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Examining relationship between leadership and organizational culture in Ethiopian Banking Industry: The Case of Dashen Bank

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This is to certify that the thesis, “Examining the Relationship between Leadership and organizational Culture in Ethiopian Banking Industry- The Case of Dashen Bank” was carried out by Hanna Defabachew under the supervision of Dr. Adane A. submitted in partial fulfillment of the requirements for the award of Master of Business Leadership which complies with the regulations of the University.

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Declaration

I, Hanna Defabachew, seriously declare that this paper, examining the relationship between leadership and organizational culture in Ethiopia Banking Industry, is my own work. It has never, on any previous occasion, been presented in any institution for the awarding of any degree. I further declare that all the sources I have used or quoted have been indicated and acknowledged by means of complete references.

Signature.....

Date

Acknowledgement

I would like to thank:

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I deeply appreciate it

Hanna Defabachew

Abstract

1. Back Ground

The top manager/leader like CEO of the organization can affect the organizational culture, and at the same time organizational culture can affect the leader. Tactical thinking of the leader is a result of organizational culture and/or will affect organizational culture. This qualitative study is a case study that examines the relationship between leadership/leaders and organizational culture and what the leadership style and culture type indicate about the relationship between leadership and organizational culture. The organizational context of banking industry in Ethiopia is used to better understand the relationship between leadership and organizational culture. Leadership and organizational culture play a major part for any organizations so they have a long-term life span and growth in the industry. Depending on the stage of organizational life managers usually adjust their leadership style/behavior to achieve the goals of their organization and this could influence the current organizational culture of the organization. It is therefore important to understand the how these two powerful elements of organization affect each other...

2. Methods

A case study was undertaken that focused on banking industry in Ethiopia- Dashen Bank. Data was collected using a close ended structured questionnaire; 200 questionnaires were distributed and 150 questionnaires were returned. The researcher used SPSS 13 to analyze the figures that is derived from the questionnaires. Two main tools within the bank were used to provide feedback on the relationship between organizational leadership and organizational culture- 360 feedback survey of company leaders and employee satisfaction survey.

3. Results

The result of this research paper indicated that there is a great relationship between these two operational factors: organizational culture and leadership, while factors' coordination i.e identical cultural type and leadership style imposes this relationship.

4. Conclusion

The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating and promoting the organizational code of conduct/ethics/values to employees, their acknowledgement and acceptance of it can influence their work behavior and attitudes and thus influencing the growth and sustainability of the organization. And the interaction between the leadership and culture to employees will make a greater contribution to team communication and collaboration, and will also be encouraged to accomplish the mission and objectives assigned by the organization.

Keywords: Leadership, Leadership Style, Culture, Culture Type, Transformational leadership style, Organizational Performance, Ethiopia, Dashen Bank

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Chapter One

Introduction

1.1 Introduction

1.1.1 Background of Leadership and Organization Culture

The nowadays business environment is highly characterized by globalization and intense competition thus making the economic environment unstable and unpredictable (Parry 2003); which demands organizations to be changeable, flexible, adaptive and innovative rather than stagnant and traditional. This changing situation made the business world to take radical measures meaning interests of scholars and academicians in research and theory that focuses on the role of leadership across cultural contexts have raised (Avolio, Walumbwa, & Weber, 2009). Much of this interest in the two areas is raised based implied claims that both leadership and culture are linked to organizational performance. However, while the linkages between leadership and culture and work-related outcomes have been examined independently, few studies have investigated the association between the three concepts. This study examines the nature of this relationship and presents empirical evidence which might suggest that the relationship between leadership style and organizational culture that is presents affects the performance of the organization by affecting directly job satisfaction, commitment, and intentions to quit. Despite the overabundance of studies on organizational culture in the last few decades, there is no widely accepted fundamental relationship between organizational culture, leadership and performance (Bycio, Hackett and Allen (2019). The empirical evidence emerging from various studies on the relationship of organizational culture on leadership and vice versa have so far yielded mixed results that are indecisive and contradictory. Because of these contradictory results, the question of whether organizational

culture directly affects leadership style and vice versa is still worthy of further research, such as being undertaken in this study.

The research defined first what leadership is and what it is about, what organization culture is and finally the relationship between the two. It is a case study that focused on Dashen Bank. To the end, the paper investigated the nature and extent of relationship between leadership (styles) and culture (type) in Ethiopian Banking context.

1.1.2. Operational Definitions of Terms

Leadership: is the ability of an individual or a group of individuals to influence and guide followers or other members of an organization (Mary K. Pratt, 2021).

Leadership Style - refers to a pattern of behavior and actions that leaders use to achieve the desired outcomes.

Transformational Leadership Style – refers to the behavior of leader that is associated with the process of influencing fellow subordinates through creating change in current conditions and organizational performance as a whole (Jandaghi, et al, 2020)

Transactional Leadership Style - refers to the behavior of leaders that is associated with the process of exchanging one thing for another (Afsar, B., Badir, Y.F., Saeed, B. B., & Hafeez, S., 2017)

Leadership Characteristics: Leadership characteristics are patterns of traits by leaders that reflect a range of individual differences and contribute to diversity in leader effectiveness across a variety of organizational situations and reflect the leaders' cognitive and social functions, personality, motives, self-belief, knowledge and skills (Cameron & Quinn, 2016)

Organizational Culture - as a set of values and commonly held beliefs that determine which behaviors are acceptable and expected for a given group, countries, religious and ethnic groups (Dolan and Lingham, 2012)

Culture Type - according to Robert E. Quinn and Kim S. Cameron of the University of Michigan there are four types of culture in a business environment.

Clan Culture - is people-focused in the sense that the company feels like one big happy family. This is a highly collaborative work environment where every individual is valued and communication is a top priority.

Adhocracy Culture - are rooted in innovation. These are the companies that are on the cutting-edge of their industry — they're looking to develop the next big thing before anyone else has even started asking the right questions.

Market Culture -prioritizes profitability. These are results-oriented organizations that focus on external success rather than internal satisfaction.

Hierarchy Culture -adhere to the traditional corporate structure. These are companies focused on internal organization by way of a clear chain of command.

1.1.3 Background of Dashen Bank

Dashen Bank was founded by eleven shareholders with initial capital of Birr 14.9 million in September 1995. Upon securing license from the National Bank of Ethiopia, Dashen opened its doors on January 1st of 1996 with eleven branches.

Dashen Bank was given its name from the highest peak in Ethiopia - mount Dashen, to aspire new heights in banking services through the delivery of unique value propositions second to none.

Headquartered in Addis Ababa, the bank is among the biggest private Banks in Ethiopia. It operates through a network of more than 500+ Branches, ten dedicated Forex Bureaus, 350+ ATMs and 850 plus Point-of-Sale (POS) terminals spread across the nation. It has established correspondent banking relationship with 462 banks covering 70 countries and 170 cities across the world.

Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence unmatched by its competitors. Apart from the conventional banking, Dashen Bank also offers Sharia Compliant Interest Free Banking dubbed “SHARIK”. The Bank also works in partnership with leading brands in the electronic payments industry (AMEX, VISA, MasterCard & Union Pay) and prominent money transfer operators (Western Union, MoneyGram, Express Money & Dahabshiil, Ezremit, Transfast, World Remit and Ria).

Dashen Bank and its technology partner Moneta Technologies introduced “Amole” Digital Omni channel payment platform that offers subscribers digital payment capacity and access to aggregated digital product and service from Retailers, Entertainment Industries, Airtime Dealers, Bill Payment Points, Airlines, Social Media Players and Third-Party Service providers.

(Source: Dashen Bank Yearly Published Bulletin 2019/2020)

1.2 Statement of the Problem

Compared to most countries of Africa, the financial sector in Ethiopia is lagging behind (World Bank Blogs, 2021). The poor infrastructure facilities like technology and capital and poor management knowledge and expertise have been the main reason among others that makes Ethiopian banking industry to remain closed off for foreign investments and still the banks continue to operate in unique business environment even as compared to its some neighboring East African countries Kenya, Tanzania, and Uganda. However (World Bank Blogs, 2021) points out that the slack in management system within individual banks is the cause for all problems in the banking sector. Banks in Ethiopia stick to traditional ways of doing things- is overlooked. Engaging on daily routine work is the common duties of both managers and employees-managers spend their days on routine activities like attendance and dress code monitoring, writing related rules and regulations that urges the following of

punishment for any deviation happened against the outlined rule. And this type of behavior is consuming much of their time and making them to be less effective on current business environment which is characterized by fast changing environment. And as a result, many departments/branches are beginning to face different problems because of lack of leadership of the management. For instance, 1) Wide gap is observed in understanding of the vision and the mission of the bank among employees, there are only few managers that clearly communicate what the vision is and confident in attainment of it (DB General Monthly Managers Meetings 2021), 2) Employees are complaining as their needs is not well considered and less room is given for their say. They are not participating in the decision process that all policies and big decisions revealed to them after it is made at the top. There is visible bridge between managers and employees that no free discussion is possible and most employees are not comfortable to share what they think (DB Employees Association 2020). These show the seriousness of leadership malfunctioning in Ethiopian banking industry. Even more, because of the lack of managers in leadership they fail short in establishing in the minds of their employees the already well crafted beliefs, values, attitudes, norms and expectations and this poor cultural integration among employees affect employees productivity and thus organizational performance (Idris et al., 2015).

Unfortunately, as can be observed from above these two elements are ignored by most Ethiopian banks Managers (World Bank Blogs, 2021) which play vital roles for the today's business industry (Boris Groyberg, Jeremiah Lee, Jesse Price and J. Yo-Jud Cheng, 2018). Likewise, leadership and organizational culture been overlooked by most Ethiopian academic researchers that examine the relationship between leadership and organizational culture. This study addressed the absence of such kind of research on relationship between leadership and organizational culture by answering two research questions. These questions are planned to examine the relationship between leadership and organizational culture within Dashen Bank.

The research paper conducted an in-depth literature review to find relevant findings for better understanding of the two elements. The paper applied these findings from the literature review to form dependent variables associated with leadership and a list of independent variables associated with organizational culture. Most studies done in Ethiopia were conducted on what effects leadership styles have on Ethiopian Banking Industry Performance and even so, there is a lack of research papers done that explore the relationship between leadership styles and organizational performance in banking industry. And unluckily, no study has been done to know if there is any relationship between leadership and organizational culture. So, this paper helped to open a way for the future to conduct and investigate further and in detail the relationship between two variables.

Considering the company under study, it has undergone in 2014 a major transformational change in its organizations; departments that play a key role in leadership and culture like change management, institution integrity and leadership, learning and innovations have emerged, more young managers with characters of leadership are coming to power and organizational culture is tried to be maintained. Plus, the organizations age, size and diversity have all these made the company favorable by the researcher to be studied to understand clearly the relationship between the two variables.

1.3 Research Questions

In this paper, the aim was to provide data to leaders within the Ethiopian Banking Industry regarding the relationship between leadership and organizational culture.

The following research questions can be formulated based on the above-mentioned description of the background study and statement problem:

- What is the link between leadership and organizational culture?
- What is the predominant leadership style in the organization?
- What is the main organizational culture in the organization?

- If there is a link between the two, is synchronization between leadership style and culture type is non - random effect or not?

1.4 Objective of the Study

The Main Objective

The main objective of the paper was to determine the relationship between leadership direction and organizational culture.

The Specific Objective

The specific objectives were:

- To identify the current organizational culture in the organization
- To identify the current leadership style in the organization

1.5 Hypothesis of the Study

The process of answering the above research questions involved testing the following null and alternative hypotheses:

H₀: There is not a significant relationship between leadership and organizational culture in Dashen Bank.

H₁: There is a significant detected relationship between organizational culture and leadership.

1.6 Significance of the study

Banking industry is an integral part of the whole economy of one country. Rasidah and Mohd (2011) pointed out that banks are the critical part of financial system that plays a pivotal role in contributing to a country's economic development. Therefore, increasing the quality of banking services is crucial for the country's development. This research paper has significance by giving insight about how to improve the bank performance in Ethiopia by suggesting how leadership and organizational culture go hand in hand and that leaders should

pay close attention to these two elements closely so job satisfaction, commitment and intentions to quit of employees would be satisfied and create harmonies working environment and thus increases the banks performance. Plus, the paper investigated the level to which leadership and organizational culture are related in the banking industry specifically Dashen Bank. Moreover, it opened the ways for future study on related areas.

This study was to provide some clarity about the relationship between leadership and culture. Specifically, the research problems examined in this study included the effect of leadership behaviors practiced by assigned leaders within their work team and their relation to culture. In addition, it was to determine if significant relationships existed between specific leadership style as defined by Kouzes and Posner (1997) and different cultural model as defined by Cameron and Quinn (2019).

1.7 Scope of the Study

This paper focused on examining the relationship between leadership and organizational culture on Ethiopian banking industry. Out of 18 operating banks in the country, only one of them (Dashen Bank) is included in the study. The research was case study and random sampling method was used to gather data from the selected bank and data was analyzed using the SPSS 13.

Chapter Two

Literature Review

In this part of the paper, the theoretical background of the leadership and organizational culture was briefly discussed and the connection these variables have was also examined.

2.1 Organizational Culture

An organization's culture is about showing the proper way to behave within the organization. This includes shared beliefs and values established by leaders and then communicated and reinforced to lower level of the organizational structure through various methods, eventually shaping employee perceptions, behaviors and understanding.

2.1.1 What is Organizational Culture?

There is no single definition of organizational culture. Different scholars provide different but similar meanings, some of these are:

Organizational culture includes the norms that the members of an organization experience and describe as their work settings (Schneider et al., 2015). Such norms shape how members behave and adapt to get results in the organization. Organizational culture is how the members of an organization interact with each other and other stakeholders (Simoneaux & Stroud, 2014). Organizational culture is a set of values, beliefs, and behavior patterns that differentiate one organization from other organizations (Ortega-Parra & Sastre-Castillo, 2013). Business managers use organizational culture and corporate culture interchangeably because both terms refer to the same underlying phenomenon (Childress, 2013).

Business managers use an organizational culture to differentiate their company from other companies (Weber & Tarba, 2012). For instance, Apple Inc, the International Business Machines Corporation (IBM), and Hewlett-Packard Corporation (HP) exist on similar technology and same operating environment, but these companies have different

organizational cultures (Schein, 2015). The Apple culture includes producing simple, elegant, and innovative products (Toma & Marinescu, 2019). Priorities in HP culture are employees' autonomy and creativity (Childress, 2019). The IBM's cultural focal point is long-term thinking with loyal and highly motivated employees (Flamholtz & Randle, 2011). Yirdaw (2014) noted that organizational culture is the glue that combines the hardware (nonhuman resources) to the software (human resources) in the organization to establish teamwork and excellent performance.

Organizational culture positively relates to corporate leadership and governance (O'Connor & Byrne, 2015). Now days, many business managers understand the impact of culture on corporate performance (Unger, Rank, & Gemunden, 2014). Warren Buffet, one of the top three richest businesspersons in the world, confirmed how organizational culture is necessary to organizational success (Childress, 2019). Similarly, the founder of Starbucks Coffee Company, Howard Schultz, explained that organizational culture is a critical factor in the success of Starbucks (Flamholtz & Randle, 2020).

2.1.2 Sources of Organizational Culture

Organizational culture may spring from different sources, mainly from the beliefs of the founders (Martínez & Ruiz, 2014). Uddin, Luva, and Hossian (2013) noted that the source of organizational culture also includes the learning experience of group members, as well as the new beliefs and assumptions of new members and managers. Founders of the organization are the main source in developing a new culture for the new developed organization (Flamholtz & Randle, 2017). The impact of culture occurs when the founders implement their business strategy and operational assumptions. Toma and Marinescu (2013) indicated that the founders' assumptions might develop because of their personal experience and cultural history. Founders may impose their personal experience and culture on their employees and partners within the organization (O'Reilly, Caldwell, Chatman, & Doerr, 2016). For example,

the founder of Apple, Steve Jobs imposed his personal experiences and assumptions on employees. His long-time experiences and beliefs contributed to now productive culture at the Apple Corporation (Kaliannan, 2014).

2.1.3 Theoretical Frame work of Organizational Culture

If we made a quick Google search we might find articles that mention from five to eight types of corporate cultures. However, Quinn and Cameron's four types are generally accepted one.

One – Clan Culture

The Clan Culture is all about friendly place to work, employees share their ideas and feedbacks freely, leaders are more or less considered as teachers/guiders here. The importance is the long-term development of team-work and participation. Loyalty and tradition are important components. So, it is no surprise that you will find clan structure in startup businesses and smaller organizations because these kinds of companies put heavy emphasis on communication, and leadership that looks to employees for ideas, beliefs and team buildings.

Two – Adhocracy Culture

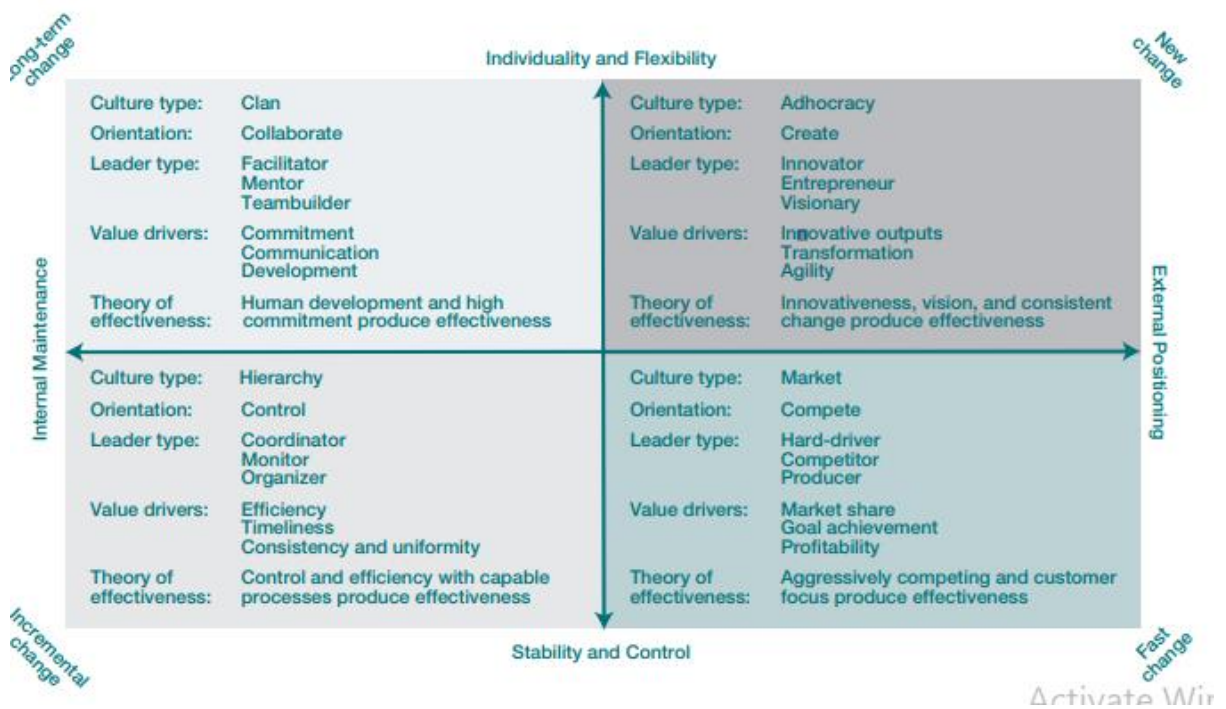
The Adhocracy Culture is energetic, entrepreneurial and creative workplace. People take risks. Leaders are visionary, innovative and risk oriented. Readiness and willingness for change are key aspects of this culture. In this culture employees are encouraged to think creatively and bring their ideas forward. This type of culture can be found in high intense technology using companies and tech industry where new products are being developed and released on a regular basis.

Three- Market Culture

Market culture is a results-oriented culture i.e. profitability or goal. Leaders are producers and competitors. The glue of the organization is the emphasis on become the best in its industry. They are ready to compete and beat any other competition to stay on the top.

Four- Hierarchy Culture

A hierarchy culture is all about traditional corporate structure. These are companies focused on internal organization by way of a clear chain of command and multiple management tiers that separate employees and leadership. This kind of culture can be found at both ends of the corporate spectrum to those of the customer service industry. These are companies that are hyper-focused on how day-to-day operations are carried out and aren't interested in changing things up anytime soon.



2.2 Leadership

There is wide literature on the topic of leadership to the degree that this literature can accurately be called both overwhelming. “Leadership development is the largest expense item in the overall training and development budget of the majority of business organizations in the United States and many other countries in the world,” (Arcdichvili, Manderscheind, & Nattoch Dag, 2016, p. 275). The common theme in this volume seems to be that of “leadership input.” In other words, what a leader puts into the organization will affect the organization – theoretically, the output of the organization – the change, culture and the identity of the organization.

2.2.1 What is Leadership?

Leadership is not easily defined, nor can it be explained by simple gimmicks. Here are some definitions by scholars: Anyango (2015) defined Leadership as the process by which employees are directed, guided and persuaded towards achieving both their personal and organizational goals and objectives. Gary Yukl (2016) defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Peter Northouse (2017) defines leadership as “a process whereby an individual influence a group of individuals to achieve a common goal.” These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few, certain people

are endowed with at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.

2.2.2 Key Leadership Characteristics

According to Women's Initiative Newsletter, 2019 the following are the main characteristics of leadership one must have, grow or improve to be an effective leader:

- Effective Communication

Good communication and leadership are all about connecting with others at various levels.

- Trustworthy

In order for a leader to gain followership by any group of people, small or large, the people first want to be sure that the individual is worthy of their trust. For team members to be fully confident in their leader, they have to believe the leader is a person of integrity and authentic character.

- Decisive

A strong leader exercises good judgment, appreciates informed input, and welcomes differing opinions. Deliberate decision-making involves (i) building an accurate all possible outcomes; (ii) predicting where all these paths made lead; and (iii) reaching a decision by weighing various solutions.

- Independent Thinker

One of a leader's most important traits is the ability to be a good thinker. Leaders must recognize and apply common sense solutions, instead of being married to stale strategy or trendy management concepts.

- Positive

The most effective leaders remain positive and inspiring. People expect their leader to be energized and passionate about the future.

- Humility

Exemplary leaders understand that no great achievement can be accomplished alone, but requires the help of others. This means a willingness to listen and respond appropriately to feedback and to admit mistakes as appropriate.

- Conflict Resolution

Every work environment will have conflict, the real issue would be how a leader will handle these conflicts, the way he resolves the conflict to produce a positive outcome will determine his quality

- Visionary

Another top leadership trait is the ability to look ahead with a sense of direction and concern for the future of the organization.

- Team Builder

A leader must invest in and empower team members in order to reach full potential it includes celebrating wins together, or encouraging them when efforts fail.

- Personable

A leader must remain approachable, accessible, accountable and understanding of their employees' needs and committed to building strong relationship.

- Adaptable

A leader displays adaptability by being comfortable with change and growth.

- Encouragement

To get results in business is hard especially in today's business environment. So, to make sure every team member is on the same path the leader must regularly inspire and engage his team

2.3 Theoretical Framework of Leadership/Style

Great Men Theory

Much of the work on this theory was done in the 19th century and is often linked to the work of the historian Thomas Carlyle who commented on the great men or heroes of the history saying that "the history of the world is but the biography of great men". According to him, a leader is the one gifted with unique qualities that capture the imagination of the masses.

The great man theory of leadership states that some people are born with the necessary attributes that set them apart from others and that these traits are responsible for their assuming positions of power and authority.

Trait Theory

On the foot step of the great man theory the trait theory is emerged in the second quarter of twentieth century by studying the specific quality that the great leaders possessed. As that one of the great men, the trait theory state that the leaders are born and not made, it belief as leaders are blessed inborn with the gene (DNA) that has got some sufficient combination of trait that enable them to lead. The theory was based on the psychological and physical attributes that the leaders have acquired.

Behavioral Theory

The behavioral theory assumes that leaders are not born but made. The study of leadership emphasizes what the leaders do rather than what personality they have. It extensively discussed theory X and theory Y, two opposite dimensional characteristics of. Theory X assumes average people dislike work and taking responsibly and are not motivated for the objective achievement therefore, the coercive, authoritarian, dictator leadership is required for those people; on the other hand, the Theory Y assumes that the average people are self-motivated, self-controlled, and willing to take responsibility therefore coaching, consulting, participative leadership style is required.

Contingency Theory

The inconsistent and inclusive result of behavioral theory in determining effective leader leads for the development of contingency theory. In late 1960's Fred Fiedler came with contingency model states that no single leadership style is best in every circumstance. The effectiveness of leader depends on the interaction with the situational variables: the internal and external environment of the organization, the task, and the subordinate, leader and leader authority. Different circumstances require different behaviors.

Situational Theory

The deficiency of contingency theory in showing consistent result and clear measurement instruments led researchers to seek for another approach. Paul Hersey and Kenneth Blanchard (1967, 1993) have developed situational theory as leadership theory model in attempt of enriching some gaps in pervious theory. Situational theory assumes more flexibility of leadership style for different situation than the contingency theory does. In Hersey/Blanchard model, the level of maturity of subordinates as determining the leader behavior is introduced. This shows that the leadership style needs continuous change from more autocratic into more democratic, as the level of maturity of subordinate increases.

21th Leadership Theories

Transactional leadership

Transactional leadership is about motivating and directing employees mainly through been charming to employees for the leader's own self-interest. The power of transactional leaders comes in a traditional way as they are top of the chart of the organizational so authority is formal. The main goal of the employees is to obey the order of their leader.

In transactional leadership motivating employees is done through rewards and punishment like carrot and stick approach. If an employee is doing what is wanted from him he would be rewarded otherwise punishment will follow. Here, the exchange between leader and follower takes place to achieve routine performance goals.

Transformational leadership

Transformational leadership is most important type of leadership in current ever-changing global environment. No more employees will the idea that employees work as long as you will pay them works so transformational leaders are needed to cultivate and motivate employees so they will not quite. It involves stimulating, inspiring and transforming organizational members or employees to achieve extraordinary outcomes

Empowering leadership

Empowering leadership is all about self-worth. Empowering leaders believe that employees are influential source of wisdom and direction. These leaders stress out self-influence; self-management; and self-control. Empowering leadership creates employees who are effective self-leaders.

2.4 Organizational Culture and Leadership: Empirical Review

Over the last thirty years, organizations around the world have invested in leadership and organizational culture, leading to a continuous debate about their relationship. The process of identifying and developing future leaders has traditionally evolved around the characteristics of the potential leader. Porras and Hoffer (1986) pointed out the effect of culture on leadership, by giving emphasis on the fact that cultural values, trends, and rules are shaping a unique leadership style. Schein (1990) supported the idea that leaders must evaluate and respect cultural elements, while they should try to promote an appropriate and strategically suitable culture. He claimed that leaders are shaping culture during the first stages of business creation, but later, when the business matures, it is culture that shapes leadership characteristics. In addition, Ogbonna and Harris (2000) revealed that the impact of leadership on a firm's performance is mediated by organizational culture. Many researchers (Shipper & Manz, 1992; Tichy & Cohen, 1997) implied that the initially shaped culture will develop the next generation of corporate leaders, while others (Vardiman, Houghton, & Jinkerson, 2006) supported the idea of a culture that facilitates the development of effective leaders on every organizational level.

From a different perspective, there are researchers that give emphasis on the importance of leaders' role on cultural development. Brooks (1996) claimed that leaders use their knowledge of organizational culture to affect change, while Chodkowski (1999) concluded that leaders' behavior influences the perception of organizational culture among followers. Block (2003) concluded that the leadership of immediate supervisors is strongly associated with the cultural perceptions of employees, but failed to link transformational and transactional leadership with distinct cultural elements. In addition, Torpman (2004) recognized that leadership becomes a factor of organizational culture and is incorporated into

the daily organizational routine, while Taormina (2008) explored whether leadership behaviors are predictors of organizational culture.

Further research on the relationship between these two elements provided empirical data and new insights to emerging leadership theories, such as complexity leadership. This is rather important as it is recognized that although organizational culture's researchers have suggested an interactive relationship between an organization's top leaders and organizational culture in fact exists, the empirical data remain scant (Huang, Cheng, & Chou, 2005).

However, more recently, an argument began concerning the bilateral relationship between leadership and culture. A number of researchers (e.g. Chang & Lee, 2007; Nam Nguyen & Mohamed, 2011; Xenikou&Simosi, 2006) concentrated on the joint effects of culture and leadership on organizational factors such as performance, knowledge management, continuous learning, and job satisfaction. Li (2004) studied the relationship between transactional and transformational leadership styles and job outcomes in bureaucratic, innovative, and supportive cultures, while Kwantes and Boglarsky (2007) related organizational culture with leadership and personal effectiveness in eight countries, revealing strong and statistically significant relationships. In many cases, existing research implies coordination between leadership style and cultural type, giving no further evidence whether this coordination is a random effect or not. A non-random effect would imply an unconscious procedure or a business strategy for alignment between what leaders and employees evaluate as corporate valuable so a further research must be done.

This research falls within the framework of organizational culture and leadership Therefore, the research literature on the relation between organizational culture and recent developed leadership theories

21th C Leadership/Style and Organizational Culture: empirical review

Organizational founders and their teams often exhibit transformational leadership qualities in their efforts to shape their organization's policies, norms, and values that dominate its culture. The personality and the core values of the founders are reflected in the organization as it develops. The set of values the founders articulate and reinforce, their personal assumptions and vision of the future, become embedded in the emerging organizational culture. But it is also quite common that the transformational leader who firmly establishes and improves the organization's culture is far removed in time from the founding team. During the past 30 years or so transformational leadership theory (Avolio, Bass, & Jung, 1999; Bass, 1985; Bass & Riggio, 2006; Walumbwa, Avolio, & Zhu, 2008) has stimulated an intense empirical investigation of how transformational and transactional leadership styles are related to performance (Walumbwa et al., 2008; Wang, Oh, Courtright, & Colbert, 2011), organizational commitment and identification (Avolio, Zhu, Koh, & Bhatia, 2004; Bycio, Hackett, & Allen, 1995; Dvir, Eden, Avolio, & Shamir, 2002; Simosi&Xenikou, 2010; Walumbwa, Wang, Lawer, & Shi, 2004; Xenikou, 2017), employee satisfaction (Bycio et al., 1995), leader effectiveness (Judge & Piccolo, 2004), and organizational citizenship behaviors (Podsakoff, MacKenzie, Paine, & Bachrach,2000). Bass and his colleagues have argued for the complementary relation between the two leadership styles as leaders typically exhibit a variety of patterns of transformational and transactional leadership; most leaders do both but in different amounts. For organizations to maintain or gain a sustainable advantage, their culture has to work in concert with a mixture of both transformational and transactional leadership patterns (Bass, 1999). Transformational leadership aims at changing or improving at least some dimensions of culture, whereas transactional leadership works primarily within the culture as it exists. Bass and Avolio (1993) have put forward the idea that transformational/transactional leadership and organizational culture are so well

interconnected that it is possible to describe an ideal transactional and an ideal transformational organizational culture. The prototypical transformational culture promotes creative change and growth by exhibiting a sense of vision and purpose, while the prototypical transactional culture promotes a metaphor of the organizations a 'marketplace' where performance indicators matter. Empirical research on transformational leadership and organizational culture has provided evidence for the associations between specific cultural dimensions and transformational leadership. Specifically, Block (2003) in examining the leadership-culture connection found that employees who rated their immediate supervisor high in transformational leadership were more likely to perceive the culture of their organization as involving, integrating, adaptive, and mission-oriented. Moreover, the relevant research literature has focused on how transformational and transactional leadership styles and culture dimensions have a joint effect on focal organizational outcomes, such as, performance, innovation, and commitment/identification. In a study of 32 business units of a large financial organization Xenikou and Simosi (2006) showed that transformational leadership style and a humanistic culture orientation had an indirect positive effect on business unit performance via an achievement culture orientation. In other words, transformational leadership was shown to work in concert with participative, collaborative, supportive, and self-actualizing organizational cultures to bring about a culture focus on task and goal achievement, which, in turn, led to high performance of business units.

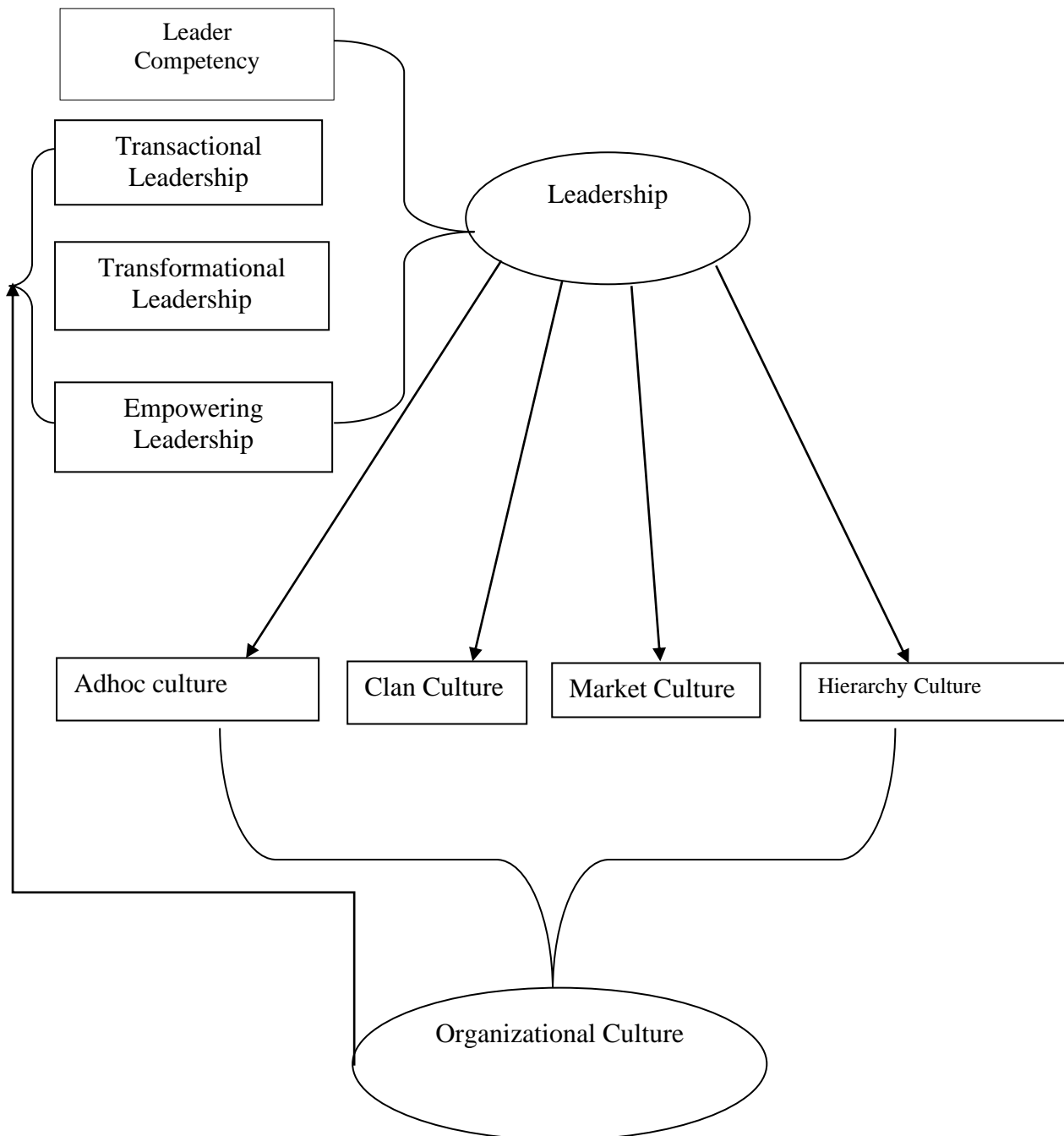
With regard to the transformational leadership-culture effects on innovation, Sarros et al. (2008) investigated the relationships between transformational leadership, organizational culture, and climate for innovation in a sample of managers and senior executives working for private sector organizations. Their findings showed that a competitive and performance-oriented culture was strongly related to climate for innovation, and it also mediated the link between three of the six transformational leadership factors, namely, vision articulation,

provision of individual support, and high-performance expectations, and climate for organizational innovation. Additionally, the study of Jung, Chow, and Wu (2003) in a large number of corporations showed that transformational leadership was positively associated with organizational innovation, and this link was mediated by a culture where members are encouraged to openly discuss and implement innovative suggestions and ideas. Finally, Elenkov and Manev (2005) examined the influence of transformational leadership in top and middle management on innovation, and found evidence that the link between transformational leadership and innovation was mediated by performance-oriented and competitive organizational cultures. There is also a stream of empirical research on the transformational leadership-culture impact on organizational identification and commitment. Xenikou (2017) examined transformational/transactional leadership styles and culture as antecedent factors of organizational identification, and found evidence that transformational leadership was more strongly related to cognitive identification via the perception of innovation culture, whereas transactional leadership style was more strongly related to affective identification via goal cultural orientation. Similarly, in a cross-sectional study (Simosi&Xenikou, 2010) demonstrated that the culture orientations, achievement, support, affiliation, and self-actualization served as mediators in the relationship between leader behavior (i.e., transformational leadership, transactional contingent reward) and affective/normative commitment. Finally, Xenikou (2014) showed that, organizational support values, as an indicator of culture, were positively associated with both cognitive and affective dimensions of identification with the organization. The findings also showed that there was an interaction between charismatic leadership and support values; specifically, the positive effect of charismatic leadership on affective identification was mitigated when employees thought of their organization as a place where support was valued. In sum, a question that has recently received some attention in relevant research involves the

association between specific dimensions of organizational culture and transformational/transactional leadership styles. Adaptive and innovative cultures with an emphasis on supportiveness and goal achievement have been repeatedly shown to be related to transformational leadership, and to mediate the effect of transformational leadership on organizational performance, innovation, employee commitment to and identification with the employing organization. There is also some empirical evidence of the role competitive cultures may play in the leadership-organizational outcomes link, but it rather involves inter-organizational rather than intra-organizational competition.

2.5 Conceptual Frame Work

The following conceptual work was implemented based on the mentioned above theoretical as well as empirical studies.



Chapter Three

Research Methodology

This chapter discusses in detail the particular research methodology that has been used. It shows how the research was conducted. It provides approaches used like sampling method used and the data collection techniques used to analyze the given data.

3.1 Research Design

The research paper investigated the relationship between leadership and organizational culture of Ethiopian Banking Industry. To this end, the researcher has used qualitative case study research design to examine the link between the two variables. A case study approach was used by researcher because it allowed the researcher to focus on process in order to gain an in-depth understanding of a situation in real life and allowed for an understanding of context. The leadership styles: transformational and transactional are the dependent variables while, organizational culture types variables are independent variables. From out of 18 banks 1 bank – Dashen Bank is selected. The main reason for selecting the bank because it was believed it would represent majority of private bank based on its organizational age, size and a recent transformational phase. This bank was also selected because of convenience; the bank was willing to participate in the study; the researcher was part of the organization so it was easy for researcher to access data easily.

3.2 Data Sources and data collection tools

Different collection methods were used in order to understand the relationship between organizational culture and leadership. These methods included- primary data; questionnaires', direct observations, a review of a bank's website data and a review of accreditation data. Paper based questionnaire with close-ended questions was used to arrive at figures to be calculated; the questioners were distributed and collected personally by myself. The

respondents had time to fill out the form as a one-week notice is given. Direct observation was done in the branch the researcher is working and notes were taken to understand the interaction between employees and their leaders to understand what leadership style and culture were predominant in company and whether these two are interdependent on each other. For development of theoretical framework on literature review different relevant journals and research papers were viewed – secondary data. The questionnaires were developed in a way so they provide answers regarding leadership (style and characteristics), culture (dominant culture).

3.3 Study population and sample

In research, the word population is used to mean the total number of people or groups who are included in the study. Sampling involves the number of people from the population we use to observe. The population size is approximately 7,500 employees (Annual banks report 2019/2020). There are three levels of managers in the bank chain of command. The first group is top level managers (CEO, CFO, VP, COO, CTO), followed by the middle level managers (Department Managers, District Managers, Operation Managers and the last group is the lower level managers (team leaders, customer service managers, customer relation managers). This study focused on lower level managers, middle level managers and supporting group (employees) who work in Head Office and four other branches: Haya Arat, Megenagna, Ayer Tena and Saris Abo. In this study, a structured questionnaire was distributed to 200 respondents in 4 branches and 7 departments in the Head Office. The questionnaire was collected at the beginning of June 2021. The sample (N=200) consisted mainly of male employees (58%), and females represented 42% of the population. The age of the participants varied between beginners (aged 23) and retirees (aged 60) with the largest (50%) respondent age group between 31 and 40 years. The below table shows some characteristics of the participants.

Table 1. Characteristics of participants

Type	Class	Incident	%age
Gender	1. Female	1. 115	1. 58%
	2. Male	2. 85	2. 42%
Age	1. 23-30	1. 30	1. 15%
	2. 31-40	2. 100	2. 50%
	3. 41-50	3. 40	3. 20%
	4. 51-60	4. 30	4. 15%
Qualification	1. Undergraduate	1. 135	1. 68%
	2. Postgraduate	2. 60	2. 30%
	3. ACCA/CIMA etc.	3. 5	3. 2%
Title	1. Recruit	1. 10	1. 5%
	Professional	2. 120	2. 60%
	2. Officers	3. 25	3. 13%
	3. CRM	4. 4	4. 2%
	4. CSM	5. 41	5. 21%
5. Auditor			

3.4 Data Analysis Method

Out of 200 employees 150 responded to cross sectional survey and findings are reached from these outcomes. The researcher used SPSS 13 to analyze the figures that is derived from the questionnaires. Two main tools within the bank were used to provide feedback on the relationship between organizational leadership and organizational culture.

360 feedback of company leaders

360 feedbacks assess the level of leadership competencies within the organization studied, it provides direct information for assessment of leadership type/style dominant in the organization, and therefore it becomes very useful in many researches. The best example is the research paper of Guangrong Dai, King Yii Tang and Kenneth P. De Meuse (2011) on leadership competencies across all levels can be given as an example. The assessment is

Performed through 360 degrees feedback, each leader is assessed by his team members, immediate supervisor and other contacted employees. As mentioned on research methodology the feedback form included questions that are measured on a rating scale and

also ask ratters to provide answers based on the scale 1-5. The leader receiving feedback also fills out a self-rating survey that includes the same survey questions that others receive in their forms. The 360-feedback system automatically tabulates the results and the results are analyzed and statistical output is reported per competency. The questionnaires (surveys) are prepared in a way to measure the leader's competency in the organization. These include:

- Integrity and Honesty
- Developing team members
- Change Management
- Taking Responsibility for Outcomes /Accountability
- Teamwork
- Innovation/Creativity
- Good relationship with subordinates
- Solving Problems
- Motivating Others to perform better
- Communication skill
- Self-Development

Employee satisfaction surveys

This provides insight on how employees view the organization from leadership to work environment, from culture type to impacts of culture on job. This Survey consists of questionnaires, which are prepared in a way to let us know how employees feel about their organization in which employees are asked to answer questions on a different topic like

- Teamwork
- Employee Involvement

- Participation
- Open Communication
- Achievement
- Competition
- Competency
- Risk Taking
- Creativity
- Diversity
- Clear Communication Channels
- Growth
- Independency
- Work behavior
- Work place harmony
- Stability
- Consistency
- Reinforcement

The questions / survey statements that feed information for culture and leadership are attached at the end of the study. The questionnaires are ranked by employees from 1 to 5 (5 being highest ranking and 1 the lowest) according to the value that they feel how the organization is related to the statement presented. The results provide percentage of employees rating 5 to 1 to each statement. Since the desired rating is 5, overall employee satisfaction survey results the average of percentage of employees rated 5 for each statement. In analyzing the elements of culture and leadership for this research, there are 10 statements that directly relate to identifying whether the company culture is adhocracy culture, market

culture or hierarchy culture. At the same time, there are 10 statements that directly relate to identifying whether the company leadership is transformational or transactional.

3.5 Ethical Aspects

The goal of ethics in research is to ensure that no one was harmed during from the research activities (Cooper & Schindler, 2001:112). Questionnaires were sent to participants who were willing to participate in the research. The nature and goal of the research were explained clearly. All questionnaires were conducted in secret and the participants were told.

Chapter Four

Research Findings and Discussion

In this section all the results gathered from the questionnaires are presented. A detailed picture is tried to be presented so readers would understand the role of a leader plays in

culture transformation. A detailed discussion regarding the findings of the research study is presented in this chapter.

4.1 Research Objectives

- To examine the level of which leadership and organizational culture are related with each other in the banking industry specifically Dashen Bank.
- To examine the dominant leadership style in the organization.
- To examine the dominant culture type in the organization.

4.2 Data Analysis and Findings

4.2.1 Leadership Analysis:

We have seen in literature review there are different types of leadership style and it is not arguable that transformational leadership is the best for today's competitive and challenging business environment. And this analysis is performed to answer which leadership style is dominant by measuring the leadership competencies elements mentioned in chapter 3.

As mentioned below for leadership analysis we used 360 degree of feedback. The below table enabled us to see the rankings given for each leadership competency from maximum ranking 5 to lowest 1 and scores around 4 are considered strengths of leaders. When highest rated competencies are scrutinized, it is obvious that transformational leadership competencies are high within leadership of the company. The one with the highest rated competencies are seen as having high sense of work ethics, values, new ideas etc. and often transformational leaders are categorized by these qualities.

Table 2: Leadership 360 Feedback Average Score (identifying dominant leadership style)

Competency	Average Score
------------	---------------

Displaying Integrity and Honesty	4.07
Development of Employees	4.07
Change management abilities	4.06
Taking full responsibility for the results	4.01
Team Work	4.00
Creativity/Innovation	3.95
Building Relationship with their colleagues	3.93
Solving Problems Ability	3.87
Motivating their employees	3.81
Professional/Business Ethics	3.78
Communication Skill	3.75
Self-Development	3.72
Achieving organizational goals	3.65

According to (Avolio, Waldman and Yammariono, 1991), for effective utilization of transformational leadership the leaders should have the following traits: creativity, accountability, team work, learning and appreciating others for their work. Transformational leaders are all about creating creativity in their work environment, be motivational speakers for their followers and learning background for their employees. The traits like "change" and "innovation" tell us that leaders are open for new ideas and new way of doing things thus encouraging their followers to be creative in their decision making. The other trait "developing others" is about transformational leaders putting values, focus, ethics, aims and standards on their employees so their followers' performance and development will increase which will bring more productivity. This trait is all about making followers future leaders through teaching them by leading with example. Transformational leaders will also promote

team work, which is also one of the highest rated traits in 360 degree feedback as can be seen from the above table. In summary, the assessment results tell us the hints that transformational leadership aspects do exist within the company.

4.2.2 Culture Analysis:

In the second stage, organizational cultural elements are analyzed within the company. As per table 3, the results of the ESAT survey (2021) are analyzed and they show statistically that organization culture embodies more of transformational leadership elements than transactional leadership. The analysis is done on culture elements and tried to include all the elements in the questionnaires provided for employees and it was believed the statements are ranked according to how the employees feel the statements are present within the company.

The below table summarized questionnaire asked to employees to understand the predominant organizational culture existed currently at the bank. Those cultural elements characterized by questionnaires that dominated the organization are marked with “X”.

Table 3: ESAT Survey Results and the Organizational Culture

ESAT Survey Questions (2021)	Clan	Adhocr	Market	Hierarc	Dashen
	acy			hy	Bank
Does the organization have different mechanisms like hosting social gatherings and events to team building?	X				X
Does the organization have different mechanisms like on job training, education etc to develop one’s career?		X			X

Are employees recognized for their efforts?			X		X
Is the company's strategic approach driven by processes or results?			X		X
Do the company's different departments ever collaborate with one another?	X				
Do you feel that enough encouragements is given to you so you can come up with new way or better way of doing your task?		X			
Do employees at work people follow carefully laid down procedures/rules/regulations?				X	X
Do you think you are given enough freedom to decide how to do your work?		X			
Is their good communication between supervisor and his immediate team?	X			X	X
The leader/manager asks his subordinates for their suggestions / feedback before making decision	X				
The leader/manager schedules the work to be done				X	
Permanence and stability. Efficient,smooth operations are important			X	X	X
Customer satisfaction is the dominant character of the organization			X		X
The environment is defined by definite standards of performance				X	
I understand the organizational objectives, mission, goals and tasks clearly and I am accountable for them	X	X	X	X	X
There is diversity among the people a job candidate will meet/see on his/her first visit to the company.					

A key message that can be observed from the above table was Dashen bank has an organizational culture that spans all four types of culture, however it is also understood that it is mostly strongest in market culture type followed closely by hierarchy type and this strength will have a large influence on how the bank operates, where it is most successful, and what it finds most challenging. Meaning, it is fiercely competitive in its marketplace, winning most of its market share battles however, Awash Bank is leading for the past 5 years this could be shifting of the culture of the bank to hierarchy culture but cannot be concluded as such because this study cannot answer this question and needs further research and will grow aggressively through collateral acquisitions. And its challenges are creating trust among

employees within the organization, achieving collaboration, and having a high employee retention rate.

After concluding what leadership style and culture type is dominant in the organization based on previous tables analysis, the below table tried to associate a dominant cultural type elements/characteristic with dominant leadership style.

Table 4. ESAT Survey Results and Their Relationships with Transformational Leadership Elements

ESAT Survey Questions (2021)	% of followers that rated 5	Related competencies of transformational leadership
I understand the organizational objectives, mission, goals and tasks clearly and I am accountable for them	84	all job assignments are clearly stated
Do you feel valued for your contributions?	86	all job assignments are clearly stated
Do you feel that you are growing professionally?	61	people development is seen as important tool within the company
Do you feel that enough encouragements is given to you so you can come up with new way or better way of doing your task?	74	The culture of the company supports innovative and creative thinking
Does working together with colleagues on task to achieve the goals of the company exist?	93	team and group interest are held above self interest
Do you enjoy the colleagues you work with?	91	there is a sense of purpose and a feeling of family within the organization
Do you think you are given enough freedom to decide how to do your work?	68	empowerment of employees exists within the company

The first statement “I understand the organizational objectives, mission, goals and tasks clearly and I am accountable for them”, the percentage of employees that rated 5 to this question is 84 which is high as compared to that of overall ratings of ESAT survey which is 67 %.The answer to this question carries the characteristics of transformational culture where all job tasks are explicitly and clearly stated and employees are aware of their contribution to their organization. The second statement “Do you feel valued for your contributions?” the

percentage of employees that rated 5 to thesis86 which is even higher than the first statement. The answers to this statement are again related with that all job tasks are explicitly and clearly stated and employees are aware of their contribution to their organization. The third statement “Do you feel that you are growing professionally?” the percentage of employees that rated to this statement is 13 percent, which is lower than the overall ESAT survey. The answer to this statement shows that transformation leaders are about developing their followers and give also a priority to their employees learning and development. And surprising the results are contradictory to that of leadership competency “Development of others”, so it is not possible to come to conclusion based on this statement alone and we should dig deeper. The fourth statement “Do you feel that your job allows you to develop new skills?” the percentage of employees that rated to this statement is 74 which is above the overall ESAT survey. The answer to this statement carries the characteristics of transformational culture where the company encourages employees to be creative and innovative in bringing new ideas and way of doing things. The fifth statement “Does working together with colleagues on task to achieve the goals of the company exist?” the rating given is 93% which is the highest from all the statement and gives sense since we are dealing with a bank and also one of good leadership competency when dealing with service giving industries. The answers means that transformational leaders give incentives to team work, group interest rather than their or single person interest. The sixth statement “Do you enjoy the colleagues you work with?” The rating given is 91 percent which is the second highest from the group and also again above the ESAT value makes sense since it is a service giving industry and as such a bank. The answer carries the characteristics of a transformational culture where there is a sense of feeling of family within the organization. The seventh statement “Do you think you are given enough freedom to decide how to do your work?” rates 68% and slightly above the given average. The answer hints at that there is

empowering of employees within the company to make decision and again one of the characteristics of transformational culture.

To summarize this information the cultural elements that are linked to both transformational and transactional leadership are identified and listed below. The strong cultural elements that employee satisfaction survey points out are marked “X “.

Table 4 tried to reveal many transformational leadership styles are found within ESAT survey answers about main characteristics of dominant culture type

Table 4 : comparative matrix of culture elements found in the organization

Cultural Element	Transactional	Transformational	Dashen Bank
Open Communication		X	
Clear Communication Channels	X	X	X
Consistency		X	
Competition		X	X
Competency	X	X	X

Diversity		X	X
Personal Development	X	X	X
Role Model		X	
Independency		X	X
Creativity		X	X
Team Work		X	X
Empowerment		X	X
Risk Taker		X	
All jobs are clearly stated	X		X

As can be seen above some transactional cultural elements are present within the company where employees feel that their job assignments are clearly mentioned and that employees are aware that their performance contributes to the success of the company. Plus, Avolio and Bass (1993) mentioned that transactional cultures change to transformational cultures, within time and dedication of the management so the longer the company existence the better chance the company evolved into transformational culture. Similarly, the results we got from ESAT gives us similar feedback on how culture and leadership have similar competencies where innovation and creativity are present within the company along with team work and

Results of ESAT survey and leadership feedback also provide similar feedback on how leadership and culture carry similar traits where innovation and creativity is fostered with strong emphasis on team work and feeling as family.

Chapter Five

Conclusion and recommendations

This section outlines the findings and also presents the conclusions and recommendations to the findings of the study.

5.1. Conclusions

In nowadays world, everyone is aware that leadership and organizational culture are important elements for the success of the organization. Most scholars and academicians know that organizational culture is a powerful tool for performance of the organization. Moreover, organizational culture has is backgrounds from leadership style and leadership competencies imposed in an organization.

In this study, the relationship between leadership and organizational culture is analyzed taking Dashen Bank as a model. The researcher believed that this model is fit for analysis, since the company is one of the oldest private banks operating in Ethiopia and existed through many organizational changes, one of the biggest transformational change in banking industry in the last 6 years.

This research clearly shows Dashen Bank with dominant “Market Culture” that has characteristics of transformational leadership can become advantages at this intensively competitive banking industry. To be considered a good leader a leader must be aware of what kind of leadership style he/she must use to be able to lead the organization in a given organizational culture. At the same time, he/she must be aware of what his/her subordinates’ value in a leader so he can adjust his leadership with what the subordinates’ value. A misalignment between what his subordinates value and the leadership style of a leader will result in the leader being ineffective (Mastrangelo, Eddy and Lorenzet (2004). In general, a leader must be flexible in nature because he operates in a diversified working environment where subordinates have different gender, culture, value, norm and beliefs.

This paper clearly stated that to be effective leader; need to have qualities like loyalty, truthfulness, creative, visionary and humble. Leaders, who are autocratic and strict, use carrot and stick approach to award and punish a subordinate, mostly are traditional, not flexible, controlling and difficult to work with and thus would be considered as ineffective. The paper uses organizational culture as the framework which shows the way how the tasks done within the organization (through goals, plans, measures, and rewards). Aligning organizational culture with leadership is important for gaining competitive advantage in the industry. The concept of culture used in the paper means how members of an organization view their world and their place in it. A very effective organization has a high performing culture that goes

well with both internal and external environment of the organization to support the objectives of the organization. The organization culture we talk about shapes the employee experience which in turn affects customer quality service, communication of the employee etc.... which in turn affects the share value of the organization. Opposite to autocratic leader strategic leader has the ability to be flexible, bending the rules and this enables him to see the dynamics of the culture: what should be changed and what shouldn't. Effective organizations allow and engage their employees whole heartedly, build their organization around team work and thus develop their human resource power.

The results of this study suggest that there is relationship between leader style and cultural values. However, the study does not reveal what steps are enclosed in the process of cultivating culture itself. In the future researchers could empirically and clinically track the steps the leaders take to implant their personality and assumptions in the organizations they lead. This study also suggests that leaders play important role in the success organizational change and development

5.2 Directions for future research

Firstly, future research could be done on other broader variable, such as a country's culture in determining its direct or indirect influence on the organizational leadership because country's culture is more dominant and must be considered if predictions are to be made about organization leadership style.

Secondly, further research can be made whether market conditions like organizational size, age and market competition have an effect on the relationship between the two variables.

Thirdly, different methods/models can be used to measure the relationship between culture and leadership styles, as these methods may find different result. This research is qualitative

one and based on one case study whereas it could be made on multiple case studies and be made quantitative.

5.3 Limitations

This study used only questionnaires and observation to get the information from the population, but other methods can be used to gain better perspectives like surveys and pilot study.

The study was limited to time and cost constraint, only two weeks is used for the study and some questionnaires were not collected on time due to employee busy schedule and this causes the analyzing of data in a short period of to be less effective.

5.4 Recommendations for bank leaders

Bank CEOs, CFOs and other executives along with board directors should have much to ponder over on the issue of bank culture. First, leaders should have cleared sense of higher purpose for the bank that excels business goals but also intersects with these goals (Quinn, 2014), just stating what that goals are and telling their employees simple that they must achieve these goals is not enough the leaders should also interact with those goals. Typically, a higher purpose is not only customer-centric but also is employee-centric, which can't be said for the banks culture as can be observed in chapter 4 – the culture is market oriented followed by hierarchy, the least being clan culture followed by adhocracy culture. For example, the bank can aim at developing its employees as leaders and making them feel like family and as they belong by making them participate in decision making etc. and to give customers the best banking experience possible at the same time. A higher purpose for a financial services firms like banks is to help its customers manage their finances and provide support like lending money so that they can provide better lives for themselves and their

family and society indirectly. Whatever a bank's objective is, if it looks for the intersection of its growth strategy with that higher purpose and then ties its culture to it, the effect can be significantly positive. Research has repeatedly showed us that when employees truly believe that the organization is driven by a higher purpose that transcends the usual business goals and that this higher purpose actually affects the growth strategy and business decisions of the organization, agency problems are smaller and employees work harder (Quinn, 2014).

Second, as mentioned at the beginning of study the banks supervisors give emphasis on the hierarchy culture more than banks themselves will, it would nonetheless be useful to consider the fact that an excessive focus on goals like predictability, reinforcements, rules and regulations etc. can hurt financial innovation, employee's creativity and team work with negative consequences for growth. Thus, leaders should bring about balanced and nuanced approach to culture and leadership style.

Third, large and complex banks like Dashen Bank are likely to find it more challenging to have a single overarching culture, so subcultures are likely to emerge as can be observed from table 3, so it is important for leaders to understand the characteristics of these subcultures.

Appendices - I

Multifactor Leadership Questionnaire

Dear respected respondent,

I am graduating class MBA student of 2021 at Addis Ababa University School of Commerce.

The questionnaires are strictly for academic purpose and will be used discretionally

Completion of this information is voluntary and will only take 5-10 minutes I would like to

take this opportunity to thank you for your precious time and valuable opinion.

There is a rating scale ranging from 0 to 4 that you are required use X sign on the one that u

perceive is correct. Here are the exact meanings of each rating scale

Rating Scale	Meaning
0	Strongly Disagree
1	Disagree
2	Neutral
3	Agree

Questionnaire

Part I: Demographic Information

1. Sex: Male

Female

2. Age: 23-30

31-40

41-50

51-60

3. Marital status: Married

Single

Other (Specify) _____

4. Job Title/Position: _____

5. Experience: In current organization [years] _____

On current Position [years] _____

6. What is your highest level of Education?

Degree

Master's degree Bachelor's

Other, specify _____

Part II

No.	Description	0	1	2	3	4
1	<i>My supervisor will punish or reward me as per my work performance</i>					
2	<i>Whenever I finish my exceptional assignments, my supervisor will grant me appropriate rewards</i>					
3	<i>My company gives high value to respect, kindness, humbleness and humanity to its employees</i>					
4	<i>My company gives great value to human resource development through education, training and encourages team oriented work place.</i>					
5	<i>The core power of my company is its employees' loyalty and commitment</i>					
6	<i>The core power of my company is on work performance and targeted achievement of its employees</i>					
7	<i>All company employees are innovative and creative</i>					
8	<i>My company highly relies on R&D for its production of products and services so it can become continuous innovator among its industry.</i>					
9	<i>My company expects me to strictly obey its work codes and norms for my day to day activity</i>					
10	<i>My company has clearly stated its mission and visions and clearly understood by all employees</i>					
11	<i>My company has clear plans to materialize its mission and visions step by step</i>					
12	<i>I can evaluate and self examine my work performance</i>					
13	<i>Whenever there is any dispute happening in my workplace, I will try to hear out the other side story and apologize if the mistake is done by me.</i>					

14	<i>On my job, I know weakness and try to improve my capability so I can increase my performance</i>					
15	<i>All employees have mutual respect for each other</i>					
16	<i>My supervisor leads by example and leads his/her followers to reach work goals</i>					
17	<i>My company employees can clearly understand the job description of every position within the branch/department</i>					
18	<i>I believe my supervisor has enough potential to overcome obstacles from his/her job</i>					
19	<i>Whenever my supervisor points out my mistake he/she does it with dignity so my self esteem would be intact</i>					
20	<i>I look upon my supervisor as an example to success</i>					
21	<i>My supervisor gives me work support whenever I need it and at the same time he ask for any support from me when he needs it</i>					
22	<i>My supervisor delegates me with important customer service when the need arises</i>					
23	<i>My supervisor helps me to develop my own skills and capabilities</i>					
24	<i>My supervisor sacrifices his/her interests for the benefit of others</i>					
25	<i>My supervisor treats me as an individual rather than just as a group member</i>					
26	<i>I proudly to tell people about the work I do for this company</i>					

Appendix II

References

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