and budget, the study only considered the management teams and permanent employees of the bank to participate in key informant interview and questionnaire.

To select representative sample from the management teams for key informant interview, purposive sampling was employed. This is mainly because purposive sampling enabled the current researcher to select those who have rich experience and knowledge on factors related to leadership style and employee engagement. Added to this, census sampling technique was used to consider the entire population in all districts of the bank. This technique was considered as the total numbers of all employees are manageable. Therefore, all districts of ZamZam bank were considered for this study.

According to the current data from ZamZam bank branches in Addis Ababa, the overall number of employee including management team and operational staff from 14 branches are 98. Therefore, the entire population of the management team and operational staff were considered for this study.

3.6 Data collection method

Two data collection tools such as questionnaire and key informant interview were used for this study. To collect quantitative data from the respondents, the researcher employed Multifactor Leadership Questionnaire (MLQ) a standard instrument for assessing the effect of leadership style on employees' engagement in the context of ZamZam Bank. According to Avolio and Bass, (2004), MLQ is believed to enable the researcher to identify the kind of leadership style practiced in the bank and it helped to measure the level of employee's engagement.

To gather qualitative data from respondents, a key informant interview (KIIs) was employed. This tool is considered for it allows the participants to express their insights and experiences of leadership styles and employees' engagement in their own words.

3.7 Data analysis method

After pertinent data was collected from respondents, the researcher employed both quantitative and qualitative data analysis. To analyze quantitative data, descriptive statistical analysis and regression analysis was conducted using SPSS version 25. The regression and correlation and regression analysis was applied to measure the effect leadership style on employee engagement respectively. Whereas, the qualitative data was collected via key informant interview was analyzed thematically. In the process of thematic analysis, emphasis was given on patterns that emerged from the collected data along with the research questions. To this end, the researcher adopted inductive approach to reach at a conclusion from the emerging themes.

3.8 Reliability and Validity Test

The researcher conducted the assessment of validity and reliability of the questionnaire to ensure that the data are sound and replicable and the results are accurate. In view of that, the valid and reliable scale for the measurement information and means of items for variables such as idealized influence, inspirational motivation, intellectual stimulation, individual consideration, contingent reward, management by exception and laissez-faire will be conducted. A standardized questionnaire whose validity was tested and adopted from (Duffy, Duffy, and Kilbourne 2001) and was used to collect quantitative data. Accordingly, the result of reliability for all scale variables of this study is above (Cronbach's $\alpha = 0.71$). The result for each subscale in the study has shown adequate internal consistency and is therefore trustworthy to measure the variables.

3.9 Ethical Considerations

The study was conducted by considering ethical responsibility whereby the respondents' willingness to participate in the study was maintained. This was achieved by providing information to the respondent about the purpose of study through verbal consent. Added to this, the researchers ensured the objectivity and confidentiality of respondents' personal information so that they can freely express their ideas.

CHAPTER FOUR: RESULTS AND DISCUSSION

This section covers the results and discussions of data obtained quantitatively from questionnaires and qualitatively based on key informant interviews. Under each chapter, descriptive analysis with correlation and regression analysis analyze the effect of independent variable on dependent variable, thematic analysis for key informant interview responses were made.

4.1. Demographic Characteristics of the Respondents

Frequencies of occurrence of certain variables are determined, from which the percentage and cumulative percentage are calculated. Frequency tables of demographic variables are given below.

Table 1: Gender of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	61	62.24	62.24	100.0
	Female	37	37.76	37.76	100.0
	Total	98	100.0	100.0	

Source: Survey data, 2022

The gender distribution has shown in Table 1.1 Majority of the respondents were male (n = 61) representing 62.24% of the sample, while females were (n = 37), 37.76%.

Table 2: Educational level

Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Bachelor degree	72	73.469	73.469	73
	Master's degree	26	26.531	26.531	27
	Total	98	100.0	100.0	100

Source: Survey data, 2022

With regards to the educational status of the respondents exhibited in Table 1.2, the majority of respondents have been found to be a Bachelor degree ($n = 71$; 72%), followed by a Master's degree ($n = 26$; 26%) and the remaining respondents have been found to be a PhD holder ($n=2$; 2%). This indicates the respondents have good know how about leadership styles in the banking industry and employee's engagement.

Table 3: Employees' length of service/experience in the banking industry

		Frequency	Percent
Valid	less than 2 years	52	51
	2-5 years	28	28
	5-10 years	18	18
	Total	98	100.0

Source: Survey data, 2022

As presented on the above table 1.3, the length of service the employees in ZamZam bank during the study period shows that the majority of respondents indicated that they had worked for five to ten years ($n = 18$; 18%) followed by two to five years ($n = 28$; 28%) and less than two years ($n = 52$; 51%). This indicates the majority of the respondents have well experience and knowledge about employee engagement and leadership styles.

Table 4: Respondents by Job position

Job Positions	Respondents' position (Figure)	Respondents position (%)
Branch Manger	14	14.2%
Senior Banking Business Officer	28	28.57%
Banking Business Officer	43	43.87%
Graduate Banking Trainee	13	13.2%
Total	98	100%

Source: Fields Survey, 2022

From the data obtained from the bank human resource, there six job positions including managers, senior banking business officer, banking business officer and graduate banking trainee. The questionnaire response shows that senior branch banking officer and customer

service claiming 24.6% and 21.5% respectively. Added to this, the number of baking business officer accounts 17.4%; while 17.2% are from the high level management team together with assistant managers and the graduate banking trainee accounts 17.4%.

4.2 Reliability Analysis

Table 5: Reliability Analysis

No.	Variables	Number of items in the scale	Cronbach's Alpha Results
1	Transformational Leadership Style	16	0.814
2	Transactional Leadership Style	16	0.791
3	Laissez-faire Leadership Style	4	0.735
4	Employee Engagement	12	0.835

(Survey conducted, 2022)

Cronbach's alpha was computed to measure internal consistency of items in the instrument and its result is presented in Table 5. The result for each subscale in the study has shown adequate internal consistency with above Cronbach's $\alpha = 0.71$ which indicate the true measure of and is therefore trustworthy to measure the variables. With regards to items under transformational leadership style reliability yielded higher coefficient of 0.814; transactional leadership style with 0.791 and laissez-faire leadership style with 0.735 respectively. As to the employee engagement, it had Cronbach's α of 0.835, indicating higher reliability of the questionnaire instruments are accepted for analysis.

4.3 Descriptive Data Analysis

In this study, descriptive analysis was conducted to assess employees perception about leadership style exhibited in ZamZam bank. To this end, the responses of the respondents toward each statement were analyzed using descriptive analysis. To this end, the Multifactor Leadership Questionnaire (MLQ) Rater which ranges from strongly disagree (1) disagree (2) neutral (3) agree (4) strongly agree (5) was used. The respondents' agreement or disagreement with the statements was indicated through mean scores and standard deviations. Thus, the mean indicated

to what extent the sample group averagely agreed or did not agree with the different statements. In the subsequent table, the result of the study is presented.

4.3.1 Transformational Leadership Style

Table 6: Descriptive Statistics of Transformational Leadership Style

Items	N	Mean	Std. Deviation
Talks about his/her most important values and beliefs.	98	2.91	0.815
Stresses the importance of having a strong sense of purpose.	98	2.84	0.862
Considers the moral and ethical consequences of decisions.	98	3.01	0.763
Emphasizes the importance of having a collective sense of mission.	98	3.08	0.814
Instils pride in me for being associated with him/her.	98	2.94	0.835
Goes beyond self-interest for the good of the group.	98	2.75	0.751
Acts in ways that builds my respect.	98	3.13	0.928
Displays a sense of power and confidence.	98	2.79	1.053
Talks optimistically about the future.	98	2.62	1.347
Talks enthusiastically about what needs to be accomplished.	98	3.23	0.254
Articulates a compelling vision of the future.	98	3.57	0.680
Expresses confidence that goals will be achieved.	98	3.10	0.872
Re-examines critical assumptions to questions when they are appropriate.	98	2.98	1.817
Seeks differing perspectives when solving problems.	98	3.02	0.901
Gets me to look at problems from many different angles.	98	2.91	1.523
Suggests new ways of looking at how to complete assignments.	98	3.40	0.914
Overall average mean	98	3.01	.945

Source: (Own Survey, 2022)

As shown in Table 6, the respondents rated their rated agreement with the overall average mean value of 3.01 with 0.945, standard deviation. More specifically, the first highly rated transformational leadership style dimension is that their leader articulates a compelling vision of the future ($m = 3.57$), that their leader acts in ways that builds respect in the employee ($m = 3.08$), talks enthusiastically about what needs to be accomplished ($m = 3.23$), expresses

confidence that goals will be achieved ($m = 3.10$), suggests new ways of looking at how to complete assignments ($m = 3.10$), seeks differing perspectives when solving problems ($m = 3.02$), and considers the moral and ethical consequences of decisions ($m = 3.010$). In all of these statements, the respondent showed their agreement which implies the transformational leadership styles is exhibited by respondents who participated from ZamZam bank.

4.3.2 Transactional Leadership Style

Table 7: Descriptive Statistics of Transactional Leadership Style

Items	N	Mean	Std. Deviation
Spends time in teaching and coaching employees.	98	2.91	0.924
Treats me as an individual rather than just as a member of a group.	98	2.83	1.022
Considers me as having different abilities & aspirations from others.	98	3.01	0.764
Helps me to develop my strengths.	98	3.13	0.613
Provides me with assistance in exchange for my efforts.	98	2.92	0.921
Discuss in specific about who is responsible for reaching performance targets.	98	3.02	0.841
Makes clear what one can expect to receive when performance goals are achieved.	98	3.31	0.950
Expresses satisfaction when I meet expectations.	98	2.89	1.040
Focuses attention on irregularities, mistakes and deviations from standards.	98	2.94	0.521
Concentrates on dealing with mistakes, complaints & failures.	98	2.95	1.321
Keeps track of all mistakes.	98	2.62	0.124
Directs my attention toward failures to meet standards.	98	2.53	0.628
Fails to interfere until problems become serious.	98	3.04	0.857
Waits for things to go wrong before taking action.	98	2.33	1.291
Shows that he/she is a firm believer in “if it ain’t broke, don’t fix it”.	98	2.61	1.355
Demonstrates problems must become chronic before taking action.	98	2.42	1.524
Overall Average Mean		2.84	0.918

Source: (Own Survey, 2022)

From Table 7, respondents were asked to rate their agreement or disagreement about the transactional leadership style dimension with sixteen statements. Based on their overall

assessment, most of them replied that transactional leadership style was not practiced in ZamZam bank with mean value 2.84. The table shows that the highest means score of 3.31 for the dimension that the leader makes clear what one can expect to receive when performance goals are achieved, and the second highest mean score with 3.13 is related with the statement that the leader helps them to develop their strengths followed by the leader who fails to interfere until problems become serious with 3.04 mean value. On the contrary, the respondents rated the least mean score with regards to the statement that their leader waits for things to go wrong before taking action with mean score of 2.33 and their leader demonstrates that problems must become chronic before taking action with mean score 2.42. From these, it can be inferred that the transactional leadership style is less practiced in the ZamZam bank.

.4.3.4 Laissez Faire leadership Style

Table 8: Descriptive Statistics of Laissez Faire leadership Style

Items	N	Mean	Std. Deviation
Avoids getting involved when important issues arise.	98	2.51	1.247
Is absent when needed.	98	1.76	1.271
Allows the employees' self-evaluate their own job.	98	2.35	1.172
Gives freedom to work on one's own problem in difficult situation.	98	1.57	1.395
Overall average mean	98	2.04	1.271

Table 8 describes the output of respondents' view regarding the laissez-faire leadership style from four dimensions in ZamZam bank. In view of that, the overall assessment of laissez-fair leadership style shows below an average mean of 2.04 mean with 1.271 standard-deviations. From the four dimensions that measures the practice of laissez-fair leadership style, the statement 'my manager allows the employees' self-evaluate their own job' has scored highest mean value of 2.35 followed by the statement 'my manger avoids getting involved when important issues arise' with mean value 2.35. On the contrary, the least mean value was scored for the statement 'my manger gives freedom to work on one's own problem in difficult situation' with mean value of 1.57 and 'my manager is absent when needed' with mean value 1.76. From these result, we can infer the practice of laissez-fair leadership style is almost non-existent at ZamZam bank.

4.3.5 Employee's Engagement Factor (Gallup standard Questions)

The respondents were asked to respond to twelve statements that gauge their own level of engagement while working in ZamZam bank. Accordingly, their response regarding each statement was presented in the following table.

Table 9: Descriptive Statistical Analysis of Employee's engagement

Items	N	Mean	Std. Deviation
I know what is expected of me at work.	98	3.46	1.132
I have the materials and equipment I need to do my work right.	98	2.49	1.354
At work, I have the opportunity to do what I intensely do best every day.	98	3.21	1.044
In the last seven days, I received recognition or praise for doing good work.	98	3.43	1.321
My supervisor, or someone at work, seems to care about me as a person.	98	3.10	1.141
There is someone at work who encourages my development.	98	3.20	1.152
At work, my opinions seem to count.	98	2.86	1.240
The mission/purpose of my company makes me feel my job is important.	98	3.34	1.373
My associates (fellow employees) are committed to doing quality work.	98	3.51	1.061
I have a best friend at work.	98	3.21	1.521
In the last six months, someone at work talked to me about my progress.	98	2.15	0.914
This year, I had opportunities to energetically work, learn and grow.	98	3.40	1.240
Overall average mean	98	3.11	1.207

Source: Questionnaire & SPSS-25 output result

As shown in Table 9, there were twelve items that were designed to measure the level of employee's engagement to their bank. Accordingly, respondents scored highest mean value for four items 3.46, 3.43, 3.51 and 3.40 of 'I know what is expected of me at work and do it meaningfully, in the last seven days, I received recognition or praise for doing good work, my associates (fellow employees) are committed to doing quality work and I had opportunities to energetically work, learn and grow respectively.

On the contrary, the respondents rated lower mean values of 2.49 and 2.15 in the statements that 'in the last six months, someone at work talked to me about my progress' and 'I have the

materials and equipment I need to do my work right' respectively. From these, it can be inferred that the respondents rated above average mean value of 3.1 with standard deviation of 1.207. From the twelve statements that measure the employee engagement in the bank, it can be deduced that the respondent rated moderate. This is indicated by the overall mean score 3.11 and 1.207 standard-deviations.

4.3.6 Descriptive result summary

The descriptive analysis of leadership style indicated with highest mean value mostly practiced at ZamZam Bank was Transformational leadership style followed by transactional and laissez-faire leadership styles respective. Besides, the overall engagement level of ZamZam bank employee was presented below.

Table 10: Summary of descriptive statistics

Variables	N	Mean	Std. Deviation
Transformational leadership	98	3.01	.945
Transactional leadership	98	2.84	.918
Laissez-faire leadership	98	2.04	1.271
Employee's engagement	98	3.11	1.207

Source: SPSS 25 output result

From the summary table 10, it can be understood that the highest mean value and standard was transformational leadership style with the mean value of 3.01 and standard deviation of .945. This implies that the leadership style being practiced typically in ZamZam Bank was transformational leadership followed by transactional leadership style with mean value of 2.84 and laissez-faire leadership style which was practiced poorly in the bank with mean value of 2.04 with standard deviation 1.271. With regards to the overall level of employees' engagement, the mean score showed that 3.11 with 1.207 standard deviation showing above the average mean/moderate level of engagement.

From this, it can be understood that there is good/moderate level relationship among the employees' engagement and leadership style being practiced at ZamZam bank. Regarding the interpretation of employee's engagement levels along with means core, Moidunny, (2009) listed

that the mean score between 1.81 - 2.60 is considered as low; whereas, the mean score ranges from 2.61 - 3.20 is considered as moderate/medium; when the mean score is between 3.21 - 4.20, it was considered as high level of engagement.

4.4 Pearson Correlation Analysis

Pearson correlation analysis which measure to quantify the degree of relationship between independent and dependent variables was conducted. Accordingly, the association/correlation between the three leadership styles and employee engagement was tested using Pearson correlation. The current researcher used Pearson's Product Moment Correlation Coefficient (Pearson's r) which ranges from -1 to 1. According to Senthilnathan (2019), if $r = -1$, it indicates that there is perfect negative linear relationship between variables; whereas, if $r = 0$, it shows there is no relationship between variables and if $r = 1$, it implies perfect positive linear relationship between variables.

Table 11: Correlation Analysis

		Engagement	Transformational	Transactional	Laissez-faire
Engagement	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	98			
Transformational	Pearson Correlation	.431 ^{**}	1		
	Sig. (2-tailed)	.008			
	N	98	98		
Transactional	Pearson Correlation	.235 [*]	.467 ^{**}	1	
	Sig. (2-tailed)	.032	.010		
	N	98	98	98	
Laissez-faire	Pearson Correlation	-.246 [*]	-.250 ^{**}	.273 ^{**}	1
	Sig. (2-tailed)	.015	.019	.008	
	N	98	98	98	98
**.					Correlation is significant at the 0.01 level (2-tailed).
*.					Correlation is significant at the 0.05 level (2-tailed).

As shown in Table 11, the person correlation result shows that there is a positive correlation between transformational leadership style and employee engagement ($r = .4311^{**}$, $p = .008 < 0.01$). From this table, it is fair to say there is moderate positive correlation between transformational leadership and employee engagement in ZamZam bank. Added to this, Table 4.9 indicates that there is a positive correlation between transactional leadership style and

employee engagement ($r = .235^*$, $p = .032 < 0.05$). As indicated in Table 4.9, there is a weak positive correlation between transactional leadership and employee engagement. With regards to laissez-faire leadership style and employee engagement ($r = -.246^*$, $p = .015 < 0.05$). Therefore, the above table shows that there is a weak negative correlation between transactional leadership and employee engagement.

By and large, the result of Table 4.5 shows that both transformational and transactional leadership styles have a positive correlation with significance value ($r = .4311^{**}$, $p = .008 < 0.01$) and ($r = .235^*$, $p = .032 < 0.05$). Accordingly, the leadership styles practiced in ZamZam bank, i.e., transformational and transactional leadership styles has positively affected employee engagement.

4.5 Regression Analysis

To find out the effect of leadership style on employees’ engagement at ZamZam Bank, multiple linear regressions were employed. More specifically, multiple linear regressions were run to predict employee engagement level from independent variables such as transformational, transactional and laissez faire leadership.

4.5.1 Model Summary

Table 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864	.830	.828	.16872

a. Predictors: (Constant), Transformational, Transactional, Laissez-faire leadership style

b. Dependent Variable: Employee Engagement

Source: Own Survey (2022)

The result in Table 12 exhibits that the independent variable (Laissez-faire, Transformational, Transactional leadership styles) explains 83% of the variability found in the dependent variable (employee engagement). In addition, it shows that transformational leadership can determine about 83% of the deviation that can exist on employee engagement is explained by the model (R-square=0.830 and adjusted R-square=0.828).

4.5.5 ANOVA

The ANOVA test was conducted to assess the relationship between the leadership styles practiced at ZamZam bank and employee engagement. The results are displayed in Table 14 below.

Table 13: Analysis of Variance (ANOVA) Table

ANOVA*					
Model	Sum of Squares	df	Mean Squares	F	Sig.
1 Regression	78.284	3	26.09	312.140	.000 ^b
Residual	6.715	83	.081		
Total	85.00	86			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Transformation leadership style, Transactional leadership style, Laissez-faire leadership style

Source: Own survey (2022)

The result of the ANOVA test in Table 14 above indicates that the independent variable significantly predicts the dependent variable because the p-value of 0.000 for model is less than 0.05 significant levels. This means that sample data provides adequate evidence to infer the regression model was well fit. The result the p-value (0.000) is highly significant and the leadership style can predict employee engagement.

Table 14: Coefficient of Variables

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.961	.152		-4.371	.530
	Transformational leadership style	.642	.051	.635	12.181	.000
	Transactional leadership style	.450	.064	.454	10.520	.000
	Laissez-faire leadership style	-.028	.052	-.018	-.360	.515

a. Dependent Variable: Employee engagement

Source: Own Survey (2022)

Standardized regression coefficient (beta) coefficient indicates that the strength effect of each individual independent variables (Transformational leadership style, Transactional leadership style and Laissez-faire leadership style) to the dependent variable (employee engagement). Table 15 shows the transformational leadership style and transactional leadership style have positive and significant effect on the employee engagement ($\beta = 0.635$, $p=0.000$ and $\beta = 0.454$, $p=0.000$) respectively. This implies that if there is an increase in transformational and transactional leadership styles, there will also be an increase in the employee engagement level. The regression coefficient of 0.625 for transformation leadership style shows a percent change in the leadership style will lead to 62.5% change in employee engagement. Whereas, the Laissez-faire leadership style has no significant effect on employee engagement of ZamZam bank due to the p-value is above 0.05, i.e., 0.515 ($\beta = -0.018$, $p=0.515$).

4.6 Qualitative Analysis of Responses from Key Informants Interview

Under this section, key informant interview was conducted to identify the effect of leadership style on employee's engagement at ZamZam Bank. To this end, KIIs were conducted with Management team comprises of branch manager, assistant customers service manager, senior branch and banking business officer and banking business officer. Issues related with leadership styles mostly practiced at ZamZam bank, relationship between leadership style and employees' engagement and its effect on employees' engagement. Based on the results of the respondents' response was presented below.

When asked to explain the need for supervising employees to do their work, respondents explained that employee should be supervised timely and effectively using appropriate mechanism for the betterment of the company. To cite the response of a branch manager,

“It is the duty of the leaders to supervise whether or not the employees' are doing according to the prescribed job description for various reasons. For example, the leader should check if the employees are performing towards realizing the mission of the company”.

On the other hand, the response of another senior business officer underlined the reason for making employees' part of the decision process by the respective managers by saying; the employee's feel engaged more when their view is considered in any issues related with the bank. According to him,

“Most of the time, I include the employees on matters that demand their opinion and when including their view in the decision make huge difference. Added to this, making employee part of the decision would motivate them [employee] to get more engaged in their day to day activities”.

With regards to the giving employees' reward for their good performance and punishment for their mistakes, respondents indicated their agreement with existence of such approach. Based on the interview conducted with branch banking business officer, the employee should be rewarded when they perform well in their work. Regarding this, the officer put:

“Providing employee with rewards in terms of salary raise or promotion is one way of recognizing their effort in carrying out their duties. On the contrary, when they made serious mistakes, there are internal regulations in which such behaviors are handled”

When respondents were asked if providing guidance without pressure for employee is the characteristics of good leader, they replied positively, but only new employee should be provided with necessary guidance. They also added that whenever employees encounter problems in the course of doing their duties, the good leader should closely assist them to overcome the problem. As one of the branch manager states,

“One of the good qualities of the leader is to provide employees with necessary support so that they would become experienced in the due process. For example, new employees need to be provided with support or guidance of sharing experiences of their leader. In addition, the leader should always offer orders and clarify procedures to effectively and

efficiently perform the companies work. So a good leader should not let the employee solve the problems they may encounter on their own in complex situations”.

On the contrary to the above, respondents were asked if the leadership in ZamZam let the employees do their work and the leader should always stay out of the way and one of the senior banking business officer replied with the risk of doing that. As he puts,

“There is a lot of risk in letting employees do every task on their own. Among other things, the employee may cause serious damages to the bank if the leader most of the time follow such practice. So, the leader should be cautious about closely following the employees in doing their job. Even though the leader should help employee to accept responsibilities for completing a given duties, the nature of works in banking industry does not allow giving employees absolute freedom”.

When asked about major factors that may affect employee’s engagement at ZamZam bank, the respondents listed factors. Together with this, respondents stated the effect of these factors on their engagement. According to the response of one of branch manager in ZamZam bank,

“There are several reasons that make employees less engaged in the carrying out their duties. For example, working expectation, lack of giving recognition and encouragement, poor working condition, low benefit packages, unhealthy relationship between leadership, lack of motivation and opportunities, and lack of resources and equipment are some of the factors that affect employee engagement. Due to this, there are times when I lose passion for doing job in this bank and think leaving for better job. May be it is because of the bank started operating recently and needs time to avoid some of these problems”.

As it is seen in the above statement, the level of employee engagement in ZamZam bank affected employee’s engagement. Most of the respondents if not all, agreed with the average rate regarding the existence of aforementioned factors. Among other things, respondents stated loss of passion for their work and search for better job or high paying job are the effects of leadership

style being followed in the bank. In addition, the respondents attributed the problem with the newness of the bank to the Ethiopian banking industry.

4.7 Discussion/Implications of the findings

Developing employment engagement in an organization is not an easy task as it demands longer time and availability of favorable work environment for employees. Literature on this regard also shows that engagement is a complex task that needs appropriate mechanism to gauge employees' level of engagement and conducting an intervention to rectify low level of employees' engagement. In line with this, the role of leadership in playing indispensable role cannot be overemphasized. For example, the leader should be supportive and provide any necessary resources to make sure that the employee goes beyond the short term goals of the organization (Corace, 2007; Luthan & Peterson, 2001; Zahid & Ozyapar, 2017).

The result of this study, correlation analysis and multiple regression analysis shows that transformational leadership style and transactional leadership are significantly related with employee engagement respectively. The findings of this study is in conformity with the finding of Raja (2012) and Padmanathan (2010) who examined the association between transformational and transactional leadership styles on employee engagement. The result of their study confirmed that transformational leadership and transactional leadership had a positive impact on employee engagement.

The implication of this can be because of the fact that employees were helped by transformational leaders who inspire their subordinates, who reflect moral and ethical cost on the effect of outcome, who encourage employees and make feel good to be around them. This idea is supported by Scholras such as Luthan & Peterson (2001); Walumbwa et al., (2004) argue that transformational leadership foster engagement in their employees more effectively. In addition, the finding of Barling, Weber, & Kelloway (1996) shows those leaders who apply these skills are perceived more positively by their employees.

The result of this study also showed that there is statistically positive correlation between transactional leadership and employee engagement. With regard scholars argue that whenever

employees are offered compensation such as increased salaries, incentives and promotions, they are likely to feel committed, energized to achieving organizational goals in exchange for rewards (Metzler, 2006). The finding of this study is supported by Obiwuru, Okwu, Akpa and Nwankwere (2011) who argue that transactional leadership has a significant positive effect on employees and their productivity levels which can be empirically linked to employee engagement.

On the other hand, leaders who are laissez-faire were found to be less favorable in this result. This is indicated in the result of correlation analysis that showed that there is weak negative correlation between laissez-faire leadership style and employee engagement with $r = -.246^*$, $p = .015 < 0.05$). The implications of this result is that respondents are not comfortable with leaders who avoids getting involved when important issues arise, leader who is absent when needed and leader who gives freedom to work on one's own problem in difficult situation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. SUMMARY

The primary objective of this study was to assess the impact of leadership styles on employee engagement of employees at ZamZam bank. The specific objectives of the study include assessing the leadership styles mostly practiced by leaders, measuring the employee's' engagement level, evaluating the prevailing relationship between leadership style and employees' engagement and finding out the effect of leadership style on employees' engagement at ZamZam Bank.

Based on the findings obtained, the following are summary of this study:

- First, the outcome from the descriptive statistics analysis showed that Transformational Leadership Style with the mean value of 3.40 and standard deviations of 0.57 was the prevailing type of leadership from the three types of leadership styles being studied. Added to this, transactional leadership style with mean value of 2.84 and 0.945 standard deviation followed by laissez-fair leadership style with 2.04 mean values and 1.271 standard deviations respectively.
- The result of the Pearson correlation analysis to measure the relationship between the independent and dependent variables shows that there is moderate positive correlation between transformational leadership and employee engagement in ZamZam bank. The positive correlation between transformational leadership style and employee engagement was indicated with $r = .4311^{**}$, $p = .008 < 0.01$). With regards to correlation between transactional leadership style and employee engagement, the result showed that there is a weak positive correlation between with $r = .235^{*}$, $p = .032 < 0.05$. Likewise, the result of correlation analysis showed that there is weak negative correlation between laissez-faire leadership style and employee engagement with $r = -.246^{*}$, $p = .015 < 0.05$).
- The result of regression analysis shows that multiple regression analysis shows that transformational leadership style and transactional leadership are significantly related with employee engagement respectively. The two leadership style have been shown to

have a positive and significant effect on the employee engagement ($\beta = 0.635$, $p=0.000$ and $\beta = 0.454$, $p=0.000$) respectively. Whereas, the Laissez-faire leadership style has no significant effect on employee engagement of ZamZam bank due to the p-value is above 0.05, i.e., 0.515 ($\beta= -.018$, $p=0.515$).

- The result of qualitative analysis revealed that the employee should be supervised timely and effectively using appropriate mechanism for the betterment of the company. Added to this, the respondents revealed that employees' should be part of the decision process by the respective managers. However, they showed reservation that employee should be part of decision only on matters that demand employees' opinion and when including their view in the decision make huge difference.
- With regards to the need for rewarding or punishing employee for the good work and mistakes respectively, the respondents agreed to the notion that employee should be rewarded when they perform well in their work and be punished when they commit mistakes. On top of this, the respondents believed that new employees should be provided with support or guidance through mentor and mentee relation to share experiences. In addition, the respondents underscored the view that leader should always offer orders and clarify procedures to effectively and efficiently perform the companies work rather than allowing employee to accept responsibilities for completing a given duties on their own.
- Lastly, the respondents listed factors that may affect employees engagement including working expectation, lack of giving recognition and encouragement, poor working condition, low benefit packages, unhealthy relationship between leadership and as a result, they indicated loss of passion for doing job in ZamZam bank and think of leaving for better job.

5.2. CONCLUSION

From the above summary of major findings, the researcher concluded that the most commonly employed leadership style was transformational leadership followed by transactional leadership and laissez-faire leadership style respectively. According to the data obtained, the mean scores for the three leadership styles were 3.40 for transformational leadership, 2.84 for transactional leadership and 2.04 for laissez-faire leadership style respectively.

To this end, both transformational and transactional leadership styles have a positive correlation with significance value ($r = .4311^{**}$, $p = .008 < 0.01$) and ($r = .235^{*}$, $p = .032 < 0.05$). Lastly, the laissez-faire leadership style has very weak influence on employee engagement.

It has been indicated in the regression analysis that transformational leadership seem to have a positive significant effect on employees engagement and followed by this is the transactional leadership which also had a positive impact on employee engagement. The two leadership style have been shown to have a positive and significant effect on the employee engagement ($\beta = 0.635$, $p=0.000$ and $\beta = 0.454$, $p=0.000$) respectively. On the contrary, the laissez-faire leadership style had no significant effect on employee engagement of ZamZam bank due to the p-value is above 0.05, i.e., 0.515 ($\beta = -.018$, $p=0.515$). From this it can be understood that if there is an increase in transformational and transactional leadership styles, there will also be an increase in the employee engagement level in the bank. To this end, the regression coefficient of 0.625 for transformation leadership style shows a percent change in the leadership style will lead to 62.5% change in employee engagement.

With regard to the result of qualitative analysis, the findings show that employees' have not been considered to take part in the decision making process; employee were not supervised timely and with effective and appropriate mechanism; there are no mechanism through which new employees would be guided to share experiences; employees were not offered orders and clarification of work procedures. In addition, there are factors that affected employees' engagement in ZamZam bank. These factors include working condition expectation, lack of giving proper recognition for best performance, poor working condition, low benefit packages, unhealthy relationship between leadership and employee. As a result of these factors, employee indicated they lose passion for doing their job properly and in most cases they think of leaving

ZamZam bank for better job. Therefore, the bank should assess techniques through which its leadership style can help overcome the aforementioned factors that affect employees' engagement so that the organizational goals can be achieved.

5.3 RECOMMENDATION

Based on the analysis and discussion made from the primary data, the following recommendations are made. ZamZam bank should make its employees more engaged to realize the bank's mission effectively and efficiently. This can be done by working on the following areas.

- First, to enhance the employee's low level of engagement, the bank need to improve contributing factors such as improving working conditions, making materials and instruments available, considering employee's opinion in decision making process, recognizing employees best performance so as to inculcate sense of belongingness in the mind of employees'. This cannot be realized without the contribution of leadership style being followed in the bank. Therefore, leaders should adopt the transformational leadership style so as to enhance employees' engagement and achieve organizational goals. To this end, ZamZam bank leadership program should work on ways to facilitate the capacity building programs for branch manager on transformational leadership style and functions of management through training, seminars, workshops and panel discussion.

Doing this would enable to bear the fruits of implementing transformational leadership and its positive effect on employee engagement should be organized targeting supervisors. This in return would make the bank realize its organizational goal as such leadership style make employee more engaged in the process of carrying out their duty. Therefore, it is recommended that transformational leadership training for these managers should be facilitated to motivate, stimulate and engage their employees.

- Second, leaders of ZamZam bank at all levels should be cognizant of the individual differences among their employees and treating them accordingly. Doing this would enable the leaders to maintain employees' commitment in the bank, and through transformational leadership styles, it would be possible to minimize employees' feeling of insecurity. This can be done by providing necessary answers to the questions of employees such as promotion, raise in salary and training opportunities. Bearing in mind

that long-term employee engagement can only come from within, supervisors' role should be to create a favorable work environment that inspires employees. Again, it is suggested that the leadership should always be provided with feedback regarding on his/her behaviors so that they would improve and/or foster their behavior according to the need of its employees.

- Third, to increase the productivity of the bank, there should be several engagement programs that enable employees' to work with better passion, happiness and commitment. To this end, the top management of ZamZam bank should make use of rewarding employees who perform well through various reward schemes such as financial reward, award of recognition for best performer, award of appreciation, and promotion to high job position. Equally important is the need for punishing employee who records low level of engagement as alternative leadership mechanism.
- All in all, the top management of the bank should make regular review on the employee engagement to figure out factors which may contribute to low employee engagement. This notion should begin from the view that employees as the most important asset of the organization as the success of the organization depends on the high employee engagement. Doing so would enable the management to put emphasis an areas that need to be improved and motivate employees towards the direction of achieving the organizational goals.

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APPENDIX 1

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE GRADUATE STUDIES

QUESTIONNAIRE PREPARED FOR EMPLOYEES OF ZAMAZAM BANK

Dear respondent, I am Abdulkerim Dino, a Masters student of Business Leadership Program at Addis Ababa University doing a research on “*The Effects of Leadership Style on Employees Engagement: The case of ZamZam Bank*”. To this end, this questionnaire is intended to assess your managers perceived leadership styles and your engagement/job performance as an employee. Your genuine responses which you give me in this questionnaire are very crucial for the success of my study. So, you are requested to read each item carefully and offer your genuine and appropriate response. I assure you from the beginning that your responses will be kept confidential, and it will be used only for the purpose of the study. Note that you do not need to write your name on the questionnaire.

Thank you in advance for your cooperation!

General Direction:

This questionnaire contains three parts: Part I intended to gather demographic information; Part II intended to rate your manager’s frequently demonstrated behavior in his/her leadership practice & in Part III, you are asked to rate your agreement with each statement about your engagement.

Part I: Demographics of respondents (Please tick ‘√’ the most suitable response)

1. **Gender:** Sex: Male Female
2. **Age:** below 25 26-30 years 31-40 41 -50 51 & above
3. Your experience in Banking industry: below 2 years 2-5
4. What is your highest educational level attainment?
BA/BSC degree Master’s Degree PhD
5. What is the title of your job/ position?
BBO SBBO Manager GBT

Part II: Leadership Styles at ZamZam Bank

Read the following statements that describes your manager’s or immediate supervisor’s leadership styles (transactional, transformational and laissez-faire) and put tick mark by each statement that best represents the extent to which your manager shows the given behavior.

Multifactor Leadership Questionnaire (MLQ) Rater Form 5X-Short

Strongly disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly agree (5)

No.	A. Transformational Leadership Styles	Scale				
		1	2	3	4	5
	Idealized Influence (behavior)					
1	My manager talks about his/her most important values and beliefs.					
2	My manager stresses the importance of having a strong sense of purpose.					
3	My manager considers the moral and ethical consequences of decisions.					
4	My manager emphasizes the importance of having a collective sense of mission.					
	Idealized Influence (Attribute)	1	2	3	4	5
1	My manager instills pride in me for being associated with him/her.					
2	My manager goes beyond self-interest for the good of the group.					
3	My manager acts in ways that builds my respect.					
4	My manager displays a sense of power and confidence.					
	Inspirational Motivation	1	2	3	4	5
1	My manager talks optimistically about the future.					
2	My manager talks enthusiastically about what needs to be accomplished.					
3	My manager articulates a compelling vision of the future.					
4	My manager expresses confidence that goals will be achieved.					
	Intellectual Stimulation	1	2	3	4	5
1	My manager re-examines critical assumptions to questions when they are appropriate.					
2	My manager seeks differing perspectives when solving problems.					
3	My manager gets me to look at problems from many different angles.					

4	My manager suggests new ways of looking at how to complete assignments.					
B. Transactional leadership style						
Individual Consideration		1	2	3	4	5
1	My manager spends time teaching and coaching.					
2	My manager treats me as an individual rather than just as a member of a group.					
3	My manager considers me as having different needs, abilities & aspirations from others.					
4	My manager helps me to develop my strengths.					
Contingent Reward		1	2	3	4	5
1	My manager provides me with assistance in exchange for my efforts.					
2	My manager is specific about who is responsible for reaching performance targets.					
3	My manager makes clear what one can expect to receive when performance goals are achieved.					
4	My manager expresses satisfaction when I meet expectations.					
Management by Exception (Active)		1	2	3	4	5
1	My manager focuses attention on mistakes and deviations from standards.					
2	My manager concentrates his full attention on dealing with mistakes, complaints & failures.					
3	My manager keeps track of all mistakes.					
4	My manager directs my attention toward failures to meet standards.					
Management by Exception (Passive)		1	2	3	4	5
1	My manager fails to interfere until problems become serious.					
2	My manager waits for things to go wrong before taking action.					
3	My manager shows that he/she is a firm believer in "If it ain't broke, don't fix it."					
4	My manager demonstrates that problems must become chronic before taking action.					
C. Laissez-faire leadership style behavior		1	2	3	4	5

1	My manager avoids getting involved when important issues arise.					
2	My manager is absent when needed.					
3	My manager allows the employees' self-evaluate their own job.					
4	My manager gives freedom to work on one's own problem in difficult situation.					

Part III. Employees Engagement Factors (Gallup Standard Questions)

Read the following statements that describe your level of engagement while working in ZamZam bank.

Strongly disagree (1) Disagree (2) Neutral (3) Agree (4) Strongly agree (5)

No.	Questions	5	4	3	2	1
1.	I know what is expected of me at work.					
2.	I have the materials and equipment I need to do my work right.					
3.	At work, I have the opportunity to do what I do best every day.					
4.	In the last seven days, I received recognition or praise for doing good work.					
5.	My supervisor, or someone at work, seems to care about me as a person.					
6.	There is someone at work who encourages my development.					
7.	At work, my opinions seem to count.					
8.	The mission/purpose of my company makes me feel my job is important.					
9.	My associates (fellow employees) are committed to doing quality work.					
10	I have a best friend at work.					
11	In the last six months, someone at work talked to me about my progress.					
12	In the last year, I had opportunities at work to learn and grow.					

APPENDIX-II

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

GRADUATE STUDIES

INTERVIEW PROTOCOL FOR BANK MANAGERS

Interview Protocol Project: *“The Effects of Leadership Style on Employees Engagement: The case of ZamZam Bank”.*

Basic Information about the Interview

Date: _____

Place: _____

Interviewer: _____

Interviewee: _____

Position of interview: _____

Recording/storing information about interview: _____

Introduction

- I am Abdulkerim Dino, a Masters student of Business Leadership Program at Addis Ababa University doing a research entitled *“The Effects of Leadership Style on Employees Engagement: The case of ZamZam Bank”*. So, your contribution in this matter is highly appreciated by the researcher and it is to be used for the purpose of this research only.

- The purpose of this study is to assess the effect of leadership style on employees’ engagement at all branches of ZamZam bank.

- Get informed consent signature: _____

- *This interview will be recorded, and only 10 questions will be covered in this interview and it will take 15-20 minute of your time.*

- Do you have any question before we start this interview?

- Define any terms necessary if any:

Opening Questions

1. Tell me who you are. What is your role/position in ZamZam bank? And how do you

spend most of your day?

Content Question

2. How do you explain the need for carefully supervising employees to do their work?

Probes: Could you explain your response more?

3. What are the reasons for making employees part of the decision-making process by the leaders?

Probes: Please explain more

4. Do you think managers should let the employees solve the problems on their own in complex situations or only the managers should solve it?

Probes: Tell me more

5. Do you agree with the idea that providing continuous guidance for employee without pressure as the characteristic of being a good leader?

Probes: Please explain

6. Do you think the leader should stay out of the way of employees to do their work independently and freely?

Probes: Could you explain more about the reason?

7. Do you think the employees must be punished for their wrong and rewarded to motivate them engage in organizational activities?

Probes: Please explain more on why leaders should follow punishment and reward approach in managing the employees?

8. What are the reasons behind 'leaders should help employees to accept responsibility for completing their work'?

Probes: Could you explain?

9. Do you think it is the managers' job to help employees find their passion in their career or the employees should find their passion on their own?

Probes: Please explain this matter more.

10. Do you agree with the idea that effective leaders are characterized as those who give orders and clarify procedures for employees?

Probes: would you explain your reason?

11. From your experience in this bank, do you think employees' commitment is more likely to be

achieved when the appropriate leadership style is adopted? Which leadership style is appropriate: transformational, laissez-fair or transactional?)

Closing instructions

- Thank you for your time and response to the question.
- This information will be kept confidential.
- How do you like to receive the result of this study?