**Effect of Leadership style on Employee Engagement: The Case of Abyssinia Bank Head Office**


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A Research project submitted to the school of graduate studies of Addis Ababa University, school of commerce in partial fulfillment for the award of masters of Business Leadership (MBL).

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## Declaration

I declare that this project entitled: effect of leadership style on employee engagement: the case of Abyssinia bank head office is my original work under the guidance of A/assistance Professor Dr. Solomon Markos and has not been presented for a Degree in any other University with any source have been used duly acknowledged.

Declared by:

Name: ________________________________

Sign: __________________________

Date: __________________________

Advisor

Name: ________________________________

Sign: __________________________

Date: __________________________

**Statement of certification**

This is to certify that Abera Tilahun Weldesembet carried out this research project on the topic entitled effect of leadership style on employee engagement: the case of Abyssinia bank head office. This work is original and it is sufficient for submission for the partial fulfillment for the requirements of the award of Masters of Art in Business Leadership.

Advisor's name: A/assistance Professor Dr. Solomon Markos

Signature: ________

Date: ____________

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS SCHOOL OF COMMERCE

POST GRADUATE PROGRAM

Department of Business Leadership

Board of Committee Approval sheet

Effect of Leadership style on Employee Engagement: the Case of Abyssinia Bank Head Office

BY: Abera Tilahun Weldesembet ID _GSE/8627/14________

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Table of Contents Pages

## List of tables

# List of Figures

## List of Acronyms

BOA - Bank of Abyssinia

UWES – Utrecht work engagement

SET - Social exchange theory

SDT – Self-determination theory

SPSS - Statistical Package for Social Science

SD – Standard deviation

LMX – Leader member exchange

LMQ – Multifactor leadership questionnaire

VIF – Variance inflation factor

# Abstract

*This study highlighted the findings, conclusions, and recommendations generated by the evidence-based analysis of leadership styles' effect on employee engagement at Abyssinia Bank's Head Office. The study was conducted using an explanatory quantitative research approach, cross-sectional survey design, recruitment of 333 sample size (stage 1), and stratified random sampling for selection of appropriate sample based on employees and departments and levels of the Bank organization to classify workers by gender, age and educational attainment. The demographic analysis showed that Abyssinia Bank has a relatively male workforce with 44.3% of employees in the 35-44 age range; there was an overwhelmingly level of educational attainment as 82.6% of employees had a bachelor's degree or higher. The study focused on three leadership styles: Transactional, Transformational, and Servant leadership styles. The research demonstrated that Servant leadership style followed by transactional leadership as the greatest predictor of employee engagement showing employees that they are important and make sense to the bank organization. In contrast, transformational leadership caused a negative effect on employee engagement Overall employee engagement score was rated positively, but the data indicated major opportunities for improvement across the board, especially concerning employees' commitment to the organizational goals. Significant positive relationships exist between leadership styles and employee engagement, showing the role of leadership practices is important. The regression analysis revealed that leadership style accounted for almost 78.1% of the variation in employee engagement. The study recommended socializing transformational leadership, monitoring outcomes while promoting collaboration, commitment to employee development, managing for multi-collinearity, and conducting regular engagement surveys in order to enhance leadership practices, and improving employee engagement, which together should result in increased employee motivation and commitment at Abyssinia Bank.*



*Keywords: Leadership styles, employee engagement, Transactional leadership, Servant leadership, Transformational leadership.*

# CHAPTER ONE

# INTRODUCTION

## 1.1. Background of the Study

In present-day competitive business environment, it is becoming more evident that employee engagement should be viewed as a vital outcome of a company being successful in achieving continuous success. Employee engagement as an outcome is what the notion suggests, and also represents the employee's level of emotional engagement to their workplace ultimately impacting their effort, productivity, and engagement levels, as well as overall job satisfaction (Saks, 2006). Employees that are engaged are more likely to go above and beyond their core job requirement, which ultimately leads to improved organizational performance and lower turnover (Harter, Schmidt, & Hayes, 2002).

Leadership has a key role in shaping employee engagement. Different leadership styles affect how employees view their environment, their motivation levels, and their engagement to the organization (Judge and Piccolo, 2004). For example, transformational leadership inspires and motivates employees by creating a vision for future success and encouraging an atmosphere of collaboration or trust (Bass & Avolio, 1994). Transactional leadership focuses on structured tasks and rewards, which may not lead to high engagement levels (Judge and Piccolo, 2004). Servant leadership differs in that it involves awareness of the leader's role in serving their team, focusing on employee needs, and establishing a culture of support (Greenleaf, 1977; Van Dierendonck, 2011).

Servant leadership takes a different approach by emphasizing the role of serving. Tenets of servant leadership emphasize employee needs, creating a culture of support, and personal and professional development. Focusing on the well-being of employees, supports a more engaged workforce feeling valued and empowered. Apart from leadership style, context also plays a role in employee engagement - organizational culture, industry, and economic conditions shape this context which informs employee engagement and leadership style (role); for instance, in high stress and fast-paced environments (eg. banking), the need for supportive and flexible leadership is even more important.

Transformational leadership inspires employees with visionary communication, intellectual stimulation, and individualized consideration (Bass & Avolio, 1994). Leaders who use this style build trust and collaboration to allow for employee aspirations to be congruent with organizational goals. Transactional leadership would instead regulate performance by a system of rewards and punishments, which might get an employee to comply, but lacks the emotional connection that guides them to be engaged (Judge & Piccolo, 2004). Servant leaders build engagement considering the well-being on and development of their employees, which builds engagement through supportive work culture that depends on values being mutually shared (Greenleaf, 1977; Van Dierendonck, 2011).

The banking industry, known for high-pressure environments with shifting expectations from customers presents a unique dilemma for employee engagement. Ethiopia's Bank of Abyssinia (BOA), a strong contender in banking with demands from its clientele opening up greater challenges, is representative of this behaviour; though ranked high in the market, BOA has had aspects of employee morale and motivation at times due to varying leadership behaviours (Breevaart et al., 2016). It will require a deeper consideration of leadership styles on employee engagement with a nuanced understanding of the socio-cultural context, which in Ethiopia heavily cites collectivism and hierarchical relationships (Hofstede Insights, 2021).

Bank of Abyssinia (BOA) is one of the large banks in Ethiopia and is currently navigating through environmental turbulence, growth within the banking sector and changes within the organization itself (BOA Annual Report, 2022). Recent research highlights the contribution of inconsistent leadership behaviours to decreased levels of motivation which appears particularly problematic for managers in the middle (i.e., why bother?). While overall engagement scored may have declined by 12% since reporting them for the 2019 calendar year (see BOA HR report, 2022; Breevaart, et al., 2016). This might not seem like a substantial concern but a typical financial cost to BOA's engagement malaise is likely to be very high, considering that Ethiopian banks report endeavours to achieve 21% higher customer satisfaction and 18% higher profitability if they can maintain high levels of engagement (Adisa et al., 2022). However, the Ethiopian cultural performance profile contextualizes the problem, where in Ethiopia has a high collectivist orientation (Hofstede score is 20) and performs high power distance (score of 70), creating a unique positionality of the leader-employee interactions (Hofstede Insights, 2023; Kebede, 2022).

The bank has an excellent track record of providing its customers with quality services over the years; however, it is now experiencing a challenge around their employees' motivation and morale. Analysing leadership styles at Abyssinia Bank is important to create and implement meaningful strategies that will enhance employee motivation and productivity. Employees can benefit from consistency and a supportive leadership style in their leaders, which can enhance employee engagement and create a positive work environment. If the issues are addressed in a prosperous manner it can benefit both employees and the bank by moving the bank's mission forward and improving its reputation for hardworking and honest employees in the banking industry and economic development in Ethiopia.

## 1.2. Problem Statement

Employee engagement is the emotional link (connection) that an employee has with their work and organization. Employee engagement is crucial to organizational success, performance, job satisfaction, and employee retention (Schaufeli, 2013; Saks, 2006). Employees at Bank of Abyssinia (BOA) demonstrated inconsistent employee engagement, evidenced by unstable employee morale reflected in high turnover and low job satisfaction. In this case, many employees look as though they feel disengaged, uninspired, and unsupported by their leaders (Breevaart et al., 2016); Exit interviews often mention poor leadership as the cause of leaving, thus requiring a more in-depth discovery about how various leadership styles align with employee engagement in this context.

In addition, the study aimed to investigate the possible ways of enhancing leadership effectiveness to maximize employee engagement and commitment. By examining the specific leadership behaviors identified as most closely aligned with employees, the researchers can develop more effective training programs for managers to expand upon their identified strengths and improve engagement outcomes (Zhang & Zheng, 2016). Addressing the above issues is with the intent of providing actionable recommendations for improving leadership practice to improve employee engagement and productivity in the bank. This is specific to the working environment at the Abyssinian Bank, which may have different organizational dynamics that influence the effectiveness of various leadership styles.

Although existing research demonstrates the role of leadership on employee engagement (Bakker & Demerouti, 2008; Saks, 2006), there is still limited information when it comes to the effects on employee engagement of various leadership styles e.g., transformational, transactional, and servant leadership, at BOA. Previous research has not sufficiently examined how leadership styles may mix with the unique organizational culture of Abyssinia Bank to develop employee perceptions and engagement levels. This research project plans to reduce the gap, delineating leadership behaviors which help drive employee engagement, and develop steps to improve leadership behavior.

## 1.3. Objective of the Study

### 1.3.1. General Objective

The objective of the research was to determine the influence of different leadership styles on employee engagement in Abyssinia Bank.

### 1.3.2. Specific Objectives

1. To explore the most prevalent leadership styles at Abyssinia Bank, head office

2. To investigate the level of employee engagement within the bank, examining employees' emotional attachment to their work and the organization.

3. To investigate the relationship between different leadership styles and employee engagement, exploring how transactional, transformational and servant leadership effect on employees' level of motivation, commitment and job satisfaction.

## 1.4 Research Questions

1. Which leadership styles are most commonly used at Abyssinia Bank?

2. What is the status of employee engagement in the bank?

3. to what extent (Transactional, transformational, and servant) leadership style effect employee engagement?

## 1.5 Significance of the Study

There are several reasons why this study is important. First, it will add to the literature on leadership and employee engagement in the banking industry in Ethiopia. By determining the leadership styles that can best minimize employee disengagement; the research will provide recommendations for helping managers leading employees at Abyssinia Bank. Second, the study will provide some immediate recommendations for managers to implement better leadership, leading to improved motivation and/or job satisfaction and retention in the bank. This is especially important in an industry where competition is often fierce for certain talent resources. Finally, the work will provide groundwork for research on leadership behaviour and employee engagement in other contexts or other organizations within or outside Ethiopia.

## 1.6 Scope of the Study

This research project evaluated three contemporary leadership paradigms: transformational, transactional, and servant leadership. Transformational leadership involved leaders inspiring and motivating their employees to disrupt their self-interest space as a means of implementing organizational values while establishing a culture and climate for developing innovation and change. Transactional leadership focused on a reward or consequence system with structured performance management through specified expectations and incentives. Servant leadership characterized the leader as a servant for the team while elevating employee needs and a healthy workplace culture.

The research examined employee engagement by using aspects of work, such as vigor, dedication, and absorption, as measured by the Utrecht Work Engagement Scale (UWES) of Schaufeli and Bakker (2003). This measure was generally accepted in the field of organizational psychology, was known to be a reliable and valid measure of employee engagement levels. The target population were the professional staff employees of Abyssinia Bank, who were located at the bank's headquarters in Addis Ababa, with a focus on this location meant that various departments and functions of the institution were included, this approach allowed for a detailed study of how a number of different leadership styles affected employee engagement based on many individual views from across the organization. The methodology used a quantitative research design using surveys to collect data on leadership styles, as well as employee engagement measures. The unit of analysis was individual employees at Abyssinia Bank's headquarters. The study aimed to glean insights from individual employee experiences and perceptions that were related to the purpose of the organization and would potentially inform and improve leadership practice within the bank. The focused approach to sampling ensured that the findings were contextual and relevant to the organizational practices within the bank.

## 1.7 Limitations of the Study

Although this study is intended to offer useful information regarding leadership and employee engagement, there are some limitations to consider. For one, the study is going to be conducted within a single organization which limits the ability to generalize to other settings. The use of self-reported data may also create some bias since employees may answer favourably. In addition, this study will be constrained by the researcher's research time frame which may be limited. This time frame may not be conducive to the understanding of the ever-changing nature of leadership styles and employee engagement. Changes within the organizational structure, leadership personnel, or changing economic factors during the study may impact the results and the ability to apply them outside the study time frame. Lastly, the sample size may be limited due to the organizational constraints, which may impact the statistical power of the analysis and the conclusiveness of the results.

## 1.8 Organization of the Study

This research has been structured into five chapters. The first chapter will introduce the study, presenting the background, problem statement, aim and objectives, research questions, significance of research, scope of work, limitations, and organization of the study. The second chapter will review the relevant literature regarding leadership styles and employee engagement. The third chapter describes the research methodology, to include research design, population, sampling techniques, data collection methods, and data analysis. The fourth chapter is where findings and analysis of the data collected are included. The fifth chapter will discuss the conclusions derived from the study and providing recommendations for practice and future research.

# CHAPTER TWO

# REVIEW OF RELATED LITERATURE

## 2.1 Introduction

This chapter examines the available literature on leadership styles and employee engagement, establishing a theoretical framework for understanding the relationship between these two constructs. The chapter defines the main concepts, theory and provides a description of different leadership styles and their characteristics, and relationship with employee engagement. Furthermore, the chapter examines the significance of employee engagement in terms of organizational success and highlights an apparent gap in the available literature which this study will seek to address.

## 2.2 Conceptual Review the Literature

**Transformational leadership** has characterized by the ability of leaders to inspire and motivate follower to exceed their own self-interest for the sake of the organization or a greater cause this style is often associated with change and innovation

Visionary thinking Leaders articulate a compelling vision that alight with the values and goal of the followers

Inspirational motivation they motivate and inspire followers through enthusiasm and commitment of

Individualized consideration attention to the personal development and needs of each followers

Intellectual stimulation encourages creativity and critical thinking challenging the status quo

**Transactional leadership** focus on the role of supervision organization and performance it was grounded in a system of reward and punishment this style more about maintaining routine and ensuring compliance

Clear structure establish clear goals and expectation for followers

Performance based reward recognizes and rewards achievements while penalize failures

Management b expectation leaders intervene only when standards are note met or problems arise

**Servant leadership** is a philosophy where the main goal of the leaders has to serve others prioritizing the need of followers and the community above their own interest it emphasize ethical leadership and social responsibility

Empathy and listening leaders actively listen to and empathize with followers fostering a supportive environment

Community building focuses on developing a sense of community and team work

Stewardship leaders take responsibility for the welfare of their followers and organization

Commitment of the growth of people invest in the personal and professional growth of team members

## 2.2.1 Definition of leadership

Leadership is a multifaceted concept that encompasses the ability to inspire, guide, and influence others towards the achievement of common goals. It involves more than just holding a position of authority; it's about mobilizing individuals or groups to work collaboratively towards a shared vision. Effective leadership involves not only setting goals and objectives but also motivating and empowering others to contribute their best efforts towards achieving them.

At its core, leadership involves establishing a direction, aligning people towards that direction, and motivating them to work together towards common objectives (Northouse, 2021). This definition emphasizes the role of vision, alignment, and motivation in effective leadership. Leaders serve as visionaries who articulate a compelling vision of the future, inspiring others to commit to that vision and work towards its realization.

Furthermore, leadership involves adaptability and flexibility in response to changing circumstances and challenges. Effective leaders possess the ability to navigate complexity, uncertainty, and ambiguity, guiding their teams through periods of change with resilience and agility (Yukl, 2021).

Recent research has highlighted the importance of transformational leadership, which emphasizes inspiring and motivating followers to achieve extraordinary outcomes (Judge & Piccolo, 2004). Transformational leaders exhibit behaviors such as providing inspiration, intellectual stimulation, and individualized consideration to employees, which are associated with higher levels of engagement, commitment, and performance (Wang et al. , 2018)

In summary, leadership is a dynamic and complex phenomenon that involves inspiring, guiding, and influencing others towards the achievement of shared goals. Effective leadership requires vision, alignment, motivation, relationship-building, adaptability, and authenticity. By understanding and applying these principles, leaders can cultivate environments conducive to innovation, collaboration, and organizational success.

### 2.2.2 Transformational Leadership

Transformational leadership refers to a leadership style that is capable of inspiring and motivating employees to transcend their self-interests for the organization. Transformational leadership is characterized by creating a compelling vision for the future, establishing an environment of trust and cooperation, and supporting personal and professional growing among followers (Bass & Avolio, 1994). Transformational leaders connect with their followers on an emotional level, building a strong sense of belonging to the organization and commitment to accomplishing the organization's mission. A subtitle of transformational leadership is its emphasis on intrinsic motivation. Transformational leadership has been shown to be positively related to employee engagement as it facilitates employees' intrinsic motivation and commitment to their position (Zhang & Zheng, 2016). Intrinsic motivation is a critical element in employment today, as employees tend to seek employment that is more than about the financial reward; they seek meaningful work and purpose.

Transformational leaders use a variety of tactics in order to promote engagement of their employees. One such tactic is individualized consideration, which is focusing on the individual needs and desires of each employee. When transformational leaders acknowledge and fulfil those individual needs, they create a work climate that supports engagement and personal growth (Goleman, 2000). This individualizing effort not only enhances employee satisfaction but also promotes employee loyalty and diminishes turnover, as employees feel appreciated and understood. The second critical factor of transformational leadership is its ability to present a clear and inspiring vision. Transformational leaders can communicate their vision in a way that aligns team goals with a larger organizational objective. This alignment is critical in increasing the levels of engagement, as employees more likely feel motivated when they understand how their work contributes to the success of the organization (Saks, 2006). In doing so, transformational leaders are able to cultivate a sense of shared purpose in their teams, motivating their teams to work collaboratively and successfully toward shared goals.

Furthermore, transformational leaders typically display behaviours that encourage intellectual stimulation. These leaders motivate employees to think critically, question the status quo, and brainstorm new ideas. This behaviour encourages innovation and allows employees to take ownership of their work, thus increasing their level of engagement (Bass & Avolio, 1994). By establishing an environment in which creativity is welcomed, transformational leaders can express and contribute to change and adaptability, which is especially notable in complex and competitive environments. The emotional connection that transformational leaders are able to make with their followers is another important consideration when thinking about engaging employees. Through their demonstration of empathy, listening, and sincere care for their employees' outcomes, transformational leaders begin to foster trust and connection among their followers. This emotional connection contributes to feelings of belongingness, which is a key driver in employee engagement and employee commitment (Zhang & Zheng, 2016). Employees who feel connected to their leaders and peers are more likely to be engaged in their work and committed to the organization's success.

### 2.2.3 Transactional Leadership

Transactional leadership is identified as a type of leadership that focuses on exchange relationships between leaders and followers, wherein followers demonstrate compliance within a system of rewards and punishments. Transactional leadership places emphasis on clearly defined organizational arrangements, roles, and rewards based on performance, and creates simple parameters in terms of what is expected of employees when performing their work tasks as employees (Burns, 1978). This model is based on behaviorism, which posits that behavior can be developed through reinforcement and punishment (Skinner, 1953).

Key Characteristics of Transactional Leadership

1. Clear guidelines and defined roles. Transactional leaders provide clear expectations and guidelines for their followers. This clarity enables employees to understand their particular roles for the organization and understand how they will be assessed (e.g, performance metrics). A clear, structured system allows for employee compliance and provides clear expectations regarding what is required (Bass, 1985).

2. Contingent rewards are an important facet of transactional leadership. Leaders will promise rewards for certain performance goals. Rewards can come in the form of money bonuses, recognition, promotion, and other forms of incentives. For example, a sales manager might offer a bonus for team members exceeding their required sales quotas. This motivates employees to achieve short-term goals (Judge and Piccolo, 2004). In responding to incentives, employees are conditioned to follow explicit rules to receive the rewards.

3. Performance monitoring. Transactional leaders monitor employee performance because they must comply with the existing rules. Monitoring can come in the form of performance reviews, assessment of productivity, and feedback sessions. Transactional leaders closely

monitor performance to identify areas of weakness or fatigue to support corrective action (Bass & Avolio, 1994).

4. Punishments for Non-Compliance: Besides rewards, transactional leadership also involves punishment for non-compliance. Employees do not meet expected performance without resulting disciplines, demotions, or potentially even termination. This aspect of transactional leadership reinforces the importance of following established procedures and may create a feeling of urgency among employees to reach their goals (Zhang & Zheng, 2016).

**Limitations of Transactional Leadership**

Although transactional leadership can result in short-term compliance and performance, it has limitations in building longer-term employee engagement and commitment. The limitations of transactional leadership are primarily based on the following factors:

1. No Inspirational Components: Transactional leadership includes a focus on the status quo and holding employees to established procedures. Transactional styles will not inspire and motivate employees to go beyond self-interests for the sake of the organization (Judge and Piccolo, 2004). Instead, these leadership styles do not include an emotional or inspirational component that will allow the leader and follower to build deeper connections. Consequently, employees can view their tasks as a job with transaction-style components instead of contributing to a bigger purpose.

2. Less Emotional Connection: There is evidence that transactional leadership can achieve immediate results through contingent rewards (Zhang and Zheng, 2016). However, this style of leadership may not receive the deep emotional connection to the organization and its goals. Employees may feel less compelled to be engaged in their work or to invest in their own personal and professional development under this leadership model. Employees are motivated to achieve objectives, yet they are limited to what is required instead of engaging in a shared vision and contributing to the organizational culture.

3. Impeding Creativity and Innovation: The focus on compliance and performance metrics in transactional leadership creates a working environment that impedes creativity and innovation. Employees may take a risk-averse stance and operate under a fear that trying something different than a procedure would have a negative impact. This can limit the potential of a proactive and engaging workforce, as employees are often bound to established structures and expectations (Bass & Avolio, 1994).

4. Short-Term Orientation: Transactional leadership is often associated with short-term orientations towards specific performance objectives. While this may lead to short-term gains, it rarely leads to long-term organizational success. Employees may identify the short-

term goal as their work, limiting the activities they participate in professional growth or long-term objectives of the organization (Zhang & Zheng, 2016).

**Contextual Effectiveness of Transactional Leadership**

Transactional leadership is useful in certain situations, despite its limitations. For example, in assessing the value of transactional leadership in highly regulated industries or crisis situations, transactional leadership may provide clarity and direction, thinking about the "what, why, and how" of employees' roles. The need for structure in these types of environments can help organizations maintain stability and/or compliance with regulatory compliance (Bass, 1985). In addition, transactional leadership is helpful in consensually structured environments with defined tasks. With consistency and defined metrics of performance, transactional leadership allows for more efficiency. For example, many hard-manufacturing environments involve adhering to critical safety protocols and defined manufacturing expectations. In these situations, using transactional leadership can reinforce employee adherence to defined and prescribed procedures, which ultimately aligns with negative risk management and increased production.

**2.2.4 Servant Leadership**

Servant leadership is a style of leadership that defines the leader as a servant to the team, focusing on employee needs, and creating a healthy workplace culture. The term was first described by Robert K. Greenleaf in 1977, who argued that the primary role of the leader is to serve others, and particularly the followers. Servant leadership is generally defined by an emphasis on empowering employees, caring for their well-being, and developing team member, both personally and professionally (Greenleaf, 1977).

**Key Characteristics of Servant Leadership**

1. Staff Empowerment: Servant leaders put their employees first by facilitating the ability to take responsibility and make decisions related to their work. This ability to be in charge produces feelings of autonomy and responsibility which often relate to higher job satisfaction and engagement (Spears, 1995). Servant leaders’ help employees gain the tools and capabilities they need to succeed and thrive, which fosters feelings of competence and value in the workplace.

2. Commitment to well-being: Servant leadership is rooted in a commitment to serving employees and their well-being. Servant leaders actively seek to understand their employees' personal and professional needs and to create support for employees on and off the job. This commitment to well-being shows itself in a variety of manners including flexible work

schedules or telecommuting arrangements, mental health support, and other employee wellbeing resources that support work-life balance (Van Dierendonck, 2011).

3. Fostering a Supportive Culture: Servant leaders endeavor to establish a culture of trust, cooperation, and respect in their organizations. Servant leaders value open communication and feedback, inviting employees to share their ideas, issues, and dreams. In turn, this practice strengthens bonds among team members and creates a sense of belonging and loyalty to the organization (Liden et al., 2008).

4. Devotion to Employees' Personal and Professional Growth: Servant leaders are devoted to the personal and professional development of their employees. They provide time and resources to mentor, coach, and prepare opportunities for employees to develop skills. Commitment to development enhances individual performance and enables a more engaged and motivated workforce (Greenleaf, 1977). Employees who believe their leaders are committed to their growth will be more committed to the organization and to organizational goals.

**Impact on Employee Engagement**

According to research, servant leadership has a favorable relationship with employee engagement. Liden et al. (2008) found that behaviors associated with servant leadership, such as demonstrating empathy, helping others, and promoting the community, positively affect levels of engagement. This connection occurs because servant leaders create a culture of trust and teamwork and motivate employees to devote time and energy to their work.Servant leaders enhance the performance of their individuals by focusing on follower development as well as engagement and motivation. Employees who receive engagement and feel valued are more likely to contribute beyond their initial expectations, resulting in increased organizational performance. Organizations characterized by servant leadership styles tend to have developed levels of engagement and satisfaction, which relate to turnover (Van Dierendonck, 2011). This is especially relevant today, when the competition for engaging high-performance employees is rampant.

**Organizational Benefits of Servant Leadership**

The advantages of practicing servant leadership can reach beyond the curiosity of process improvement to even larger organizational outcomes. Organizations that practice servant leadership tend to have:

1. Increased in Team Collaboration: Emphasis on trust and mutual respect creates a collaborative work environment for team members to feel comfortable sharing ideas and working together with a purpose. Increased collaboration can generate increased innovation

and increased creativity because varied perspectives are welcomed (Liden et al., 2008).2. Increased Employee Satisfaction: Servant leadership practice fosters a positive organizational culture that cares about the well-being of their employees. Employees are likely to express increased job satisfaction, which will lead to increased engagement towards their organization commitment (Van Dierendonck, 2011).3. Lower Turnover: Organizations with servant leadership tend to see lower turnover if employees feel commitment to their leader and their organization. Retaining talent can save organizations money incurred by turnover, and help with team consistency (Liden et al., 2008).

4. Improved Organizational Performance: Ultimately, the increase in employee engagement and lots of employee satisfaction and retention leads to enhance overall organizational performance. Servant leadership inspires staffs that feel motivated, committed, and aligned to the organizations goals, and this drives performance in a competitive environment (Van Dierendonck, 2011).

### 2.2.5 The Relationship between Leadership Styles and Employee Engagement

Many different studies have examined the link between leadership style and employee engagement, showing how much leadership can affect employee motivation and loyalty. Employee engagement means an employee's emotional commitment to their jobs, which is essential to the success of organizations. Leadership styles are also critical to the process of engagement because they shape how employees view their role, their connection to the organization, and their overall satisfaction with their jobs.

#### A Transformational Leadership and Employee Engagement

Transformational leadership has long been associated with higher levels of employee engagement. This type of leadership creates an emotional connection by encouraging individuals to go beyond their own self-interests and put the organization first (Bakker & Demerouti, 2008). Transformational leaders create a vivid image of the future that encourages employees to work toward a common goal that aligns with both purposes. Transformational leadership encourages personal growth and development, with the result being increased intrinsic motivation associated with engagement and commitment to work. Research suggests transformational leaders engage in behaviours that result in employee empowerment, creativity, and innovation. For example, they provide opportunities for professional development, support open communications, and exhibit acknowledgement of contributions (Zhang & Zheng, 2016). These behaviours not only help employees experience autonomy but foster an organizational culture supportive of employees feeling valued. Thus, it is more likely that employees will be engaged and committed to going above and beyond organizational goals.

**B Transactional Leadership and Employee Engagement**

On the other hand, transactional leadership can result in reduced employee engagement. This style of leadership relates to the focus on external reward systems to gain compliance via structured tasks and rewards based on performance (Judge and Piccolo, 2004). Transactional leaders may receive immediate results in terms of performance when they offer incentives to help attain specific targets. However, transactional leadership results do not build a strong emotional connection to the organization. Employees can become reliant on the reward rather than a commitment to their job or the organization's mission.Given the focus of a transaction, there may be even further disengagement when employees view their obligations/rewards as dictated by the organization. When organizational leaders adopt a focus on transactions, they may find themselves needing to motivate employees without being able to find meaning or purpose in the work as employees plan for their ongoing responsibilities. There will be less intrinsic motivation as a function of an employee's attitude toward work based on extrinsic motivators. Thus, either this will result in turnover as employees seek more meaningful or fulfilling environments based on their work or situations/results that are not related to the overall organization and mission.

**B Servant Leadership and Employee Engagement**

Unlike both transactional and transformational leadership, servant leadership improves employee engagement by fostering a supportive and empowering workplace climate. Servant leaders value their employee's needs, actively seeking to understand and address employee issues (Liden et al., 2008). Servant leaders are receptive to their employees and exhibit empathy, listening, and building a solid partnership to develop trust and collaboration within the team. An employee perception of their leaders as valuing and supporting their needs leads to greater employee engagement and employee commitment to their roles. Servant leaders' focus on employee well-being and personal development creates a community and loyalty within employees, two significant aspects of high employee engagement. Studies have shown that organizations led by servant leaders tend to have improved employee satisfaction, less turnover, and overall better performance (Van Dierendonck, 2011). Servant leaders promote the growth and development of employees, build relationships of trust and respect, and develop a culture where employees feel motivated to contribute their time and energy to their work.

## 2.2.6 Importance of Employee Engagement

Employee engagement is a significant contributor to an organization's success, affecting productivity, job satisfaction, and retention. Engaged employees are emotionally connected to their work and committed to the organization's objectives! This emotional commitment transforms into a number of positive impacts that build upon an organization's success. Impacting Productivity and Performance; research has repeatedly demonstrated that engaged employees generate higher levels of performance relative to disengaged employees. Saks (2006) finds that engaged employees are more likely to do more than their required job duty, which is defined as greater effort and commitment to their jobs. With greater engagement comes a culture of ownership and excellence, where employees feel accountable to their work and strive to continuously develop. Engaged employees inherently feel more creative and helpful. They are more likely to share ideas, partner with colleagues, and engage in problem-solving and innovation initiatives; more creative employees are critical for any organization striving to remain competitive in a rapidly changing market environment. In today's fast-paced business climate, being able to innovate is often a key differentiator for organizations (Harter et al., 2002).

**A Influence on Job Satisfaction and Retention Rates**

There exists a strong connection between employee engagement and job satisfaction. When their work and are engaged in their job, it compounds the level of satisfaction that an employee has in their job because they feel valued and appreciated for their contributions. Retaining talented employees is done through job satisfaction. Engaged employees have more reasons to stay servant in their position and are less likely look for a new position. Harter et al. (2002) found that engaged employees have much lower turnover rates. This is beneficial for organizations, as turnover comes with costs associated with recruitment and on boarding new developers. These high turnover rates can hinder performance, because group performance is hindered when there is turnover, and there are additionally costs associated with recruiting and on boarding. Employee engagement in the banking industry can be especially important, due to the highly competitive nature of banking and the importance of customer service and fulfilling service expectations. An engaged employee is likely to provide quality service for the customer, which provides quality service for the customer and develops loyalty to the organization. In service industries especially in the banking industry, the quality they provide will impact the reputation of the organization. Research shows that there is a strong link between customer satisfaction and engaged employees (Saks, 2006).

Engaged employees who have an emotional connection to their work are likely to go above and beyond for customers.

**B Financial Performance and Competitive Advantage**

There are significant financial consequences to employee engagement. Organizations that develop employee engagement initiatives often realize improvements to their financial performance. More engaged employees lead to improvements in productivity, increasing revenue and profitability. In addition, better retention reduces the costs of recruitment and training, positively affecting the organizations' overall financial health (Harter et al., 2002).

## 2.3. Theoretical Framework

A theoretical framework for this study is drawn from various theories around leadership and employee engagement:

**2.3.1. Transformational Leadership Theory**

Transformational Leadership Theory, a robust theoretical framework within organizational behaviour, suggests that leaders can inspire followers to go beyond expectation and achieve extraordinary results, as long as they can create a supportive environment driven by trust, teamwork, and shared vision. This theory is premised on the belief that leaders are change agents who not only pay attention to managing the task but also attempt to raise the performance and engagement levels of their employees (Bass, 1985). Transformational leaders possess the capability to articulate a compelling vision of the future, and in doing so, encourage followers to go beyond self-interest for the collective good of the organization (Burns, 1978).Transformational Leadership Theory relies upon the distinction between transformational and transactional leadership. Transactional leaders focus on exchanges and rewards to motivate followers. Transformational leaders, on the other hand, motivate and elevate their followers' motivation and aspirations (Bass & Avolio, 1994). This distinction is important because transformational leadership relates to higher levels of employee engagement, satisfaction, and performance (Judge and Piccolo, 2004).

Transformational leadership is facilitated by four components, often referred to as the "Four I's." These are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

1. Idealized Influence: A transformational leader has the capacity to act as a role model, gaining the trust and respect of their followers. Transformational leaders display ethical behaviour, integrity, and a sense of purpose that followers wish to imitate (Bass, 1985). By

demonstrating the values and vision of the organization, they foster likes loyal, supportive, and engaged employees.

2. Inspirational Motivation: Transformational leaders can inspire passion and commitment towards organizational goals. Transformational leaders provide a clear vision and powerful mission statement, which is a significant driver for follower involvement and productivity (Northouse, 2018). This is a significant motivational element, as it creates value in how the employee contributes to the overall organizational mission and enhances their intrinsic motivation despite the nature of their job.

3. Intellectual Stimulation: This aspect encourages creativity and innovation as it prompts employees to deeply think and engage with new ideas. Transformational leaders promote an environment where employees feel comfortable examining the current state of affairs and feel able to share their own creating thinking and take risks (Zhang & Zheng, 2016). When leaders foster intellectual stimulation, they do not just increase problem-solving ability. They also give employees a sense of ownership and responsibility over their work.4. Individualized Consideration: Transformational leaders center their attention on acknowledging and acting on the needs and aspirations of the individual employee. This individualized attention involves mentorship, coaching, and support to foster development for each employee according to their individual needs (Northouse, 2018). When leaders promote personal and professional development for their employees, employees become more engaged and committed as a result of feeling that they are being listened to and valued.In conclusion, empirical evidence has consistently shown transformational leadership is positively related to employee engagement. For example, Zhang and Zheng (2016) found transformational leadership behaviors significantly enhance employees' intrinsic motivation and continued commitment to their role. This continues to be an important finding as employee engagement continues to be positively related to organizational improvement, increased turnover and job satisfaction in an ever-changing work environment in today's workplaces (Breevaart et al., 2016).

In addition, transformational leadership has been linked to creating a favourable organizational culture that supports cooperative behaviour and innovation. Transformational leaders provide an environment where employees' engagement is heightened, resulting in organizational success (Bass & Avolio, 1994). This is especially relevant in contexts where organizational adaptability and creativity are required, as transformational leaders can model engaged and adaptive behaviour, and help their team members embrace change.

### 2.3.2 Social Exchange Theory

Social Exchange Theory (SET) is a useful guiding framework for examining interpersonal relationships in organizational contexts, especially between leaders and employees. SET emerged during the 1950s by sociologist George Homans, and later extended by Peter Blau (1964). It posits that social behaviour is the result of exchanges. In this manner, we can think about the leader-employee relationship as a series of exchanges aimed at maximizing benefits and minimizing costs for each party (Blau, 1964). A major tenet of SET is reciprocity, foreshadowing that when leaders offer support, recognition, and development opportunity, employees will be more likely to reciprocate with higher levels of engagement, commitment, and performance.

Put simply, Social Exchange Theory asserts that individuals are motivated by the perceived rewards from their social interactions. In the context of work, this means that employees are motivated to actively engage in their work when they feel valued and appreciated by their supervisors or leaders. For example, when a supervisor shows appreciation for an employee's contributions, shares positive or constructive feedback, or provides opportunities for development, that employee is more likely to be motivated to engage more fully in their work. Employees demonstrate that positive motivation in various ways, such as increased productivity, greater job satisfaction, and a willingness to exceed expectations (Cropanzano & Mitchell, 2005).

The reciprocal aspect of this relationship is important. Employees are more likely to show allegiance and commitment to their organization when they feel values and supported by their leaders. This basic feeling of loyalty may create a cycle of positive reinforcement, and, as the employees engage and become more involved, the work environment is enhanced leading to additional leader support. Saks (2006) found that organizations that promote and maintain strong leader member relationships (LMX) (leader-member exchange) marked by mutual respect and support have higher levels of employee engagement. Employee engagement activates benefits for the employee and the organization, ultimately creating a win-win situation for all involved.

On the contrary, the consequences of insufficient support or awareness from their leaders can be harmful. Employees who do not feel valued or recognized will be disengaged which will lead to decreased motivation and commitment to their work. Engagement can be reflected in various ways, including decreased productivity, increased absenteeism, and higher turnover rates (Kahn, 1990). The negative impact of a poor leader-employee relationship indicates that effective leadership is an important factor in creating a positive work experience. If leaders do not understand the impact of their role on employee engagement, they could unintentionally engage in toxic workplace culture, leading employees to feel disillusioned and less connected to the organization's goals.

Furthermore, Social Exchange Theory emphasizes the important position of trust in the leader-employee relationship. Trust is a fundamental aspect of any exchange relationship as it impacts the level of engagement and investment from employees. When leaders act with integrity, transparency, and predictability they build trust with their employees (Dirks & Ferrin, 2002). Moreover, trust increases the odds of reciprocal behaviour's, as employees are more inclined to engage when they feel leaders' intentions are aligned with their interests. Research supports that trust in leadership is positively related to employee engagement, meaning that when leaders seek to build trust, they are more likely to engage a trusted workforce (Mayer, Davis, & Schoorman, 1995).

**2.3.3. Self-Determination Theory**

Self-Determination Theory (SDT) is a psychological theory that highlights the role of intrinsic motivation as a key predictor of employee engagement. Developed by Edward L. Deci and Richard M. Ryan, SDT suggests that people are more likely to be engaged in their work when they perceive that three essential psychological needs are met: autonomy, competence, and relatedness (Deci & Ryan, 2000). These needs are essential for intrinsic motivation, which involves engagement in an activity for its inherent satisfaction, not for external rewards.

The term "autonomy" refers to employees' perception of control over their work and choices to act. When employees believe they have the autonomy to make decisions about their tasks and work methods, they are more likely to feel a sense of responsibility for their work. In fact, autonomy has both increased job satisfaction and encouraged employees to accept responsibility and engage proactively and creatively (Gagné & Deci, 2005). When autonomy in the workplace is promoted, employees are more likely to report higher levels of engagement and motivation, as they feel they can make a meaningful contribution to their workplace (Baard, Deci, & Ryan, 2004).Competence is the belief that the individual has the skills and abilities to perform tasks successfully. When employees feel competent in their role, they are more likely to feel more confident and motivated. Competence is particularly important for engagement because it facilitates engagement by encouraging employees to seek challenges, whether personal or professional, to develop their own skills (Ryan & Deci, 2000). Providing opportunities for employees to further develop their skills, as well as providing recognition for achievements, can help increase the employee's sense of competence and engagement in the workplace (Slemp & Vella-Brodrick, 2013).

Relatedness refers to the perceived connection or belongingness of employees with their co-workers or organization in general. When employees share a supportive work environment fostering positive relations among others, their sense of relatedness is substantially bolstered. Employees are more likely to exert themselves in their work when they are connected with their peers and superiors. An enhanced sense of belonging can be generated through team-building activities, open communication, and collaborative culture, which will aid in nurturing an engaged workforce.

The three psychological needs—autonomy, competence, and relatedness—interact to offer a potent paradigm for understanding employee engagement. Satisfying these needs positions one for the likelihood of experiencing a high degree of intrinsic motivation that engages the employee more to the work he/she is doing, rendering it important (Ryan & Deci, 2000). This intrinsic motivation is very important with respect to leadership since leadership styles may facilitate or frustrate the satisfaction of these psychological needs.

For instance, transformational leaders who empower their staff and work towards building a collaborative environment would aid the individual nurturance of the feeling that she is more independent and connected to the organization, which would lead employees to engage more. As transformational leaders inspire and motivate the employees to transcend their own self-interest for the benefit of the organization, it is aligned with the key principles of SDT (Bass & Avolio, 1994). Transformational leadership goes further to show positive correlation with employee engagement in view of creating an environment where the employees value it and would be supported therein (Breevaart et al., 2016).

On the contrary, leadership types that may manifest high dependence on external control or reward systems are likely to exhibit hindrance to the intrinsic motivation and engagement of individuals. For example, 'transactional' leadership is mainly reliant on contingent rewards and punishments, which in turn erodes employees' perceptions of autonomy and competence (Judge & Piccolo, 2004). It can be said that because of their externalized rewards, the employees believe that their work is mainly motivated by external aspects; in this case, they may become less interested in it and feel diminished intrinsic need.

## 2.4. Empirical Review

Research studies conducted on the relationship between leadership styles and employee engagement provide valuable resources that complement and extend the theoretical understanding provided in the prior sections. This review synthesizes the main findings of the literature that are relevant to transformational, transactional, and servant leadership, and further discusses studies that have measured the impact of these leadership styles on employee engagement in a setting similar to that of the banking industry.

### 2.4.1 Transformational Leadership and Employee Engagement

A lot of empirical evidence strongly supports a positive relationship between transformational leadership and employee engagement. Zhang and Zheng (2016) asserted that the behavior of transformational leaders increased employees' intrinsic motivation and continuation of commitment to job duties. Their study revealed that transformational leaders use individualized consideration and inspirational motivation, creating an environment in which employees felt valued and supported and where there was an emotional connection between the employees and their jobs that increased levels of engagement.

Similarly, Breevaart et al. (2016) recognized that transformational leadership had a direct influence on employee engagement by developing conditions that fostered autonomy, creativity, and professional development. Employees working under transformation leaders experienced greater nuclear ownership and accountability, thereby pushing themselves beyond their job requirements.

The empirical evidence in the service sector and such banking institutions support the premise that transformational leadership can lead to not only enhanced employee engagement but also to service quality and customer satisfaction (Saks, 2006). In super competitive environments, the commitment of employees bears strongly on the performance and reputation of an organization.

### 2.4.2. Transactional Leadership and Employee Engagement

Overall empirical evidence based on evidence indicates typically that transactional leadership offers a structure for how to achieve short-term goals and will support long-term employee engagement (Judge & Piccolo, 2004). Transactional leadership involves rewarding or punishing employees contingent on whether or not they comply with policies and procedures, and may not be focused on the emotional facets of management necessary to maintain employee engagement (Judge & Piccolo, 2004).

Zhang and Zheng (2016), again showing the limits of transactional leadership, emphasized that whereas rewards can ensure the immediate accomplishment of task, several factors come into play which transactional leadership does not inculcate in an employee: a feeling of emotional bonding with the organization. Such employees perceive their work as a mere transaction, which results in lower commitment and increased turnover, together with job satisfaction.

Transactional leadership may ensure stability and efficiency in an environment such as banking, where regulatory compliance and task clarity are essential considerations (Bass, 1985). On the contrary, periods of rapid transformation and change pose a challenge to the inherent frustration of becoming innovative and intrinsically motivated instigated by the lack of such a leadership style.

#### 2.4.3. Servant Leadership and Employee Engagement

Empirical evidence strongly supports the positive relation between servant leadership and employee engagement. Liden et al. (2008) found that servant leadership behaviors such as exhibiting empathy, empowering employees, or building a sense of community contribute strongly to employee engagement increases through the establishment of trust and supportive work cultures. These leaders care about their employees' growth and well-being, motivating and engendering loyalty in their workforce so that employees are willing to exert extra effort in their work.

It is found in areas with high employee-customer interface, including banking, that servant leadership increases team cooperation, employee satisfaction, and employee retention (Van Dierendonck, 2011). An improved overall performance is reported by organizations due to the implementation of servant leadership and related to the great engagement of the workforce, who is committed ways to their jobs and organizational goals.

### 2.4.4 Contextual Empirical Research and Gaps

Unlike what was being supported by global research papers, hardly any study is being undertaken on leadership in the banking sector in Ethiopia. Zhang and Zheng (2016) hold the view that a majority of these studies come from Western contexts and might thus overlook some of the culturally unique leadership dynamics that might be prevalent in Ethiopia. With such a cultural mismatch, the findings could never be fully applicable to Ethiopian banking because social norms, collectivist inclination, and economic realities could change the usual mode of leader-follower engagements and the engagement outcomes.

The ever-changing banking environment in Ethiopia, with technological innovations and changing expectations of customers, calls for empirical investigations relevant to the context. The current body of literature has yet to provide studies focusing on how leadership styles impact employee engagement during such rapid development in Ethiopian banking.

### 2.4.5 Gaps in the Literature

Although there is extensive literature regarding leadership styles and employee engagement, there are still gaps in the literature, especially in connection to the banking sector in Ethiopia. Most of the literature has focused on Western organizations, and may not take cultural and contextual aspects of banking in Ethiopia into consideration (Zhang & Zheng, 2016). The absence of research in the Ethiopian context creates significant barriers in understanding how leadership styles are perceived and acted upon in a unique social, economic, and cultural setting.

**A Limited Empirical Research in Ethiopian Banks**

A significant gap in the literature is the scarcity of empirical studies on the leadership style used in Ethiopian banks and their influence on employee engagement. Most of the literature focuses on transformational and transactional leadership, using evidence mainly from studies in Western contexts to make conclusions. This literature does not necessarily address the nuances of leadership styles in Ethiopian banks where cultural values, social norms, and organizational processes might differ from Western contexts (Zhang & Zheng, 2016). For example, the collective focus of Ethiopian culture might influence how followers perceive leadership and how they engage with their leaders and organizations. The lack of local studies in a context that lends itself to generalizability provides the reader with little opportunity to make meaningful conclusions about the effectiveness of different leadership styles in this context. It is important to understand the relevant leadership styles that will resonate with Ethiopian employees when developing and implementing a strategy to drive engagement. Organizations that fail to embrace and integrate information about the cultural expectations of their workforce when implementing leadership practices may undermine the improvement of employee engagement and overall performance.

**B Dynamic Nature of the Banking Industry**

Additionally, the ever-changing nature of the banking sector, with rapid transitions in technology, customer expectations, and regulations, highlights the need for further research and understanding of how leadership styles can be shifted to increase employee engagement in banking (Bakker & Demerouti, 2008). The banking sector in Ethiopia is experiencing significant change with the introduction of digital banking options and fluctuations in client service expectations. This transformation will require bank leaders to be agile and flexible, but to date; there has not been enough research about leadership style in relation to providing high engagement amidst these transitions. For example, if a banking institution in Ethiopia is taking on technology-focused approaches, the role of leadership in this process is likely paramount. Leadership must manage the technology aspect of the change, but also the emotional aspect of managing employees who may feel threatened, uncertain, and confused by these changes. Research to understand how leadership styles can support employees experiencing changes can be vital to establishing a culture of engagement and improving resilience to change.

**C Need for Contextualized Leadership Strategies**

It is important to bridge these gaps in order to develop relevant leadership strategies that resonate with employees in banks in Ethiopia. By conducting localized inquiries, both scholars and practitioners will gain insights into which leadership styles are perceived as being impactful for employee engagement in Ethiopia. This can inform the development of leadership development and training programs, as well as organizational policies that reflect the employees' cultural values and expectations. In addition, research on the relationship between leadership styles and employee engagement in the Ethiopian banking sector can increase knowledge on the global leadership and engagement literature. Findings can help practitioners and researchers understand how cultural and contextual factors impact leadership effectiveness and employee experiences and enrich the global conversations on these topics.

## 2.5. Conceptual Framework

The independent variables in this study are leadership styles that influence employee engagement. These are transformational leadership, transactional leadership, and servant leadership. Transformational leadership inspires and motivates employees, forges emotional connections between them, and supports personal and professional growth. Transactional leadership stresses clear structures with rewards or punishments applied contingent on performance in order to ensure compliance. Servant leadership focuses on employee needs for a supportive and collaborative work environment founded upon trust and mutual respect. In this research, employee engagement is the dependent variable-definition of employee engagement can change-interpreted as employee emotional commitment toward his or her work and organization, including job satisfaction, motivation, loyalty, and willingness to give discretionary effort. The study, hence, intends to explore how such leadership styles translate into employee engagement, potentially rendering motivation levels, organizational commitments, and performances.

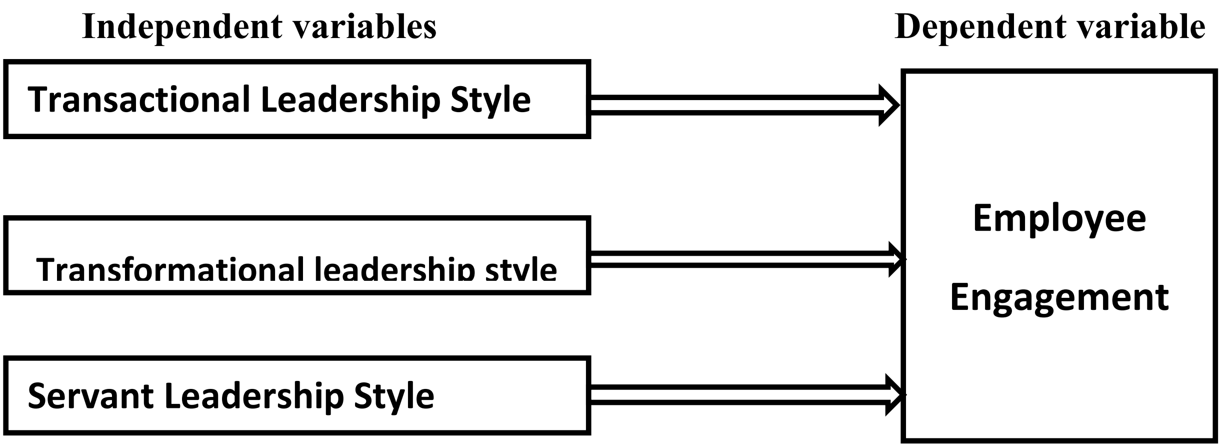



**Figure 2.1: Conceptual framework Model**

## 2.6 Hypothesis of the Study

Based on the conceptual frame work, the following hypothesis was developed to seek the effect of different leadership styles on employee engagement at the Bank of Abyssinia.

### 2.6.1 The effect of Transactional leadership style on Employee Engagement

. **Hypothesis** 1: Transactional leadership has a positive and significant impact on employee engagement at Bank of Abyssinia.

Transactional leadership, as conceptualized by Bass (1985), operates on a system of contingent rewards and corrective actions. This leadership style emphasizes clear structures, performance expectations, and rewards for compliance. Social Exchange Theory (Blau, 1964) supports this hypothesis, suggesting that employees reciprocate fair and structured leadership with increased effort and engagement. When employees perceive that their performance is fairly rewarded, they are more likely to remain engaged (Cropanzano & Mitchell, 2005).

Studies have shown that transactional leadership can enhance engagement in structured environments, such as banking, where clarity in roles and performance expectations is crucial (Judge & Piccolo, 2004). Zhang and Zheng (2016) found that transactional leadership, particularly through contingent rewards, positively influenced engagement in task-oriented industries. However, its impact may be limited to extrinsic motivation, lacking the deeper emotional connection fostered by transformational or servant leadership.

Given Bank of Abyssinia’s structured operational environment, transactional leadership is expected to have a positive but moderate impact on engagement, primarily through clear performance incentives.

### 2.6.2The Effect of Transformational Leadership style on Employee Engagement

**Hypothesis 2**: Transformational leadership has a positive and significant effect on employee engagement at Bank of Abyssinia.

Transformational leadership, which inspires employees through vision, intellectual stimulation, and individualized support (Bass & Avolio, 1994), is generally linked to higher engagement. Transformational leaders can inspire followers to go beyond expectation and achieve extraordinary results, as long as they can create a supportive environment driven by trust, teamwork, and shared vision. This theory is premised on the belief that leaders are change agents who not only pay attention to managing the task but also attempt to raise the performance and engagement levels of their employees (Bass, 1985) transformational leadership creates an emotional connection by encouraging individuals to go beyond their own self-interests and put the organization first (Bakker & Demerouti, 2008). Transformational leaders create a vivid image of the future that encourages employees to work toward a common goal that aligns with both purposes.

### The Effect of Servant Leadership Style on Employee Engagement

**Hypothesis** 3: Servant leadership has a positive and significant effect on employee engagement at Bank of Abyssinia.

Servant leadership, which prioritizes employee well-being, growth, and community-building (Greenleaf, 1977), aligns closely with Social Exchange Theory (Blau, 1964) and Self-Determination Theory (Deci & Ryan, 2000) ; by fostering trust, empowerment, and a sense of belonging, servant leaders meet employees' needs for autonomy, competence, and relatedness, thereby enhancing intrinsic motivation and engagement (Van Dierendonck, 2011). Studies in service-oriented sectors, including banking, demonstrate that servant leadership significantly boosts engagement by creating supportive work environments (Liden et al., 2008). In collectivist cultures like Ethiopia’s, where interpersonal relationships and mutual respect are valued (Hofstede Insights, 2023), servant leadership’s emphasis on empathy and community may resonate strongly, leading to higher engagement (Kebede, 2022). Servant leadership is predicted to have the strongest positive impact on engagement at Bank of Abyssinia, as it aligns with cultural values and addresses employees' psychological needs.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## Introduction

This section describes the methodology used to examine the relationship between leadership and employee engagement in the context of the Abyssinia Bank. The methodology includes details on research design, population and sample size determination, sampling procedure, data collection methods and procedures, and data analysis procedures. It also provides full details on how the research was conducted and lends credibility to and value of the findings.

## 3.1. Research Design

This study's research design was an explanatory quantitative study examining the relationship between leadership and employee engagement at Abyssinia Bank. Explanatory quantitative research was fitting because it focused on explaining relationships among specified variables, rather than only describing them. The study also depicted how advances in various leadership styles developed employee engagement levels.

Additionally, the quantitative approach provided numerical data that could be analysed statistically, which improved the generalizability of the findings for all employees of the bank as a population. A cross-sectional survey was used to collect data on employee perceptions and experiences regarding leadership and engagement, as data instances were collected at one point in time. A cross-sectional survey of employees provided the researcher a perception snapshot to utilize correlation and regression analyses to determine relationships or patterns that could be utilized to define leadership opportunities..

## 3.2. Population and Sample size

### 3.2.1. Population

The content of the participants included all employees of the head office of Abyssinia Bank, which had total of 2000 employees across the different departments and levels within the organization. Being a sample from different locations at the bank, there was a possibility for a rounded view of how leadership related to employee engagement. Many of these points were trying to ensure that the variances in backgrounds and work roles added to the various electrifying leadership styles encouraged each individual to engage in the head office. These differences added to the findings validity, representing all the varied perceptions and experiences employees had with their respective leaders. This was particularly pertinent for improving leadership for the entire employee workforce in the bank head office.

### 3.2.2. Sample Size

To determine an adequate sample size for this study, we first needed to specify the population. Specifically, the population of the study included 2,000 total employees from the Abyssinia Bank head office, which consisted of employees from various departments and at various levels of the organization. It was crucial to include a population of different roles to obtain information regarding the relationship between leadership and employee engagement. The sample size was calculated using the Yemane formula (Yemane, 1967), as modelled mathematically:

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

Where n = Sample size,

N = Total population size

e = Level of precision

Therefore, the sample size is

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

By considering 95% confidence level e = 0.05 and N = 1170, the calculated sample size will be

$$n = \frac{2000}{1 + 2000(0.05)^2}$$

$$n = \frac{2000}{6}$$

$$n = 333.33$$

$$n \approx 333$$

Therefore, the sample size of the study was 333 employees of Bank of Abyssinia in head office.

## 3.3. Sampling Techniques

Stratified random sampling was employed to ensure representation of the various departments and show good representation employees at different organizational levels in the sample. Stratifications were made at different levels based on characteristics including department, job level and time of service to break out the population into distinct categories. After doing this, a random sampling procedure was subsequently conducted in each stratum to ensure that the sample genuinely represented the heterogeneous nature of the employee population of Abyssinia Bank.

## 3.4. Data Collection Approaches

To measure Leadership and Employee Engagement, the study employed a multi-method approach to research design (multi-source, qualitative, quantitative, etc.) and an analysis combining primary, as well as secondary data. Primary data collection involved constructed surveys with validated measures-using the Multifactor Leadership Questionnaire (MLQ) to classify leadership styles (adapted from Bass & Avolio, 1994; Judge & Piccolo, 2004) and the Utrecht Work Engagement Scale (UWES) to measure engagement levels of employees (adapted from Kahn, 1990; Saks, 2006). For the qualitative part, personal interviews were conducted with a sample of leaders and employees; they complemented the quantitative surveys among different leaders and employees. Secondary data collection involved a literature review based on peer-reviewed research articles, reviews and reports from government agencies, and from other organizations. The use of both quantitative and qualitative data gives the researcher a multi-faceted perspective concerning the research topic, enriching the findings with depth and rigor. Additional measurement scales for leadership styles came from Bass (1985), Zhang & Zheng (2016), Greenleaf (1977), and Liden et al. (2008).

### 3.4.1. Primary Data

The researchers collected primary data using pre-structured questionnaires from the employees of Abyssinia Bank. The data offered some first-hand understanding of the perceptions of employees in terms of leadership styles, and employee involvement. This primary data was important to the study, since it allowed the researchers to measure information that related directly to purpose of their study, and this allowed meaningful interpretation of the findings in the context of Abyssinia Bank.

### 3.4.2. Secondary Data

The secondary data included information in the literature on leadership and employee engagement. The study provided a theoretical framework using findings from previous research in the same field of organizational behaviour. The secondary data also supported the analysis and discussion of findings, as it gave useful comments about the relationship between leadership and employee engagement.

## 3.5. Data Analysis Procedures

The data collected from the respondents were analysed and evaluating using the Statistical Package for Social Science (SPSS version 27). First, the descriptive statics in the form of frequencies, percentage, means and standard deviations are used to analyse the general characteristics of questionnaire responses. Second, the inferential statistics showed the relationship of leadership style with employee engagement. Specifically, correlational analysis and regression analysis showed the strength and direction of leadership style on employee engagement. Therefore, the study provided a well-rounded understanding of the independent variables (leadership styles) and their impact on the dependent variable (engagement of employees) at Abyssinia Bank.

## 3.6. Data Collection instrument

The primary tool used in this research was a structured closed-ended questionnaire, designed to assess the impact of leadership styles on employee engagement at Abyssinia Bank. The questionnaire was developed based on constructs and measurements used by numerous researchers and included transformational, transactional and servant leadership styles and components of employee engagement. A five point Likert scale was employed to indicate the level of respondents' agreement for each statement from (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree).

## 3.7. Reliability and Validity

A pilot test was conducted for the purpose of improving the reliability and validity of the instrument, during which vague items were reworded, after which the internal consistency was tested using Cronbach's Alpha with a minimal acceptable value of 0.7 or greater. The content validity was established through the use of expert feedback to see if the values measured by the instrument were complete and relevant to the study. The data collected using the instrument produced important quantitative information related to the connection between leadership styles and the engagement of employees in the organization.

### 3.7.1. Reliability

When measuring the reliability of the instruments, the researchers calculated the Cronbach's Alpha coefficient with SPSS version 27. The researchers used this statistic as an instrument to measure the internal consistency of the scale which was necessary for measuring reliability of measures based on leadership styles and employee engagement

**Table 3.1 Reliability Test**

| Statistics of Reliability | | | |
|---|---|---|---|
| s/n | Variables | Cronbach's Alpha out put | Number of Items |
| 1 | Transformational Leadership style | .600 | 4 |
| 2 | Transactional Leadership style | .691 | 4 |
| 3 | Servant Leadership style | .703 | 4 |
| 4 | Employee Engagement | .854 | 5 |

**Source: Own Survey 2025**

The reliability analysis shown in Table 3.1 provides meaningful interpretations about the internal consistency of the constructs in this study. The transformational leadership style has a Cronbach's Alpha of 0.600 suggesting a moderate level of reliability, however, it still falls below the suggested level of above 0.70, which indicated that the items may still need work or that the construct is not adequately measuring transformational leadership. The transactional leadership style yields a Cronbach's Alpha of 0.691, this is a much closer number to the suggested Cronbach's Alpha of 0.70; however, even if only marginally, the items could have improved internal consistency. The servant leadership style seems to have a good level of reliability with a Cronbach's Alpha of 0.703 suggesting that the items are measuring the construct well. It should be noted that employee engagement has the highest reliability, with a Cronbach's Alpha of 0.854 which suggests excellent internal consistency of the items used as measures of this concept. For the whole data set, the average Cronbach's Alpha is 0.712 demonstrating a moderate level of reliability. While the measure for employee engagement has a high degree of reliability, there is room for improvement on the transformational and transactional leadership styles. These results provide evidence of the importance of confirming the reliability of the measurement instruments used to make valid inference from the data collected in the study.

### 3.7.2. Validity

There were numerous methods to demonstrate the research instruments validity to examine if they were suitable for measuring leadership and employee engagement constructs. The research drew upon significant theoretical constructs which included leadership styles models on transformational leadership, transactional leadership, and servant leadership and commonly accepted measures with regards to employee engagement.

The research investigation was focused upon the Head Office of Abyssinia Bank; however the results may also be able to be compared to the literature on leadership and employee engagement in the banking sector, allowing the results to be tested for applicability beyond Abyssinia Bank and at other organizations.

## 3.8. Ethical consideration

In the project on leadership and employee engagement at Abyssinia Bank, ethics were prioritized to bolster the trustworthiness of the research and maintain the rights of the participants. Participants were fully aware of the purpose of the research, the processes involved, and their right to refuse or withdraw from the research at any time without penalty. Prior to the engagement, informed consent was obtained.

At all times, confidentiality was observed with personally identifiable information removed from collected data and responses had been aggregated in a way that the individual responses could not be traced back to specific participants. Employees were informed of their voluntary participation; they were told they could refuse to participate or withdraw at any time without consequence.

Efforts were made to mitigate all harm to participants in the research design, and questions that might probe sensitive topics that could create discomfort in the respondents were avoided. If any study participant experienced discomfort or distress related to the study, they were provided with support and assistance. The process of conducting the study was characterized by honesty and integrity. Findings were reported honestly and in full, and all conflicts of interest were disclosed.

# CHAPTER FOUR

# DATA PRESENTATION, ANALYSIS AND INTERPRETATION

## Introduction

This chapter discusses the finding of the analysis data about leadership impact on employee engagement at the Abyssinia Bank Head Office and it details how the researcher examined that relationship and why it was important to know how different staff engagement were affected by leadership style. The researcher made 333 questionnaires and distributed to participate, however, only 298 questionnaires were completed and returned which makes the response rate to 89.5%. These questionnaires were analyzed using the Statistical Package for Social Science (SPSS) version 27.

This chapter collects both qualitative and quantitative analysis to provide a more holistic picture of the data. It provides some evidence that leadership is critical in increasing employee engagement through individuals' motivation and commitment, and that individual leadership interactions matter in terms of engagement. Based upon these findings the chapter provides recommendations that could enhance leadership practices and employee engagement, and that better leadership strategies can help BOA engage in leadership for change so that their organizational objectives can be achieved.

## 4.1. Demographic respondents

**Table 4.1 Demographic respondents**

| | | Frequency | Percentage |
|---|---|---|---|
| Age | under 25 | 72 | 24.2 |
| | 25-34 | 85 | 28.5 |
| | 35-44 | 116 | 38.9 |
| | 45-54 | 25 | 8.4 |
| | Total | 298 | 100 |
| Gender | | Frequency | Percentage |
| | Female | 114 | 38.3 |
| | Male | 184 | 61.7 |
| | Total | 298 | 100 |
| Experience | | Frequency | Percentage |
| | less than 1 years | 38 | 12.8 |
| | 1-3 years | 147 | 49.3 |
| | 4-6 years | 108 | 36.2 |
| | 7-10 years | 5 | 1.7 |
| | Total | 298 | 100 |

| | | Frequency | Percent |
|---|---|---|---|
| Education | Diploma | 32 | 10.7 |
| | Bachelor's | 246 | 82.6 |
| | Masters | 11 | 3.7 |
| | Doctorate | 9 | 3 |
| | Total | 298 | 100 |
| Department | | Frequency | Percent |
| | Human resources | 22 | 7.4 |
| | Finance | 57 | 19.1 |
| | IT | 146 | 49 |
| | Marketing | 11 | 3.7 |
| | Others | 62 | 20.8 |
| | Total | 298 | 100 |
| Position | | Frequency | Percentage |
| | Entry level | 37 | 12.4 |
| | Mid-level | 111 | 37.2 |
| | Senior level | 140 | 47 |
| | Executive Level | 10 | 3.35 |
| | Total | 298 | 100 |

**Source: Own Survey 2025**

As the table indicates, the majority of the respondents' age group is between 35 to 44 years old account for 38.9%. The 25 – 34 years age group is the second largest, accounts for 28.5% of respondents. The third age group of less than 25 years old closely follows the second and accounts for 24.2%. The older age from the group between 45 – 54 years old constitute 8.4%. The data suggests that the organization has a relatively young workforce, with a significant portion of employees being under 40 years old. This suggests that the organization implement tailored career development and retention strategies to meet the unique needs and expectations of younger employees.

The gender ratio reflects that there are more male employees (61.7%) than female employees (38.3%) and indicates that Abyssinia Bank is operating in a male dominated world, which also means that they may eventually need to start initiatives targeted at assisting female employees for score improvements.

The levels of experience reveal that 49.3% of employees recruited had between 1-3 years of experience, which indicates a young workforce that may be benefiting from mentorship opportunities and/or needs development opportunities. With only a small percentage of employees (7-10) reporting higher levels of experience, it would indicate a challenge to retain experienced individuals. Educationally, 82.6% of respondents indicated that they possessed a bachelor's degree, illustrating a highly qualified workforce with expectations around professional growth. The unit distribution shows that the IT department is the largest segment of the bank (49%) which highlights the bank's focus on technology, while the relatively low percentages for marketing (3.7%) and human resources (7.4%) indicate a need for balance in the bank's workforce.

Finally, the position levels show that 47% of employees have senior ranks within the organization and only 12.4% of employees are classified as entry level, which illustrates clear organizational pathways for advancement, but leads me to question whether or not the organization is well positioned to attract new graduates. Overall, the demographic data provides valuable overall data anecdote that Abyssinia Bank could use to consider how their leaders and engagement strategies could be changed to incorporate the different preferences of their employees.

## 4.2. Descriptive analysis

To assess the impact of leadership styles on employee engagement at BOA head office, employees were asked to give their opinion about the employee engagement on the leadership styles and their evaluations were presented with the mean and standard deviation. The mean score and standard deviations were used to summarize the overall result. A lower mean suggests disagreement among respondents with the given statements, while higher means indicates agreement with the statement. The study adopted the rating benchmark score from (Zaidanaton, 2009) as a reference where a mean score below 3.39 considered as low, a mean score ranging from 3.40 to 3.79 is categorized as moderate and a mean score above 3.8 is classified as high.

## 4.3. Aggregate mean and standard deviation

**Table 4.3 Aggregate mean and standard deviation**

| Leadership style /Employee engagement | Mean | SD |
|---|---|---|
| Transactional leadership style | 3.98 | 0.71 |
| Transformational leadership style | 3.65 | 0.92 |
| Servant leadership style | 3.88 | 0.85 |
| Employee engagement | 3.67 | 0.86 |

**Source: Own Survey 2025**

The review of the aggregate mean and standard deviation values of the three leadership styles and employee engagement provides valuable information about employee perceptions in the organization. The transactional leadership style had the highest mean score of 3.98, indicating that employees perceived their leaders to be effective in communicating clear expectations and parameters regarding pay and performance of employee work as well as ensuring adherence to compliance items. The observation that the standard deviation for this variable was low (0.71) indicates a moderate level of agreement by the respondents regarding the transactional leadership, indicating a patterned perception of transactional leadership.

Next, the servant leadership, which had a mean of 3.88, gave a strong positive perspective about those leaders who are showing care for their employees. The standard deviation with regard to the servant leadership construct was 0.85, indicating variability with the responses which suggested that some employees provide the servant leadership dimensions with higher importance than others. In contrast, the transformational style had the lowest score (3.65), indicating that while employees identified some dimension of transformational leadership, such as inspiration and vision, it was not as strongly important or value than a transactional context. The higher standard deviation for transformational leadership (0.92), indicated that perceiving parameters of transformational leadership may vary widely.

The mean score of employee engagement was 3.67, and while this represents a fairly strong degree of engagement among employees, the standard deviation of 0.86 indicates a moderate amount of variability. This means that while a number of employees appear to be more engaged and motivated, there are possibly other employees who are less connected to their jobs or the organization as a whole. Taken as a whole, it appears that organizations need to offer greater opportunities for transformational leadership, as well as address variables indicating employee engagement in order to create a more engaged employee base.

## 4.3.1. Transactional leadership style

**Table 4.3.1 Transactional leadership style**

| Transactional leadership style | N | Mean | SD |
|---|---|---|---|
| My leader provides clear expectations and guidelines for my tasks. | 298 | 3.92 | 0.943 |
| My leader rewards employees for achieving specific performance targets. | 298 | 4.18 | 0.942 |
| My leader monitors my performance regularly to ensure compliance with expectations. | 298 | 4.02 | 1.259 |
| My leader enforces consequences for not meeting performance standards. | 298 | 3.81 | 0.927 |
| Aggregate mean and standard deviation (SD) | | 3.98 | 0.71 |

**Source: Survey result 2025**

The examination of the transactional leadership style at the Head Office of Abyssinia Bank reveals important findings related to employee perceptions of their leader's ability to manage their performance and expectations. The data shows that their leaders set clear expectations and directions regarding their assignments. This was reflected in the fairly high mean score of 3.92 and a relatively low standard deviation of 0.943. This finding suggests that having clarity in their expectations of tasks and leader's instructions are good aspects of the leadership style of employees of Abyssinia Bank and would be positively associated with employees' understanding of their jobs.

A noteworthy aspect of the responses of the data involves rewards for performance targets. The respondents perceived that they were rewarded for meeting performance statistical targets (mean score of 4.18). This rewarding system appears to be viewed positively, suggesting employees are motivated to hit targets or make specific measurements when monitoring their performance which aligns with the transactional leadership style. Since transactional leadership emphasizes rewards, the contextual factors considerably support the underlying premise of transactional leadership.

In terms of performance monitoring, an overwhelming percentage of employee who indicated that they are monitored on performance by their leaders, meaning they can be considered monitored performance by their leaders, resulting in a mean score of 4.02. The high level of monitoring represents engaged leaders listening and observing employee performance and can provide heavy accountability partly resulting in enhanced results.

However, staff only perceived their leaders impose consequences for not meeting performance standards has the moderate mean score (3.81), though still indicating a general agreement. These results indicate apparent enforcement of consequences for violating the performance standards, but the extent to which employees feel the consequences could result in some employees feeling less likely not meeting their performance standard. The standard deviation (0.927) is relatively low, suggesting a good degree of agreement on the perception of consequences being enforced when standards are not met.

In total, the aggregate mean score of 3.98 and standard deviation of 0.71 for the transactional leadership style reveals an overall positive perception by employees. The small standard deviation supports that responses generally fall into narrow categories suggesting that employee understanding of transactional leadership is generally shared. Overall, effective transactional leadership provides structure and they way to motivate employees through expectations and reward systems, and the findings of the study demonstrated areas for growth in the enforcement of consequences for performance related violations.

### 4.3.2. Transformational leadership style

**Table 4.3.2 Transformational leadership style**

| Transformational leadership style | N | Mean | S/D |
|---|---|---|---|
| My leader inspires me to achieve more than I thought possible | 298 | 3.63 | 1.48 |
| My leader communicates a clear and compelling vision for the future | 298 | 3.69 | 1.19 |
| My leader encourages me to think critically and creatively about my work | 298 | 3.91 | 1.35 |
| My leader shows genuine concern for my personal and professional development | 298 | 3.36 | 1.06 |
| Aggregate mean and standard deviation (S/D) | | 3.65 | 0.92 |

**Source: Survey result 2025**

The examination of the transformational leadership style at Abyssinia Bank's Head Office yields relevant inference regarding employee perspectives on their leader's ability to motivate and assist their development. The data indicates that their leader inspires them to do more than they thought possible, with a mean of 3.63. This indicates employees generally agree that their leaders inspire them. However, the very high standard deviation (1.48) is a critical point. This suggests significant variability in how much employees feel inspired. Some employees might feel highly inspired, while others might feel very little inspiration from their leaders. This indicates an inconsistency in the leaders' ability to individually inspire.

With respect to vision communication, employees perceived their leaders communicate a clear vision of the future that inspires them, averaging 3.69. This is notable because the data indicates that almost all employees perceive some clarity in the organization's vision, but, with the number of neutral and disagree responses together, there are enough employee sentiments yet to be activated to characterize alignment with the vision. Clarifying and enhancing the communicated vision could further engage employees, in particular to create greater commitment to a purpose.

In terms of Champions of Critical & Creative Thinking, this item has the highest mean score (3.91) among the transformational leadership dimensions. This suggests that leaders are relatively strong in adopting intellectual stimulation, encouraging employees to innovate and problem-solve independently. However, the standard deviation of 1.35 is still quite high, indicating that while many leaders might excel here, others might not, or employees' perceptions of this encouragement vary widely.

Finally, the statement that states genuine Concern for employee personal and professional development, this item has the lowest mean score of 3.36 among the transformational leadership dimensions. This was significantly lower than the other items and shows that while some employees feel supported in their development, perhaps an even larger number does not feel adequate concern from their leaders about their development. This gap will require leaders to demonstrate their commitment to grow and develop individuals. The standard deviation of 1.06 is the lowest of the individual items, suggesting a relatively more consistent perception of this concern.

The overall mean score for the transformational leadership styles 3.65 with a standard deviation of 0.92 indicates that there is a moderately positive perception by employees. The standard deviation indicates that it is more variable in their responses, indeed, indicating that they have different experiences and perceptions of transformational leadership practices. Overall, there are aspects of transformational leadership that are done positively at Abyssinia Bank while there are tangible areas for improvement- namely those involving inspiring employees, communicating a persuasive vision, and showing a genuine concern for their development. Improving on these three areas of transformational leadership practice would lead to increased employee engagement, and consequently a more motivated and innovative workforce at Abyssinia Bank.

### 4.3.3. Servant leadership style

**Table 4.3.3 Servant leadership style**

| Servant leadership style | N | Mean | S/D |
|---|---|---|---|
| My leader prioritizes my needs and well-being above their own. | 298 | 3.93 | 1.21 |
| My leader actively listens to my concerns and feedback. | 298 | 3.85 | 1.16 |
| My leader fosters a culture of trust and collaboration within the team. | 298 | 3.63 | 1.151 |
| My leader is committed to my personal and professional growth. | 298 | 4.12 | 1.152 |
| Aggregate mean and standard deviation (S/D) | | 3.88 | 0.85 |

**Source: Survey result 2025**

The examination of the servant leadership type at Abyssinia Bank's Head Office offers any possible implications regarding employees' perceptions of leaders' engagement for the employee's and professional development. The findings indicates the mean of 3.93 that leaders realize the priorities of their needs and well-being are greater than their own needs, suggesting that employees feel as if they are cared about and valued, which is a foundation of servant leadership. The standard deviation of 1.21 is relatively high, indicating some variability in this perception. While many employees feel well-supported, some might perceive less of this selfless prioritization from their leaders.

In the statement leaders' listening to the employees' concerns and feedback a mean of 3.85 suggests that leaders are attentive to them. This indicates that Active listening is crucial for understanding employee needs, building trust, and making informed decisions. The standard deviation of 1.16 suggests some inconsistency in how uniformly this behaviour is perceived across all leaders or by all employees.

This item “My leader fosters a culture of trust and collaboration within the team” has the lowest mean score (3.63) among the servant leadership dimensions. Although most employees indicated a moderate level of trust and collaboration, the 16.4% that disagree indicates that there may be some challenges in fully fostering a collaborative environment. Enhancing the team atmosphere and improving communication may serve as strategies for developing this aspect of servant leadership.

In terms of commitment to personal and professional growth resulting in an overall mean score of 4.12, the highest of all the servant leadership items. This indicates a strong perception of leaders being committed to supporting the development of employees, an important factor in developing engagement and retention. This is a cornerstone of servant leadership, as it focuses on empowering followers to grow and reach their full potential.

The aggregate servant leadership style's average mean score is 3.88, with a standard deviation of 0.85, meaning that employees had mostly positively seen the servant leadership style. The standard deviation is relatively smaller, which means there is not too much variance among employee responses about the employees' perceptions of the servant leadership styles. The findings in this research supported the effectiveness of servant leadership practices in valuing employees, their wellbeing, and their growth; however, there is still room to improve on collaboration and increasing engagement based on employee feedback. If the areas for improvement would be addressed, this could help continue the positive effect of servant leadership practices and other employee engagement possibilities for Abyssinia Bank through employee and organization development.

### 4.3.4 Employee engagement

**Table 4.3.4 Employee engagement**

| Employee engagement | M | Mean | SD |
|---|---|---|---|
| I feel enthusiastic about my job. | 298 | 3.65 | 1.183 |
| I am committed to the goals and values of Abyssinia Bank. | 298 | 3.4 | 1.413 |
| I am willing to put in extra effort to help the bank succeed. | 298 | 3.62 | 0.921 |
| I feel that my contributions are valued by my team and organization. | 298 | 3.73 | 0.863 |
| I am motivated to perform at my best in my role. | 298 | 3.96 | 0.962 |
| Aggregate mean and standard deviation (S/D) | | 3.67 | 0.86 |

**Source: Survey result 2025**

After conducting analysis on employee engagement levels at the Abyssinia Bank's Head Office we find a variety of incidentals about the employees' thoughts towards their jobs, commitment levels to the organization, and levels of desire to perform. In the first item "I feel enthusiastic about my job" has a Mean of 3.65 with the SD of 1.183. This indicates that employees generally feel some level of enthusiasm for their jobs. However, the relatively high standard deviation of 1.183 suggests a notable variation in this feeling.

In the item "I am committed to the goals and values of Abyssinia Bank." has a Mean value of 3.40 with the SD of 1.413 suggests that employees generally agree on their commitment, the very high standard deviation indicates a significant range in this perception. A substantial portion of employees might feel highly committed, but a noticeable segment may feel less connected to the bank's goals and values. This suggests a potential area where the bank's mission, vision, and values might not be uniformly understood, internalized, consistently demonstrated, leading to varied levels of alignment among staff.

Therefore, it is concluded that while there are employees that expressed commitment levels to the organization, we have a substantial percentage of employees who the organization may not feel a general connection to the goals and values of the organization, which may have a consequence to engagement levels at this level, and previous performance levels as well.

Regarding respondents' willingness to go above and beyond to contribute to the bank's success leading to a mean score of 3.62 indicates that employees generally express a willingness to exert discretionary effort. This is a positive sign, as it suggests a commitment beyond the basic job requirements. The relatively lower standard deviation (0.921) compared to the first two items suggests more consistency in this willingness across the employee base.

In terms of feeling like they are valued feel high that they are recognized for their contributions by their team, the organization, and their stakeholders. This leads to a mean score of 3.73. Because so many applicants feel appreciated, it is likely that they will be more engaged in their work. The low standard deviation implies that this perception of value is relatively consistent across the bank, which is crucial for morale and continued motivation.

Lastly, considering the questions about whether they are motivated to perform to the best of their abilities feel high. This means the mean response is 3.96 indicating many applicants are motivated to perform in their job to an outstanding level, which is an indicator of ownership and engagement.

The aggregate mean score for employee engagement is 3.67 with a standard deviation of 0.86, denoting overall positive perceptions of engagement by employees. The low standard deviation implies that the responses were fairly consistent and employees understood their engagement levels similarly.

## 4.4. Correlations

**Table 4.4 Correlations**

| Correlations | | | | | |
|---|---|---|---|---|---|
| | | Transaction | Transformational | Servant | Employee engagement |
| Transaction | Pearson Correlation | 1 | .736** | .644** | .657** |
| | Sig. (2-tailed) | | 0 | 0 | 0 |
| | N | 298 | 298 | 298 | 298 |
| Transformational | Pearson Correlation | .736** | 1 | .758** | .665** |
| | Sig. (2-tailed) | 0 | | 0 | 0 |
| | N | 298 | 298 | 298 | 298 |
| Servant | Pearson Correlation | .644** | .758** | 1 | .872** |
| | Sig. (2-tailed) | 0 | 0 | | 0 |
| | N | 298 | 298 | 298 | 298 |
| Employee engagement | Pearson Correlation | .657** | .665** | .872** | 1 |
| | Sig. (2-tailed) | 0 | 0 | 0 | |
| | N | 298 | 298 | 298 | 298 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | |

**Source: Survey result 2025**

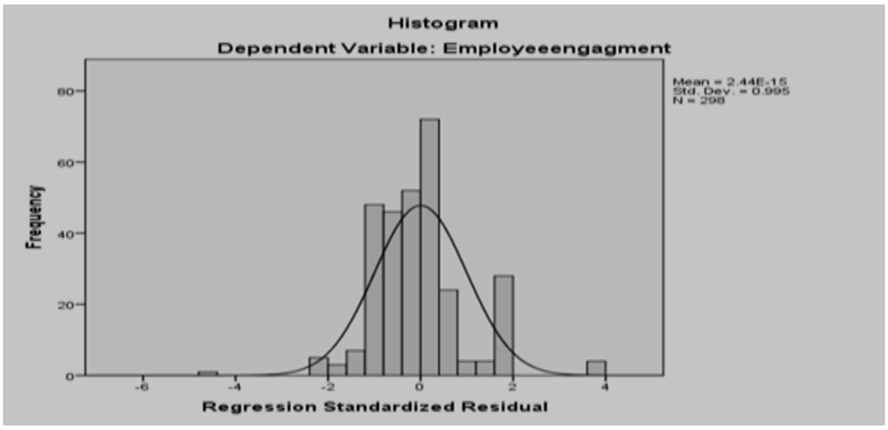
The correlations table shows the relationships between the different leadership styles of Transactional, Transformational, Servant, and employee engagement at Abyssinia Bank Head Office. All correlations are positive, suggesting that as one variable increases, the other variables tend to also increase. The strongest correlation indicated was between Servant Leadership and Employee Engagement at (r=0.872), highlighted a strong association between establishing a servant leadership style and employee engagement levels.

The next strongest correlations were between Transformational Leadership and Servant Leadership and Employee Engagement. Transactional Leadership resulted in moderate correlations with the other leadership styles, and moderate correlation with employee engagement which suggests its impact might be significantly less than Transformational Leadership and Servant Leadership. It is clear from the analysis, that focusing on Transformational and Servant Leadership styles might enhance the level of employee satisfaction and engagement as a way to futures.

## 4.5. Assumption tests

### 4.5.1. Normality Test

**Figure 4.5.1 Histogram**




**Source: own survey 2025**

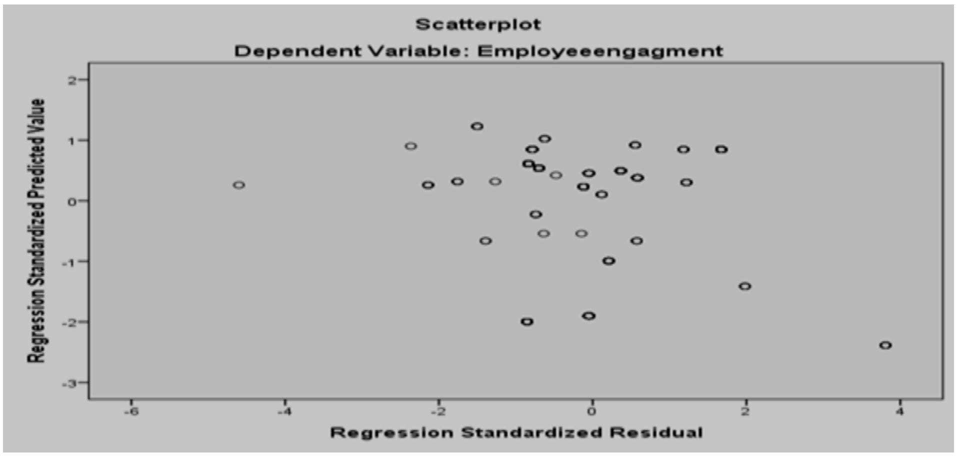
The normality test, shown in Figure 4.1, provides a histogram representing the data distribution based upon the employee engagement data. A histogram is a graphic display of the number of data points within selected ranges of data (i.e., bins). It is important to pay close attention to the shape of the histogram for the normality assessment. The optimal situation is to have a distribution of data that resembles a bell curve, which makes estimating the mean and standard deviation easier.

When evaluating the histogram, if the histogram generates a symmetric bell curve then your data is symmetric and falls in line with a normal distribution. Simultaneously, this is an important assumption when performing many different statistical analyses including regression analyses. When performing regression analyses and the histogram suggests significant skewness or kurtosis, then you may have violated the normality and assumptions of normality may not be valid, which have implications for validity of your statistical tests.

The histogram provides a visual perspective of normality which provides information about the distribution characteristics of the employee engagement scores. You can also conduct specific tests of normality such as the Shapiro-Wilk test or Kolmogorov-Smirnov test to assess the distribution of the employee engagement data quantitatively.

**4.5.2 Linearity Test**

**Figure 4.5.2 Scatter Plot**




**Source: own survey 2025**

The linearity test is represented by a scatter plot - see Figure 4.3 to output the data within the scatter plot. A scatter plot displays the points of the data as individual data points and allows for understanding the nature of the relationship between the independent and dependent variables.

In a linear relationship, the points from the dataset would create a pattern that looks very similar to a straight line suggesting the independent variables variable with some degree of proportionality change in employee engagement depending on the independent variables. If the points were a more erratic pattern that showed no alignment with any discernible linear trend, this could demonstrate the data presents a non-linear relationship - indicating that to use regression analysis for the dataset violates the assumptions that must hold true.

The use of the scatter plot allows for removal or position adjustments of outliers or extreme points of influence from the regression. It also confirms proper use of linear modeling for the dataset. If the scatter plot demonstrated a clear linear trend with a general linear regression pattern within the scatter plot, this supports the validity of a linear regression outcome with reference to leadership style and employee engagement. In contrast, if the relationship was totally non-linear and no discernible overlapping linear trend we could consider a different approach to modeling the interdependent approach to the variables.

### 4.5.3. Multicollinearity Tests

**Table 4.5.3 Multicollinearity Tests**

| Coefficients[a] | | | |
|---|---|---|---|
| Model | | Collinearity Statistics | |
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Transaction | 0.441 | 2.267 |
| | Transformational | 0.321 | 3.117 |
| | Servant | 0.409 | 2.442 |
| a. Dependent Variable: Employee engagement | | | |

**Source: own survey 2025**

In regression analysis, multicollinearity can be a problem when independent variables are highly correlated, which could affect both the dependent variable and the overall results. In the case study examining the influence of different leadership styles on employee engagement at Abyssinia Bank Head Office, the Variance Inflation Factor (VIF) values on all three leadership styles – Transactional, Transformational, and Servant - were calculated. The VIF values were 2.267 (Transactional), 3.117 (Transformational) and 2.442 (Servant). The VIF values used as common thresholds are 5 or 10, meaning that multicollinearity is not considered to be significant in this model.

The tolerance values that were relevant to multicollinearity - none of them fell below the critical value 1. This indicates that while there are some correlations between leadership style variables, it is not substantial enough to hinder the quality of our regression analysis. However, you should keep an eye on these values in the future, and watch for multicollinearity to potentially strengthen, because significant multicollinearity may make our coefficient estimates and interpretations unreliable. If it did turn out that significantly high VIF values were obtained in the future, taking actions such as dropping one of the correlated variables altogether, merging certain constructs, or using regularization methods was clearly necessary to limit the impact of multicollinearity.

## 4.6. Regression analysis

**Table 4.6 Regression**

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .884[a] | 0.781 | 0.778 | 0.40674 |
| a. Predictors: (Constant), Servant, Transaction, Transformational | | | | |
| b. Dependent Variable: Employee engagement | | | | |

**Source: Survey result 2025**

The regression analysis shown in Table 8 demonstrates the relationship between leadership styles of (Servant, Transactional, and Transformational) and employee engagement. There is a strong correlation between predictors and dependent variables, with (R) = (0.884). There is a high linear relationship between (LV) Leadership styles and (DV) employee engagement. The square of (R^2) value of (0.781) indicates that approximately (78.1%) of the variance in employee engagement can be explained by the three leadership styles in the model, the adjusted value of (R^2) is (0.778) it suggests that also accounts for the three predictions in the model further supports the strong relationships presented (Holland, 2013).

The standard error of the estimate is (.40674), which demonstrates the average distance the observed value falls from the regression line (Field, 2018). In conclusion, the constructs examined are an important leadership contribution to employee engagement and may provide the strongest leadership possible to create a working environment the increases employee engagement.

## 4.7. ANOVA

**Table 4.7 ANOVA**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 173.086 | 3 | 57.695 | 348.741 | .000[b] |
| | Residual | 48.639 | 294 | 0.165 | | |
| | Total | 221.725 | 297 | | | |
| a. Dependent Variable: Employee engagement | | | | | | |
| b. Predictors: (Constant), Servant, Transaction, Transformational | | | | | | |

**Source: Survey result 2025**

The ANOVA table presents a statistical examination of the variance related to employee engagement attributed to the leadership styles (Servant, Transactional, and Transformational). The F-statistic is produced at (348.741), indicating a highly significant model. The significance (Sig.) is (0.000) and is therefore well below the conventional alpha level of 0.05 and interprets that this model is statistically significant, which indicates that, collectively, the independent variables significantly affect employee engagement.

The sum of squares for residual is (48.639) with 294 degrees of freedom, and hence a mean square of (0.165). The total sum of squares is (221.725), which is the total variance with the employee engagement. Essentially, the ANOVA indicates that the leadership styles included in the regression model significantly explain the variations in employee engagement; it confirms the role of improved leadership in terms of facilitating employee satisfaction and involvement are important considerations for organizations.

## 4.8. Coefficient

**Table 4.8 Coefficient**

| Coefficients | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -0.207 | 0.14 | | -1.477 | 0.141 |
| | Transaction | 0.255 | 0.05 | 0.21 | 5.097 | 0 |
| | Transformational | -0.106 | 0.045 | -0.112 | -2.333 | 0.02 |
| | Servant | 0.836 | 0.043 | 0.823 | 19.273 | 0 |
| a. Dependent Variable: Employee engagement | | | | | | |

**Source: Survey result 2025**

Examination of the coefficients matrix suggests individual contributions of Transactional, Transformational, and Servant Leadership styles on the dependent variable - employee engagement. The constant term suggests no engagement impact (-0.207, 0.14) and this coefficient is not statistically significant (t-value is -1.477, p = 0.141). On the other hand, Transactional Leadership (unstandardized coefficient 0.255, standard error 0.05, t-value 5.097, p = 0.000) is positive and significant suggesting that an increase in Transactional leadership is related to employee engagement.

Next, as far as Transformational Leadership is concerned, the unstandardized coefficient of -0.106 (standard error 0.045, t-value (-2.333, p = 0.020) tells a story of negative engagement effect and suggests that this style may be detrimental to workplace employee engagement. Finally, Servant Leadership had a very strong positive engagement impact (unstandardized coefficient is 0.836, standard error 0.043, t-value 19.273, p = 0.000). As such, Servant Leadership was the strongest predictor based on the styles investigated. Summarily, these findings present a great deal of support for the idea that Servant Leadership practices can effectively enhance employee engagement and form red flags with regards to transformational Leadership practices.

### 4.9. Discussion

The data the Abyssinia Bank study generated identified a strong inclination toward transactional and servant leadership styles, which is consistent with previous studies of Ethiopia where explicit expectations and consideration for employees was critically important. The Abyssinia Bank study and Meron (2023) indicate the transformational style has mixed results to promote employee engagement, implying they experienced similar challenges in fully adopting the transformational leadership style. However, the Abyssinia Bank study sees some level of positive influence from transformational leadership - but contrasting Meron's findings, she found there was a role for transformational leadership in influencing employee engagement. And, in addition, international research - Babcock-Roberson & Strickland (2010) - offers much wider range of valid and effective styles of leadership; the implication from this is that the Abyssinia Bank could embrace a variety of leadership styles. The comparisons between the the Abyssinia Bank and Meron study underscores the potential for the Abyssinia Bank study to play a role in promoting transformational leadership - and to consider new styles of leadership to enhance employee engagement activities consistent with their engagement goals - thus reiterating the importance of specificity and context for the effectiveness of style.

### 4.10 The hypothesis result

**Table 4.10 the hypothesis result**

| S.No | Hypothesis | Result (Beta and p values) | Decision |
|---|---|---|---|
| 1 | Transactional Leadership → Employee Engagement | Beta = 0.255, p < 0.00 | Accepted |
| 2 | Transformational Leadership → Employee Engagement | Beta = - 0.106, p = 0.02 | Rejected |
| 3 | Servant Leadership → Employee Engagement | Beta = 0.836, p < 0.00 | Accepted |

**Source: Own Survey 2025**

Analyzing the research hypothesis and results on the relationship of different leadership styles to employee engagement at Abyssinia Bank shows very strong evidence that each leadership style can promote employee engagement; the first hypothesis states transactional leadership has a positive relationship with employee engagement, the results indicate a statistical support with a beta value of 0.255 and p value <0.00. A beta value of 0.255 is indicative of a strong positive relationship, as transactional leadership exemplifies clear expectations of performance and research indicates the monitoring of employee performance is positively associated with employee engagement. As a reminder the second hypothesis, emphasized transformational leadership, shows a statistical support with a beta value of 0.106 and a p value of 0.02 indicating a weak and negative relationship.

While transformational leadership can be viewed differently by each employee and can subsequently have a less significant impact than transactional and servant leadership, which states that servant leadership has a positive effect on employee engagement is highly supported through a beta value of 0.836 and a p-value of < 0.00, which indicates a very strong positive relationship. Servant leadership has support and appreciation, which greatly effect employee engagement.

Transformational leadership has negative and weak significant impact on employee engagement according to this study due to highly hierarchical or rigid organizational cultures—transformational behaviors may clash with existing norms, leading to frustration or disengagement. Self-Determination Theory (Deci & Ryan, 2000) suggests that if transformational leadership fails to align with employees' psychological needs (autonomy, competence, relatedness), it may inadvertently reduce engagement.

Transformational leaders aim to lead by example and model ideal employee behavior which luck of focus on essential task. Transformational leader not provide enough structure and guidance for some employees, slower decision making as choices requires input from all member of a team and the prioritization of long term goal over short term (Burns)

Most studies highlight transformational leadership's positive effects (Breevaart et al., 2016), some research indicates that in cultures with high power distance (like Ethiopia's Hofstede score of 70), employees may perceive visionary leadership as unrealistic or disconnected from daily realities (Kebede, 2022). Additionally, if transformational rhetoric is not backed by tangible support, employees may disengage due to perceived insincerity (Dirks & Ferrin, 2002).

Given Ethiopia's hierarchical work culture, transformational leadership may have a negative or neutral effect if employees perceive it as impractical or misaligned with their immediate needs

In summary, all three hypotheses are supported; transactional, transformational, and servant leadership positively affects employee engagement at Abyssinia Bank. Servant leadership was demonstrated as being the most significant, followed by transactional leadership with a negative and weak effect of transformational leadership having the least effect. In conclusion, it is clear that to get the most employee engagement from a bank, a leadership style that consists of multiple factors is helpful when implementing these methodologies across an organization.

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATION

## 5.1. Summary

The descriptive results from the study conducted at Abyssinia Bank provide valuable information regarding employee perceptions of leadership styles and levels of engagement. The demographic summary provided evidence of a male-dominated workforce with the majority (64.1%) of senior management staff (age range of 35-44 years), and with the majority of employees holding at least a degree (82.6%). The mean score on transactional leadership was 3.98 and signifies a dominant positive account of clear expectations, monitoring performance, and assignment meetings - while the pressure of accountability may also induce disengagement in certain situations. The average score for transformational leadership was 3.63 indicating marginally effective transformational leadership, in which the majority left feedback suggesting large gaps in inspirational communication, working to motivate the employees and in support for personal and professional development. Servant leadership had the highest average score at 3.88 as employees felt like their effort was appreciated and supported, particularly in their personal and professional development, yet there were opportunities to consider increased collaboration, and responsiveness to employee feedback.

The employee engagement score of 3.67 indicates that the bank is viewed positively overall, but there is still work to be done to promote commitment to organizational goals and to ensure employee's feel valued. There were strong positively correlated relationships between leadership styles and employee engagement in general, with the highest correlation of $r = 0.872$ representing servant leadership. This emphasizes the importance of good leadership in driving employee satisfaction. Considering the three leadership styles altogether, they represented about 78.1% of the variation in employee engagement. Therefore, the importance of leadership on employee engagement behavior is clear. As a result, Abyssinia Bank needs to improve on its leadership approach as a whole especially transformational leadership to inspire, and motivate employees to create a more engaged and committed employee.

## 5.2. Conclusions

The findings of this research show the significant impact leadership styles have on employee engagement at the Abyssinia Bank Head Office. The research indicates that Transactional leadership provides employees with clarity and structure about what they are doing as well as expectations of them in their role. This provides employees with a sense of order and predictability which aids in individual performance and accountability of all employees. Additionally, Servant leadership is a transformational leadership style that provides employees with perceived value-added and support; as employees feel valued and appreciated increases their desire to provide the organization their best possible contribution to achieve organizational goals.

The research has also discovered that Transformational leadership has considerable prospects to engage and energize employees and this is only partially activated. Leaders have to demonstrate effectiveness in articulating the organizational vision and aligning the employees to the vision in order to fully obtain benefits from this leadership style. In summary, the high engagement scores indicate that employees work at Abyssinia Bank imparting a generally energized and motivated workforce; however, there are significant areas for attention to develop a more energized workforce. As well, there were significant correlations across the alternative leadership styles and employee engagement demonstrating that effective leadership characteristics are needed personally and collectively, to achieve maximum improvement not only to employee satisfaction but to productivity as an organization. It is critical that the leadership gaps demonstrated addressed, in order to create a workplace that provides a more energized and productive workforce at Abyssinia Bank.

## 5.3. Recommendations

This study's findings yield a number of recommendations to improve leadership effectiveness and employee engagement at Abyssinia Bank. Firstly, considering transformational leadership received the least score (3.63), Abyssinia Bank should enhance leadership development that focuses on increasing inspirational communication and vision alignment and formal mentor programs to support employee development further. Secondly, while servant leadership had the highest correlation to engagement ($r = 0.872$), there remains an opportunity to enhance partnerships with regular feedback mechanisms and team-building activities that foster trust and reliance.

Third, the relatively high means with transactional leadership (mean=3.98) imply a relatively higher expectation of the performance standards; but managers need training to find other methods that keep employees accountable without being viewed as entirely negative or overly punishing. Fourth, the mean of overall engagement (mean=3.67) indicates an opportunity to develop some targeted interventions. Research suggests that use of transactional leadership style might characterize significant variation in engagement across various divisions of the bank. One potential solution is increasing focus on regular engagement survey to assess the bank's weaknesses for increasing levels of employee commitment. Introducing some career pathing opportunities for employees at all levels would possibly demonstrate greater emotional engagement.

Lastly, since leadership styles accounts for 78.1% of the variance in employees' engagement, the bank should assess the level of effectiveness of the style through pilot programs and leadership audit or assessment at some point. Doing this allows the bank to consider how some leadership styles should always be claimed to be associated with team effectiveness, and search for and adopt from the many other leadership styles that would be best for each team. All of these recommendations are evidence-based and directly emerged from this report and addressed the specific gaps in current leadership behaviors that could lead Abyssinia Bank to have a more motivated and therefore high performing workforce.

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# APPENDIX

Addis Ababa University
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SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY !

## ADDIS ABABA UNIVERSITY

## SCHOOL OF COMMERCE

## Assessing the Impact of Leadership on Employee Engagement: A Case Study of Abyssinia Bank Head Office

Addis Ababa University School of Commerce, The Impact of Leadership on Employee Engagement: The Case of Abyssinia Bank Head Office This study will be derived from the relevant theory and research to support some conclusions about the different styles of leadership in organizations related to employee engagement. This research will focus on creating additional links in the literature presented in the previous section in terms of leadership styles (transactional, transformational, and servant) being correlates of employee engagement in the Head Office of Abyssinia Bank. Transactional leadership style is defined to involve performance-focused goal and tasks with rewards tied to measurable performance. Transformational leadership style reinforces vision that encourages employee buy-in and feelings of part of the organization. Servant leadership style is always being there for employees, prioritizing their needs, creating a better serving employee that instills and reinforces a culture of employee commitment.

This study of leadership styles, and understanding the influence it has on employee engagement, will be through the use of a questionnaire that relates to the scales and survey from current literature for research. Completing the assessment is valuable data to help gaining insight into the ways leaders can influence employee engagement and how Abyssinia Bank can develop and enhance its leadership and create employee engagement.

## Section 1: Demographic Information

1. Age:

[ ] Under 25

[ ] 25-34

[ ] 35-44

[ ] 45-54

[ ] 55 and above

2. Gender:

[ ] Male

[ ] Female

3. Educational Background

[ ] Certificate

[ ] Bachelor’s Degree

[ ] Master’s Degree

4. Years of Service at Abyssinia Bank

[ ] Less than 1 year

[ ] 1-3 years

[ ] 4-6 years

[ ] 7-10 years

[ ] More than 10 years

5. Department/Unit

[ ] Operations

[ ] Human Resources

[ ] Finance

[ ] Marketing

[ ] IT

[ ] Other: ___________

6. Position Level:

[ ] Entry Level

[ ] Mid-Level

[ ] Senior Level

[ ] Executive Level

## Leadership Styles

### Transactional leadership style

| Transactional leadership style | Strongly agree | agree | Neutral | Disagree | Strongly Disagree | Mean | S/D |
|---|---|---|---|---|---|---|---|
| My leader provides clear expectations and guidelines for my tasks. | | | | | | | |
| My leader rewards employees for achieving specific performance targets. | | | | | | | |
| My leader monitors my performance regularly to ensure compliance with expectations. | | | | | | | |
| My leader enforces consequences for not meeting performance standards. | | | | | | | |
| Aggregate mean and standard deviation (S/D) | | | | | | | |

### Transformational leadership style

| Transformational leadership style | Strongly agree | agree | Neutral | Disagree | Strongly Disagree | Mean | S/D |
|---|---|---|---|---|---|---|---|
| My leader inspires me to achieve more than I thought possible | | | | | | | |
| My leader communicates a clear and compelling vision for the future | | | | | | | |
| My leader encourages me to think critically and creatively about my work | | | | | | | |
| My leader shows genuine concern for my personal and professional development | | | | | | | |
| Aggregate mean and standard deviation (S/D) | | | | | | | |

**Servant leadership style**

| Servant leadership style | Strongly agree | agree | Neutral | Disagree | Strongly Disagree | Mean | S/D |
|---|---|---|---|---|---|---|---|
| My leader prioritizes my needs and well-being above their own. | | | | | | | |
| My leader actively listens to my concerns and feedback. | | | | - | | | |
| My leader fosters a culture of trust and collaboration within the team. | | | | | | | |
| My leader is committed to my personal and professional growth. | | | | | | | |
| Aggregate mean and standard deviation (S/D) | | | | | | | |

**Employee engagement**

| Employee engagement | V. high | high | Intermediate | Low | V. Low | Mean | S/D |
|---|---|---|---|---|---|---|---|
| I feel enthusiastic about my job. | | | | | | | |
| I am committed to the goals and values of Abyssinia Bank. | | | | | | | |
| I am willing to put in extra effort to help the bank succeed. | | | | | | | |
| I feel that my contributions are valued by my team and organization. | | | | | | | |
| I am motivated to perform at my best in my role. | | | | | | | |
| Aggregate mean and standard deviation (S/D) | | | | | | | |