



**The Effect of Leadership Style on Employee's
Commitment: the case of Nib International Bank
S.co**

**Addis Ababa University
College of School of Commerce**

**In the partial fulfillment of Requirement for the Award of Master of Arts of
Degree in Business Leadership**

by

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Declaration

I hereby declare that the research project title “The effect of leadership style on employee’s commitment in Nib international bank s.co.” submitted for the award of master of arts of degree in business leadership at Addis Ababa University College of School of Commerce that it has not been presented for any degree in any other university and that the source of material used and incorporation in the research project has been duly acknowledged.

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Certificate

This is to certify that the research project titled “The effect of leadership style on employee’s commitment in Nib international bank s.co” submitted in partial fulfillment of the requirements for the award of master’s degree in business leadership that the research project has not presented the basis for the award any degree previously and that represents independent work in complains the acceptable standard with genuinely original.

Signed by examining committee

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Abstract

The research project examines the effect of transformational, transactional and laissez-faire leadership style and the three dimensions of employee's affective, continuance and normative commitment. The main objective of this study was the effect of leadership style on employee's commitment in Nib International Bank S.co. Both primary and secondary data were used to overcome the research objective. Multifactor Leadership Questionnaire (MLQ) and Organizational Commitment Questionnaire (OCQ) were used to collect the primary data to measure leadership style and employee's commitment. The secondary data used for review literature and used as reference to manage the overall research. 141 sample selected from the target population with stratified sampling technique based on the bank employed categorically classified the already in four district to manage the branch performance and the sample comprise only Branch manager, Customer service manager and Branch accountant of the Nib International bank S.co in Addis Ababa area. Qualitative survey research approach was conducted in the study to analysis and interpretation. Both descriptive and inferential statistics utilized to measure the relation and effect of leadership style on employment commitment. The result of descriptive statistics revealed that transformational and transactional leadership styles were more practiced in Nib International Bank S.co. On the other hand inferential statistic result of regression analysis showed that transformational and laissez-faire leadership styles were direct and significantly affects the employee's commitment, where as transactional leadership style results relate negatively and insignificant to employee's commitment in Nib International Bank S.co. On both statistical tools transformational leadership style was strong relationship with employee's commitment. The findings recommend that Nib international bank s.co should minimized the effects of laissez-faire leadership style because theoretically and other studies revealed that it does not bring employee's organizational commitment.

Key words: Leadership style, Transformational leadership, transactional leadership, laissez-faire leadership, affective commitment, continuance commitment and normative commitment

CHAPTER ONE

1. Introduction

1.1. Background of the study

Most firms and businesses consist of employers and employees of management and staff or leaders and followers. In order to achieve the desired objectives, there must be an interaction between employers and employees (management and staff or leaders and followers). Most of them are goal oriented. The leadership style that characterizes the interaction between leaders and followers is most important in terms of employee's efficiency and productivity (Bryman, 1992; Yukl, 1994).

Employees are workforce of any businesses and they carry out the duties required to achieve the desired objective of any firm. As Eskildson and Nussler (2000) stated, employee satisfaction is impacted by the employees' perception of their job and the organization for which they work for. Employees' perception of leadership behavior is an important predictor of employee job satisfaction and commitment (Jaskyte, 2004). Individual perception of the organization is related to job attitudes (Morris and Bloom, 2002).

Based on these organizational leaders in some part of the world have been accused of adopting leadership styles that favor the top-down, command and control technique in leading their subordinates, which most often than not causes negative reaction from their subordinates and hampers cordiality between both parties (Akinbode and Fagbohunde, 2012). The results of these styles of leadership would include the de-motivation of staff and erosion of employees' commitment, among others. This is usually obvious when such employees have no immediate opportunity for whatever reason to leave the organization and they become emotionally detached from the organization (Lok & Crawford, 2004; Nasurdin, Ahmad, & Razalli, 2004).

The contemporary leadership styles of that most organization usually at the current studies lay on transformational leadership style, transactional leadership style and laissez-faire leadership style (Abasilim, 2014; Rehman, Shareef, Mahmood, Ishaque, 2012; Rukmani, Ramesh, & Jayakrishnan, 2010). Likewise, the three major dimension of commitment (affective, normative and continuance commitment) are exhibited by employees in organization (Othman,

Mohammed, & D'Silva, 2013). Moreover, studies have shown that top on the list responsible for employees' commitment has been leadership, which pertains to the style adopted by the leader and the impact it has on the commitment level of organizational workforce for performance (Avolio, Walumbwa, & Weber, 2009; Trottier, Van Wang, 2008, 2008; Yasir, Imran, Irshad, Mohamed, & Khan, 2016).

Therefore, this research looked for to investigate and examine the effect of leadership style (transformational, transactional and laissez-faire leadership styles) in relation to the three dimension of commitment (affective, normative, and continuance) on the employee commitment in Nib International Bank S.co. In effect this research has been valuable for the organization workforce to classify which leadership style is effective for them in terms of work satisfaction and the success of their careers. For leaders it is useful to which types of leadership style effective for employee commitment in the organization and identifying employee's behavior to achieve organization goal that play significant role by enhancing commitment of the individual leader and follower.

1.2. Statement of the problems

The importance of leadership style and employee commitment to the achievement of organizational goals becomes apparent and critical. Leadership has always been considered as a critical element and function of management, which helps manage the dedication level of employees within the organization and the attainment of organizational goals (Abasilim, Gberevbie, & Osibanjo, 2018; Keskes, 2014). Likewise, (Hueryen Yeh 2012), organizational commitment and job performance are confidently related to leadership style.

According to Mayer and Maltin (2010) staff with more organizational commitment is more loyal, productive and accountable. They also indicated that organizational commitment is able to effectively predict the employee's performance and turnover. Employee's organizational commitment is considered as one of the reliable and sustainable predictors of absence, turnover, productivity, efficiency and job satisfaction of the staffs (Becker, 1960). Also Awan and Mohmood (2009) describe that employee's commitment reflects the quality of the leadership in the organization. Therefore, it is logical to assume those leadership styles which have a significant relationship with the development of employee's commitment.

Leadership defines as “process of influencing a group towards the achievement of goals” (Robbins and Coulter, 2012) and a leader as “someone who can influence others and who has managerial authority”. In recent times the environment of business required leaders and leadership abilities spread all over the organizations. How employees can be committed through proper leadership style and identifying the effective leadership style on employee commitment and it can be useful for leaders to understand the situation in their perspectives. As a result leadership is an important requirement whenever people get together as teams to carry out certain tasks (Ibid).

In most banking industry in Ethiopia organization success consider meeting set budget is paramount for effective leadership but in reality meeting budget is not show organization success because the result of financial success can be easily manipulated by organizational leaders (managers). The other important point is the operations of the banks are task focused and job routine with little flexibility and decisions and policies are imposed on followers. In organization like banks leadership perceived employees performing their daily duties based on the standards and bank procedures that measure their performance being assigned. The problem leading to this study may be included the inappropriate application of leadership style been result of poor employee performance and commitment in the consequences of employee dissatisfaction and turnover.

Therefore, this study is considered important to find out the effect of leadership styles of middle and top management (i.e. transformational, transactional and laissez-faire) and employee’s commitment of Branch manager, Customer service manager and Branch accountant (i.e. affective, continuance and normative) in Nib International Bank S.co in Addis Ababa area.

1.3. Background of the organization

The research project has been focused Nib International Bank S.co. Nib International Bank S.co is one of the private owned banks in Ethiopia that was established on the 26 May 1999 as the sixth private bank licensed in Ethiopia under license no LBB/007/99 in accordance with the Commercial Code of Ethiopia and the Proclamation for Licensing and Supervision of Banking Business Proclamation no. 84/1994. NIB commenced its operations on 28 October 1999 with 27

employees; an established paid up capital of ETB 27.6m and authorized capital of ETB 150m by 717 Shareholders.

Headquartered in Addis Ababa, the Bank had grown steadily in line with Ethiopian banking industry trends. At the end of financial year 2019/2020, total deposits, loans and advances were ETB 36.6bn and ETB 25.5bn, respectively. Total assets at 30 June 2020 stood at ETB 42.4bn and paid up capital at ETB 3.4bn. In the same period, the Bank's shareholders increased to 4,407, the total number of customer deposit accounts exceeded 1million and the number of the Bank's employees grew to more than 5,934 with a branch network of 322 branches.

The Bank offers fully fledged banking services including domestic, international, mobile, internet banking, card banking service and interest free banking product and services. The bank provide service from domestic banking of different types of saving deposit products, providing loan, local transfer and trade service, foreign exchange and foreign money transfer to its esteemed customers. The bank also provide service using modern technology based on mobile and internet banking without visiting the bank manage their account through their mobile phone and computer. In its interest free banking provide different deposit products with profit sharing scheme in addressing the interest of interest free banking customers. With ATM and POS machines the bank give service of cash withdraw and terminal selling including account payment and receiving transaction service of other banks.

1.4. Research Questions

The study sought to provide answers to the main question;

- What is the existing leadership styles applied to impact employee's commitment of Nib International Bank S.co?
- What is the effect of transformational leadership style in to employee's affective, continuance and normative commitment in Nib International Bank S.co?
- What is the effect of transactional leadership style of employee's affective, continuance and normative commitment in Nib International Bank S.co?

- What is the effect of laissez-faire leadership style of employee's affective, continuance and normative commitment in Nib International Bank S.co?

1.5. Objective of the study

1.5.1. General Objective

The general objective of this study is to investigate the effect of leadership style on employment commitment in Nib International Bank S.co

1.5.2. Specific Objective

- To identify the existing leadership style impact on employee's commitment in Nib International Bank S.co;
- To determine the effects of transformational leadership style on employee affective, continuance and normative commitment in Nib International Bank S.co;
- To determine the effects of transactional leadership style on employee affective, continuance and normative commitment in Nib International Bank S.co;
- To determine the effects of laissez-faire leadership style on employee affective, continuance and normative commitment in Nib International Bank S.co.

1.6. Scope of the study

To address the problem that consider in the statement of the problem. This research was limited to the effect of leadership style on employee commitment in Nib International Bank S.co. The study was focused on the three leadership style and three dimensions of commitment and its effect on employees of Nib International Bank S.co. In addition the method of the study was also limit to descriptive and inferential explanatory design and qualitative approach. The study was also geographically focused on Nib International Bank S.co branches where Addis Ababa area. The research also was conduct based on stratified probability sampling method that was taken randomly from each district classified already in the bank managerial and operational staff in combination. The research has included data for fiscal period of 2018/2019 and 2019/2020 and the current status of the bank.

1.7. Limitation of the study

The study was limited to the effect of leadership style (transformational, transactional and laissez-faire) of the Nib International Bank S.co on employees' commitment and not covers other type of leadership style and factors that could be impact organizational goal. The study also limited by the scope of the sampling comprised only Branch managers, Customer service managers and Branch accountant. In addition the study was aimed at conducting investigating and examines the impact of leadership styles on employee commitment that may create awareness of the bank top management about effective leadership style so that employee's were biased in their questionnaires response. At last, time and financial constraints for limiting sample size to a manageable level since the Nib International Bank S.co has established across country wide distribution network covering all regions of the country.

1.8. Significances of the study

The study has been helped management of Nib International Bank S.co in applying and pursuing effective leadership style to create the most successful leadership style awareness that overcome employees commitment all over the organization and to meet organization objectives in relation to deposit mobilization, foreign currency generation and employee's turnover. And also this research offers empirical insights to the top management of the bank, human resource managers, and other stakeholders interested in understanding the extent of relationship that exists between leadership styles and employees' commitment. It also helps them to be aware of the specific leadership style that relates more with employees' commitment. In addition to this it would be a basis for other researchers to be used as a benchmark for further understanding of keep all stakeholders informed and develop modern leadership style. And also contributes to knowledge in organizational leadership studies especially Ethiopian banking sector thereby extending academic debate on the subject matter.

1.9. Organization of the study

The study has have five subsequent chapters; the first chapter includes introduction, statement of the problems, and background of organization under the study, objective of the study, scope of the study and significances of the study. The second chapter is discussed the theoretical and

empirical researches that provided publicly in the form of article and journal books as a result to development of conceptual framework of the study. The third chapter is contains methodology, research design, data collection method and instrument, the validity and reliability of data and data analysis. The fourth chapter is includes analysis, discussions and presentation of the result of the research and the fifth chapter contains summary, conclusion and recommendation of the research project. At last the research has includes references, appropriate appendix and indexes.

CHAPTER TWO

2. Literature review

2.1. Introduction

This chapter is discuss the theoretical and empirical research that publicly provided in journal books and articles. It reviews leadership theory and empirical studies as the result the effect of leadership style on employee commitment for the development of conceptual framework.

2.2 Theoretical framework

2.2.1. Definition of leadership

Scholars and other writers have presented hundreds of definitions of the term *leadership*, and one authority on the subject has concluded that leadership “is one of the most observed and least understood phenomena on earth.” Richard L. Daft in his book defines; *Leadership* is an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes. Prentice (2004) associate the definition of leadership with the success of accomplishment of organizational aim in directing and organizing his/her cliques, fellows and associates resource to achieve certain predetermined collective goal.

It is the process of exerting organized influence to specific team to the achievement of certain predetermined goal and practiced while a leader organize human and non human resource, psychological and other resource to engage and satisfy the predetermined objectives of his/her fellows (Merton, 1969 and Bumbs, 1978).

2.2.2. Theory of Leadership

2.2.2.1. Great-man theory

The advocator and pioneer of Great-man theory Thomas Carlye (1847) argued in the favor of the heroes and said that the history of what man has accomplished in this world, is at the bottom of the history of the great men who have worked here. He claimed that being a leader is natural selection or innate and that those men who become a leader in there innate have heroic potential to being a leader. He preached that the great men were only nurtured not learnt.

2.2.2.2. Trait theory

In the late 1940s, scholars attempted to examine the traits of military and non-military leaders respectively and the research result found that there were significant of certain traits developing at certain times. Ekvall and Arvonen (1991) identifies two kind of traits that could be possessed by a leaders; i.e. emerging traits those traits are heavily examples of such traits height, intelligence, attractiveness, and self-confidence and the other kind of trait is effectiveness trait this is championed through experience and learning such trait comprises charisma as main component of leadership.

2.2.2.3. Contingency (situational) theory

This theory of leadership style highly rested upon many factors for examples the setting, the environment, the background of subordinates and other variables. The advocator of this theory pronounced that there is no single and best fit to all leadership style to lead and the leader must be able to adapt to the situation and transform their leadership style between task-oriented and relationship oriented.

2.2.2.4. Style and Behavior theory

The proponent of style and behavior theory stated that the significance of certain essential leadership capacity that facilitate and serve as enabler for the leader in order to help the leader to act in accordance with the previous capacity of a leader. Consequently before specific acting announce that every single leaders has different style of leadership that give most pleasant for most leaders which many factors in setting for example, the environment, the background of subordinates and other variables. So that there is no one single best way of direct, because there some many dimension of the environment that need to adjust to specific leadership style.

2.2.2.5. Process Leadership theory

This leadership theory study pronounced on the area of servant, the leading organization, principal and charismatic leadership with others emerging. Servant leaders were exhilarated to be absorbed to the disquiets of the supporters and the leader ought to empathize with them take care of and encourage them. The leaders in the organizations are to be the agent of the vision of the business and not a servant of the employee within the institution. These process leadership

philosophies and other that have arisen often propose that the effort of leaders is to give to the welfare of others with a concentration on some arrangement of social accountability.

2.2.3. Contemporary leadership style

One of the most important aspects of the new paradigm of leadership is the ability to use human skills to build a culture of performance, trust, and collaboration. In this regard to review the theoretical aspect of transformational, transactional and laissez-faire leadership style for under study.

2.2.3.1. Theory of transformational leadership style

This leadership style encourages subordinates to rise above their self interest to achieve organizational goals beyond the stated expectations. This is done through the alteration of their perception, behavior, morals, ideas, interests, and values (Bass, 1985). It is imperative to note that this concept was first presented by Burns (1978) and later expanded by different researchers like Bass and Avolio (1990); Bass, Avolio, Jung, and Berson (2003); and Antonakis, Avolio, and Sivasubramaniam (2003). In a similar manner, Bass and Riggio (2006) described transformational leaders as those individuals who are fond of stimulating and inspiring their followers to accomplish unprecedented results and, in the process, build up their own leadership competencies. This infers that transformational leadership is change driven, especially as it pertains to the way manner goals are achieved. These leaders are concerned not only about the attainment of organizational goals that go beyond the stated expectations, but also about the development of their employees/subordinate capacity.

Transformational leadership style has five distinctive components: idealized attributes, idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation (Bass & Avolio, 1997). **Idealized attribute** is defined from the point of the leader's characteristics (charismatic, confident, ethical, idealistic, and trustworthy) that is considered important. **Idealized influence** goes beyond the subordinate identifying the characteristics of the leader that are deemed important to the actual behavior or actions taken by them, especially in their ability to articulate the vision of the organization clearly to the followers and motivate them to accept and internalize the vision (Bass, 1999). These characteristics of transformational leadership style make the leader charismatic and a role model to their followers (Avolio & Bass,

2004). **Inspirational motivation** has to do with the extent to which the leader challenges his or her subordinates through instilling confidence and a sense of purpose in them, thereby achieving organizational aspirations (Yukl, 2013).

This implies that the leader exhibits a high level of enthusiasm and optimism and communicates with the proper use of words with the aim of upgrading his or her commitment pledge to the objectives and the common vision of the organization. **Individualized consideration** is evident in the leader's disposition as a mentor and coach. The leader shows respect and interest, takes care of the necessities of every individual need in the organization, and also expresses happiness when the followers achieve the shared goals of the organization (Winkler, 2010). **Intellectual stimulation** is portrayed as to how much a leader challenges the stereotypes or business as usual, takes risks, and is responsive to new thoughts from the followers without criticism (Bass et al., 2003).

2.2.3.2. Theory of transactional leadership style

Transactional leadership is described by the contractual relationship that exists between the leader and subordinates, which depends on their individual advantages (Winkler, 2010). This type of leadership is noted for its deployment of the carrot and stick method to accomplish organizational goals (Bass, 1997). This indicates that employees are remunerated based on the accomplishment of their tasks and, to avoid punishment, make sure that the leader's requirements are also accomplished (Aarons, 2006). As indicated by Avolio and Bass (2004), transactional leadership comprises three elements: contingent reward, active management by exception, and passive management by exception.

The **contingent reward** has to do with the leader establishing the objectives and performance expectations to his or her followers, along with the use of rewards and promotions as an inducement to get them to achieve desired results (Akram, Lei, Hussain, Haider, & Akram, 2016). **Active management by exception** refers to continuous monitoring by the leader to ensure that tasks are executed, problems are found and solved, and procedures are reinforced (Gill, 2012). This implies that the leader is vigilant in the activities engaged in by their followers. **Passive management by exception** is evidenced when leaders are

receptive, and they respond to problems only when they arise. These leaders react to issues just when they emerge (Yahaya & Ebrahim, 2016).

2.2.3.3. Theory of laissez-faire leadership style

This style of leadership is characterized by its physical presence but absent in leadership (Lewin, Lippitt, & White, 1939). It is defined as “the inability or a mark of general failure to take responsibility for managing and coordinating activities thereby showing leaders who avoid making decisions, hesitate in taking action, and are absent when needed in critical situations” (Eagly, Johannesen-Schmidt, & Van Engen, 2003, p. 571). In the same vein, Piccolo, Bono, Heinitz, Rowold, Duehr, and Judge (2012) described this style of leadership style as “leaders who avoid making decisions, hesitate in taking action, and are absent when needed” (p. 569). In addition, it is characterized by the leader’s non-interference with the activities of the employees in respect of decision-making processes and the way and manner in which employees intend to attain organizational goals that are left to them (Goodnight, 2011).

In a similar manner, Bhatti, Maitlo, Shaikh, Hashmi, and Shaikh (2012) noted that laissez-faire style of leadership comprises “non-interference policy allows complete freedom to all workers and has no particular way of attaining goals” (p. 193).

2.2.3.4. Theory of employees’ commitment

According to Vance (2006), employee commitment is “both the willingness to persist in a course of action and reluctance to change plans, often owing to a sense of obligation to stay on course” (p. 4). Furthermore, Akanbiand Itiola (2013) see employee commitment as the degree to which employees identify with their organization and are given to adding value to accomplishing the set goals and objectives of their organization. It could likewise be allude as how much a person identifies himself or herself as an employee of an organization and the amount of enthusiasm displayed in meeting up his or her job roles (Mensah, Akuoko, & Ellis, 2016).

For Allen and Meyer (1996), employees’ commitment resides in their psychological attachment to their organizations and this helps reduce the rate of turnover that would have occurred if they were not committed. That is to say, employee commitment is the mental state that ties individual and manager, occupation and organization (Meyer & Allen, 1997). They further identified three

types of employees' commitment (affective, continuance, and normative commitment). In clarifying what this type of commitment is, Ibrahim and Perez (2014) explained that affective commitment relates to emotional attachment of an employee to his organization. Continuance commitment relates to an employee's intrinsic obligation as a result of organizational socialization and the pressure to stay with the organization. On the other hand, normative commitment refers to the employee's choice to stay with the organization or change his job with the chance to incur a loss (p. 48).

2.3 Empirical Review

Organizations all over the world, in both the public and the private sectors, are established primarily to accomplish predetermined set goals and objectives. In achieving these goals and objectives, the role of the human elements (employees) cannot be overemphasized (Gberevbie, 2017; Mokgolo, Mokgolo, & Modiba, 2012; Mottoh, 2015). This is simply because organizations, irrespective of other resources (financial, land, technological) at their disposal, cannot achieve anything meaningful in terms of attaining its set goals, without the human resources galvanizing all other resources (Gberevbie, Joshua, Excellence-Oluye, & Oyeyemi, 2017; Jain & Duggal, 2015).

It has become clear that organizational commitment has important implications for employees and organizations through various studies by researchers. Bennett and Durkin (2000) stated that the negative effects associated with a lack of employee commitment include absenteeism and turnover. As suggested by Drucker (1999), organizations are now evolving toward structures in which rank means responsibility but not authority, and where the supervisor's job is not to command, but to persuade. Hence, in order to be effective, it is critical for managers to influence their subordinates, peers, and superiors to assist and support their proposals, plans, and to motivate them to carry out with their decisions (Blickle, 2003). It is important for the company to know what are the aspects that plays important role or have big impact in boosting the commitment of the employees. Swanepoel, Erasmus, Van Wyk and Scheck (2000) highlighted that leadership styles that encourage employee commitment is essential in order for an organization to successfully implement business strategies, achieving their goals, gain competitive advantage and optimizing human capital. Previous researchers on managerial performance such as Kanter (1982) and Pavett and Lau (1983) pointed out that an important

component of successful management is the ability to influence others. As such, committed employees are more motivated and dedicated towards meeting and achieving organizational goals (Pfeffer, 1998).

Additionally several factors such as innovative remuneration structures, access to employee benefits, comfortable work environment, core values of an organization, career advancement opportunity, recognition, and employees' engagement, among others, have been adduced to be responsible for enhanced employee and organizational performance (Armstrong & Murlis, 2004; Armstrong & Taylor, 2014; Popli & Rizvi, 2016). Moreover, studies have shown that top on the list responsible for employees' commitment has been leadership, which pertains to the style adopted by the leader and the impact it has on the commitment level of organizational workforce for performance (Avolio, Walumbwa, & Weber, 2009; Trottier, Van Wart, & Wang, 2008; Yasir, Imran, Irshad, Mohamad, & Khan, 2016).

The importance of organizational commitment of employees refers to its presumed relationship with important organizational outcomes such as turnover, absenteeism, and performance (Mowday, Porter, & Steers, 1982). Committed employees are expected to identify with and to feel loyal toward their organization; to feel the importance of the agency's values, goals, and mission; and also to feel that their job responsibilities are compatible with their personal values and ethics (Romzak, 1990).

It has been reported that, Organizational commitment should be of great interest to managers, because employees with strong commitment tend to be highly productive and loyal, while those with low levels tend to be disengaged and are prone to attrite, absent frequently, fall prey to stress-induced health issues and other psychological workplace problems. In addition to all of this, committed employees are thought to act without basing their actions on any calculation of what they have invested.

Committed employees are also thought to believe that the values they share with the organization will provide them with a sense of personal satisfaction (Romzek, 1990). Buchanan (1974a) viewed commitment as no less than a precondition for successful social organization. (p.340). In general, for both individuals and agencies, employee commitment is believed to be a positive factor (Romzek, 1990).

Many authors associate the development of organizational commitment with variables such as the personal characteristics of the employee, organizational characteristics and work characteristics (Mowday et al.,1979; Nijhof et al., 1992). The influence of personal characteristics on organizational commitment has been extensively studied with the focus on demographic variables such as age, gender, occupational status, length of service, salary, internal promotion period, marital status, educational level (Nijhof et al., 1992). The organizational characteristics that have been studied include leadership and management style and various demographic details. In our attempt to understand organizational commitment, we need to understand how these various variables fit together and lead to the development of organizational commitment.

The most popular multi-dimensional approach to employee commitment is that of Meyer and his colleagues. In 1984, Meyer and Allen, based on Becker's side-bet theory, introduced the dimension of continuance commitment to the already existing dimension of affective commitment. As a result, organizational commitment of employees was regarded as a bi-dimensional concept that included an attitudinal aspect as well as behavioral aspect. In 1990 Allen and Meyer added a third component, normative commitment to their two dimensions of organizational commitment. They proposed that commitment as a psychological attachment may take the following three forms: the affective, continuance and normative forms.

Meyer and Allen (1984) defined affective commitment as an employee's emotional attachment to, identification with, and involvement in the organization, continuance commitment as commitment based on the costs that employees associate with leaving the organization, and normative commitment as an employee's feelings of obligation to remain with the organization. Each of these three dimensions represents a possible description of an individual's attachment to an organization.

Meyer and Herscovitch (2001) have pointed out that there are differences in the dimensions, forms or components of commitment that have been described in the different multi-dimensional conceptualizations of organizational commitment. They attribute these differences to the different motives and strategies involved in the development of these multidimensional frameworks. These included attempts to account for empirical findings (Angle & Perry 1981), distinguished among earlier one dimensional conceptualizations (Allen and Meyer, 1990; Jaros,

Koehler & Sincich,1993), ground commitment within an established theoretical context (O'Reilly and Chatman, 1986), or some combination of these (Mayer & Schoorman 1992). Mowday et al. (1979) pointed out that most researchers defined employee commitment in terms of either a behavioral perspective or an attitudinal perspective.

Alpander (1990) distinguished between the attitudinal and behavioral approaches to commitment and described how commitment has been viewed differently from the two perspectives. Mowday et al. (1982) proposed that a cyclical relationship exists between the two types in which commitment attitudes lead to committing behaviors which, in turn, reinforce commitment attitudes. An important observation is that, throughout the literature, commitment has been viewed as a more active and positive attitude toward the organization from both perspectives (Johnston et al., 1990). This study focused on employee commitment as an attitude.

2.3.1 Affective Commitment

Allen and Meyer (1990) refer to affective commitment as the employee's emotional attachment to, identification with, and involvement in the organization. Affective commitment involves three aspects: (1) the formation of an emotional attachment to an organization, (2) identification with, (3) and the desire to maintain organizational membership. Allen and Meyer (1990) argue that an individual will develop emotional attachment when he/she identifies with the goals of the organization and is willing to assist the organization in achieving these goals. They further explain that identification with an organization happens when the employees own values are congruent with the organizational values and the employee is able to internalize the values and goals of the organization. With this, there is a psychological identification with and a pride of association with the organization.

2.3.2 Continuance Commitment

The next dimension of employee commitment is continuance commitment (Allen and Meyer, 1990) which is based on Becker's (1960) side bet theory. The theory speaks of that as an individual remains in the employment of an organization for longer periods; they accumulate an investment, which becomes costly to lose the longer the individual is attached to the organization. These investments includes time, job, efforts, organizational specific skills that

might not be transferable or greater cost of leaving the organization that discourage them from seeking alternative employment, work friendships and political deals.

Allen and Meyer (1990) describe continuance commitment as a form of psychological attachment to an employing organization that reflects the employee's perception of the loss he/she would suffer if they were to leave the organization. They explain that continuance commitment involves awareness on the employee's part of the costs associated with leaving the organization. This then forms the employee's primary link to the organization and his/her decision to remain with the organization is an effort to retain the benefits accrued.

2.3.3 Normative Commitment

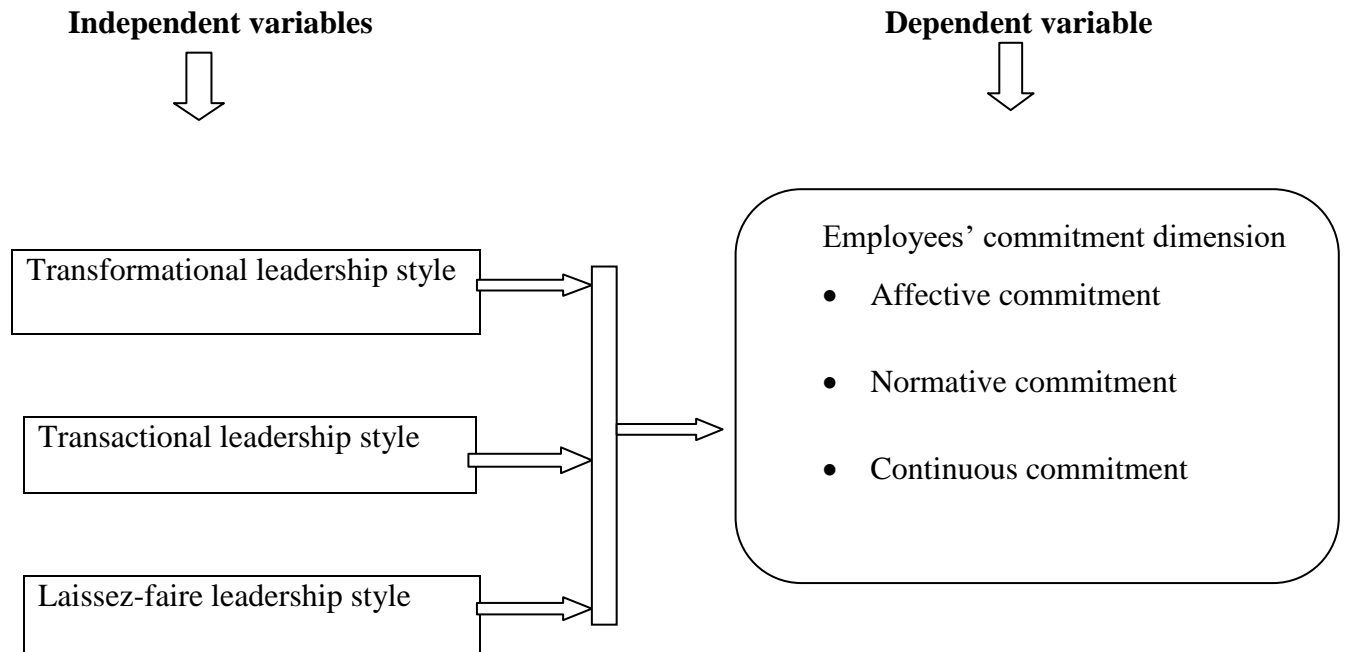
The third dimension of employee's commitment in an organization is normative commitment, which reflects a feeling of obligation to continue employment. Employees with a high level of Normative Commitment feel they ought to remain with the organization (Allen and Meyer, 1990). Researchers have overlooked this view of employee commitment as relatively few studies explicitly address normative commitment. Randall and Cote (1990) Allen and Meyer (1990) and O'Reilly, Chatman, Caldwell (1991) are some of the few who have attempted to differentiate normative commitment from the other commitments of the employee's organizational commitment.

Randall and Cote regard normative commitment in terms of the moral obligation the employee develops after the organization has invested in him/her. They argue that when an employee starts to feel that the organization has spent either too much time or money developing and training him/her, such an employee might feel an obligation to stay with the organization. For example, an employee whose organization paid his tuition while he/she is improving qualifications might believe that he or she can reimburse the organization by continuing to work for it. In general normative commitment is most likely when individuals find it difficult to reciprocate the organization's investment in them.

2.4. Conceptual Framework

The main aim of this research project is to look at the effect of leadership style on employee commitment in Nib International Bank S.co in achieving the organization goal. The conceptual

model is framed based on the objective of the research from theoretical and empirical literature review. To this end the literature review parts, employee commitment can be affected by leadership style and measure transformational, transactional and laissez-faire leadership style as independent variable, on the other hand employee commitment as dependent variable.



Source: International Journal of Research in Business Studies and Management V7

Fig 1.1 Research conceptual model

CHAPTER THREE

3. Research Methodology

This chapter discuss the research methodology employed in to collection and analyzes the data used in the research study, which is comprises discussions on the research methods and instruments used in the study for data gathering, capturing, validation and analysis. The data was collected from primary source; cross-sectional primary data was collected from Nib International Bank S.co of branches those are located in Addis Ababa area.

3.1. Research design

The research had been applying descriptive and explanatory research designs. According to Cresswell (2003) descriptive research that indispensable emphasis to explain specific opinion and idea to examine the relationships and variations in the important variables by reviewing a large sample of the population. Therefore, what kind of leadership style has been utilized and demography information of the respondents' are described. At the same time explanatory study is applicable for causal relationships among dependent and independent variables what is leadership style and employees' commitment in Nib International Bank S.co.

3.2. Research Approach

Quantitative survey research approach had been employed to conduct the study and test research hypothesis. Based on early establishment and their size the researcher selects Nib International Bank S.co purposively from Addis Ababa area based on the categorical classification that already the bank employed in four district areas for the purpose of managing and controlling the branch performance. The study had been conducted in these four districts that the bank already categorized namely Central Addis Ababa district, North-East Addis Ababa district, South-East Addis Ababa district and North-West Addis Ababa district of branches where located only in Addis Ababa area. In addition the study has been included those branches that are opened and operated two years ago.

3.3. Target population

The target population of this study was employees of Nib international Bank S.co branch located in Addis Ababa. For the study the population was covered 218 management and professional staffs that comprise only branch managers, customer service managers and branch accountants working in the Addis Ababa area. The sampling technique use in this study is proportionate purposively stratified sampling method and the researcher has adopted random sampling technique to take sample from each of the stratum.

3.4. Sample size and response rate

To determine the sample size and representative of the target population, the study used statistical instrument formula. The formula is adopted from Gliem and Gliem (2003).

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

Where, N= total population, 218

e= level of precision = 0.05 n= sample size $n = 218 / 1 + 218(0.05)^2 = 141$

Table 3.1 Sample size and response rate

No.	Primary Data Source at district level	Sample size			Responses		
		Manager	CSM	Accountant	Manager	CSM	Accountant
1	Central Addis Ababa	26	14	26	12	9	14
2	North-west	23	5	23	12	3	13
3	North- east	23	4	23	10	4	9
4	South-west	23	5	23	9	3	9
	Total	95	28	95	43	19	45

3.5. Data collection instrument and technique

Structured instrument was prepared to address the research question and to attain the objectives. The researcher try to collect the primary data through branch to branch message sending and

receiving computer software application called Outlook to address the questionnaires for easily access the respondents and protect each other from COVID 19 from the target population of branch Managers, Customer Service Managers and branch Accountant from branch selected in the sample of Nib International Bank S.co but the data collected was not sufficient for the purpose of this research, and was forced to distribute the questionnaires in their work place and collect the date from the selected group. The data collector is student from Addis Ababa University College of School of Commerce for the fulfillment of Master of business leadership. Before starting the actual data collection, in order to enable the modification of some of the questions cross check of each questionnaire was undertaken by the researcher to avoid flaws and mistakes and timely correction were given as much as possible.

3.6. Reliability and Validity of data

The reliability of the instrument was established using Cronbach’s alpha method and to determine the reliability coefficients from the data gathering instrument of MLQ and OCQ.

Reliability refers to random error in measurement that indicates the accuracy or precision of the measuring instrument (Norland, 1990). These reliability coefficients are high enough to justify the reliability of the instruments. The reliability of an instrument contributes to its validity, as a reliable instrument is measure what it is supposed to measure and not something else. Therefore, results after consistent questionnaire were valid and more exact (Burg-Brown, 2016).

The reliability was measured on the scale of 0 to 1.00, in that if an instrument has a reliability statistics coefficient $> .80$ it assumed extremely reliable, $> .70$ is very reliable and $> .60$ is reliable however if it is $< .60$ the reliability comes to difficulty.

Table 3.2 Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Overall	.832	29
Transformational	.753	6
Transactional	.794	6
Liasiz-faire	.693	5
Employee’s commitment	.811	12

Source: Questionnaire and SPSS 23 output result

From the above table 3.1, the overall Cronbach's alpha value .832 which it shows that the data have internally uniform and consistent. Transactional leadership style was relatively the highest Cronbach alpha value of .794 which it revealed the highest uniformity and consistency with six (6) questions. The second highest Cronbach alpha was transformational leadership style with the value of .753 also the highest uniformity and consistency which it has correspond to six (6) questions whereas Liassiz-faire leadership style has Cronbach alpha value of only .693 which it has five (5) question that the lowest data uniformity and consistency internally when compare with the other two leadership styles. On the other hand the overall employee's commitment has revealed the highest Cronbach alpha value of .811 with twelve (12) questions that demonstrate the highest data uniformity and consistency.

3.7. Data gathering instrument

The instrument for data collection, a set of standardized questionnaire self-administered was provided to the selected group of the employees of the bank under study to fill at their convenience and resend back within three days time in the outlook for those are sent through internet but the researcher was not obtained sufficient respond in the first plan and obliged to distribute in to their work place personally and collect questionnaires from their offices.

The questionnaire had managed that it contains divided into three sections: The first section focuses on the demographic data of the respondents, which include gender, age, educational qualifications, employment status, and years of service; The second section was contains and assesses the leadership style(s) observed in the study area; and The third section was evaluates the type of commitment exhibited by the employees in the study area. For the data collected through the questionnaire administration, correlation analysis had tested the null hypotheses within the preconditions set level of significance.

The questionnaires administered were comprises two type of separate instrument that were Multifactor Leadership Style Questionnaire (MLQ) by Bass and Avolio (2004) and Organizational Commitment Questionnaire (OCQ) developed by Meyer and Allen (1997) were adapted and modified to suit the study's environment in eliciting responses from the population of the study.

The MLQ was abridged and was a five-point Likert-type scale (ranging from 0 to 4) where 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, and 4 = frequently, if not always that describes the employees' superior's leadership style. These MLQ questionnaires have comprised and represented the type of leadership style for the research project purpose. And also OCQ is used for the measure of employees' commitment for this study. This Organizational Commitment Questionnaire consists of three dimensions as "Affective commitment", "Continuance commitment" and "Normative commitment". The selected OCQ is a self-scoring questionnaire and the responses to each dimension that are rated using a 5-point Likert scale labeled as 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. High score shows high employees' organizational commitment perception while low score implies low perception in the scale.

3.8. Ethical Consideration

The research purpose is only for academic that sensitive information of the respondents and data collected for this purpose is kept highly confidential not use for in other way. The questionnaire was provided to Branch managers, Customer service managers and Accountants it contains gathering of demographic data and leadership style in effect of the bank employee commitment. I also assure that the research study is not used in other similar academic institution and taking full responsibility of plagiarism.

3.9. Data analysis and presentation

After collecting distributed questionnaire, data was properly organized and prepared for codification. Data coding and recording was done at the end of each day of data collection in to Statistical Packages for Social and Science (SPSS) version 23 to analyze. The data was analyzed using descriptive statistics such as mean, standard deviation to describe the demographic characteristics. Also the practice of leadership style was measured descriptive statistics to describe which leadership style is practiced in the bank. In addition, to test the relationship among variables used one sample T – test, independent sample T – test and Pearson correlation coefficient. To test the research hypothesis and analysis data multiple regressions were applied to infer the effect of leadership style on employee's commitment in Nib International Bank S.co.

CHAPTER FOUR

4. Data presentation, Analysis and Interpretation

4.1 Introduction

This chapter describe, examine, analysis and interpret of the demographic details of the target group co-relation with employee's organizational commitment and infer the effect of leadership style on employee's organizational commitment with nine (9) hypothesis test were administered. In this study some appropriate statistical tools such as frequency analysis, analysis of variance (ANOVA), and Pearson's correlation techniques are used.

4.2 Response rate

The research project was targeted 141 sample size of distributed questionnaires' of which 112 were returned however only 107 were appropriate due to incomplete response so that for data analysis used 75.9 percent of the response rate which it is acceptable for this research study. From this response rate, the study was in line with the accepted norms for making deduction and conclusion.

4.3 Description of respondents

The study used 5 demographic variables concerning the respondents' characteristics. They were asked to respond their gender, age, academic background, work experience and current position. Based on these demographic variables data were collected and analyzed.

Table 4.1 Respondent description

Gender	Frequency	Percent
Male	67	62.6
Female	40	37.4
Total	107	100
Age		
20 - 30	35	32.7
31 - 40	52	48.6
41 - 50	19	17.8
51 - 60	1	.9
Total	107	100
Academic background		
Degree	78	72.9
M/degree	29	27.1
Total	107	100
Work experience in the bank		
< 5	21	19.6
5 - 10	53	49.5
11 - 15	25	23.4
16 - 20	7	6.5
> 20	1	.9
Total	107	100
Current position in the bank		
Branch manager	43	40.2
Customer service manager	19	17.8
Accountant	45	42.1
Total	107	100

Source: Questionnaire and SPSS 23 output result

From the above table 4.1, gender composition revealed that 62.6 percent of male and 37.4 percent of female represent in the study as a result the study indicates was no gender biasness.

When come to age characteristics, 32.7 percent was the age group of 20 – 30, 48.6 percent was the age group of 31 – 40 (which was the highest score in this regard), 17.8 percent was the age group of 41 – 50 and only one representative was found from the age group of 51 – 60.

The academic background was measured by four categories from Diploma to graduation of various streams, such as Degree, Masters Degree and Doctorate Degree as a result the study revealed that only 72.9 percent and 27.1 percent of the response was first degree and second degree holders respectively. This indicates the respondents have good knowhow about leadership style and employee's organizational commitment.

The other demographic description was work experience in the bank. As the result 19.6 percent was less than 5 years of service, 49.5 percent was from 5 – 10 years of experience (i.e. the highest score), 23.4 percent was from 11 – 15 years of service, 6.5 percent was from 16 – 20 years of experience in the bank and only one representative found in the service year of above 20 years. This means that majority of the respondents are well experience and knowledge about their organizational commitment and leadership style.

The last demographic description was the current position in the bank, in that the result revealed 40.2 percent was Branch Managers, 17.8 percent was Customer Service Manager and 42 percent was Branch Accountant comprised in the study.

4.4 Descriptive analysis of leadership style and employee commitment

The study here to examine the three recent kind of leadership style to be demonstrated the result and describe and analyze the assessment of result of transformational leadership style with six statements and followed by six statements of transactional leadership style. The other five statements was laissez-faire leadership style to be measure. Descriptive analysis was applied to examine which leadership style was practiced in each type. The five scale of MLQ were applied to measure scale range from 0 – 4 for 0 – not at all, 1 – once in a while, 2 – sometimes, 3 – fairly often and 4 – frequently if not always. And also to assess the employee's organizational commitment OCQ were used to measure with a five Likert scale 1- strongly disagree, 2 – disagree, 3 – neutral, 4 – agree and 5 – strongly agree to analysis and interpret the variables.

4.3.1 Transformational Leadership Style

Table 4.2 Transformational leadership

	N	Mean	Std. Deviation
Talks enthusiastically about what needs to be accomplished	107	2.89	.805
Seeks different perspectives when solving problem	107	2.87	.836
Suggest new ways of looking at how to complete assignments	107	3.02	.765
Act in ways that build others respect for him/her	107	3.05	.873
Consider the moral and ethical consequences of decisions	107	3.08	.814
Talk about his/her most important values and beliefs	107	2.79	1.053
Pooled mean		2.95	0.857

Source: Questionnaire and SPSS 23 output result

From the above table 4.2, the statement ‘Consider the moral and ethical consequences of decisions’ had the highest mean value of 3.08 with standard deviation of .814 and the statement ‘Act in ways that build others respect for him/her’ had also the second highest mean value of 3.05 with standard deviation of .873. The statement ‘Talk about his/her most important value and beliefs’ had the lowest mean value of 2.79 with 1.053 of standard deviation from the illustrated transformational leadership style questionnaires.

The study revealed that transformational leadership style with six statement questionnaire had mean value of 2.95 with standard deviation of .857 which it had greater than the average value of the mean. So that it can be concluded that the bank practiced transformational leadership style in most of the middle and top leaders.

4.3.2 Transactional Leadership Style

Table 4.3 transactional leadership

	N	Mean	Std. Deviation
Spend time mentoring and coaching sub-ordinates.	107	2.65	.912
Treat each team member as an individual rather than just as a member of the group.	107	2.81	1.011
Consider each person as having different needs, abilities and aspirations from others.	107	2.96	.921
Discuss in specific terms who is responsible for achieving performance targets.	107	3.02	.847
Make clear what one can expect to receive when performance goals are achieved.	107	2.83	.966
Focus attention on irregularities, mistakes, exception and deviations from standards.	107	2.86	1.014
Pooled mean		2.85	.945

Source: Questionnaire and SPSS 23 output result

In the above table 4.3 the statement ‘discuss in specific terms who is responsible for achieving performance targets’ had the highest mean value of 3.02 with standard deviation of .847. And the second most highest value of mean was ‘Consider each person as having different needs, abilities

and aspirations from others’ of 2.96 mean and .921 standard deviation where as the lowest mean was ‘Spend time mentoring and coaching sub-ordinates’ with the mean value of 2.65 and standard deviation of .912.

From the study of transactional leadership style demonstrated with six statements was the second most highest above the average mean value of 2.85 with standard deviation of .945, and also conclude that the bank practiced transactional leadership style in some degree in the middle and top leaders.

4.3.3 Laissez-faire Leadership Style

Table 4.4 Laissez-faire leadership

	N	Mean	Std. Deviation
Concentrate his/her full attention on dealing with complaints and failures	107	2.36	1.119
Direct his/her attention towards failures to meet standards	107	2.12	1.195
Fail to interfere until problems become serious	107	1.59	1.243
Avoid getting involved when important issues arise	107	1.69	1.247
Delay responding to urgent questions	107	1.75	1.252
Pooled mean		1.902	1.211

Source: Questionnaire and SPSS 23 output result

From the above table 4.4 Laissez-faire leadership style represented with five statements as a result ‘concentrate his/her full attention on dealing with complaints and failures was the highest mean value of 2.36 with standard deviation of 1.119 and ‘Direct his/her attention towards failures to meet standards’ was the next highest mean value of 2.12 with standard deviation of 1.195. The lowest mean value was revealed in ‘Fail to interfere until problems become serious’.

The study illustrated Laissez-faire leadership style examined with five questionnaires that had average mean value of 1.902 with the standard deviation of 1.211 as a result this type of leadership style was poorly practice in middle and top leaders in the bank.

4.3.4 Employee’s Commitment

Table 4.5 Employee’s commitment

	N	Mean	Std. Deviation
I would be very happy to spend the rest of my career with this bank	107	3.24	1.156
I really feel as if this bank’s problems are my own	107	3.40	1.123
This bank as a great deal of personal meaning for me	107	3.50	1.049
I do not believe that a person must always be loyal to this bank	107	2.74	1.362
It would be very hard for me to leave this bank right now, even if I wanted to	107	3.04	1.098
Too much in my life would be disrupted if I decided I wanted to leave this bank now	107	2.65	1.100
Right now, Staying with this bank is a matter of necessity as much as desire	107	2.78	1.084
One of the few serious consequences of leaving this bank would be the scarcity of available alternatives	107	2.80	1.136
I do not feel emotionally attached to this bank	107	3.21	1.082
Jumping from bank to bank does not seem at all unethical to me	107	3.18	1.114
I was taught to believe in the value of remaining loyal to this bank	107	3.50	.955
Things were better in the days when people stayed with this bank for most of their careers.	107	3.50	.945
Pooled mean		3.12	1.10

Source: Questionnaire and SPSS 23 output result

To measure employee's organizational commitment, there were twelve statements to examine the level of employee's commitment to their bank. There were items that score the highest mean value of 3.50 each the three statements with corresponding standard deviation of 1.049, .955 and .945 of 'this bank as a great deal of personal meaning for me, I was taught to believe in the value of remaining loyal to this bank and things were better in the days when people stayed with this bank for most of their careers respectively. The lowest employee's commitment score the mean value of 2.65 with standard deviation of 1.100 in the statement that 'too much in my life would be disrupted if I decided I wanted to leave this bank now'. The result revealed that in most statements examination of employee's commitment had above the average mean value of 3.12 with standard deviation of 1.10.

4.3.5 Summary of Descriptive Analysis

In summary, from the above descriptive analysis, the measurement was based on mean and standard deviation of the rated variables. The analysis demonstrated with the highest mean value of leadership style indicates that the independent variable mostly practice in Nib International Bank S.co.

Table 4.6 Summary of descriptive analysis

Variables	Pooled mean	Standard deviation
Transformational leadership	2.95	.857
Transactional leadership	2.85	.945
Laissez-faire leadership	1.902	1.211
Employee's organizational commitment	3.12	1.100

Source: SPSS 23 output result

From the summary table 4.6 when comparing the mean and standard deviation the highest mean value score was transformation leadership style with the mean value of 2.95 and standard deviation of .857 that practices mostly in Nib International Bank S.co. The second most practice was transactional leadership style in the bank where as laissez-faire leadership style was practiced poorly in the bank. On the other hand employee's organizational commitment was score mean value of 3.12 with standard deviation 1.100 which it was not far from average mean

value this indicate that there is effect and relationship between leadership style and employee’s commitment in Nib International Bank S.co.

4.4 Correlation between leadership style and employee commitment

From the research questions, correlation analysis was conducted to investigate the correlation/relationship between leadership style and employee’s commitment using two-tailed Pearson correlation analysis. It was in the assumption to obtain the correlation coefficients which indicated the strength and direction of relationship of the variables. The P – value also indicated the probability of this relationships significance.

The findings are presented below table:

Table 4.7 Pearson correlation matrix of leadership style and employee commitment dimension

Leadership style	Employee’s commitment			
	Affective	Countenance	Normative	Total employee commitment
Transformational Leadership style	.124	.251**	.185	.274**
Transactional leadership style	-.069	-.067	-.005	-.042
Laissez-fair leadership style	.267	.154**	.068	.208*

Note: N = 107

* Correlation significant at P < 0.05 level (two-tailed)

**Correlation significant at P < 0.01 level (two-tailed)

4.6 Model development and specification

In this study independent variables were used in measuring of behaviors of leadership style that were considered in the Full range leadership as independent variables separately. The leadership styles were comprised in the Full range leadership model (FRLM). These variables (transformational, transactional and laissez-faire leadership style) were analyzed and interpreted

based on regression model to perceive the effect on employee's commitment which it was measured separately as dependent variables. On the other hand, dependent variables were applied to the effect of employee's Affective commitment, continuance commitment and normative commitment in Nib International Bank S.co. To test the hypotheses, linear regression model was developed and used for employee's commitment as dependent variable separately. And also each type of leadership styles was considered as independent variable in each regression model. Hence the models were as follows:

$$\text{Affective commitment} = \text{Constant} + B1X1 + B2X2 + B3X;$$

$$\text{Continuance commitment} = \text{Constant} + B1X1 + B2X2 + B3X;$$

$$\text{Normative commitment} = \text{Constant} + B1X1 + B2X2 + B3X;$$

Where

X1 = transformational leadership style

X2 = transactional leadership style

X3 = laissez-fair leadership style

Constant = the point where the value of the dependent variable relates to a value of zero for the independent variable. At this point the regression line intersects with the x-axis in the graph. The constant is the starting value of the outcome when there is no influence from the predictors and the control variables (Field, 2009).

B = the un-standardized regression coefficient which signifies the strength of the relationship between a given predictor, and an outcome in the units of measurements of the predictors. It represents the change in outcome connected with the unit change in the predictor (Field, 2009).

R – Square = the coefficient of determination, a measure for how much of the variation in outcome can be accounted for by the predictor (Field, 2009).

Adjusted R – Square = a measure of the loss of predictive power or shrinkage in regression. This value tells us how much variable in the outcome would be accounted for if the model had been derived from the population from which the sample was taken (Field, 2009).

4.7 Data analysis and interpretation

Table 4.7 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Affective Commitment	.331	.110	.084	.53979
Continuous Commitment	.344	.118	.094	.76231
Normative Commitment	.213	.046	.018	.71670

Predictors: (Constant), Laissez-fair leadership style, Transactional leadership style, Transformational leadership style

Source: SPSS 23 output result

In the above table 4.7, the result of R-Square (.110) was the proportion of variation in dependent variables (Affective commitment) that was explained by transformational, transactional and laissez-faire leadership style. So as 11% of the variation was affective commitment that can be explained by the three leadership style in the model. As a result there must be other variables that have an influence. In addition to this R-Square value of (.118) in the above table 4.7 regression model summary continuance commitments realized that only 11.8% of variation can be explained by the independent variables (transformational, transactional, and laissez-fair leadership style). The remaining 88.2% of the variance could be explained by other variables not included in this study. And also table 4.7 pointed out that the R-square value of (.046) of normative commitment can be explained by the independent variables of leadership styles which it was accounted 4.6% of the variation in this normative commitment. This means 95.4% of variation in normative commitment of the employee could not be explained by leadership style of the middle and top leaders of the bank.

Table 4.8 Regress dependent variables (commitment) on independent variables

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
Affective	(Constant)	2.337	.415		5.628	.000
	Transformational leadership	.200	.105	.186	1.910	.059
	Transactional leadership	-.138	.100	-.134	-1.382	.170
	Laissez-faire leadership	.326	.105	.290	3.100	.002
Continuance	(Constant)	1.534	.586		2.615	.010
	Transformational leadership	.476	.148	.312	3.221	.002
	Transactional leadership	-.237	.141	-.162	-1.678	.096
	Laissez-faire leadership	.301	.149	.189	2.025	.045
Normative	(Constant)	2.449	.551		4.441	.000
	Transformational leadership	.292	.139	.211	2.100	.038
	Transactional leadership	-.089	.133	.068	-.673	.503
	Laissez-faire leadership	.129	.140	.089	.922	.359

Source: SPSS 23 output result

From the above table 4.8, the un-standardized coefficients B column, demonstrate us the coefficients of independent variables in the regression equation including all the predictor variables as indicated as follows. The standardized beta gives us the strength and direction of the relationship of variables. As the result laissez-faire leadership style was the only predictor and positively influence on affective commitment (Beta = .290, P = .002), on the other hand transformational and transactional leadership style were insignificantly affect affective commitment with (Beta = .186, P = .059) and (Beta = .134, P = .170) respectively. In contrary to this study (Meyer and Allen, 1997; Buciuiniene and Skudiene, 2008; Lo et al, 2010) the result of transformational leadership was revealed that strong relationship with affective commitment.

On the other hand, Transformational and laissez-faire leadership style were positively influence on continuance commitment with (Beta = .312, P = .002) and (Beta = .189, P = .045) respectively where as transactional leadership style was related negatively and insignificant effect on employee's continuance commitment with (Beta = .162, P = .096). There were few

studies that reported weak relationship between transactional leadership and employee's commitment (Buciuniene and Skudiene, 2008). And also transformational leadership style was the only leadership style affects normative commitment with (Beta = .211, P = .038), whereas transactional and laissez-faire leadership style were not influence and affect significantly (Beta = .068, P = .503) and (Beta = .089, P = .359) on normative commitment respectively, in previous empirical research of transactional leadership style was impacted positively and significantly on normative commitment.

The model equation for affective commitment:

$$\text{Affective commitment} = 2.337 + .326(\text{Laissez-faire leadership style})$$

So that higher level of laissez-faire leadership style was associated with higher level affective commitment of the branch supervisor's.

Transformational and laissez-faire leadership styles were affecting significantly and correlated with continuance commitment, in suggestion higher level of these leadership style associated with higher level continuance commitment.

The model equation for continuance commitment:

$$\text{Continuance commitment} = 1.534 + .476(\text{Transformational leadership}) + .301(\text{laissez-faire leadership})$$

The table also revealed that transformational leadership style was the only predictor and affect significantly normative commitment with (Beta = .211, P = .038) however, transactional and laissez-faire leadership style were not affect significantly.

The model equation for normative commitment

$$\text{Normative commitment} = 2.449 + .292(\text{transformational leadership})$$

So that the higher level of transformational leadership style associated with the higher level of normative commitment.

CHAPTER FIVE

5. Introduction

In chapter four the study was investigated and found out the effect of leadership style on employee's commitment to measure and evaluate by using statistical tools of descriptive and inferential analysis. To this end transformational leadership style was the most practice and significantly affects employee's commitment in both statistic tools. But laissez-faire leadership style had little practice in Nib International Bank S.co was significantly affect the employee's commitment which it contradict the theory and the researcher expectation. Transactional leadership style had the second most practice in the bank however the result showed that it affects insignificant and relates negatively to employee's commitment.

5.1. Summary, Conclusion and Recommendation

5.1.1. Summary

In order to achieve objectives of the research, descriptive and inferential analysis research design was applied. A quantitative survey research approach was employed to conduct the study and test research hypothesis. Sample selection used based on within the four district area that the bank already categorized where located in Addis Ababa and branch opened and service given in two years ago. The study of the target population was 218 management and professional staffs that comprise branch managers, customer service managers and branch accountants working in Addis Ababa. From the total of 218 target population 141 sample were selected and collect the primary data for analysis however from the sample 112 questionnaires were returned of which 107 were used for analysis the remaining were incomplete to use. In data collection, set of standardized questionnaire provided to selected group of the employee's of the bank. The questionnaire comprises three sections, the first section focuses on demographic data of the respondent, the second section contains leadership style questionnaire adopted from MLQ and the third section contains OCQ adopted from Bass and Avolio (2004) and Meyer and Allen (1997) respectively. The adopted MLQ scale ranging was from 0 to 4 Likert type and OCQ scale ranging from 1 to 5 Likert scale type.

The data was analyzed using descriptive statistics to describe which type of leadership style is practiced in Nib International bank. SPSS version 23 was used to analyze data. Reliability of the instrument was checked and the result shows that cronbach alpha value of .832 which assumed extremely reliable because the value was $> .80$. In testing research hypothesis applied multiple regression data analysis to infer the effect of leadership style on employee's commitment in Nib International Bank S.co.

To achieve the first objective which type of leadership style is practiced in the bank, the result revealed that transformational leadership style the most practiced with the mean value of 2.95 and standard deviation of .857 which it was greater than the average mean, this implies that the middle and top leaders of the bank practice this type of leadership style. And also transactional leadership style was practice in some degree next to transformational leadership; it had mean value of 2.85 and standard deviation of .945, whereas laissez-faire leadership style was practiced poorly the average mean value was 1.902 and standard deviation 1.211 this means the bank middle and top leaders practiced in low bases to this type of style.

Independent variables were used in measuring of behaviors of leadership style that were considered in Full range leadership as independent variables separately, transformational, transactional and laissez-faire leadership style were analyzed and interpreted based on regression model to perceive the effect on employee's commitment, it was also measured separately as dependent variables.

In testing hypothesis linear regression model was developed and used for each of employee's commitment variables. The regression model summery output result revealed R-Square (.110) was the proportion of variable in dependent variable of affective employee's commitment that was explained by transformational, transactional and laissez-faire leadership style. As result 11% of variation was register in affective employee's commitment. In addition, the regression model registered 11.8% of continuance employee's commitment variation was explained by from the three independent variables. Normative employee's commitment register only 4.6% of variation can be explained by the three independent variables the remaining not included in this study.

From regression analysis, laissez-faire leadership style was the only predictor and positively influence on affective commitment (Beta = .290, P = .002) while transformational leadership

style affects positively but insignificant influence to affective commitment. Transactional leadership style was affected negatively and insignificantly. Transformational and laissez-faire leadership style were affect continuance employee's commitment positively and significantly (Beta = .312, P = .002) and (Beta = .189, P = .045) respectively. Again transactional leadership style was affect negatively and insignificantly (Beta = .162, P = .096). Although transformational leadership style was the only predictor of normative employee's commitment (Beta = .211, P = .038) whereas laissez-faire leadership style affects positively but insignificant (Beta = .068, P = .503) and transformational leadership style was affects positively but insignificant on normative employee's commitment.

5.1.2. Conclusion

Based on the data analysis and interpretation and findings, descriptive analysis revealed the middle and top leaders of the bank practiced transformational and transactional leadership style for decision making. Laissez-faire leadership style was practiced in low degree so that the bank leaders need to minimize at insignificant level.

On the other hand, the result of inferential statistics show that the affective commitment was affected positively and significantly by laissez-faire leadership style and transformational leadership style affects affective commitment positively but insignificant whereas transactional leadership style affects affective commitment negatively and insignificantly. In the case of continuance commitment, transformational and laissez-faire leadership styles were affect positively and significantly whereas transactional leadership style affects negatively and insignificantly. The other dependent variable was normative commitment in this case transformational leadership style was the only predictor affects positively and significantly whereas laissez-faire leadership style affects positively but insignificant, however, transactional leadership style was affect negatively and insignificant.

Thus, it can be conclude that Nib International Bank S.co practiced transformational leadership style to increase employee's commitment and have to minimize the effect of laissez-fair leadership style on employee's commitment because this leadership style is not build organizational team spirit, taking responsibility and adherence of fail to inter approach.

5.1.3. Recommendation

In line of the objective and research question, analysis of data the finding of descriptive and inferential analysis, point out the following recommendations:

Transformational leadership style has the most practice, positively and significantly affects employees of the Nib International Bank S.co. The bank top and middle management should enhance and give more attention for the implementation because this type of leadership style is more of future oriented and strategically thinking leadership style.

Even if transactional leadership style was the second most practiced leadership style in Nib International Bank S.co; it was negatively and insignificantly affects employee's commitment in the analysis so that the bank should assess further the intention of the employee's in the positive thinking of rewarding and team building approach to narrow the gap.

The study also recommend that top and middle manager of Nib International Bank should minimized the effect of laissez-faire leadership style on employee's commitment because such types of leadership approach avoid getting important issues, delay urgent decision and not interfere problems become serious. So the management of the bank should minimize the practicability and the impact on employee's commitment as much as possible low level.

In addition the study showed that the effect of leadership styles had very low on level of the employee's commitment in order to enhance employee's commitment the management of Nib International Bank S.co should improve the applicability of sound leadership style and other contingent management decision making assumptions to increase the level of employee's commitment.

Generally, based on the finding that revealed the significant relationships between leadership style and employee's commitment, it is important to establish a sound system of leadership style in order to increase employee's commitment in Nib International Bank S.co and then increase productivity with the consideration of minimizing of employee turnover. These are the major factors which influence the decisions of employees to increase their productivity and satisfaction level in the bank.

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Appendix

Dear Respondent:

I would like to express my deep heartfelt appreciation for your generous time and honest prompt responses.

This questionnaire is designed to collect information about the existing practices of leadership style and its effect on employee commitment of your organization and entitled: *The effect of Leadership Style on Employee Commitment of NIB International Bank S.co*. The information that you respond shall be used as primary data in my case research which I am conducting as partial fulfillment of requirements of Master Degree in Business Leadership at Addis Ababa University collage of commerce.

Therefore, the information gathered will be used fully and with due attention for academic purpose only and I would like to assure you that data collected will confidential and not be misused any other purposes.

Thank you in advance for your indispensable cooperation to spare invaluable time and energy to complete these questionnaires.

For your more information, please contact on 0911687243 Abebe Bogale for more clarification about the study and questionnaires.

SECTION ONE

Personal information

1. Gender

Male

Female

2. Age

20 – 30

31 – 40

41- 50

51 – 60

3. Academic background

Diploma

Degree

M/Degree

PHD

4. Work experience in the bank

>5 years

5 – 10 years

11 – 15

16 – 20 years

<20 years

5. Current position in the bank

Branch Manager

Customer Service Manager

Branch Accountant

SECTION TWO

These MLQ questionnaires are to describe leadership style of supervisor perceives it in your organization. Twenty descriptive statements are listed under here, Please respond how frequently each statement fits your organization based on five-point Likert-type scale (ranging from 0 to 4) where 0 = Not at all, 1 = Once in a while, 2 = Sometimes, 3 = Fairly often, and 4 = Frequently, if not always.

		0	1	2	3	4
1	Talks enthusiastically about what needs to be accomplished					
2	Seeks different perspectives when solving problem					
3	Suggest new ways of looking at how to complete assignments					
4	Act in ways that build others respect for him/her					
5	Consider the moral and ethical consequences of decisions					
6	Talk about his/her most important values and beliefs					
7	Spend time mentoring and coaching sub-ordinates					
8	Treat each team member as an individual rather than just as a member of the group					
9	Consider each person as having different needs, abilities and aspirations from others					
10	Discuss in specific terms who is responsible for achieving performance targets					
11	Make clear what one can expect to receive when performance goals are achieved					
12	Focus attention on irregularities, mistakes, exception and deviations from standards					
13	Concentrate his/her full attention on dealing with complaints and failures					
14	Direct his/her attention towards failures to meet standards					
15	Fail to interfere until problems become serious					
16	Avoid getting involved when important issues arise					
17	Delay responding to urgent questions					

SECTION THREE

The following OCQ, employee commitment questionnaires concern how you feel about the branch where you work.

Please indicate the extent of your agreement or disagreement with five-point Likert-type scale (ranging from 1 to 5) where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

		1	2	3	4	5
1	I would be very happy to spend the rest of my career with this bank					
2	I really feel as if this bank's problems are my own					
3	This bank as a great deal of personal meaning for me					
4	I do not believe that a person must always be loyal to this bank					
5	It would be very hard for me to leave this bank right now, even if I wanted to					
6	Too much in my life would be disrupted if I decided I wanted to leave this bank now					
7	Right now, Staying with this bank is a matter of necessity as much as desire					
8	One of the few serious consequences of leaving this bank would be the scarcity of available alternatives					
9	I do not feel emotionally attached to this bank					
10	Jumping from bank to bank does not seem at all unethical to me					
11	I was taught to believe in the value of remaining loyal to this bank					
12	Things were better in the days when people stayed with this bank for most of their careers.					