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***ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS &  
ECONOMICS, SCHOOL OF COMMERCE***

*Master of Arts in Business Leadership*

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**THE INFLUENCE OF LEADERSHIP BEHAVIOR AND  
ORGANIZATIONAL CULTURE: MEDIATION  
ANALYSIS ON ORGANIZATIONAL PERFORMANCE:  
THE CASE OF BANK OF ABYSSINIA S.C.**

**By**

**Hanna Getahun**

**A Thesis Submitted to Addis Ababa University, School of  
Commerce in Partial Fulfillment of the Requirements for  
the Degree of Master of Business Leadership**

**September, 2022**

**Addis Ababa**

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## DECLARATION

I, Hanna Getahun, hereby declare that the study entitled "The Influence of Leadership Behavior and Organizational Culture: Mediation Analysis on Organizational Performance: The Case of Bank of Abyssinia S.C." is my original work and has not been presented in Addis Ababa University or any other University. I have carried out the study independently with the guidance and support of the research advisor Seifu Mamo (PhD). All other contributors or sources used for the study have been duly acknowledged.

**Hanna Getahun**

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**Date**

**Confirmation by advisor**

**Seifu Mamo (PhD)**

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**Signature**

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**Date**

## **STATEMENT OF CERTIFICATION**

This is to certify that Hanna Getahun, Amdeø research work on the topic entitled øThe Influence of Leadership Behavior and Organizational Culture: Mediation Analysis on Organizational Performance: The Case of Bank of Abyssinia S.C.ö is her original work and suitable for submission for the award of Masterø Degree in business Leadership.

The project paper is submitted for examination with my approval as a university advisor.

---

**Seifu Mamo (PhD)**

**(Advisor)**

**September, 2022**

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## **Acronyms**

|       |  |
|-------|--|
| CFA-  | Confirmatory Factor Analysis                 |
| NBE ó | National Bank of Ethiopia                    |
| OCAI- | Organizational Culture Assessment Instrument |
| OC ó  | Organizational Culture                       |
| OP ó  | Organizational Performance                   |
| OB-   | Organizational Leadership Behavior           |
| SEM-  | Structural Equation Model                    |

## Abstract

*The main purpose of the study was to investigate the influence of organizational leadership behavior and organizational culture on organizational performance behavior in Bank of Abyssinia Addis Ababa city branches, district offices and head office organs. The study used explanatory research design with quantitative research approach. The study used a cross sectional primary data from 256 individual employees of the bank who have been selected on both stratified sampling (to select representative sample from braches, district offices and head offices) and simple random sampling method was employed to select respondents from the above respective organs of the Bank. Organizational Culture Assessment Instrument (OCAI) and performance management and leadership behavior questionnaires were adopted from different sources. The instruments were measured by using a Likert's five-point rating scale so as to analyze the statistical relationship between organizational leadership behavior (OB), organizational culture and organizational performance (OP) of the Bank. Quantitative data that was collected from questionnaire was analyzed by inferential statistical analysis techniques hypothesis testing, model fit test as well as structural equation model(SEM) to measure the extents influence of organizational leadership behavior and organizational culture on organizational performance of the Bank. In addition, descriptive statistics such as mean and frequency and averages were also used to analyze the existing types of organizational culture and organizational leadership behavior. The result revealed that clan and Market culture are the existing dominant organizational culture types employees prefer for both now and the future while adhocracy and hierarchy culture constituent a less preference in relative terms. Additionally, the SEM regression result indicates that organizational leadership behavior have positive and significant influence on the organizational performance of the bank and also organizational behavior influences organizational culture significantly. From the organizational culture dimensions' market and clan culture have positive effect whereas hierarchy and adhocracy culture have negative effect on organizational performance but as a combined influence organizational culture has insignificant influence on organizational performance of the Bank. Based on the conclusions the study recommends, managers shall pay attention to market and clan cultures to develop a good performance indicator for the Bank and organizational leadership behavior should get better attention so as to able to make the Bank competitive in the open competition on financial sectors and so as to be a able to retain the current progress of the Bank.*

Key Words: Adhocracy, Clan, Market, Hierarchy, Leadership Behavior. Organizational Culture,

# CHAPTER ONE

## 1.1. Introduction

Currently, globalization affects the business environment and makes it very dynamic, thus firms should be competitive enough to cope up with the constant change. Through competitiveness and market developments organizations must be ready and actively react to the challenges they have to face that affect their survival. (Aquilino Felizardo, 2017) Therefore, these challenges force the organizations to measure their performance within some period to keep their stability. As per many literatures leadership behavior and organizational culture are very influential variables towards the organization performance to keep their competitive advantage. (Aquilino Felizardo, 2017).

On the other hand, organizational culture is a set of values, beliefs, aspirations, expectations and behaviors designed for a long time in the organizations and it directly and indirectly determine the functionality and performance of the organization. (Ileana, 2017) Organizational culture enables to create suitable framework for the development of organizational capacity and in the future this organizational capacity will be the source of competitive advantages. Besides, organizational culture has a power to create consistency in the organizations and firms with strong culture can have better performance by participating their employees in a passionate way (Ileana, 2017).

Culture is dynamic and multi-faceted, it cannot be evaluated easily as good/bad, strong/weak, or effective/ineffective rather it is contextual and exist among ourselves. Although leaders generate and manage culture, culture can be developed from a group learning process (Cotter-Lockard, 2009).

Leadership often used to empower the employees' potential to achieve the organizational goals and influence employee performance which in turn has an impact on the organizational performance (Andrianto Widjajaa, 2019) Many studies discovered that certain special leadership behaviors will be suitable for special situations. In other words, the effective leader need the behavioral pattern that is fit for certain situation (Andrianto Widjajaa, 2019).

Leaders have influential role in developing and supporting organizational culture and the leaders should also fit in to the culture, if they don't they may fail. Currently, in the business environment the big achievement is leader's capability to adapt organizational culture and both

of them have been considered as a critical concepts related with organizational effectiveness. (Dariush Gholamzadeha, 2014)

According to theoretical approaches different factors affect the performance of the organizations and both leadership behavior and organizational culture are among them. The most common measures of organizational performance are financial profitability and growth. (Yesil & Kaya, 2013)

The most critical role of leaders is related with the creation, changing and manipulating of organizational culture. The unique function of leadership that distinguishes from management is the concern for culture. Leadership behavior or style will directly influence organizational environment and culture. In order to be a successful leader, one must be able to accurately evaluate the organization's culture and assist followers in understanding it well. Scholars in various disciplines have defined these phenomena as the driving forces in the success or failure of an organization (Dariush Gholamzadeha, 2014).

Meanwhile, according to different empirical studies finding culture affected a variety of organizational processes and performance the strength of cultural values was found to be correlated with organizational performance. For instance, it correlated with return on assets in manufacturing companies, growth in annual premiums and sum assured in insurance companies (Yesil & Kaya, 2013).

## **1.2. Organization Background**

Bank of Abyssinia have been established in February 1996 as one of pioneer private commercial Bank in Ethiopia and the Bank has currently over six million customers and above 703 branches, with the current capital ETB 5.5 billion (Anon., 2022). The Bank have experienced different leadership and management styles with many ups and downs which have been raising many questions by different stakeholders. As a result of this the Bank leadership behavior and organizational culture was also changing from one leadership to another. In addition to this the Bank financial performance growth was not uniform for many years susceptible to many volatile performances.

Therefore, the Board of directors of the Bank decides to change style of leadership and organizational culture by bringing the new CEO and the CEO brings big reformation by changing all senior management staffs , increasing the number of employees by larger

quantities and by applying and develop a new strategy and structure for the Bank (Anon., 2022).

Despite the fact that, many reforms have been accomplished and carried out at Bank of Abyssinia in recent years there are still issues related with the prevalent organizational culture, leadership behavior and the Bank overall performance indicators and the newly introduced cultures as it always happened when a new management of staffs have been appointed in a place occupied by the old senior staffs. According to this study pilot observation it is found to be very difficult to conclude which leadership behavior the organization leaders have and the bank intends to be possessed by leaders. Another issue is the organizational culture of the bank which have the potential effect on the organization culture that affects the previous and the current performance of the bank either positively or negatively.

### **1.3. Statement of the Problem**

Organizational culture which can be influenced by leaders in either ways can be strengthened by strong leadership and their network connection which in turn stretches up to organizational performance (Muhammad, 2011). Organizational culture can influence different organizational related outcomes related with the organization like employee behavior, learning and development, creativity and innovation, but the studies related to the effect of organizational culture on performance is not quite enough due to definitional, structural and design related difference and problems (Yesil & Kaya, 2013).

The study that explore about both leadership and organizational culture together with organizational performance are very few. The concept of organizational leadership behavior and organizational culture have profound connections which should be analyzed together and assessing them together will be better for the development of organization's performance (Surucu & Yesilada, 2017).

Bank of Abyssinia is the first among private commercial banks which have been established between (1995 -2000). However, few years earlier the Bank performance was not satisfactory when compared with other peer private commercial Banks. Even though, the bank has shown considerable improvements in terms of profit, customer's base and employee competitiveness it lags behind a considerable gap from other competitive Banks operating in the financial market.

Furthermore, even if, Bank of Abyssinia revised its five years strategic plan by change its senior executive management including the then CEO of the Bank which results in improvements in terms of profitability and resource mobilization including foreign currency earnings, but the Bank needs to improve its performance to compete with the other competitive private as we are on the verge of opening up the financial sector to foreign banks according to the recent news outlet released from National Bank of Ethiopia (NBE).

In addition to this there is a considerable gap between profit earning and customer base as well as other important performance indicators and since the Bank has a mission that is to be the leading private bank in East Africa on 2030, its performance should increase exceptionally. Therefore, since, all Banks in Ethiopia perform in the same external environment this study believes that the performance difference is basically due to the internal environment related problems. Thus, this study wants to investigate how the two internal organizational dimensions that are leadership behavior and organizational culture influence the organization performance.

Above all, most of the existed mainstream literatures that conducted in Ethiopia tried to investigate either organizational leadership behavior or organizational culture influence on organizational performance separately than studying them simultaneously. But this study has addressed this issue by combining the effect of organizational leadership behavior and organizational culture on organizational performance of the Bank by applying non-financial performance indicators in order to show the direct effect of leadership behavior and organizational culture on the Bank performance.

In addition to these, this paper used Gary Yukl Approach as a variable indicator of leadership behavior and Rober Quinn and Kim Cameron Competing Values Framework (OCAI) as a variable indicator of organizational culture which is different from most of the recent researches related to this topic which used transformational, transactional and laissez fair leadership for leadership behavior and Denison Theory for organizational culture.

Despite such implicit and explicit linking of leadership and organizational culture the researcher investigated the combined influence on organizational performance of the Bank.

#### **1.4. Research Questions**

To answer the above problem, the following research questions are developed.

1. What type of leadership behavior mostly practice at Bank of Abyssinia?
2. What type of organizational culture mostly practice at Bank of Abyssinia?

3. Does organizational culture play a mediation role between organizational leadership behavior and organizational performance?
4. Is leadership behavior influence organizational performance?
5. Is organizational culture influence organizational performance?

## **1.5. Research Hypotheses**

In the present study the following hypotheses tested:

H1: All three behaviors of leadership are positively/significantly related to the four organizational culture types.

H2: The four Organizational culture types positively/significantly influence the organizational performance of the Bank.

H3: All the organizational Behaviors influence positively/significantly the organizational performance of the Bank.

H4: Change-oriented leadership behavior is positively/significantly influence the organizational performance of the Bank.

H5: Relation oriented Organizational Behaviors influence positively and significantly the organizational performance of the Bank.

H6: Task-oriented leadership behavior is positively/significantly influence the organizational performance of the Bank.

H7: Market culture is positively/significantly the organizational performance of the Bank.

H8: Hierarchy culture positively /significantly influence the organizational performance of the Bank

H9: Adhocracy culture positively/significantly influences the organizational performance of the Bank

H10: Clan culture positively/significantly influences the organizational performance of the Bank.

## **1.6. Objective of the Study**

### **1.6.1 General Objective**

The general objective of this research is to investigate the influence of both leadership behavior and organizational culture on organizational performance particularly on non-financial performance of Bank of Abyssinia.

### **1.6.2. Specific Objectives**

The specific objectives of this study are:

1. To assess the type of leadership behavior and the dominant organizational cultures mostly practiced at Bank of Abyssinia,
2. To identify whether organizational culture play a mediation role between organizational leadership behavior and organizational performance,
3. To examine the influence of leadership behavior on organizational performance,
4. To examine the influence of organizational culture on organizational performance.

## **1.7. Significance of the Study**

Different parties benefited with this study finding. The first beneficiary will be Bank of Abyssinia, since it identified the Bank leaders behaviors and which leadership behavior brings high organizational performance. Moreover, the research indicated the best practice in terms of cultural model formulation that significantly influence the Bank performance, thus, Bank of Abyssinia can make improvement towards the drawback and also other banks may use as an input/reference to improve their performance. Besides, it may also serve as a reference for researchers who are interested to study in such related areas by improving both the dimension and the scope.

## **1.8. Scope of the Study**

The target population of the study were Bank of Abyssinia employees found in Addis Ababa who have stayed more than one year with their current leader and employees who have been working from Grade II up to Corporate Branches, Addis Ababa district offices as well as employees at the Head Office.

The study focused mainly on selected leadership behaviors such as Task, Relation and Change oriented behaviors and organizational culture dimensions such as: Clan culture Market culture, Hierarchy culture, and adhocracy culture and their effect on Bank of Abyssinia non-financial performance such as customer, internal business and innovation and learning perspectives.

In addition to this, the study used the quantitative approach to collect data.

### **1.9. Limitation of the Study**

Time and budget constraints were the preliminary problems the study have faced throughout the research process. This research also faced problem on questionnaire filling as the questionnaire needs more concentrations and some level of cognitive skill to fill. The study found out that the target population under the study were having poor perception towards the vitality of organizational performance.

But the researcher tried to handle the proper filling of the questionnaire by coaching the respondents about the vitality of the findings of the research to the Bank and hence to their professional career and by close follow up until the questionnaire returned on time, through this the study reduced data filling errors and able to gather genuine dataø from respondents as well.

### **1.10. Organization of the Study**

The study organized into five chapters including the introduction part of the study. The first chapter consisted the background of the organization, statement of the problem, research question, objectives of the study, the significance, scope, and limitation of the study. The second chapter presented the review of related literature that deals with theoretical review, empirical review, and conceptual framework. The third chapter discussed the methodology of the study that describes type and design of the research; the subjects/participant of the study; the sources of data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis. The fourth chapter presented the results and discussion points that summarize the results/findings of the study. Finally, the fifth chapter included summary of findings, conclusions and recommendation.

# CHAPTER TWO

## 2. LITERATURE REVIEW

### 2.1. Introduction

The previous chapter provided the background and the problem discussion of the area of this study, leading down to the specific research questions. In this chapter, the study has reviewed earlier studies for leadership behaviors, organizational culture and performance. The main objective of this chapter is to provide relevant literature how the three variables related each other in the organization. First, theories about both leadership behavior and organizational culture discuss and then about different available literatures describing the relationship between each variables and also about balanced scorecard. Moreover, different studies on related variables with this research also have been reviewed and on the conceptual framework part how the three variables affect each other have been observed.

### 2.2. Theoretical Approach

#### 2.2.1 Competing Values Framework

Organizational culture is very essential factor to influence the people performance in the organization and it is very abstract and is more about feeling than tangible evidence. (Mulder, 2017). This theory, developed by Robert Quinn and Kim Cameron and the framework uses vertical and horizontal dimension to revealing culture types. The vertical dimension distinguish effectiveness criteria that emphasizes flexibility, discretion and dynamism from stability, order and control and the horizontal dimension also distinguish effectiveness criteria that emphasizes internal orientation, integration and unity from external orientation, differentiation and rivalry. (Gaal, et al., 2010)

Therefore, based on the above two dimension the framework classifies the corporate culture into four categories, that shows how a company operates, how employees collaborate and what the corporate values are. These four corporate cultures are: Clan, Hierarchical, and Adhocracy and Market culture. (Mulder, 2017).

#### *2.2.1.1. Clan Culture*

In the organizations that operate in clan culture the relationship among people is fundamental and the environment is friendly and also the employees have a lot in common. The leaders of these organizations are very supporter like a father and easy for employees to communicate. These organizations are held together by loyalty and tradition and employees support each other and solve their interpersonal problems themselves. Further, since the personal competency is very important in these organizations through targeted training employees improve their capabilities and the leaders are also interested in mentorship and trainee programs. (Yesil & Kaya, 2013)

Moreover, the colleagues actively help each other to achieve better performance and the success of an organization is defined based on the customer satisfaction and it gives excessive value on teamwork, participation, internal maintenance with flexibility and consensus. (Mulder, 2017)

#### *2.2.1.2. Hierarchical Culture*

This culture is very formal and has structured working environment. There is structured hierarchical layers and employees' activities control by procedures and formal rules and policies stabilizes the organization, so everything is under control and can easily be adjusted. Stability and results are associated with efficient and smooth execution of tasks and for them success is generated from reliable supply, tight scheduling and low costs (Yesil & Kaya, 2013)

Furthermore, the management team main concern is execution of tasks based on strict guidelines and managers have monitoring role and must ensure that progress is properly monitored. When work is not executed according to procedure, managers must hold employees accountable.

#### *2.2.1.3. Market Culture*

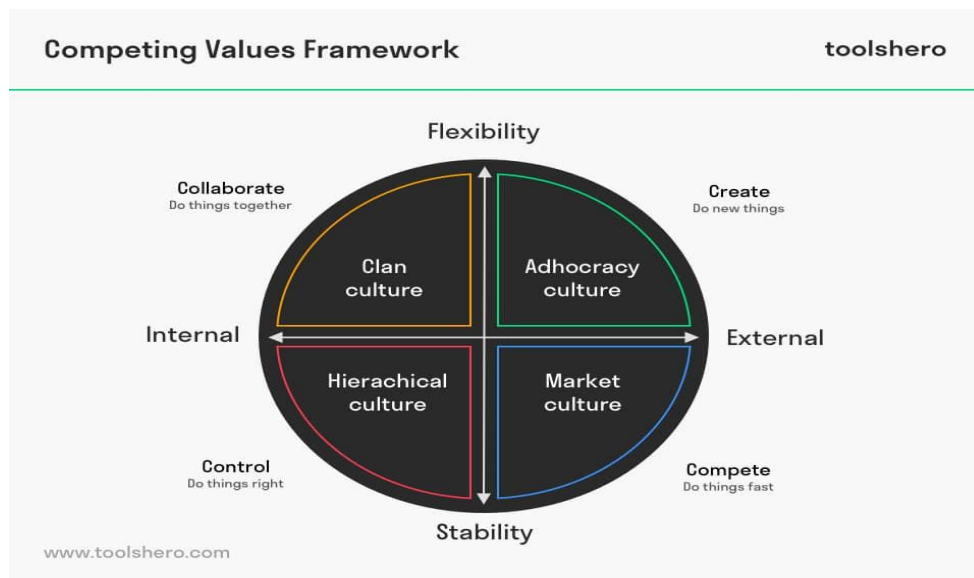
Organizations operate in this culture more concerned on results and the completion of the work. Thus, there is high competition between employees and the managers are usually demanding and strictly follow employees' activities. In addition to these, the organization is extremely goal-oriented, emphasizes on reputation, success and winning. In these organizations success is translated into market share and penetration. Thus, to keep its competitiveness, the organizations work hard to retain customers and all employees aware on the importance of quality customer service and satisfaction. (Mulder, 2017)

Furthermore, because this culture mainly focuses on its market position relative to competitors, it is important that employees are aware of the company's position and are part of the company's appearance to the outside world. The managers should also inspire employees and assure whether the employees have positive interaction with external relationships and the employees should also motivate and inspire to think and act proactively in order to exceed customer expectations. Therefore, as per (Gaal, et al., 2010) this culture give emphasize for external positioning with stability and control.

#### 2.2.1.4 Adhocracy Culture

In these organizations innovation is a key concern, thus it engaged on constant innovation to be a visible organization in the market. Due to the environment is dynamic and enterprising, the organization motivate the employees to be creative on their work and also the managers are both innovators and risk takers. Moreover, these organizations always want to be the first inventor of new product/service, as a result, they encourage individual initiative and give freedom in determining what tasks to be execute. Here, management internally adapt at any level. And the management has a goal to improve the employees' capability and creativity continuously and it expected to initiate and implement changes.

Organizations that follow adhocracy culture type focus on external positioning with a high degree of flexibility and freedom. (Gaal, et al., 2010)



Source: (Gaal, et al., 2010)

## 2.2.2 Hierarchical Taxonomy of Leadership Behavior Model

The hierarchical taxonomy proposed by (Yukl, 2012) describes leadership behaviors that are used to influence the performance of a team, work unit, or organization. The four meta-categories have their own distinct behaviors and has a different main objective, but the objectives all involve determinants of performance. But, even if, Yukl proposed four meta-categories the researcher take only the three behaviors that related with internal environment of the organization.

The three meta-categories: task-oriented, relations-oriented and change-oriented behaviors have the primary objectives to accomplish work efficiently, to increase the quality of human resources and relations, which is sometimes called ðhuman capital, to increase innovation, collective learning, and adaptation to the external environment, respectively (Yukl, 2012). Moreover, the three behaviors can be seen as production-centered, employee-centered, and change-centered, respectively and nd they are also useful to understand effective leadership. (Yukl, 2012)

(Yukl, 2013) The leadership behaviors are thoughts than have definite characteristics. Even if, the behaviors classifications are the result of observed behavior to organize the observations of the world, they don't exist in objective sense. No precise or accurate behavior categories can be established. Therefore, according to him taxonomies that vary in objective have different contracts.

### Hierarchical Taxonomy of Leadership Behaviors

|                            |                                  |
|----------------------------|----------------------------------|
| <b>Task-oriented</b>       | Clarifying Planning              |
|                            | Monitoring operations            |
|                            | Problem solving                  |
| <b>Relations- oriented</b> | Supporting Developing            |
|                            | Recognizing                      |
|                            | Empowering                       |
| <b>Change-oriented</b>     | Advocating change                |
|                            | Envisioning change               |
|                            | Encouraging innovation           |
|                            | Facilitating collective learning |

### **2.2.2.1 Task-Oriented Behavior**

In this behavior in order to achieve a particular goal leaders focus on tasks. Different literatures described this behavior related to problem solving, trying out new ideas, making task assignments behaviors. But, according to Yukl this behavior is mainly using human and financial resources efficiently to accomplish the task (Yukl, et al., 2002).

He also indicates the elements of task oriented leadership behaviors as planning, clarifying and monitoring. Planning is about deciding what, how, when and by whom task to be done and allocation of resources among different activities according to their importance. On the other hand, clarifying is about assigning and communicating the tasks responsibilities and also monitoring is also about understanding about factors that influence work activities, controlling the work activates and evaluating the individuals performance (Yukl, 2008).

(Yukl, 2013) Task oriented behaviors not always linked with employees satisfaction and as per his finding satisfaction is highest for who use moderate amount of task-oriented behavior. In addition to these, Yukl and his colleagues stated that a task-oriented leader keep the quality standards that leading to the growth of the organization and meet the short-term plans and also these leaders are proper for both favorable and unfavorable conditions (Alvi & Rana, 2019). Task-oriented leaders mainly concerned on organizational performance, since they concentrated on teamwork than individual issues. But, good judgment is as per the employees, therefore they may use the best ways and time for the accomplishment of the tasks (Alvi & Rana, 2019).

### **2.2.2.2 Relations-Oriented Behavior**

This behavior defined as improving interpersonal relationships to employees that helps to increase job satisfaction, communication, cooperation, teamwork and identification with the organizations. Other researchers have also described this behavior as focusing on what things mean to people, focusing on people, motivating and inspiring others. This behavior has similarity with McGregor Theory Y and Bass transformational leadership theory (Yukl, 2013).

According to Yukl the main objective of this leadership behavior is to increase the quality of human resource, namely human capital. Therefore, he proposed three relations-oriented leadership behaviors, these are supporting, developing and recognizing. Supporting involves building interpersonal relationship with subordinates, reduce the stress in job, being concerned for the needs and feelings of others and supportive etc. The second behavior include in this

behavior is "developing" which is mainly concerned with coaching that help others to do work in a better way and to solve problems (ÖZ AH N, 2019). In addition to this (Yukl, 2012) leaders use developing to maximize the skills and confidence of their followers and to make it smooth their career development.

The other behavior "recognizing" mainly concerned on appreciating others in the form of recognition. Meanwhile, Yukl extended the components of relations oriented leadership behavior into five subcategories by introducing "consulting" and "empowering" behaviors. While consulting involves participation of subordinates in decision making process, empowering involves delegation of authority to subordinates (ÖZ AH N, 2019). But, according to Yukl findings effective leaders are who have both task-oriented behavior and relation-oriented behaviors. Therefore, leaders should mix both behavior in order to be effective and they should select specific behavior that related with their situation i.e. related with the characteristic of both the task and employees of the organization (Yukl, 2013).

### ***2.2.2.3 Change-Oriented Behavior***

This behavior is primarily concerned with understanding the environment, finding innovative way to adjust with it and implementing major changes (Yukl, 2013). This behavior includes four behaviors i.e. "Influencing organizational culture" concerned on how to react on crises, being role model, how to allocate rewards, criteria for selection and dismissal. The other aspect of change oriented leadership behavior, "developing vision" creates continuity and collectivity sense for followers by linking past events and present strategies to a vivid image of a better future for the organization, and by helping to guide and coordinate the decisions and actions of thousands of people working in widely dispersed locations. This aspect can be described as "envisioning change" and indicate that a clear and attractive vision motivate the employees to be committed to the new strategies and to be innovative (Yukl, et al., 2002).

On the other hand, "Implementing change" requires a wide range of behaviors like: determining the persons opposing and facilitating change, building a broad alliance to support the change, filling key positions with competent change agents, using task forces to guide implementation, making dramatic, symbolic changes that affect the work, changing relevant aspects of the organization structure, creating a sense of urgency about the need for change, preparing people to adjust to change, empowering people to implement the change, demonstrating continued commitment to the change, and helping people to deal with the pain of change (Yukl, et al., 2002).

The last aspect of change-oriented behavior is “Increasing innovation and learning” this includes the behaviors of encouraging the system thinking, experimentation, innovation, entrepreneurial activity, flexibility, and learning, facilitating diffusion of learning in the organization, leveraging learning from surprises and failures, and helping people to understand and improve mental models. Moreover, Yukl differentiates innovation from learning in his subsequent study and identifies “encoring innovation” and “facilitating collective learning” as two different aspects of change oriented leadership behavior (ÖZ AH N, 2019).

### **2.2.3 Leadership Behavior and Organizational Culture**

Leaders are at the top position of the organizations and their attitudes and behaviors influence every one and each members of the organizations. The members of the organization adopt the leader's behavior and after some periods it become the organization culture. The organization culture may also dominate the leader and influence them to change their leadership style. Therefore, the leader affects organizational culture and organizational culture also affect the leader. (Surucu & Yesilada, 2017). Thus, the relationship between leadership and culture, however, is not unidirectional, leadership frame organizational culture and the culture will in turn support particular leader behaviors (Giritli, et al., 2013).

As a result of this, Schein observed that culture and leadership as two sides of the same coin, stating that a unique characteristic of leadership is “the creation and management of culture”. (Cotter-Lockard, 2009) Further, we can conclude that one factor cannot be understood if other doesn't exist (Surucu & Yesilada, 2017).

Moreover, leaders have impact on organizational culture by developing shared visions, correcting inappropriate behaviors, creating good communication and coordinating and educating new employees. Managers can develop and maintain the desirable organizational culture and they may influence organizational innovativeness by creating a new set of shared values. For new organization, leaders play the key role in building organizational culture. They are sense-givers and providers of organization culture that they believe are important for their organization (Hosseini, et al., 2019).

After an organizational leader develop a vision, the leader influences organizational members in five key ways (1) give attention, (2) reactions to critical incidents, (3) role modeling, (4) allocation of rewards and status, and (5) process and bases for new hires and promotions. With this ways, leadership is critical to developing, maintaining, and reinforcing an organizational

culture (Catherine T. Kwantes, 2017). Furthermore, the behaviors of leaders affect different organizational performances like performance related with employees, sense of trust towards one another and also generally the culture and the environment that govern the whole activity or progress of an organization. (Karadag, 2015).

In addition to this, the personal characteristics of leaders may also directly link to organizational culture. Some authors also claim that organizational culture is the image of the CEO's personality. And also some evidences also clearly show that leadership has a direct effect of organizational culture (Giritli, et al., 2013) (Catherine T. Kwantes, 2017).

Likewise, Bass and Schein also reported that leader is the designer of the organizational culture, which reflects his/ her unique values and beliefs. And they also argue that both are influence each other interchangeably (Dariush Gholamzadeha, 2014). Furthermore, the examination of the literature in the fields of organizational culture and leadership reveals that aside from the role of leaders in creating and maintaining particular types of organizational culture, the ability to understand and work within a certain culture is a prerequisite to leadership effectiveness (Giritli, et al., 2013).

#### **2.2.4 Organizational Performance**

Performance can be defined as a state of competitiveness of the organization, reached through a level of efficiency and productivity which ensures a sustainable market presence. Hence we conclude that a performing organization is efficient, competitive and productive (Grigore Ana-Maria, n.d.)

Every organization are concerned on their organization performance and organizations should know which factors influence their performance. According to some literatures organizational performance is the organization capacity to achieve its goals using resources with an efficient and effective manner. Moreover, organization performance is also a broader concept that has indicators like productivity, quality, consistency, efficiency, management development and leadership training to build necessary skills and attitudes among the employees. Organizational performance can also be conceptualized in terms of net income, revenue, number of employees, physical expansion, increased market shares and financial sustainability (Jing, 2016).

#### ***2.2.4.1 Leadership Behavior and Organizational Performance***

The purpose of leadership in organizations is organizing individuals and groups activities to achieve common goals. Leaders have a power to increase the performance of the organization by influencing practices that related with performance (Yukl, 2012). There are two dimension of performance these are individual and organizational performance. The individual performance related with employees and the organizational performance related with the productivity of the organization and among the factors which affect both performance is the leadership behavior of the organizations. Thus, the influence of the leaders on the organization output shows on the employees' insight (Karadag, 2015).

It is widely believed that leadership creates the vital link between organizational effectiveness and people's performance at an organizational level. Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving a firm's performance. Effective leadership is seen as a strong source of management development and sustained competitive advantage for organizational performance improvement (Jing, 2016).

According to researchers, one of the reasons for the relationship between leadership approach and organizational performance is the importance of innovation-oriented competitiveness within today's concentrated and dynamic market and the creative destruction of reduced profit and competencies. In the face such challenges good leadership can facilitate performance development. The improvement of organizational performance requires the development of management, and a sustainable competitive advantage requires leadership. Therefore, the general studies on the effect of leadership on performance is important to show the two variables relationship (Danisman, et al., 2015).

Researchers illustrated the positive relationship between relation-oriented behavior and performance but results on the impact of leaders who have task-oriented behaviors on performance are less conclusive. Further, leader who use a mixture of both is highly effective than who use only one behavior (Karamat, 2013).

Some researchers have started to explore the strategic role of leadership. The reason for this is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in firms that can combine people and processes and organizational performance. Previous research leads to the expectation that

leadership paradigms will have direct effects on customer satisfaction, staff satisfaction, and financial performance (Jing, 2016).

#### ***2.2.4.2 Organizational Culture and Performance***

Organizational culture has a deep impact on the performance of employees that can cause to improve in the productivity and enhance the organizational performance (Shahzad, et al., 2012). Some scholars have claimed that positive cultural traits boost performance in proportion to the strength of their expression. According to Denison this view has been called the strong culture hypothesis. Culture is the driving force to be successful and organizations that have strong culture create tangible social force that empowers employees and drives the organization towards good performance (Akpa, 2021).

Strong culture has almost considered as a driven force to improve the performance of the employees. Both strong and weak culture have a great impact on the organizational behavior but in the strong culture, employees' goals are side with the goal of management and helpful to increase the overall organizational performance. One study found out that Strong culture raised the income of the some organizations up 765% between 1977 and 1988, and only 1% increase in a same period of time firms happened without performance enhancing culture (Shahzad, et al., 2012).

Some firms may also get sustainable financial performance from their organizational cultures. In order to get sustainable competitive advantages from culture, organizations should meet three conditions: The culture must be valuable, should help to get high sales, low cost, high margins that lead to the increment of financial value, 2. The culture should be unique and 3. The culture should be difficult to imitate by others (Akpa, 2021). Culture on Compute Value Framework has a big effect on an organization's effectiveness and it emphasize group values related with flexibility, openness, responsiveness and high levels of growth. Strong culture has positive effect on organizational performance when the organizational culture suits external environment (Main, et al., 2008).

Organizational culture has impact on different employees and organizational related outcomes like employee behavior, learning and development, creativity and innovation, knowledge management and the like (Yesil & Kaya, 2013).

### **2.2.5 Performance Measurement of Banks**

Financial institutions play a vital role for the development of any country's economy. Banks are the financial institutions which collect assets from various resources and give them to the parts which need liquidity. Therefore, banks are the vital artery of any country. Even though, private banks entering into financial market, there is significant increase in demand for various banks' services and regarding the significant number of banks and financial and credit institutions in the country, the banks seek a way to improve their performance to win the competition toward the market share and profitability. To improve the performance, progress of bank performance is very important and among the main activities for bank managers' aspects (Akbarei, et al., 2020).

In addition to paying attention to the financial indices, such as operating cash flow and return on investment, which rank as the second and third most important indices to sustain a high banking performance, banks also, must ensure that their customers remain loyal to them and must develop new markets to attract new customers (Akbarei, et al., 2020).

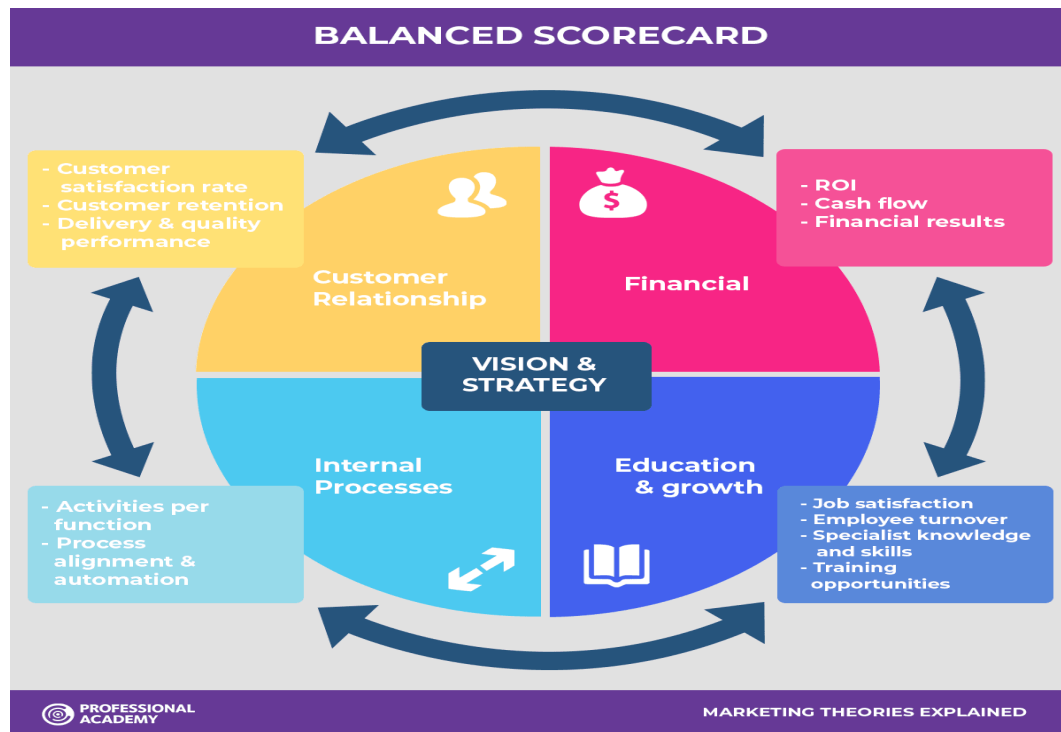
### **2.2.6 Balanced Scorecard (BSC)**

This study used BSC approach to investigate the performance of the Bank because of various reasons, according to Bernard Marr (2021) research, organizations that use a Balanced Scorecard approach have many key benefits such as they tend to outperform organizations without a formal approach to strategic performance management. According to him, the key benefits of using a BSC includes, provide a powerful framework for building and communicating strategy, improved strategy communication & execution, better alignment of projects and initiatives, better management information & decision making, improved performance reporting (helps companies monitor the execution of their plan), to align organizational structure with the strategic objectives and to align organizational processes such as budgeting, risk management and analytics with the strategic priorities. (Marr, 2021)

Balanced Scorecard (BSC) is a system of measurement and making a plan of modern strategy which introduced by Kaplan and Norton (1992) for the first time. The Balanced Scorecard used to measure both financial and non-financial performance and reflect the balance between them i.e. in addition to measuring the traditional achievement (financial), it also measure the non-financial performance with other three views such as with the perspective of customers, internal procedure and learning and development (Tuan, 2020).

Moreover, from different definition of balanced scorecard one of the definition is: "The balanced scorecard is a strategic management system based upon measuring key performance indicators across all aspects and areas of an enterprise: financial; customer; internal process; and learning and growth (Yahaya, 2009). On Harvard Review Magazine (S. Kaplan & P. Norton, 1992) illustrated the four perspective of balanced scorecard as the following:

1. **Financial Perspective:** is about how do we look to shareholders? The main goal of this perspective are profitability, growth and shareholder value. Success measured by sales growth, operating income by division, increasing market share by segment and Return on Equity.
2. **Customer Perspective:** it is about how the customer observe the company. In this perspective the scorecard needs the company to interpret the mission statement into customer service and it is concerns about the time to meet customers need, quality, performance and service and cost.
3. **Internal Business Perspective:** is about what the company must excel at i.e what the company must do internally to meet its customers' expectations. To meet this expectations companies should excel their processes, decision making and their actions.
4. **Innovation and Learning Perspective:** is about continues improvement and create value of the company. The above two perspective recognize the factors that the company consider for competitive success but the targets for success constantly changing and to win the competition the companies should make continues improvements.



**Balanced Score Card figure**

However, as per (R. Niven, 2006) currently different researchers question about the dependence on financial measures of performance. Even though it is better for stewardship of funds it has less contribution to show the future or the long-term direction of the organization. Some of the criticisms on financial measures are: Not consistent with today's business realities. Today's organizational value creating activities are not captured in the tangible, fixed assets of the firm. Instead, value rests in the ideas of people scattered throughout the firm, in customer and supplier relationships, in databases of key information, and in cultures capable of innovation and quality. Driving by rearview mirror. Financial measures provide an excellent review of past performance and events in the organization. However, this detailed financial view has no predictive power for the future. As we all know, and as experience has shown, great financial results in one month, quarter, or even year are in no way indicative of future financial performance. Tend to reinforce functional silos. Researchers have found that teams where players stay together longer win more games but traditional financial measurement systems have no way to calculate the true value or cost of these relationships. Sacrifice long-term thinking. Many change programs feature severe cost cutting measures that may have a very positive impact on the organization's short-term financial statements to the expense of long-term value creation.

Other researchers also have been trying to arrive at efficient and effective approaches to measure performance and financial measures of performance were criticized by many authors for being short term oriented, considering past performance, being non consistent with current business's environment, focusing on tangible assets, lacking predictive power, reinforcing functional silos, and being irrelevant for all levels in the organizations (ABOFAIED, 2017).

In addition to these, since leadership define as influencing others leaders use their ability to make possible effective group processes, cohesiveness, collaboration, motivation and quality and efficiency of decision making as a sign of leader effectiveness. And, also when the leaders manage the group effectively they can have direct influence on outcomes by making timely decisions and have indirect outcomes as the leader's actions positively impact on group behavior (Madanchian, et al., 2017).

Some researchers also argue that the financial success of some Japanese and American firms is because of their strong cultural emphasis on certain humanistic values, such as concern for the personal well-being of employees, an emphasis on participative decision-making, and so forth. These mentioned thinking increase the issues of the human relations movement. This humanistic view will have financial benefits is not new, but firm empirical support for the idea has still vague (Siehl & Martin, 1989).

Therefore, as a result of the above literatures the researcher decide to take from Balanced Scorecard only non-financial performance indicators that influenced directly by leadership behavior and organizational culture.

### **2.3 Empirical Literature**

The study done on health care industry in Indonesia with the purpose of analyzing the influence of variables of Leadership Behavior, Organizational Culture, and Affective Commitment, both directly and indirectly on the Employee Performance, amongst the nurses. This, study used Yukl three types of leadership behavior and its analysis showed that the leadership behavior, organizational culture and affective commitment partially have a significant effect on Employee Performance (Widjaja & Ellynia, 2019).

Further, the study conducted to assess the relationship between the task-oriented leader's behavior and organizational performance in higher education institutions on total 324

individuals, find out that leader who has high task-oriented behavior perform low degree of organizational performance in higher education institutions (Alvi & Rana, 2019).

The research that assess the positive effects of task, relation and change oriented leadership behavior on employee engagement that collected data from 117 participants from 13 countries with online survey find out that the three leadership behaviors have positive impact on employee engagement but the change-oriented leadership behavior had the highest effect than the other two. In addition to this, the study discovered that the effect of leadership behavior on employee engagement is moderated by employee age and management status. (Li, et al., 2021)

According to the study done on 270 different companies in China, to investigate the relationship between organizational culture and performance using Competing Values Framework find out that the clan and the adhocracy culture types were positively related to performance indices. In contrast from clan and adhocracy culture the hierarchy type was negatively associated with both financial performance and human resource development level, while the market type was negatively related to human resource development level. Generally, the study revealed that the consistency between organizational culture and external environment was found positively associated with organizational performance and the balance of organizational culture was found positively correlate with organizational performance (Main, et al., 2008).

The other study done by Yesil and Kaya on developing country (Turkey) on firms operate in textile (47%), food (33%), service (13%) and other (7%) sectors using Competing Values Framework to investigate the effect of organizational culture on firms financial performance discovered that the four organizational culture dimensions (clan, adhocracy, market and hierarchy) were not related to the organization financial performance (Yesil & Kaya, 2013).

Moreover, the study in Nepal on different organization to assess the relationship among cultural factors and financial performance of the firm find out that clan culture has insignificant impact on financial performance but the market-oriented culture influence the innovation of the product of the firm and innovation to financial performance i.e. market culture indirectly affects financial performance (Prasad Silwal, 2020).

Recent researches that used four organizational dimensions to measure the organizational culture that are clan, adhocracy, market and hierarchy reported that organizational culture may have positive or negative effect on innovation and company performance, this depend on the values promoted by the organizational culture. Moreover, adhocracy and hierarchy cultures

have positive and negative effect on company innovation, respectively. But clan and market culture had no effect on innovation. On the other hand, adhocracy and clan culture had positive effect on performance and the other two culture had a negative effect on performance. (Ali, et al., 2017)

In addition to these, the research done on the effect of organizational culture on performance management practices in the case of Commercial Bank of Ethiopia Branches in Gondar City find out that, clan and market cultures affected the performance management practice positively and significantly but adhocracy and hierarchy culture had insignificant effect. Also, the study concluded that market culture predict the performance management practice than clan culture, even if, both of them had significant effect (Shiferaw, 2020).

Furthermore, the study conducted on the impact of organizational culture on project performance in ASER construction plc. The result shows that there is a positive relationship between organizational culture and project performance practice in ASER Construction PLC. The statistical analysis reveal that Clan, hierarchy, market and adhocracy culture have small to moderate correlation to project performance practice in ASER construction. (BEYENE, 2021)

(Tsai, 2011) this research done on the relationship between organizational culture, leadership behavior and job satisfaction focused on hospital nurses in Taiwan and according to this research finding leadership behavior and organizational culture have positive correlation with job satisfaction and also the organizational culture has positive correlation with leadership behavior.

## **2.4 Conceptual Framework**

A research model developed in order to answer the research objectives, which involved the variables of Leadership Behavior and Organizational Culture as the independent variable and mediate variable, respectively and the Organizational Performance variable as the dependent variable.

Leadership Behavior  
(Independent Variable)

Organizational Culture  
(Mediate Variable)

Organizational Performance  
(Dependent Variable)

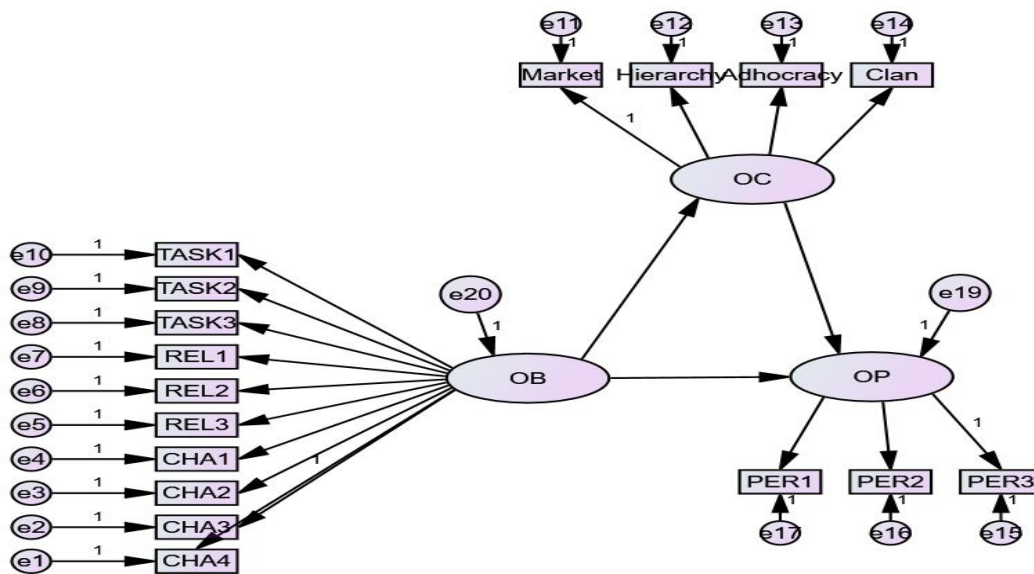
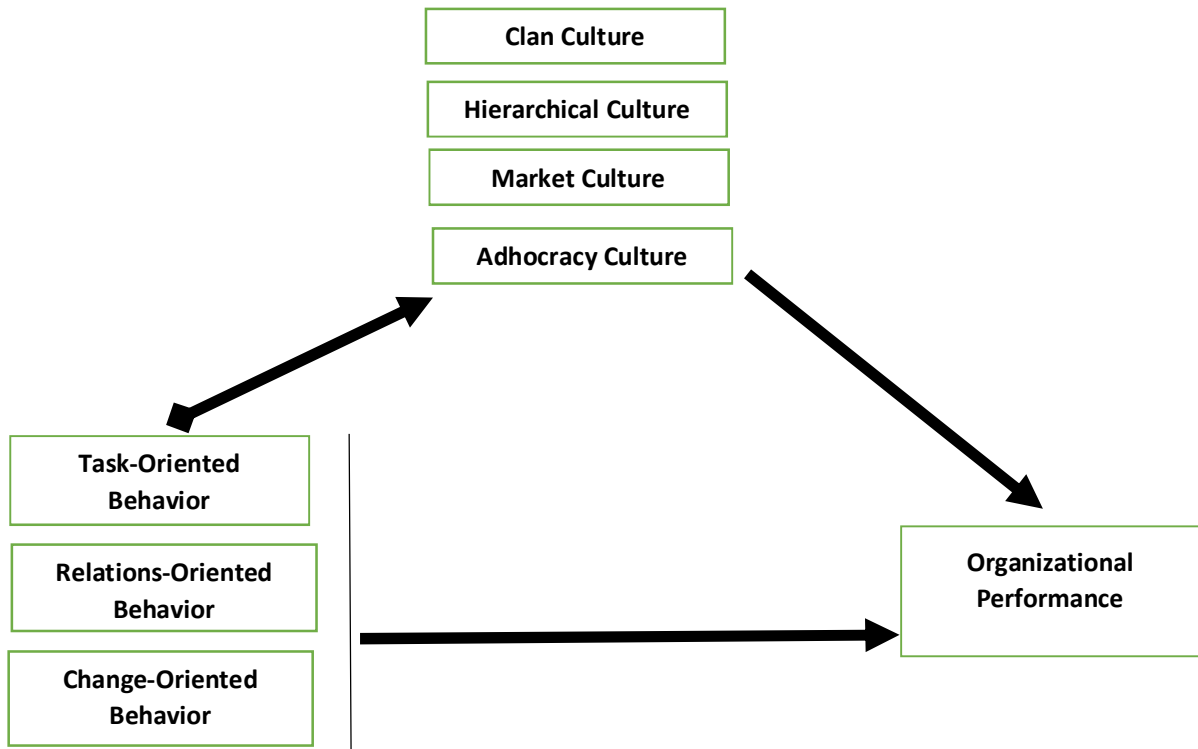


Figure 1. The SPSS Generated AMOS Conceptual Framework for SEM Analysis

# CHAPTER THREE

## 3. RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter includes the research approach, research design, target population, sampling technique, sample size, data collection instrument, method of data collection and data analysis and presentation tools to report the study results.

### 3.2 Research Design

The study used explanatory research design with quantitative approach or often called testing hypothesis to explain the relationship between variables and influences the variables under study. Explanatory research is research aimed to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of the research that already exists. According to Umar (1999) explanatory research is research that aims to analyze the relationships between one variable with another variable or how a variable affects other variables. Relationships between variables are explained in SEM path analysis. (Areaway, et al., 2018)

This paper is a cross-sectional study by its nature and the study explored the influence of leadership behavior and organizational culture on organizational performance, and also the mediate effects of organizational culture simultaneously. Moreover, the study also applied structural equation model (SEM) to demonstrate the relationship between the three major variables such as organizational leadership behavior, organizational culture and organizational performance of Bank of Abyssinia.

### 3.3 Target Population

According to the data from the Human Resource Department currently the number of employees reached to 8,146. But, the study only included the employees who found in Addis Ababa due to inconvenience issue. In the capital city the Bank had three districts with total employees 3,752 and the Head Office consists 33 Departments with total 1,212 employees number. But, in order to get more experienced employees this research took only Grade II, III and corporate branches from each district and from these branches for this study the researcher

took workers who have been working at least above one year with the current leader, this minimize the population target to 1,607.

### 3.4 Sampling Technique and Sample Size

To determine the sample size, the study uses Yamane's (1967) formula that provides a simplified method to calculate the sample size. This formula is based on a 95% desired confidence level and 5% desired level of precision or maximum level of compromised error.

Therefore, we have given Sample Population  $N=1607$

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

$$n = \frac{1607}{1+1607(0.05)^2} = 320$$

$n$ =sample size  $N$ =Population size &  $e$ =Margin of error

The researcher applied stratified sampling method and from strata the population selected with simple random sampling method. Based on the calculation used the above formula, the sample size became 320 respondents. From the Branch 167 and from Head Office 116 and 37 from respective district offices selected based on proportion of target population. The research applied stratified sampling to select the branches. The same grade branches put in different strata and since the Bank Corporate Branches were only three in number they took as a whole. Subsequently, from each strata the Branches selected with simple random sampling method. And also respondents from the selected branches, Corporate Branches, District Offices as well as Head Office selected using simple random sampling who satisfy the criteria i.e. the employees should work above one year with their current leaders.

### 3.4.1 Data Size and Response Rate

**Table 1: Data Size and Response Rate**

| <b>No. item</b> | <b>Area of Data Distribution</b> | <b>Distributed Questionnaires</b> | <b>Collected Questionnaires</b> | <b>Response Rate (%)</b> |
|-----------------|----------------------------------|-----------------------------------|---------------------------------|--------------------------|
| 1               | Selected Branches                | 167                               | 137                             | 82%                      |
| 2               | District offices                 | 116                               | 91                              | 79%                      |
| 3               | Head Office                      | 37                                | 28                              | 76%                      |
|                 | <b>Total</b>                     | <b>320</b>                        | <b>256</b>                      | <b>80%</b>               |

Though some of distributed questionnaires filled improperly and wrongly, some others lost and damaged between distribution and collection time, the study have reached 80% in its response rate. The response rate of 80% is very good and the study proceeded into the analysis part of the study.

## 3.5 Method of Data Collection

### 3.5.1 Type of Data

The researcher collected primary source data from the direct respondents of the study. These data collected using structural questionnaire from selected Bank of Abyssinia employees from head office, district offices and selected branches.

### 3.5.2 Research Instrument

As mentioned above the study data gathered through structured and standard questionnaire. To gather the primary data about the two variables that are leadership behavior and organizational performance, the Likert Scale questionnaire used. (Cameron, 2019) But for organizational culture, Organizational Culture Assessment Instrument (OCAI) that is developed by Robert Quinn and Kim Cameron at University of Michigan used to compare the present and the preferred culture.

In addition to this, before distributing the questionnaire for respondents the pilot test done to check whether the designed tool works or not (Wright & So, 2022) and it resulted in good direction.

### 3.6 Method of Data Analysis

The collected data processed through computerized software SPSS version 26 and SPSS Amos version 22. The quantitative data that collected with structured questionnaire distributed to respective respondents and the collected data analyzed with structural equation modeling path analysis method. Structural equation modeling is a multivariate technique that currently used to test and evaluate multivariate causal relationships and it test also the direct and indirect effects on pre-assumed causal relationships (Fan, et al., 2016).

### 3.7 Reliability and Validity Analysis

#### 3.7.1 Validity

Validity is defined as the degree to which a concept is accurately measured in a quantitative study (Heale & Twycross, 2015). Therefore, on this research the validity checked using already valid instrument and the expert judgment.

#### 3.7.2 Reliability

Reliability is the degree to which a research instrument constantly has the same results, if it is used in the same situation on repeated occasions (Heale & Twycross, 2015). The reliability of the research measured by using Cronbach's alpha coefficient indicator. The alpha measured whether all items in the instrument measure the same hypothesis with consistency and coherence. Level of reliability evaluated based on Cronbach's alpha which means i.e. 0.90 and above is excellent, 0.70-0.90 is high, 0.50-70 is moderate reliability and below 0.50 is low reliability (Glen, n.d.).

**Table 2: Cronbach Alpha Reliability s Coefficient**

| Serial Number | Variables                                   | Cronbach alpha |
|---------------|---|----------------|
| 1             | Task oriented                               | 0.85           |
| 2             | Relation Oriented                           | 0.90           |
| 3             | Change Oriented                             | 0.94           |
| 4             | Organizational Performance                  | 0.76           |
| 5             | A-Clan Culture                              | 0.87           |
| 6             | B-Hierarchy culture                         | 0.59           |
| 7             | C-Market culture                            | 0.54           |
| 8             | D-Adhocracy culture                         | 0.63           |
| 9             | Over all reliability of questionnaire items | 0.92           |

According to the above index the Cronbach alpha coefficient suggested that the data consistent with the model and the hypothesis and it became reliable from 54% up to 94% level of reliability. This made the overall reliability of the questionnaire 92%.

### **3.7.3 Validity Test**

Confirmatory factor analysis is a method to measure the correlation between the variables. CFA enables to find common variables that best constitute data and to decrease the number of variables. Maximum likelihood method selected for confirmatory factor analysis, while Varimax rotation method used as the rotation method. In this study Factor Loading revealed a minimum of 0.54 and a maximum of 0.98, which means that the validity proved (see Rotated component matrix in the appendix).

## **3.8 Data Presentation and Analysis**

The collected data coded, analyzed and presented in both descriptive and inferential methods. The coded data analyzed using both descriptive statistics (using mean, frequency and percentage and OCAI data average descriptive assessment method) and structural equation model (SEM) path analysis techniques while the analyzed data presented in tables, radar charts and image graphics methods.

## **3.9 Variables and Measurement**

The study used two major independent variables constructs with their own sub scales which are: Organizational Leadership behavior (OB) and organizational culture (OC) and one dependent variable which is Organizational Performance (OP). The Organizational Leadership Behavior (OB) had three sub -scales such as Task oriented organizational behavior (TAS), Relation oriented organizational behavior (REL) and change oriented organizational behavior (CHA). Organizational culture had also four types such as Clan culture (CLA), Adhocracy (ADH), Market culture (MAR) and Hierarchy culture (HIE). The five-point Likert scale ranging from 1(strongly disagree) to 5 (strongly agree) used to measure the constructs of the study for statistical analysis and organizational performance of the bank was the dependent variable under the study.

**Table 3: Variable Definition and Measurement**

| Variable                   | Notation | Definition   | Measurement |
|----------------------------|----------|--|-------------|
| Task Oriented              | TAS      | Task-oriented leadership behaviors that focus on improving efficiency and process reliability  | 5-likert    |
| Relation Oriented          | REL      | Relationship-oriented behaviors: seek to strategically improve and organization's human capital, human resources efforts and relations.  | 5-likert    |
| Change Oriented            | CHA      | Change-oriented behaviors which address developing or improving innovation and adaptation.   | 5-likert    |
| Organizational Performance | PER      | The extent that Bank of Abyssinia achieve its Non-financial Performance in Customer Perspective, Internal Business Perspective and Innovation and Learning Perspective   | 5-likert    |
| Clan Culture (A)           | CLA      | <p>The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.</p> <p>The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.</p> <p>The management style in the organization is characterized by teamwork, consensus, and participation.</p> <p>The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.</p> <p>The organization emphasizes human development. High trust, openness, and participation persists.</p> <p>The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.</p> | OCAI(1-100) |

|                              |            |  |                    |
|------------------------------|------------|--|--------------------|
| <p>Adhocracy Culture (B)</p> | <p>ADH</p> | <p>The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.</p> <p>The leadership in the organization is generally considered to exemplify entrepreneurship, innovating, or risk taking.</p> <p>The management style in the organization is characterized by individual risk-taking, innovation, freedom, and uniqueness.</p> <p>The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.</p> <p>The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.</p> <p>The organization defines success on the basis of having the most unique or the newest products. It is a product leader and innovator.</p> | <p>OCAI(1-100)</p> |
| <p>Market Culture (C)</p>    | <p>MAR</p> | <p>The organization is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.</p> <p>The leadership in the organization is generally considered to exemplify an aggressive, results-oriented, no-nonsense focus.</p> <p>The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.</p> <p>The glue that holds the organization together is the emphasis on achievement and goal accomplishment. Aggressiveness and winning are common themes.</p> <p>The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key.</p>   | <p>OCAI(1-100)</p> |

|                        |     |   |             |
|------------------------|-----|---|-------------|
|                        |     | The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.   |             |
| Hierarchal Culture (D) | HIE | <p>The organization is a very controlled and structured place. Formal procedures generally govern what people do.</p> <p>The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.</p> <p>The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.</p> <p>The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organization is important.</p> <p>The organization emphasizes permanence and stability. Efficiency, control and smooth operations are important.</p> <p>The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low cost production are critical.</p> | OCAI(1-100) |

### 3.9.1 Model Specification

The construction of qualitative choice models in which the dependent variable takes on a dichotomous or polychotomous character, have been applied to economic, business and marketing analysis (Greene, 2003). Structural equation modeling encompasses a broad array of models from linear regression to measurement models to simultaneous equations. Structural equation modeling is a way of thinking, a way of writing, and a way of estimating. It is not just an estimation method for a particular model.

Generalized SEMs drop the observed variables from the joint-normality assumption. Instead, generalized SEMs treat the observed exogenous variables as given and produce estimates conditional on their values. GSEM provides only two estimation methods: maximum likelihood (ML; the default) and quasi-maximum likelihood (QML). QML uses ML to fit the model but relaxes the conditional normality assumptions when estimating the standard errors. QML handles non normality by adjusting standard errors. Thus, for the study, ML estimation technique applied to estimate the path coefficients using two equations (simultaneous or structural equation) as specified below:

**Total Effect Equation**

$$Y2 = \{ \alpha \pm \beta1TAS \pm \beta2REL \pm \beta3CHA \pm \beta4 PER \pm \beta5CLA \pm \beta7ADH \pm \beta8MAR \pm \beta9HIE \pm e1 \}$$

$$Y1 = \{ \alpha \pm \beta1TAS1 \pm \beta2TAS2 \pm \beta3TAS3 \pm \beta4REL1 \pm \beta5REL2 \pm \beta6REL3 \pm \beta7CHA1 \pm \beta8CHA2 \pm \beta9CHA3 \pm \beta10CHA4 \pm \beta11 PER1 \pm \beta12 PER2 \pm \beta13 PER2 \pm \beta14PER3 \pm \beta11CLA \pm \beta12ADH \pm \beta13MAR \pm \beta14HIE \pm e1 \}$$

*A reduced regression equation without the mediator: will also be*

$$Y = \{ \alpha \pm \beta1TAS1 \pm \beta2TAS2 \pm \beta3TAS3 \pm \beta4REL1 \pm \beta5REL2 \pm \beta6REL3 \pm \beta7CHA1 \pm \beta8CHA2 \pm \beta9CHA3 \pm \beta10CHA4 \pm \beta11 PER1 \pm \beta12 PER2 \pm \beta13 PER2 \pm \beta14PER3 \pm e1 \}$$

Where

- TAS =Task oriented organizational behavior
- REL =Relation oriented organizational behavior
- CHA=Change Oriented organizational behavior
- PER= Organizational Performance
- CLA-Clan Culture
- ADH=Adhocracy Culture
- MAR=Market Culture
- HIE=Hierarchy Culture and

$$\begin{aligned} \beta &= \beta1TAS1 \pm \beta2TAS2 \pm \beta3TAS3 \pm \beta4REL1 \pm \beta5REL2 \pm \beta6REL3 \pm \beta7CHA1 \pm \beta8CHA2 \pm \beta9CHA3 \pm \beta10CHA4 \pm \beta11 PER1 \pm \beta12 PER2 \pm \beta13 PER2 \pm \beta14PER3 \pm e1 \\ &= \beta1TAS1 \pm \beta2TAS2 \pm \beta3TAS3 \pm \beta4REL1 \pm \beta5REL2 \pm \beta6REL3 \pm \beta7CHA1 \pm \beta8CHA2 \pm \beta9CHA3 \pm \beta10CHA4 \pm \beta11 PER1 \pm \beta12 PER2 \pm \beta13 PER2 \pm \beta14PER3 \pm e1 \\ &= \beta1TAS1 \pm \beta2TAS2 \pm \beta3TAS3 \pm \beta4REL1 \pm \beta5REL2 \pm \beta6REL3 \pm \beta7CHA1 \pm \beta8CHA2 \pm \beta9CHA3 \pm \beta10CHA4 \pm \beta11 PER1 \pm \beta12 PER2 \pm \beta13 PER2 \pm \beta14PER3 \pm e1 \end{aligned}$$

## CHAPTER FOUR

### 4 DATA DISCUSSION AND INTERPRETATION

#### 4.1 Introduction

This chapter illustrated presentation and analysis of the collected data with discussion and interpretation of findings. Data presented and analyzed to portray the level of relationship between organizational leadership behavior, organizational culture and organizational performance. Furthermore, a path analysis and mediation analysis used to test the relationship between those variables. In this study, 320 questionnaires distributed to those who are selected employees at Bank of Abyssinia Addis Ababa Branches, Head office organs and District Offices. From distributed questionnaires 256 (80%) were correctly field out and returned appropriately. The researcher believes that, the response rate of the study was very good to make conclusion and recommendation because according to Saunders, Lewis & Thornhill (2009), response rate of 50%, 60% and 70% or more, are adequate, good and very good.

#### 4.2 Descriptive Analysis of Variables

**Table 4 Demographic Characteristics of Respondents**

| Serial No: | Demographic Data of Respondents |              | Frequency  | Percent       |
|------------|---------------------------------|--------------|------------|---------------|
| 1          | Gender                          | Male         | 161        | 62.9          |
|            |                                 | Female       | 95         | 37.1          |
|            |                                 | <b>Total</b> | <b>256</b> | <b>100.00</b> |
| 2          | Age                             | 21-30        | 125        | 48.80         |
|            |                                 | 31-40        | 87         | 34.00         |
|            |                                 | 41-50        | 41         | 16.00         |
|            |                                 | >50          | 3          | 1.2           |
|            |                                 | <b>Total</b> | <b>256</b> | <b>100.00</b> |

| Serial No: | Demographic Data of Respondents |                             | Frequency  | Percent       |
|------------|---------------------------------|-----------------------------|------------|---------------|
| 3          | Educational Qualification       | Diploma/10+2 or less        | 6          | 2.3           |
|            |                                 | Bachelor Degree             | 213        | 83.2          |
|            |                                 | Master's Degree /Above      | 37         | 14.5          |
|            |                                 | <b>Total</b>                | <b>256</b> | <b>100.00</b> |
| 4          | Years of Service                | Below 5 Years               | 126        | 49.60         |
|            |                                 | 6-10 Years                  | 44         | 17.40         |
|            |                                 | 11-15 Years                 | 56         | 22            |
|            |                                 | >15 Years                   | 28         | 11            |
|            |                                 | <b>Total</b>                | <b>256</b> | <b>100.00</b> |
| 5          | Job Category                    | Management Staff at HO      | 70         | 27.3          |
|            |                                 | Professionals support staff | 37         | 14.5          |
|            |                                 | Customer Service Officer    | 125        | 48.8          |
|            |                                 | Branch Manager/Deputy       | 24         | 9.3           |
|            |                                 | <b>Total</b>                | <b>256</b> | <b>100.00</b> |

**Source: Researchers Own collected data analysis from SPSS Version 26**

Generally, the demographic profile of respondents can be highlighted by Dominance of males in gender composition figures which is (63%) and females accounted for only (27%). When we see at the age composition of the research target group, younger age individuals dominate the staff composition in Bank of Abyssinia the age between (21-30) alone accounts for (48%) followed by 34 % from the age group between 31-40. Youngsters and majority age groups accounted for (83%) the Bank staffs. Which is the direct reflection of the Ethiopian demographic pyramid characteristics. When we come to the Educational background of target group respondents the majority (83%) of staffs have bachelor degree followed by only (14%) of Master's Degree holders. This is may be currently most banks in Ethiopia put as a minimum

education requirement Bachelor Degree and this results in flat and homogenous status in education.

The other variable years of experience at Bank of Abyssinia is explained as almost (50%) of staffs have less than five years of experience which may be the reflection of the age composition and educational background as mass of them are youngsters and bachelor holders and also it may be the reflection of the new management hired many experienced employees from other Banks. Followed by 11-15 years of service (22%) and 10-15 years of service (17%) those individuals served the bank for more than 15 years accounted for only 11%. This is may be explained by the rise and expansion of Bank of Abyssinia in recent years enables the Bank to hire more staffs who are younger and energetic with bachelor degrees. When we come to the job category classification and composition of staffs (49%) of staffs are Customer Service Officers who are the majority in the Bank staff composition, followed by Management Staffs at Head Office (27%) and Professionals Support Staff (14.5%) Branch Managers and Deputy Managers only accounted for (9.3%).

### **4.3 The Prevailing Organizational Culture in Bank of Abyssinia**

In this section, each of the questionnaire items presented to respondents evaluated. Since the questionnaire presented based on six dimensions the first six graphs represents the plotting of each dimensions mean scores. After plotting in to each dimensions the final graph represented respondent's total organizational culture that explains the dominant and preferred culture in the organization.

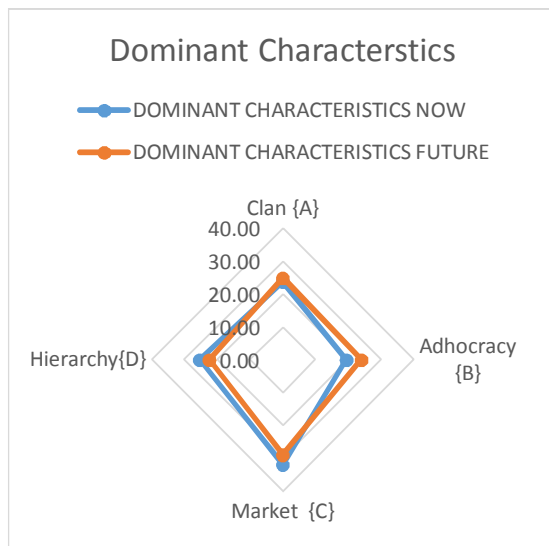
The results of the Organizational Culture Assessment Instrument (OCAI) of the Bank in this section presented graphically, plotted in a four quadrant figure as developed by Cameron and Quinn (1999). These figures completed based on respondents rating of the current and preferred culture in the organization, for the organization as a whole and also for the elements in particular; in order to illustrate in numerous ways, the perceived cultural situations analysis are made as follow:

#### **4.3.1 Dominant Characteristics**

The results show that, Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa focused on market culture for both now and future. The study result confirmed that (31.96 % & 28.99%) of the organizational culture type is dominated by market culture for both now and future trends. This result shows us the current and the future dominant

characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is focused market culture which means more concerns are for the completion of the work and extremely goal-oriented, emphasizes on reputation, success and winnings as well as high emphasis on quality customer service and satisfaction. Particularly, market culture in Bank of Abyssinia has emphasized on largely on achieving performance with maximum effort by preparing campaign to open new accounts and by mobilize resources and also by make great investment on digitalization and human resources to win the competition.

The second most important culture dimension regarding dominant characteristics of Bank of Abyssinia is Hierarchy culture for now is (25.30%) which is manifested by structured hierarchical layers and employees activities control by procedures and formal rules and policies stabilizes the organization with orientations towards efficient and smooth execution of tasks at low costs. Besides the large emphasis on results at Bank of Abyssinia there is considerable emphasis to rules and regulations set to govern the operations of the Bank.



| DOMINANT CHARACTERISTICS |       |        |
|--------------------------|-------|--------|
| Category                 | NOW   | FUTURE |
| Clan {A}                 | 23.75 | 25.00  |
| Adhocracy {B}            | 19.31 | 23.88  |
| Market {C}               | 31.96 | 28.99  |
| Hierarchy {D}            | 25.30 | 22.43  |

### 4.3.2 Organizational Leadership

Organizational leadership perspective of Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa are focused on market culture for now and clan culture for the future. The study result confirmed that (29.55 % & 26.89%), respectively of the organizational culture type is dominated by market culture and clan culture for both now and future trends. This result shows us the current and the future dominant characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is

focused market culture which means more concerns are for the completion of the work and extremely goal-oriented, emphasizes on reputation, success and winnings as well as high emphasis on quality customer service and satisfaction and the clan culture which largely focuses on interpersonal communication, loyalty tradition, targeted training and mentorship programs.

The clan culture for the future resulted (26.89%) means most staffs at Bank of Abyssinia preferred to have the clan culture in the future which means employees want their leaders to actively help them to achieve better performance and for the success of an organization which is defined based on excessive value on teamwork, participation, internal maintenance with flexibility and consensus.



| <b>ORGANIZATIONAL LEADERSHIP</b> |            |               |
|----------------------------------|------------|---------------|
| <b>Category</b>                  | <b>NOW</b> | <b>FUTURE</b> |
| Clan {A}                         | 23.32      | 26.89         |
| Adhocracy {B}                    | 21.00      | 25.27         |
| Market {C}                       | 29.55      | 23.87         |
| Hierarchy {D}                    | 25.62      | 24.43         |

### 4.3.3 Management of Employees

With regard to Management of employees, the results show us to present, Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa are focused on market culture for both now and future. The study result confirmed that (30.23 % & 31.86 %) of the organizational culture type is dominated by market culture for now and clan culture for the future trends. This result shows us the current and the future dominant characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is focused market culture for the time being and clan culture as preferred organizational culture in the future.



| MANAGEMENT OF EMPLOYEES |       |        |
|-------------------------|-------|--------|
| Category                | NOW   | FUTURE |
| Clan {A}                | 24.57 | 31.86  |
| Adhocracy {B}           | 19.79 | 22.97  |
| Market {C}              | 30.23 | 26.60  |
| Hierarchy {D}           | 24.77 | 19.73  |

#### 4.3.4 Organizational Glue

The organizational Glue perspective explains that Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa are focused on market culture for now and clan culture for the future. The study result confirmed that with percentage of (29.24 % & 28.98%) of the organizational culture type is dominated by market culture for now and clan culture for the future trends. This result shows us the current and the future dominant characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is focused market culture and clan culture as explained above.

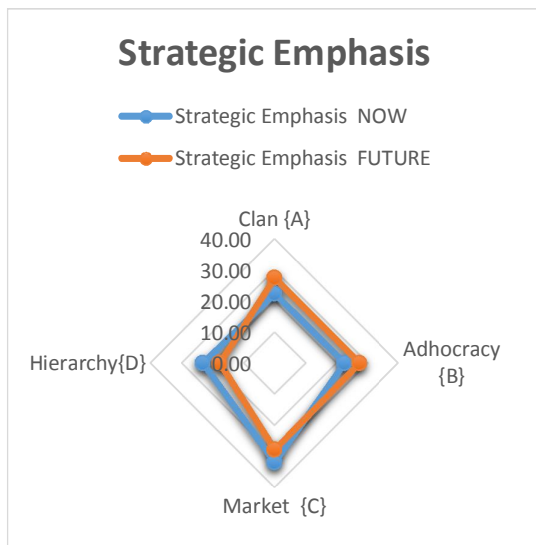


| ORGANIZATIONAL GLUE |       |        |
|---------------------|-------|--------|
| Category            | NOW   | FUTURE |
| Clan {A}            | 26.31 | 28.98  |
| Adhocracy {B}       | 19.98 | 23.44  |
| Market {C}          | 29.24 | 26.13  |
| Hierarchy {D}       | 24.26 | 22.13  |

### 4.3.5 Strategic Emphasis

The results show that, regarding strategic emphasis of the Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa are focused on market culture for both now and future. The study result confirmed that (31.84 % & 27.73%) of the organizational culture type is dominated by market culture for both now and future trends. This result shows us the current and the future dominant characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is focused market culture.

As we can see from this, since market culture which is largely focused on meeting goals, achieving targets and getting results, the Bank also has a major strategic emphasis on meeting its strategy on human development, acquiring new resources, try new things, hitting stretch targets & winning in the marketplace and also in doing smooth operations. It's a common knowledge nowadays Bank of Abyssinia has largely mobilize its employees to go anywhere which may have a chance to recruit new customers by giving extended personal targets which is confirmed by this study.



| STRATEGIC EMPHASIS |       |        |
|--------------------|-------|--------|
| Category           | NOW   | FUTURE |
| Clan {A}           | 22.40 | 27.35  |
| Adhocracy {B}      | 22.44 | 27.36  |
| Market {C}         | 31.84 | 27.73  |
| Hierarchy {D}      | 23.22 | 17.66  |

### 4.3.6 Criteria of Success

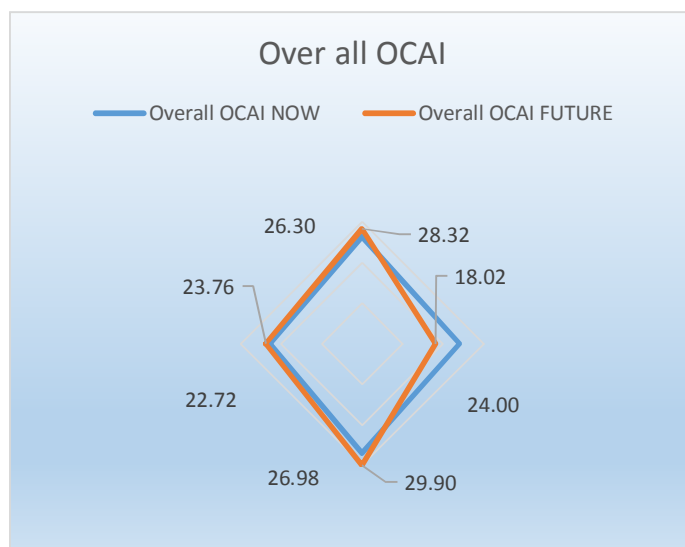
The result shows that, Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa are focused on market culture for both now and clan culture for the future. The study result confirmed that (32.58 % & 29.86%) of the organizational culture type is dominated by market culture for now and clan culture for the future trends. This result shows us the current

and the future dominant characteristics of organizational profile of the Bank of Abyssinia under Addis Ababa city administration is focused market culture for now and clan culture for the future. This result further confirms the Bank puts as criteria of success achievement of goals and targets and winning marketplace and outpacing the competition, since, it is a common knowledge nowadays the Bank has largely mobilize its employees to go anywhere which may have a chance to recruit new customers by giving extended personal targets which is confirmed by this study. But the respondents wish the criteria of the success of the Bank to be concern for people.



| CRITERIA OF SUCCESS |       |        |
|---------------------|-------|--------|
| Category            | NOW   | FUTURE |
| Clan {A}            | 25.47 | 29.86  |
| Adhocracy {B}       | 22.77 | 24.80  |
| Market {C}          | 32.58 | 26.99  |
| Hierarchy {D}       | 19.39 | 18.59  |

#### 4.3.7 Overall Average OCAI Result Analysis



| OVERALL OCAI  |       |        |
|---------------|-------|--------|
| Category      | NOW   | FUTURE |
| Clan {A}      | 26.30 | 28.32  |
| Adhocracy {B} | 24.00 | 18.02  |
| Market {C}    | 26.98 | 29.90  |
| Hierarchy {D} | 22.72 | 23.76  |

**Radar Chart Excel 2013 (Researchers Own Computation)**

The results show that, Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa focused on market culture for both now and future. The study result confirmed that currently the Bank has market culture (26.98%) followed by clan culture (26.30%) and for the future the Bank prefers to have Market culture (29.90%) followed by Clan culture (28.32). As it explained earlier in the above sections the Bank current and preferred areas of organizational culture focus on Market and Clan culture. Which may has the implication of forecasting for the future growth trajectories of the Bank. The above result partially is confirmed by (Shiferaw, 2020) as he found out that clan culture was the dominant organizational culture type, while hierarchy was the least dominant type of organizational culture in the study area and in this study hierarchy is the least preferred organizational culture dimension too.

The Banks orientations towards result, fixed numerical targets and clear goals make market culture to dominate the other organizational cultures and such strategies are enhanced by strong regulatory rules and regulations set by the Bank to govern and enforce those extended targets and goals enables clan culture to influence the Bank employees next to market culture.

#### **4.4 Descriptive Statistics on Organizational Leadership Behavior and Organizational Performance Data**

| <b>Description</b>         | <b>N<br/>Statistic</b> | <b>Range<br/>Statistic</b> | <b>Minimum<br/>Statistic</b> | <b>Maximum<br/>Statistic</b> | <b>Mean<br/>Statistic</b> | <b>Standard<br/>deviation</b> |
|----------------------------|------------------------|----------------------------|------------------------------|------------------------------|---------------------------|-------------------------------|
| Task oriented              | 256                    | 3.87                       | 1.13                         | 5.00                         | 3.5132                    | .54648                        |
| Relation oriented          | 256                    | 3.54                       | 1.33                         | 4.87                         | 3.3090                    | .68093                        |
| Change oriented            | 256                    | 3.76                       | 1.24                         | 5.00                         | 3.3970                    | .64404                        |
| Organizational Performance | 256                    | 7.89                       | 1.00                         | 8.89                         | 3.8741                    | .93088                        |

**Source: Researcher Own Computation and SPSS Version 26**

#### **4.5 Inferential Statistics and Econometrics Model Analysis**

##### **4.5.1 Confirmatory Factor Analysis and Factor Loading**

A Confirmatory Factor Analysis used to establish if all the items were indeed measuring the same underlying construct or factor used in the study. When all items measure the same thing, they must have the same variable in common. Factor loading indicates a correlation between the measured and the underlying factor (Lema, 2017). Factor analysis conducted by Structural

Equation Modelling (SEM) by using SPSS Amos. Given the nature of the construct used in the study SEM selected because it has the feature required in the analysis of the data and it can be used to evaluate the measurement model by the fit indices.

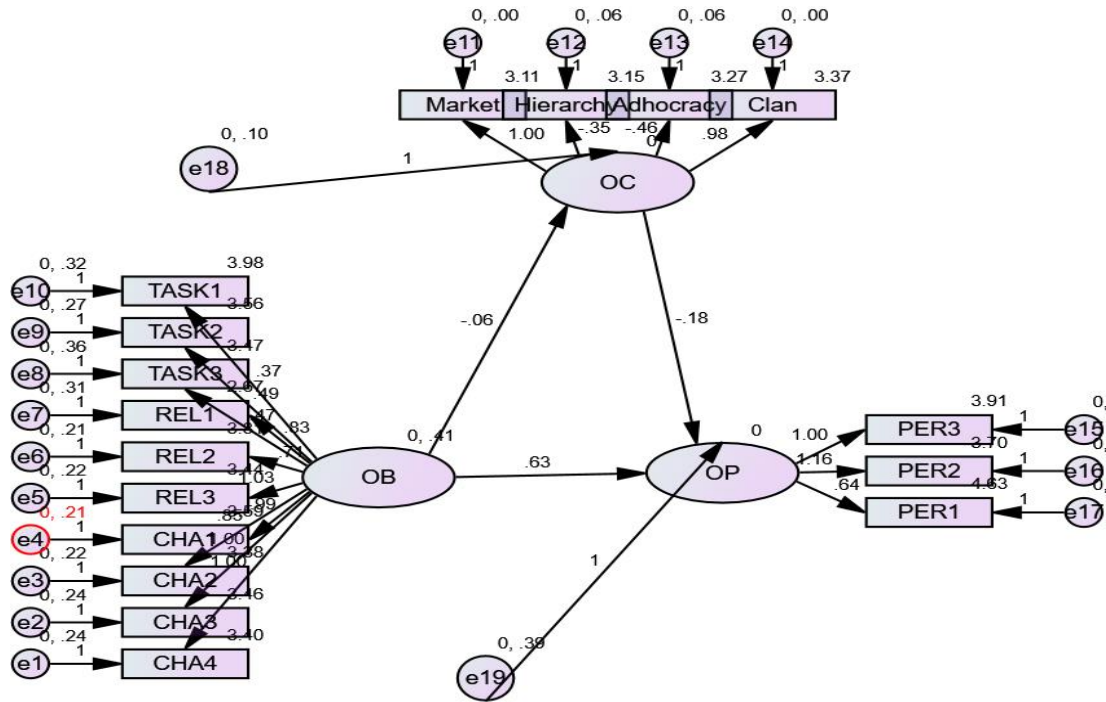


Figure 2 AMOS CFA Graphics version 22 Result Output

Table 5 Factor Loading Table

| CONSTRUCT                  | ITEM | FACTOR LOADING |
|----------------------------|------|----------------|
| Task Oriented Behavior     | TAS1 | .626           |
|                            | TAS2 | .697           |
|                            | TAS3 | .712           |
| Relation Oriented Behavior | REL1 | .541           |
|                            | REL2 | .585           |
|                            | REL3 | .702           |
| Change Oriented Behavior   | CHA1 | .748           |
|                            | CHA2 | .746           |
|                            | CHA3 | .726           |
|                            | CHA4 | .707           |
| Organizational Performance | PER1 | .763           |
|                            | PER2 | .813           |
|                            | PER3 | .648           |
| Clan (A)                   | CLA  | .981           |
| Adhocracy(B)               | ADH  | .925           |
| Market (C)                 | MAR  | .981           |
| Hierarchy(D)               | HIE  | .939           |

The result of the confirmatory factor analysis in the above table revealed that most of the items used in the study have a factor loading above 0.6, which is regarded by many as a cut-off point. Therefore, it is possible to deduce that the latent variables are adequately explained by the observed variables.

#### 4.5.2 Confirmatory Factor Analysis Model Test

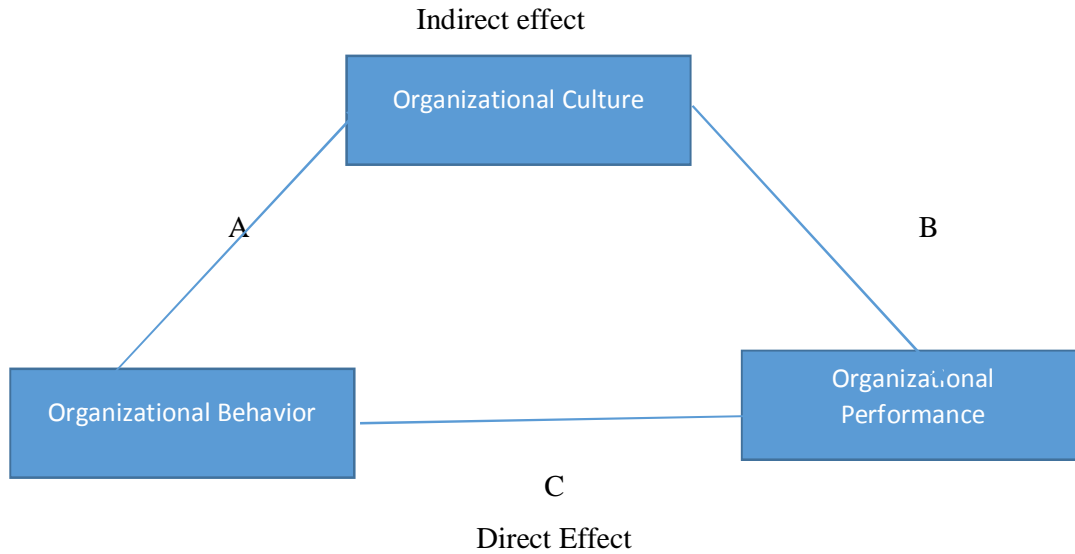
SPSS Amos 22 use to generate the model-fit indices of the confirmatory factor analysis. Confirmatory factor analysis evaluate whether the data fit the inner model of the study. The following model-fit measures used to estimate the measurement model fit; chi-square/degree of freedom ( $\chi^2/df$ ), the comparative fit index (CFI), root mean square error of approximation (RMSEA), root mean square residual (RMR), the normed fit index (NFI), Relative Fit Index (RFI) and the Tucker Lewis coefficient (TLI). According to the fit index criteria in Tobbin (2010) and Tiru and Hwan (2020) the result shows that the model fit index satisfies all acceptance criteria

**Table 6 Confirmatory factor model fit test**

| Fit index         | Indicator | Desirable criteria | Decision |
|-------------------|-----------|--------------------|----------|
| $\chi^2 (CMIN)/P$ | 0.00      | $P < 0.05$         | Fit      |
| CMIN/DF           | 2.95      | $1 < CMIN/df < 3$  | Fit      |
| RMSEA             | 0.028     | $< 0.08$           | fit      |
| NFI               | 0.897     | $> 0.9$            | Fit      |
| CFI               | 0.868     | $> 0.9$            | Fit      |
| PNFI              | 0.62      | $> 0.6$            | Fit      |
| PCFI              | 0.644     | $> 0.6$            | Fit      |
| TLI               | 0.878     | $> 0.9$            | Fit      |

#### 4.6 Structural Equation Model with Mediation Analysis

The Diagrammatical representation of SEM model of mediation analysis between organizational leadership behavior, organizational culture and organizational performance explained as follows:



**Figure 3: Mediation Analysis Diagrammatically**

#### **4.6.1 SEM Mediation Analysis Estimation Result and hypothesis Testing**

The Amos Graphic result in the above figure depicts a graphical summary of the full, inner (measurement) and outer structural, model for mediation analysis. The figure shows a standardized result of the SEM estimation. The estimation result of the figure has presented in table below with its standard error (S.E) and probability of significance (P) level.

**Table 7: Summary of Maximum Likelihood Regression Estimates (Total Effect)  
Regression Weights: (Group Number 1 - Default Model)**

| Hypothesis | Path      |         | Estimate | S.E. | C.R.   | P     | Result   |
|------------|-----------|---------|----------|------|--------|-------|----------|
| H1         | OC        | <--- OB | -.006    | .032 | -1.795 | .073* | Accepted |
| H2         | OP        | <--- OC | -.18     | .140 | -1.284 | .199  | Rejected |
| H3         | OP        | <--- OB | .633     | .097 | 6.526  | ***   | Accepted |
| H4a        | CHA4      | <--- OB | 1.000    |      |        |       |          |
| H4b        | CHA3      | <--- OB | 1.000    | .072 | 13.840 | ***   | Accepted |
| H4c        | CHA2      | <--- OB | .848     | .065 | 13.019 | ***   | Accepted |
| H4d        | CHA1      | <--- OB | .987     | .069 | 14.291 | ***   | Accepted |
| H5a        | REL3      | <--- OB | 1.027    | .071 | 14.380 | ***   | Accepted |
| H5b        | REL2      | <--- OB | .709     | .059 | 11.977 | ***   | Accepted |
| H5c        | REL1      | <--- OB | .834     | .072 | 11.643 | ***   | Accepted |
| H6a        | TASK3     | <--- OB | .471     | .066 | 7.162  | ***   | Accepted |
| H6b        | TASK2     | <--- OB | .494     | .059 | 8.340  | ***   | Accepted |
| H6c        | TASK1     | <--- OB | .371     | .061 | 6.072  | ***   | Accepted |
| H7         | Market    | <--- OC | 1.000    |      |        |       |          |
| H8         | Hierarchy | <--- OC | -.355    | .050 | -7.116 | ***   | Accepted |
| H9         | Adhocracy | <--- OC | -.461    | .047 | -9.780 | ***   | Accepted |
| H10        | Clan      | <--- OC | .975     | .017 | 57.419 | ***   | Accepted |
| H3a        | PER3      | <--- OP | 1.000    |      |        |       |          |
| H3b        | PER2      | <--- OP | 1.162    | .069 | 9.523  | ***   | Accepted |
| H3c        | PER1      | <--- OP | .637     | .122 | 9.213  | ***   | Accepted |

#### 4.7.2.1. Model Fit Test

**Table 8 Structural equation Mediation analysis Model fit test**

| Fit index                | Indicator | Desirable criteria             | Decision |
|--------------------------|-----------|--------------------------------|----------|
| $\chi^2$ (CMIN) <i>P</i> | 0.000     | $P \leq 0.05$                  | Fit      |
| CMIN/DF                  | 1.850     | $1 \leq \text{CMIN}/df \leq 3$ | Fit      |
| RMSEA                    | 0.012     | $\leq 0.08$                    | Fit      |
| TLI rho2                 | 0.856     | $\geq 0.9$                     | Fit      |
| NFI                      | 0.922     | $\geq 0.9$                     | Fit      |
| CFI                      | 0.952     | $\geq 0.9$                     | Fit      |
| PNFI                     | 0.623     | $\geq 0.6$                     | Fit      |
| PCFI                     | 0.646     | $\geq 0.6$                     | Fit      |

The model fit of structural equation evaluated to determine the ability of a model to reproduce the data before hypothesis testing. There are three fitness indexes used for model fit. In absolute fit index, the calculations of  $\chi^2$ (CMIN) *p*, TLI rho2, and RMSEA (Root Mean Square Error of Approximation) used. In incremental fit index, NFI (Normed Fix Index), NNFI, and CFI (Comparative Fit Index) used and for parsimony fit index, both PNFI and PCFI used as presented in Appendix and summarized in table. The result proves that the model fit index satisfies all acceptance criteria.

#### 4.6.2 Results and Discussion

The above tabular analysis is the effect of organizational leadership behavior on organizational performance in the presence of the mediator called "organizational culture". From the above result organizational leadership behavior influences organizational performance significantly at *p*-value less than (0.01) in the presence of the mediator which is confirmed by (Thumbi, et al., 2020) who discovered that leadership behavior has a positive and significant effect on organizational performance. In addition to this (Karamat, 2013) illustrated the positive relationship between relation-oriented behavior and performance.

The result also confirmed (Tsai, 2011) who found out that organizational cultures have significant correlation with leadership behaviors, but different from Tsai research because this research found out a negative relationship between the two variables with estimation value (-.006). And also (Giritli, et al., 2013) stated about the relationship between leadership behavior and organizational culture on their research that leadership behavior frame organizational culture and organizational culture in turn supports particular leadership behaviors positively.

But, organizational culture have insignificant effect on organizational performance of the Bank at ( $P=0.199$ ) and standard error (0.140). This finding is similar with (Yesil & Kaya, 2013) who found out that the four organizational culture dimensions (clan, adhocracy, market and hierarchy) not related to the organization performance but the finding is also in contrast with (Thumbi, et al., 2020) who found out that organizational cultures have a positive and significant effect on organizational performance. May be this result found because of the nature of the data collected which is Ipsative fixed outcome which may result negative correlation between the organizational dimensions.

This finding is striking but individually among the four organizational culture types market culture and clan culture have positive and significant influence on organizational performance of the bank at ( $P=0.001$ ) at the magnitude (Estimate) of 0.975. Which mean clan culture have appositve effect in improving organizational performance by 97.5% from a single unit improvement. In addition to this, both adhocracy and hierarchical culture have a significant and negative effect on organizational performance of the Bank. This result once again is confirmed by (Shiferaw, 2020) by which the study found out that clan and market cultures affected organizational performance positively and significantly; whereas adhocracy and hierarchy culture types were insignificant predictors.

Task oriented organizational leadership behaviors influence the organizational performance of the bank positively and significantly all at p-value less than (0.01) and at the magnitude of 0.37, 0.47 and 0.49 units. But this finding is somehow in contrast with (Alvi & Rana, 2019) who found out that leader who has high task-oriented organizational behavior perform results in low degree of organizational performance but this is another context as we are studying about the financial Bank of Abyssinia sector situation.

All relation oriented organizational leadership behaviors influence positively and significantly organizational performance of the bank at p-value of less than (0.01) at the magnitude of (0.83), (0.70) and (1.27). Also, all change oriented organizational leadership behaviors influence organizational culture of the Bank positively and significantly at p-value of less than (0.01) and with the magnitude of (0.98), (0.84) and (1.00). Which is confirmed by many literatures we have reviewed in the previous chapters.

The other objective of the study was also to examine the influence of leadership behavior on organizational performance, all in all organizational leadership behaviors have a significant and positive effect on organizational performance and this finding is confirmed by (Li, et al.,

2021) who found out that the three organizational leadership behaviors have positive impact on employee performance and hence organizational performance.

The first hypothesis test result in the above table shows that, organizational culture has a negative influence on organizational leadership behavior with magnitude of (0.06) with standard error of (0.32) at P-value of (0.073) and at the probability of getting a critical ratio as large as (1.75) in absolute value is (0.073). In other words, the regression weight for organizational culture in the prediction of organizational leadership behavior is significantly different from zero at the (0.073) level.

In a similar interpretation, overall, the hypothesis testing result indicates that organizational leadership behaviors such as task oriented, relation oriented organizational behaviors as well as change oriented organizational behaviors affects organizational performance significantly and positively. But exceptionally organizational culture has no significant effect on organizational performance in general terms. This exception may be resulted from the nature of the data collected from OCAI data which results is negative correlation between the four dimensions of organization culture.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1. Summary

##### 5.1.1. Demographic Characteristics

Demographic profile of respondents can be highlighted by Dominance of males in gender composition figures which is (63%) and females accounted for only (27%). When we see at the age composition of the research target group younger age individuals dominate the staff composition in Bank of Abyssinia the age between (21-30) alone accounts for (48%) followed by 34 % from the age group between 31-40. Youngsters and majority age groups accounted for (83%) of the Abyssinia Bank staffs. Educational background of target group respondents the majority (83%) of staffs have bachelor degree followed by only (14%) of Master's Degree holders. Years of experience at Bank almost (50%) of staffs have less than 5 years of experience followed by 11-15 years of service (22%) and 10-15 years of service (17%) those individuals served that bank for more than 15 years accounted for only 11%. The job category classification and composition of staffs (49%) of staffs are Customer service officers who are the majority in any Bank staff composition, followed by management staffs at head office (27%) and professionals support staff (14.5%) branch managers and deputy managers only accounted for (9.3%)

##### 5.1.2. The Prevailing Organizational Culture in Bank of Abyssinia

- One of the primary objective of the study was to assess the type of leadership behavior and the dominant organizational cultures mostly practiced at Bank of Abyssinia and the study found out that:
- **Dominant characteristics:** Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa focused on market culture for both now and future. The study result confirmed that (31.96 % & 28.99%) of the organizational culture type dominated by market culture for both now and future trends.
- **Organizational Leadership:** Organizational leadership perspective of Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa focused on market culture for now and clan culture for the future. The study result confirmed

that (29.55 % & 26.89%), respectively and the organizational culture type dominated by market culture and clan culture for both now and future trends.

- **Management of Employees:** The study result confirmed that (30.23 % & 31.86 %) of the organizational culture type dominated by market culture for now and clan culture for the future trends.
- **Organizational Glue:** The organizational glue perspective explained that Bank of Abyssinia at its city branches, head office and district offices in Addis Ababa focused on market culture for now and clan for the future. The study result confirmed that (29.24% & 28.98%) of the organizational culture type dominated by market culture for now and clan culture for the future trends.
- **Strategic Emphasis:** The results show that, regarding strategic emphasis of the Bank at its city branches, head office and district offices in Addis Ababa focused on market culture for both now and future. The study result confirmed that (31.84 % & 27.73%) of the organizational culture type dominated by market culture for both now and future trends.
- **Criteria of Success:** The study result confirmed that (32.58 % & 29.86%) of the organizational culture type dominated by market culture for now and clan culture for the future trends.
- **Overall average OCAI Result Analysis:** The study result confirmed that currently the Bank has Market culture (26.98%) followed by Clan culture (26.30%) and for the future the Bank employees prefers to have Market culture (29.90%) followed by Clan culture (28.32%).

### **5.1.3. SEM Mediation analysis between Organizational Behavior Organizational Culture and Organizational Performance**

- ❖ The result of the confirmatory factor analysis in the model revealed that most of the items used in the study had a factor loading above 0.6, which has been regarding by many as a cut-off point. Therefore, it is possible to deduce that the latent variables adequately explained by the observed variables.
- ❖ Confirmatory factor analysis evaluates whether the data fit the inner model of the study and as it happened in the study model-fit measures used to estimate the measurement model fit and the model found to be fitted to the proposed study satisfying all acceptance criteria.

- ❖ The other objective of the study was to identify whether organizational culture play a mediation role between organizational leadership behavior and organizational performance and the study found out that the effect of organizational leadership behavior on organizational performance in the presence of the mediator i.e organizational culture. But, even if, organizational leadership behavior affects both organizational culture and organizational performance with (p-value=0.073) and at p-value less than (0.01), respectively, the organizational culture has no significant effect on organizational performance with (p-value=0.199) this confirmed that the organizational culture has no a mediation role.
- ❖ The other objective of the study was also to examine the influence of leadership behavior on organizational performance, all in all organizational leadership behaviors have a significant and positive effect on organizational performance and this finding confirmed by (Li, et al., 2021) who found out that the three organizational leadership behaviors have positive impact on employee performance and hence organizational performance.
- ❖ The first hypothesis test result on, organizational leadership behavior has a negative influence on organizational culture with magnitude of (0.006) with standard error of (0.32) at P-value of (0.073) and at the probability of getting a critical ratio as large as (1.75) in absolute value is (0.073). In other words, the regression weight for organizational culture in the prediction of organizational behavior is significantly different from zero at the (0.073) level.
- ❖ Overall, the hypothesis testing result indicates that task oriented, relation oriented and change oriented organizational leadership behaviors affects organizational performance significantly and positively and vice versa but exceptionally organizational culture has no significant effect on organizational performance in general terms.
- ❖ The Model fit test for SEM mediation analysis fitted with all the required criteria of model fit.

## **5.2. Conclusion**

The demographic characteristics of respondents found to be males, youngsters with fewer years of experience and more or less homogeneous educational background. The organizational culture assessment survey (OCAI) of Bank of Abyssinia had also found to be focused largely on market culture and clan culture. From organizational culture assessment instruments result clan culture and market culture have positive and significant effect on organizational performance of Bank of Abyssinia whereas adhocracy and hierarchy culture have negative and significant effect on the organizational performance of Bank of Abyssinia.

The other major conclusion of the study lies on the effect of organizational leadership behaviors on organizational performance of Bank of Abyssinia and the study found out that task oriented, relation oriented and change oriented organizational leadership behaviors affects organizational performance significantly and positively. But, exceptionally organizational culture has no significant effect on organizational performance, therefore it confirmed that the organizational culture has no a mediation role.

In order to reach to the above major conclusions the study tests the validity and reliability of the collected data as well as the fitness to the proposed SEM mediation analysis model. After modifying the model specification and fitting of the model, path mediation analysis used to examine the influence of each proposed variables.

## **5.3. Recommendation**

Based on the finding of the study, the researcher forwards the following recommendations. This study found that, task oriented, relation oriented and change oriented organizational leadership behaviors have a significant influence on organizational performance of Bank of Abyssinia. Which directly implies that the three organizational leadership behaviors at Bank of Abyssinia should get a deserved focus and attention in the future policy directions.

On the other hand, organizational leadership behavior influences organizational culture significantly therefore, attention should be given to manage the organizational leadership behavior related issues such as task, relation and change oriented organizational activities in accordance with the organizational culture of the Bank.

Organization leadership behavior influences organizational performance positively and significantly therefore, special attention and improvements in improving task oriented, change

oriented and relation oriented activities, so as to improve the future performance of the Bank and to be able to compete in the open space freely competitive banking sector market competition.

In addition to these, special attention should be very important for organizational culture of Bank of Abyssinia because even though organizational cultures as a whole didn't have a significant effect on organizational performance, clan culture and market culture have positive and significant effect while adhocracy and hierarchy culture have negative but significant effect on organizational performance.

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## APPENDICES

### Appendix: 1 Reliability Statistics

| Reliability Statistics |            |
|------------------------|------------|
| Cronbach's Alpha       | N of Items |
| .925                   | 109        |

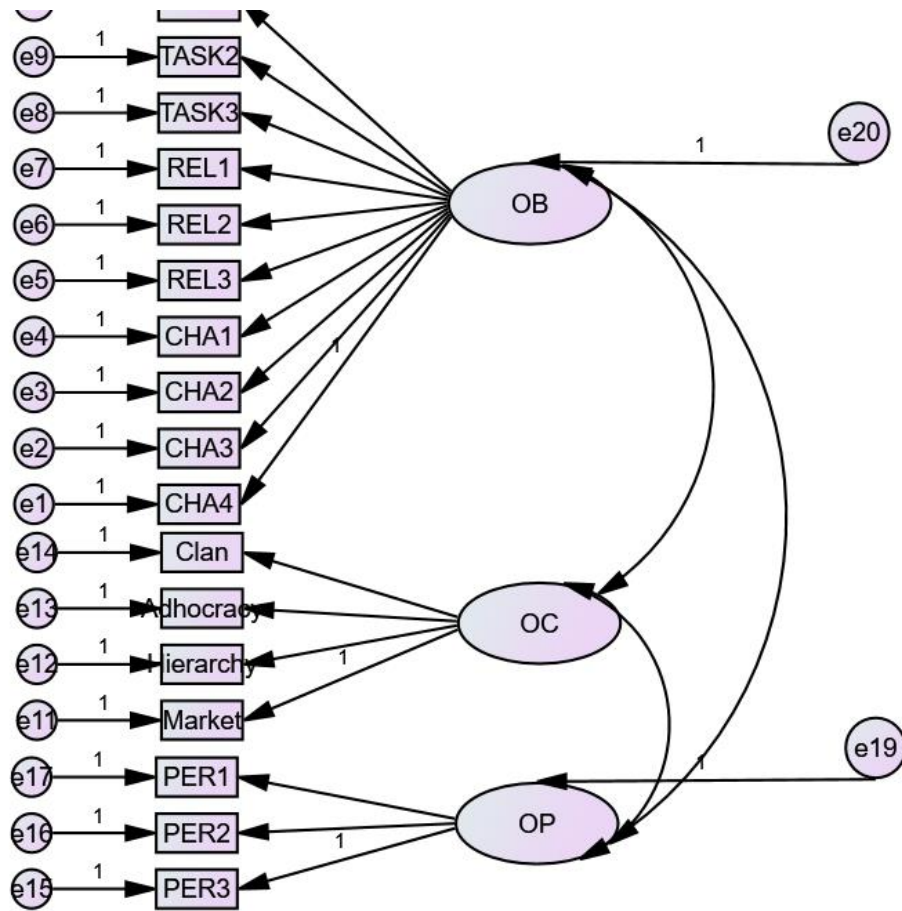
### Appendix2: Confirmatory Factor Analysis: Factor Loading Table

|           | Communalities |            |
|-----------|---------------|------------|
|           | Initial       | Extraction |
| TASK1     | 1.000         | .626       |
| TASK2     | 1.000         | .697       |
| TASK3     | 1.000         | .712       |
| REL1      | 1.000         | .541       |
| REL2      | 1.000         | .585       |
| REL3      | 1.000         | .702       |
| CHA1      | 1.000         | .748       |
| CHA2      | 1.000         | .746       |
| CHA3      | 1.000         | .726       |
| CHA4      | 1.000         | .707       |
| PER1      | 1.000         | .763       |
| PER2      | 1.000         | .813       |
| PER3      | 1.000         | .648       |
| Clan      | 1.000         | .981       |
| Adhocracy | 1.000         | .925       |
| Hierarchy | 1.000         | .939       |
| Market    | 1.000         | .981       |

Extraction Method: Principal

Component Analysis.

### Appendix 3: AMOS Graphics Output



### Appendix 4: Factor loadings after rotation

Component Matrix  
Component

|      | 1    | 2 | 3 | 4     | 5 |
|------|------|---|---|-------|---|
| REL3 | .816 |   |   |       |   |
| CHA4 | .788 |   |   |       |   |
| CHA1 | .784 |   |   | -.313 |   |
| CHA3 | .769 |   |   | -.310 |   |
| REL2 | .744 |   |   |       |   |
| REL1 | .729 |   |   |       |   |

|               |      |       |       |       |       |
|---------------|------|-------|-------|-------|-------|
| CHA2          | .716 |       |       | -.433 |       |
| PER2          | .635 |       | .547  |       |       |
| TASK2         | .599 |       |       | .437  |       |
| PER1          |      |       | .565  |       |       |
| TASK1         | .551 |       |       | .436  |       |
| TASK3         | .538 |       |       | .506  | -.327 |
| Clan          |      | .953  |       |       |       |
| Market        |      | .953  |       |       |       |
| Adhocrac<br>y |      | -.601 | -.431 | .329  | .514  |
| PER3          | .454 |       | .624  |       |       |
| Hierarchy     |      | -.376 | .412  | -.309 | -.722 |

Extraction Method: Principal Component Analysis.

a. 5 components extracted.

## Appendix 5: Confirmatory factor analysis (Model Fit Summary)

### CMIN

| Model              | NPAR | CMIN     | DF  | P    | CMIN/DF |
|--------------------|------|----------|-----|------|---------|
| Default model      | 51   | 350.402  | 119 | .000 | 2.95    |
| Saturated model    | 170  | .000     | 0   |      |         |
| Independence model | 17   | 2901.454 | 153 | .000 | 19.944  |

### Baseline Comparisons

### Baseline Comparisons

| Model           | NFI    | RFI  | IFI    | TLI  | CFI   |
|-----------------|--------|------|--------|------|-------|
|                 | Delta1 | rho1 | Delta2 | rho2 |       |
| Default model   | .897   | .739 | .830   | .878 | .828  |
| Saturated model | 1.000  |      | 1.000  |      | 1.000 |

| Model              | NFI    | RFI  | IFI    | TLI  | CFI  |
|--------------------|--------|------|--------|------|------|
|                    | Delta1 | rho1 | Delta2 | rho2 |      |
| Independence model | .000   | .000 | .000   | .000 | .000 |

Parsimony-Adjusted Measures

Model Fit Summary

CMIN

| Model              | NPAR | CMIN     | DF  | P    | CMIN/DF |
|--------------------|------|----------|-----|------|---------|
| Default model      | 51   | 312.402  | 119 | .000 | 2.95    |
| Saturated model    | 170  | .000     | 0   |      |         |
| Independence model | 17   | 1051.454 | 153 | .000 | 11.944  |

Baseline Comparisons

| Model              | NFI    | RFI  | IFI    | TLI  | CFI   |
|--------------------|--------|------|--------|------|-------|
|                    | Delta1 | rho1 | Delta2 | rho2 |       |
| Default model      | .797   | .739 | .830   | .778 | .868  |
| Saturated model    | 1.000  |      | 1.000  |      | 1.000 |
| Independence model | .000   | .000 | .000   | .000 | .000  |

Parsimony-Adjusted Measures

| Model              | PRATIO | PNFI | PCFI |
|--------------------|--------|------|------|
| Default model      | .778   | .620 | .644 |
| Saturated model    | .000   | .000 | .000 |
| Independence model | 1.000  | .000 | .000 |

NCP

| Model              | NCP      | LO 90    | HI 90    |
|--------------------|----------|----------|----------|
| Default model      | 499.402  | 425.348  | 580.972  |
| Saturated model    | .000     | .000     | .000     |
| Independence model | 2898.454 | 2722.623 | 3081.612 |

FMIN

| Model              | FMIN   | F0     | LO 90  | HI 90  |
|--------------------|--------|--------|--------|--------|
| Default model      | 2.416  | 1.951  | 1.662  | 2.269  |
| Saturated model    | .000   | .000   | .000   | .000   |
| Independence model | 11.920 | 11.322 | 10.635 | 12.038 |

RMSEA

| Model              | RMSEA | LO 90 | HI 90 | PCLOSE |
|--------------------|-------|-------|-------|--------|
| Default model      | .028  | .118  | .138  | .000   |
| Independence model | .272  | .264  | .280  | .000   |

AIC

| Model              | AIC      | BCC      | BIC | CAIC |
|--------------------|----------|----------|-----|------|
| Default model      | 720.402  | 728.117  |     |      |
| Saturated model    | 340.000  | 365.714  |     |      |
| Independence model | 3085.454 | 3088.025 |     |      |

ECVI

| Model              | ECVI   | LO 90  | HI 90  | MECVI  |
|--------------------|--------|--------|--------|--------|
| Default model      | 2.814  | 2.525  | 3.133  | 2.844  |
| Saturated model    | 1.328  | 1.328  | 1.328  | 1.429  |
| Independence model | 12.053 | 11.366 | 12.768 | 12.063 |

## Appendix 6: SEM Mediation Analysis Regression results

Variances: (Group number 1 - Default model)

|     | Estimate | S.E. | C.R.   | P    | Label |
|-----|----------|------|--------|------|-------|
| OB  | .405     | .055 | 7.410  | ***  |       |
| OC  | .102     | .009 | 11.272 | ***  |       |
| OP  | .574     | .114 | 5.011  | ***  |       |
| e1  | .240     | .025 | 9.589  | ***  |       |
| e2  | .234     | .025 | 9.506  | ***  |       |
| e3  | .214     | .022 | 9.879  | ***  |       |
| e4  | .202     | .022 | 9.294  | ***  |       |
| e5  | .224     | .024 | 9.393  | ***  |       |
| e6  | .209     | .020 | 10.327 | ***  |       |
| e7  | .318     | .031 | 10.419 | ***  |       |
| e8  | .357     | .032 | 11.041 | ***  |       |
| e9  | .274     | .025 | 10.935 | ***  |       |
| e10 | .322     | .029 | 11.120 | ***  |       |
| e11 | -.001    | .001 | -.770  | .442 |       |
| e12 | .063     | .006 | 11.308 | ***  |       |
| e13 | .057     | .005 | 11.295 | ***  |       |
| e14 | .004     | .001 | 2.798  | .005 |       |
| e15 | .891     | .093 | 9.533  | ***  |       |
| e16 | .166     | .066 | 2.509  | .012 |       |
| e17 | .208     | .027 | 7.600  | ***  |       |

Regression Weights: (Group number 1 - Default model)

|           |      |    | Estimate | S.E. | C.R.   | P    | Label  |
|-----------|------|----|----------|------|--------|------|--------|
| OC        | <--- | OB | -.006    | .032 | -1.795 | .073 | par_15 |
| OP        | <--- | OC | -.18     | .140 | -1.284 | .199 | par_16 |
| OP        | <--- | OB | .633     | .097 | 6.526  | ***  | par_17 |
| CHA4      | <--- | OB | 1.000    |      |        |      |        |
| CHA3      | <--- | OB | 1.000    | .072 | 13.840 | ***  | par_1  |
| CHA2      | <--- | OB | .848     | .065 | 13.019 | ***  | par_2  |
| CHA1      | <--- | OB | .987     | .069 | 14.291 | ***  | par_3  |
| REL3      | <--- | OB | 1.027    | .071 | 14.380 | ***  | par_4  |
| REL2      | <--- | OB | .709     | .059 | 11.977 | ***  | par_5  |
| REL1      | <--- | OB | .834     | .072 | 11.643 | ***  | par_6  |
| TASK3     | <--- | OB | .471     | .066 | 7.162  | ***  | par_7  |
| TASK2     | <--- | OB | .494     | .059 | 8.340  | ***  | par_8  |
| TASK1     | <--- | OB | .371     | .061 | 6.072  | ***  | par_9  |
| Market    | <--- | OC | 1.000    |      |        |      |        |
| Hierarchy | <--- | OC | -.355    | .050 | -7.116 | ***  | par_10 |
| Adhocracy | <--- | OC | -.461    | .047 | -9.780 | ***  | par_11 |
| Clan      | <--- | OC | .975     | .017 | 57.419 | ***  | par_12 |
| PER3      | <--- | OP | 1.000    |      |        |      |        |
| PER2      | <--- | OP | 1.162    | .122 | 9.523  | ***  | par_13 |
| PER1      | <--- | OP | .637     | .069 | 9.213  | ***  | par_14 |

## Appendix 7: SEM Mediation analysis (Model fit summary)

### CMIN

| Model              | NPAR | CMIN     | DF  | P    | CMIN/DF |
|--------------------|------|----------|-----|------|---------|
| Default model      | 54   | 285.019  | 116 | .000 | 1.850   |
| Saturated model    | 170  | .000     | 0   |      |         |
| Independence model | 17   | 3051.454 | 153 | .000 | 19.944  |

### Baseline Comparisons

| Model              | NFI    | RFI  | IFI    | TLI  | CFI   |
|--------------------|--------|------|--------|------|-------|
|                    | Delta1 | rho1 | Delta2 | rho2 |       |
| Default model      | .922   | .765 | .854   | .856 | .952  |
| Saturated model    | 1.000  |      | 1.000  |      | 1.000 |
| Independence model | .000   | .000 | .000   | .000 | .000  |

### Parsimony-Adjusted Measures

| Model              | PRATIO | PNFI | PCFI |
|--------------------|--------|------|------|
| Default model      | .758   | .623 | .646 |
| Saturated model    | .000   | .000 | .000 |
| Independence model | 1.000  | .000 | .000 |

### NCP

| Model           | NCP     | LO 90   | HI 90   |
|-----------------|---------|---------|---------|
| Default model   | 428.019 | 359.222 | 504.350 |
| Saturated model | .000    | .000    | .000    |

| Model              | NCP      | LO 90    | HI 90    |
|--------------------|----------|----------|----------|
| Independence model | 2898.454 | 2722.623 | 3081.612 |

#### FMIN

| Model              | FMIN   | F0     | LO 90  | HI 90  |
|--------------------|--------|--------|--------|--------|
| Default model      | 2.125  | 1.672  | 1.403  | 1.970  |
| Saturated model    | .000   | .000   | .000   | .000   |
| Independence model | 11.920 | 11.322 | 10.635 | 12.038 |

#### RMSEA

| Model              | RMSEA | LO 90 | HI 90 | PCLOSE |
|--------------------|-------|-------|-------|--------|
| Default model      | .012  | .110  | .130  | .000   |
| Independence model | .272  | .264  | .280  | .000   |

#### AIC

| Model              | AIC      | BCC      | BIC | CAIC |
|--------------------|----------|----------|-----|------|
| Default model      | 652.019  | 660.187  |     |      |
| Saturated model    | 340.000  | 365.714  |     |      |
| Independence model | 3085.454 | 3088.025 |     |      |

#### ECVI

| Model              | ECVI   | LO 90  | HI 90  | MECVI  |
|--------------------|--------|--------|--------|--------|
| Default model      | 2.547  | 2.278  | 2.845  | 2.579  |
| Saturated model    | 1.328  | 1.328  | 1.328  | 1.429  |
| Independence model | 12.053 | 11.366 | 12.768 | 12.063 |

## Appendix 8: Questionnaire

Addis Ababa University

School of Commerce

Department of Business Leadership

### Questionnaire to be filled by employees of Bank of Abyssinia

Dear Respondent: I am MBL post graduate student at Addis Ababa University School of commerce. This questionnaire is designed to collect relevant information for the research carried out on the topic "The influence of Leadership Behavior and Organizational Culture on the Organization Performance: The case of Bank of Abyssinia". The study is conducted for academic purpose that is for partial fulfillment of the requirements of the Master of Business Leadership. Hence, your responses will be kept confidential.

The soundness and validity of findings highly depend on your honest and thoughtful responses. Therefore, I kindly request you to fill the questionnaire carefully and return at your earliest convenience.

**Thank you in advance for your kind cooperation!**

### Part 1: General Profile (Please put (√) mark in the box that best describes you)

1. Age:  21-30       31-40       41-50       51 and above
2. Gender:  Female       Male
3. Educational Qualification:  First Degree       Post Graduate and above
4. Years of service at BoA:  Below 5 yrs       5- 10 yrs       11-15 yrs       15yrs and above
5. Your Job Category at BoA:  Manager at HO       Professionals /support staff  
 Officer at HO  
 Customer Service Officer       Branch Manager/Deputy

**Part II: Leadership Behavior of Bank of Abyssinia**

**Dimension/ Indicator Strategic Leader/Managerial Behavior Questions** (*Adapted from Managerial Practices Survey, Yukl, 2008*)

*Never*      *Rarely*      *Occasionally*      *Frequently*      *Very Frequently (or always)*  
 1            2                    3                    4                    5

**1. Task-oriented leadership behaviors that focus on improving efficiency and process reliability**

| <b>Clarifying Responsibilities (Task)</b>   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
|   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <i>1. Clarify each group member's job responsibilities</i>  |          |          |          |          |          |
| <i>2. Pay close attention to project deadlines.</i>   |          |          |          |          |          |
| <i>3. Sets specific performance goals and quality standards for important aspects of the work.</i>                |          |          |          |          |          |
| <i>4. Set timelines for when the job needs to be done.</i>  |          |          |          |          |          |
| <i>5. Urge others to concentrate on the work at hand</i>  |          |          |          |          |          |
| <b>Short-term Planning (Task)</b>   |          |          |          |          |          |
| <i>6. Develops a plan of action for the group.</i>  |          |          |          |          |          |
| <i>7. Requires the systems or processes put in place to use efficiently the people, equipment, and resources.</i> |          |          |          |          |          |
| <b>Monitoring Activities and Performance (Task)</b>   |          |          |          |          |          |
| <i>8. Evaluate the progress and quality of work for all assignments.</i>  |          |          |          |          |          |
| <i>9. Evaluate how well important tasks are being performed.</i>  |          |          |          |          |          |
| <i>10. Urge the job performance of unit members be evaluated in a systematic way.</i>                             |          |          |          |          |          |
| <b>Emphasizing Efficiency (Task)</b>  |          |          |          |          |          |
| <i>11. Encourages employees to find new ways to reduce costs.</i>   |          |          |          |          |          |
| <i>12. Talks about the importance of efficiency and productivity for the success of the organization.</i>         |          |          |          |          |          |
| <i>13. Encourages employees to use practices that can improve the organization's efficiency.</i>                  |          |          |          |          |          |
| <b>Problem Solving (Task)</b>   |          |          |          |          |          |
| <i>14. Takes the initiative in identifying and resolving company problems.</i>                                    |          |          |          |          |          |
| <i>15. Encourages that company problems be resolved quickly to prevent unnecessary costs or delays.</i>           |          |          |          |          |          |
| <i>16. Addresses company problems and crises in a decisive and confident way.</i>                                 |          |          |          |          |          |

**2. Relationship-oriented behaviors: seek to strategically improve and organization’s human capital, human resources efforts and relations.**

| <i>Supporting</i>   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
|   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| 17. Shows concern for the needs and feelings of employees.  |          |          |          |          |          |
| 18. Provides support and encouragement when there is a difficult or stressful task.                               |          |          |          |          |          |
| 19. Expresses confidence that members of the unit or team can perform a difficult task.                           |          |          |          |          |          |
| <i>Encouraging Participation</i>  |          |          |          |          |          |
| 20. Talks with employees to get their ideas before making decisions that will affect them.                        |          |          |          |          |          |
| 21. Asks employees for their ideas and suggestions when making decisions about the company.                       |          |          |          |          |          |
| 22. Modifies a proposal or plan to include employees’ suggestions and deal with their concerns.                   |          |          |          |          |          |
| <i>Recognizing</i>  |          |          |          |          |          |
| 23 Praises effective performance by company members.  |          |          |          |          |          |
| 24 Provides recognition for achievements and contributions.   |          |          |          |          |          |
| 25 Praises improvements in performance.   |          |          |          |          |          |
| <i>Delegating and Empowering</i>  |          |          |          |          |          |
| 26 Encourages team members to take responsibility for determining the best way to carry out a task or assignment. |          |          |          |          |          |
| 27 Trusts employees to make important decisions without getting prior approval.                                   |          |          |          |          |          |
| 28 Empowers organizational team members to resolve problems on their own if they have a good solution.            |          |          |          |          |          |
| <i>Encouraging Cooperation</i>  |          |          |          |          |          |
| 29 Encourages cooperation among company members to accomplish shared objectives.                                  |          |          |          |          |          |
| 30 Encourages company members to share information and help each other when appropriate.                          |          |          |          |          |          |
| 31 Talks about the importance of teamwork to promote the most effective company performance                       |          |          |          |          |          |

### 3. Change-oriented behaviors which address developing or improving innovation and adaptation

| <b>Promoting and Facilitating</b>   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
|   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| <i>32. Advocates the need for major changes in objectives or strategies.</i>  |          |          |          |          |          |
| <i>33. Promotes planning to determine how to implement necessary changes in the organization.</i>   |          |          |          |          |          |
| <i>34. Pushes for approval of an important change despite the risk for him or herself.</i>  |          |          |          |          |          |
| <b>Monitoring the Environment</b>   |          |          |          |          |          |
| <i>35. Analyzes external events and trends to identify company threats and opportunities.</i>   |          |          |          |          |          |
| <i>36. Keeps informed about the activities and products of competitors.</i>   |          |          |          |          |          |
| <i>37. Keeps informed about new developments in technology that may have implications for improving the company's products, services, or processes.</i> |          |          |          |          |          |
| <b>Explaining the Need for Change</b>   |          |          |          |          |          |
| <i>38. Explains why changes are necessary to deal with an emerging problem.</i>   |          |          |          |          |          |
| <i>39. Explains why a policy, procedure or practice is no longer appropriate and should be changed.</i>   |          |          |          |          |          |
| <i>40. Explains why an external event is a threat or an opportunity for the company.</i>  |          |          |          |          |          |
| <b>Envisioning</b>  |          |          |          |          |          |
| <i>41. Describes a proposed change or new initiative with enthusiasm and optimism.</i>  |          |          |          |          |          |
| <i>42. Describes a clear, appealing vision of what the company or unit could accomplish or become.</i>  |          |          |          |          |          |
| <i>43. Describes a new initiative or project that offers exciting opportunities for the company or unit.</i>  |          |          |          |          |          |
| <b>Encouraging Innovation</b>   |          |          |          |          |          |
| <i>44. Encourages innovative thinking and new approaches for solving problems.</i>  |          |          |          |          |          |
| <i>45. Encourages team members to examine a problem from different perspectives.</i>  |          |          |          |          |          |
| <i>46. Talks about the importance of innovation and flexibility for the success of the unit.</i>  |          |          |          |          |          |
| <b>Encouraging Collective Learning</b>  |          |          |          |          |          |
| <i>47. Encourages team members to evaluate and try new methods.</i>   |          |          |          |          |          |
| <i>48. Looks for ways to adapt best practices used by other units or organizations.</i>   |          |          |          |          |          |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| 49. Conducts a review session after each major company initiative, program or activity to gather input and learn what can be improved. |  |  |  |  |  |
| <b>Developing</b>  |  |  |  |  |  |
| 50 Provides advice and coaching to help employees develop their skills.  |  |  |  |  |  |
| 51) Promotes opportunities for employees to develop their skills and confidence.   |  |  |  |  |  |
| 52) Encourages employees to use available opportunities for improving their skills   |  |  |  |  |  |

## Part II: Organizational Culture of Bank of Abyssinia

These six questions ask you to identify the way you experience your organization right now, and, separately, the way you think it should be in the future if it is to achieve its highest aspirations. In the survey, "the organization" refers to the organization managed by your boss (or the organization *in which* you manage).

Please rate each of the statements by dividing 100 points between alternatives A, B, C, and D depending on how similar the description is to your firm. (100 would indicate very similar and 0 would indicate not at all similar). The total points for each question must equal 100.

First rate how you perceive the organization to be at the present time in the NOW column. Second, rate the organization again in the FUTURE column depending on how you think your organization must be if it is to accomplish its highest objectives and achieve spectacular success.

You may divide the 100 points in any way among the four alternatives in each question. Some alternatives may get zero points, for example. Remember that the total must equal 100.

### 1. DOMINANT CHARACTERISTICS

|   | NOW     | FUTURE  |
|---|---------|---------|
| A. The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves.                            | A _____ | A _____ |
| B. The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.                      | B _____ | B _____ |
| C. The organization is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented. | C _____ | C _____ |
| D. The organization is a very controlled and structured place. Formal procedures generally govern what people do.                                 | D _____ | D _____ |
| Total   | 100     | 100     |

## 2. ORGANIZATIONAL LEADERSHIP NOW FUTURE

|  | NOW     | FUTURE  |
|--|---------|---------|
| A. The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.                  | A _____ | A _____ |
| B. The leadership in the organization is generally considered to exemplify entrepreneurship, innovating, or risk taking.           | B _____ | B _____ |
| C. The leadership in the organization is generally considered to exemplify an aggressive, results-oriented, no-nonsense focus.     | C _____ | C _____ |
| D. The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency. | D _____ | D _____ |
| Total  | 100     | 100     |

## 3. MANAGEMENT OF EMPLOYEES

|   | NOW     | FUTURE  |
|---|---------|---------|
| A. The management style in the organization is characterized by teamwork, consensus, and participation.   | A _____ | A _____ |
| B. The management style in the organization is characterized by individual risk-taking, innovation, freedom, and uniqueness.                        | B _____ | B _____ |
| C. The management style in the organization is characterized by hard-driving competitiveness, high demands, and achievement.                        | C _____ | C _____ |
| D. The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships. | D _____ | D _____ |
| Total   | 100     | 100     |

## 4. ORGANIZATIONAL GLUE

|  | NOW     | FUTURE  |
|--|---------|---------|
| A. The glue that holds the organization together is loyalty and mutual trust. Commitment to this organization runs high.                               | A _____ | A _____ |
| B. The glue that holds the organization together is commitment to innovation and development. There is an emphasis on being on the cutting edge.       | B _____ | B _____ |
| C. The glue that holds the organization together is the emphasis on achievement and goal accomplishment. Aggressiveness and winning are common themes. | C _____ | C _____ |
| D. The glue that holds the organization together is formal rules and policies. Maintaining a smooth-running organization is important.                 | D _____ | D _____ |
| Total  | 100     | 100     |

## 5. STRATEGIC EMPHASES

|   | NOW     | FUTURE  |
|---|---------|---------|
| A. The organization emphasizes human development. High trust, openness, and participation persists.   | A _____ | A _____ |
| B. The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued. | B _____ | B _____ |
| C. The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.            | C _____ | C _____ |
| D. The organization emphasizes permanence and stability. Efficiency, control and smooth operations are important.                                   | D _____ | D _____ |
| Total   | 100     | 100     |

## 6. CRITERIA OF SUCCESS NOW FUTURE

|   | NOW     | FUTURE  |
|---|---------|---------|
| A. The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people.      | A _____ | A _____ |
| B. The organization defines success on the basis of having the most unique or the newest products. It is a product leader and innovator.            | B _____ | B _____ |
| C. The organization defines success on the basis of winning in the marketplace and outpacing the competition. Competitive market leadership is key. | C _____ | C _____ |
| D. The organization defines success on the basis of efficiency. Dependable delivery, smooth scheduling, and low cost production are critical.       | D _____ | D _____ |
| Total   | 100     | 100     |

## Part III: Organizational Performance of Bank of Abyssinia using Non-financial performance measures

Please indicate 1 (to a very little extent) to 5 (to a very great extent) to what extent Bank of Abyssinia achieves its non-financial performance mentioned under.

1 = To a very little extent

2 = To a little extent

3 = To some extent

4 = To a considerable extent

5 = To a very great extent

To what extent does Bank of Abyssinia achieve its Non-financial Performance in Customer Perspective, Internal Business Perspective and Innovation and Learning Perspective?

|   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| <b>Customer Perspective</b>   |   |   |   |   |   |
| 1. Customers are satisfied with the Bank's product/ service quality.                                |   |   |   |   |   |
| 2. The bank has a good relationship with customers relative to other competitor banks.              |   |   |   |   |   |
| 3. The bank has recognizable image and favorable reputation by its customers.                       |   |   |   |   |   |
| <b>Internal Business Perspective</b>  |   |   |   |   |   |
| 4. Customers are served within the standard delivery time (SDT) set by the bank.                    |   |   |   |   |   |
| 5. BoA has satisfactory products/services variety for its customers.                                |   |   |   |   |   |
| 6. Customers are happy by the bank's after-sales service.   |   |   |   |   |   |
| <b>Innovation &amp; Learning Perspective</b>  |   |   |   |   |   |
| 7. BoA employees are operationally efficient/competent.   |   |   |   |   |   |
| 8. I believe that my service to the company and the contributions that I have made are appreciated. |   |   |   |   |   |
| 9. The people with whom I work have the appropriate skill set to contribute to the Bank's success.  |   |   |   |   |   |

**Thank you!!**