



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS LEADERSHIP

THE EFFECT OF ETHICAL LEADERSHIP PRACTICES ON ORGANIZATIONAL PERFORMANCE IN THE CASE OF AWASH BANK SC. A RESEARCH PAPER SUBMITTED TO SCHOOL OF GRADUATE STUDIES AT ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN BUSINESS LEADERSHIP.

By: BIKILA Anbessa Demma

ADVISOR: Adane Atara (PhD)

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**COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS LEADERSHIP.**

**THE EFFECT OF ETHICAL LEADERSHIP PRACTICES ON
ORGANIZATIONAL PERFORMANCE IN THE CASE OF AWASH BANK
SC.**

A Research Paper Submitted to Addis Ababa University College of Business and Economics
School of Commerce for the Partial Fulfillment of the Requirements for the Degree of Master of
Arts in Business Leadership.

By: Bikila Anbessa

Approved by:

Advisor	signature	date
_____	_____	_____

Internal Examiner	signature	date
_____	_____	_____

External Examiner	signature	date
_____	_____	_____

Declaration

I, Bikila Anbessa, hereby declared that the research paper entitled “**The effect of ethical leadership practices on organizational performance: in the case of Awash Bank sc**” has not been previously submitted to any institution and it is my own work to the best of my knowledge and belief.

Bikila Anbessa

Name

signature:

date

Certification

This is to certify that this research paper work entitled “**The effect of ethical leadership practices on organizational performance: in the case of Awash Bank SC**” is under my supervision. This work is original and suitable for the submission in partial fulfillment of the requirement for the award of Master of Arts Degree in Business Leadership.

Adane Atara (PhD)

Advisor

signature

Date

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Abstract

The purpose of this study was to examine the Effect of Ethical leadership practices on Performance of Awash Bank. As I am working on Ethics and anti-corruption in Awash bank, I received reports that some Managers do not work on ethical practices and due to these reasons, employees are not motivated to improve organizational performance. This problem triggered me to study scientifically the ethical leadership practices exercised in Awash bank.

The study employed descriptive survey design and quantitative research methods. To collect the relevant data questionnaires and document analysis were used. Data were collected from 180(54.5%) sample size to represent 330 Awash Bank Managerial employees. Questionnaires were collected from three levels of Managerial employee, that is Top level 4, Middle Level 39, and Lower level 95. In order to analyze the data, frequency, percentage, and descriptive statistics and inferential statistics were used.

The findings of the study revealed that the six independent variables: “Honesty, Fairness, Integrity, Ethical guidance, Power Sharing and Employee Orientation” have strong correlation with the dependent variable “performance” with 95% confidence interval at 0.01 p-value 2-tailed. The regression analysis result also revealed that all independent variables except Fairness and Integrity were statistically significant at p-value <.05, whereas fairness and integrity are not significant. Furthermore, econometric analysis showed that all predictors have positive effects on organizational performance.

It was concluded that Power Sharing is the strongest predictor or has the most significant effect on the performance of Awash Bank. This is because the Bank is used the strategy of power decentralization and authority delegations among Managerial employees to increase employee satisfaction and to increase organizational decision-making.

Similarly, employee orientation, honesty and ethical guidance are also influential next to power sharing. This was achieved as a result of the Bank’s better alignment between what the employees do and what the Organization needs them to do. The Bank oriented new employees to be familiar with the organizational culture, norms, code of conduct, environment, people and work. The Bank created an environment of trust both within the organization and with those that do business with the Organization.

The Bank should implement strategies such as training, seminars and standard operating procedures that can promote fairness and integrity to have significant effect on Awash Bank performance.

Keywords: *ethical leadership, honesty, fairness, Integrity, ethical guidance, power sharing, employee orientation and organizational performance.*

CHAPTER I: INTRODUCTION

1.1. Back ground of the study

The achievement of Organizational performance is largely depending on ethical leadership styles. Ethical leadership caught enormous interest from the researchers, and thus been widely studied. Ethical leadership increased attention and heightened interest in the ethical leadership development is argued to be because of recent high profile Brown et al.,2005; Hartog,2015). Initial descriptive work on the ethical leadership was done by Trevino and colleagues through a series of studies to identify what characteristics should ethical leaders possess and who should be called ethical leader (Trevino, Brown, Hartman, 2003; Trevino, Brown, &Hartman,2000). Following these studies, Brown et al., (2005) for first time conceptualized ethical leadership and linked ethical leadership with number of positive Employees and organizational Performance.

The effect of ethical leadership is positive on the organization as well as on Individuals. It assists an employee to be encouraged, enhanced their goals, gain job satisfaction, and act as a role model in the Organization, which will gradually assist the Organization increase their commitment to the Organization reducing the turn over tendency (Demetrious, 2012).

Many times ethical leaders build loyal followers, however actually they do not believe before they practice, they do not pass any decision in an organization. Moreover, due to strong impact of ethical leadership, employees tend to be loyal to leaders than the organization thus having a threat of the majority employee turnover if the leader decides.

Ethical leadership may not be profitable for Organizations. At times implementing ethical leadership, one has to put society's benefit ahead of visual and company profits. While leaders are not in a position to motivate or encourage his staff for ethical behavior, this leads to weak Organizational culture in the Organization.

Irrespective of the style of leadership a leader possesses, there are ethical behaviors to consider in the relationship between the leaders and the people they influence. Actually, a leader's ability can be measured by his or her ethical influence that he or she can impose on his or her followers. An ethical leader takes in to account both positive and negative views and the rights of every party participated and confirms that decisions made ethically and held accountable. The ethical actions

of a leader boost his or her credibility and integrity, which causes followers to trust, employee establish dependability in their leader's decision making and the alternatives the leader makes by listening to and watching what they do. Thus, it is believed that there is a direct link between ethical leadership and Organizational performance.

Therefore, the ethical leadership styles used by the leaders are the major factors that can effect an employees' attitude and behavior which in turn lead to an improved organizational Performance. This study targeted to investigate the effect of ethical leadership practices on performance of Awash bank SC.

1.2. Statement of the problem

With regard to the performance of an employee, ethical leadership plays an important role in an organization. Every organization is wishing to increase its employees' performance, especially at the time when there are rising problems to do with unethical behaviors in employees (Oates et.al. 2013).

In his journal of Business ethics, Caldwell et.al (2010) defines the relationship that exists between the leadership behavior and the perceptions that employees have on their leaders as shown in the leaders' ethical considerations and duties. This is interconnected with an independent leadership practices where leaders are not obliged to perform their duties or arrange programs that go side by side with their ethical considerations and the objectives of the organization where they serve. The employees, who affect the performance of the organization, conscientiously contribute to design in the best way their environment for leaders; they conceive that this influence is from leadership practices, thus, the work place considers on the part of the leader for their level of confidence.

Rida Nauman and Ayesha Qamar, (2018) investigated the influence of ethical leadership in their study on the impact of Ethical leadership on employee productivity. They generalized that ethical leadership creates interest in employees in organizational activities to undertake tasks in an adequate manner.

In a study of non-Faculty Members Athens Journal of Business & Economics, Adeoye, A (2021) analyzed the impact of ethical leadership and employees' commitment on organizational efficiency.

It was found that ethical leadership affects employees' commitment and attitude to work. It was also established that there is a considerable relationship between ethical leadership, employees' commitment, and organizational efficiency. It was generalized that ethical leadership is a propeller that drives employees' commitment understand and enhances Organizational effectiveness. Previous studies showed that ethical leadership is significantly related to Organizational Performance.

Other researchers, Khadimfar & Amiri, (2013) in their study on the impact of ethical leadership on organizational performance found a positive correlation between ethical leadership and Organizational performance. Moreover, they concluded that ethical leadership not only make a positive influence on employees' attitudes and behaviors but also improves the Organizational performance.

Among the different ethical leadership practices, affiliative leaders keep their employees happy, develop team trust, and creates harmony among them (Xie et al., 2011). The leader gives people the freedom to do their job in the way they believe is most effective. This kind of leader is a master of building a sense of belongingness. The affiliative practices generally make positive impact, a good all weather approach, but leaders should employ it, particularly when trying to build team harmony; increase moral; improve communication or repair broken trust in the organization(Goleman,2000).

The view of democratic leadership practices focuses more on people development and there is greater collaboration with in the group, Mullins (1999). The leadership functions are shared with members of the group and the leader is more part of the team Mullins (1999). Similarly, Luther (1996) and Wilson et al. (1994) harmonized that the principles of democratic leadership fare friendliness, helpfulness, and the encouragement of participation. In the same vein, McGregor (1960) described this leadership practices as compassionate, participative, and believing in people. He compares democratic leadership to the Theory manager which is associated with increased

follower productivity, satisfaction, involvement, and commitment (Hackman, Johnson, & Chi,2007).

Researchers have examined exceptional or Visionary leaders who have been liable for notable growth in the success of their Organizations (Bass, 1985; Bennis and Nanus,1985; Luhrmann and Eberl,2007; Martin and Epitropaki,2001). As per the findings of this report, leaders were perceived to have the ability to coherent visions or missions to their followers and then inspire and empower those followers to participate in and drive prizes from a change in organizational function and growth. Visionary leadership (Zhu et al.,2005) develops high level of Consistency, assurance, confidence, inspiration, and boosted organizational performance.

One of the organizational success factor is achieving the vision and objective of the organization. This can be achieved through committed, happy, experienced and ethically treated employees. In Awash bank there are reports that some Managers do not workout ethical practices and due to this reasons, employee are not motivated to improve organizational performance.

This problem triggered me to study scientifically the ethical leadership practices exercised in Awash bank. In view of this, the study attempts to answer the following research questions.

1.3. The research Objective

The research has two basic objectives: General objectives and specific objectives.

1.3.1. General Objectives

The general objective of the research is to examine the effect of ethical leadership styles on the performance of Awash Bank.

1.3.2. Specific objectives

1. To examine the effect of honesty on the performance of Awash Bank SC.
2. To investigate the effect of fairness on the performance of Awash Bank SC.
3. To examine the effect of integrity on the performance of Awash Bank SC.
4. To investigate the effect of ethical guidance on the performance of Awash Bank SC.
5. To examine the effect of power sharing on the performance of Awash bank SC.
6. To investigate the effect of employee-orientation on the performance of Awash bank SC.

1.4. Research Hypothesis

The following hypothesis were formulated and tested to answer to the research questions mentioned above. Thus, the following alternative hypothesis were formulated.

H1: Honesty has positive significant effect on the performance of Awash Bank;

H2: Fairness has positive significant effect on the performance of Awash Bank;

H3: Integrity has positive significant effect on the performance of Awash Bank;

H4: Ethical Guidance has positive significant effect on the performance of Awash Bank;

H5: Power Sharing has positive significant effect on the performance of Awash Bank;

H6: Employee Orientation has positive significant effect on the performance of Awash Bank;

1.5. Significance of the study

This study is significant for Banking sectors, professionals, academician's, stakeholders, and researchers who are interested to study the appropriate ethical leadership style under which Organizations efficiently and effectively perform ethical activities that could also contribute to enhance the performance of the organizations. First, this research is expected to provide valuable data to professionals as well as to enhance the literature for the benefit of the researchers. It also gives some guidance to all stakeholders including Awash Bank and other interested individuals to know how an ethical leadership styles best suites in business success and sustainability.

1.6. Delimitation/Scope of the study

The study was tried to examine the effect of ethical leadership styles (Honesty, Fairness, Integrity, Ethical Guidance, Power sharing and Employee Orientation) on performance of the Bank. The performance of the Bank was evaluated from the prospective of extra effort, efficiency and Satisfaction.

The study was focused on the managerial employee of Awash bank SC located at the head office, Regional offices and Branch levels in Addis Ababa city.

By taking the research objectives and questions in to consideration, quantitative research approach was used. The study was tried to employ both descriptive and explanatory research design. As the sampling technique, the study was delimited to stratified and Purposive sampling techniques. To conclude the study, primary data was used. To collect the data self-administered questionnaire was used. The sample population was taken from Awash Bank SC Managerial employees whose numbers are 330 in total.

1.7. Limitation of the study

The first limitation of the study was that since the findings was conducted in the context of Awash Bank SC, it was difficult to generalize the findings to other Commercial Banks in Ethiopia. The other limitation of the study was the existence of limited empirical evidence on the subject matter. Since the study was based on questionnaires, and the responses were based on the views and opinion of individuals, it was not certain to clearly reveal the real situations. The study was only limited to consider the views and opinions of the Bank’s managers regarding the subject matter.

1.8. Definition of Terms

Ethical Leadership: _ Leadership can be defined as the art of convincing a follower to arrive at the target place that the leader sets as a goal. Therefore, the activities of the leader should be directing the individual’s behavior towards the desired goals. Leaders are focusing on the individual’s leadership style that has emerged from personality characteristics. Leadership has a dominant role in shaping the ethical tone of an Organization; therefore, leadership is crucial to and Organization’s ability to meet increased ethical requirements. (Hartman 2013). Ethical leaders can help establish a positive environment with productive relationship on three levels; the individual, the team, and the overall Organization. (Ciulla 2013, 303-304).

Ethical Leadership styles

Visionary Leaders-This style is most appropriate when an Organization needs a new direction. Its goal is to move people towards a new set of shard dreams. “Change is the low of life, and those who look only to the past or present are certain to miss the future”-John Kennedy.

Affiliative Leaders-This style emphasizes the importance of teamwork and creates harmony in a group connecting together in the words of the late great Henry Ford. “Coming together is beginning. Keeping together is progress. Working together is a success”.

The Democratic Leaders-This style draws on people’s knowledge, skills, and creates a group commitment to the resulting goals. It works best when the direction the Organization should take is unclear, and the leader needs to tap the collective wisdom of the group. The downsides style of leadership is when a quick decision is needed; it is generally difficult for a group to quickly come to a consensus.

Organizational Performance- Organizational performance is probably the most frequently used dependent variable in organizational research today. The definition of organizational performance is a surprisingly open-ended question with few studies using consistent definitions and measures. According to Richard, Deviney, Yip and Johnson (2009), performance is so common in management research that its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form, is unquestionably assumed.

Organizational performance involves analyzing a company’s performance against its objectives and goals. In other words, Organizational performance comprises real results or out puts compared with intended outputs.

Organizational performance basis three specific areas of firm outcomes, extra effort, efficiency and satisfaction.

Managerial Employees-Employees of Awash bank other than clerical and non-clerical employees.

Top Level Managers-According to employee category of Awash Bank, CEO, Chiefs, and deputy chiefs are categorized as Top Level Managers.

Middle level Managers- According to employee category of Awash Bank, Directors, Deputy Directors, and Division Managers are categorized as Middle level managers.

Lower Level Managers- According to employee category of Awash Bank, Branch managers are categorized as Lower Level managers.

1.9. Organization of the study

The research was comprised the following five chapters, which include:

Chapter One contained the back ground of the study, statement of the problem, research questions, objective of the study, significance of the study, delimitation/scope of the study, Limitation of the study and definition of terms. Chapter two includes the Literature relevant to the study. It dealt with theoretical, empirical and conceptual frameworks. Chapter three under this chapter, a description of the study area, research approach, research design, Population and sample of the study, data sources and types, data collection procedures, ethical considerations, and data analysis was included.

Chapter four, this chapter was summarized the results/findings of the study, and interpret and discussed the findings through extensive use of the literature review. Chapter five, this chapter was comprised of three sections, which include a summary of findings, conclusions, and recommendations.

CHAPTER II: REVIEW OF RELATED LITERATURE

2.1. Introduction

In this chapter, issues concerning ethical leadership styles and organizational performance, which provide insight in to the area of study, was discussed. In this chapter, the theoretical, empirical, and conceptual literature that focused on the research objectives was reviewed as indicated hereunder.

2.2. Theoretical review of Literature

2.2.1. Ethical Leadership

Ethical leadership is a type of leadership that focuses on appropriate behavior through the necessary considerations for ethics and values, as well as the rights and dignity of others. The concepts honesty, Integrity and fairness are all critical to ethical leadership. Similarly, researchers Khuntia and Suar (2004) suggested that ethical leaders take in to account the required moral principles that has got acceptance by the society in to their values, beliefs, and actions.

Bubble (2012), Monahan (2012), defined ethical leadership as the process of conveying values, principles, and beliefs to employees that extensively exhibit the accepted norms in Organizational Behaviors.

Many researchers argued that ethical leadership and its effect on an Organization can be practiced through social exchange and social learning theories. This theory elaborates the fundamental relationship between ethical leadership and the outcomes of followers while the social learning theory inferred that ethical leaders could be considered as a model who are highly regarded in the workplace. These leaders influence their followers to follow their leaders by learning from their behavior. Brown and Trevino (2006), eventually encourage self-efficiency of the workers leading to optimizing their potential in the workplace.

Similarly, researcher, Blau (1964) suggested that the social exchange perspective explains how ethical leaders encourage followers to believe that their leaders have their best interests in mind and that they have sincere care to form the followers' perceptions resulting from the ethical treatment they receive from their supervisors lead them to likely reciprocate these actions by

improving their task performance. Ethical behaviors were found to be widely demonstrated in work place that have ethical leaders. The leaders show exceptional positive behaviors, which their followers regard as normatively appropriate.

2.2.2. Evolution of Ethical Leadership Theories

Initial descriptive work on ethical leadership was done by Trevino and colleagues through a series of studies to identify the characteristics that should ethical leaders possess and who should be called the ethical leader (Trevino, Brown, & Hartman,2003; Trevino, Hartman, & Brown,2000).

Following these studies, European scientific journal October 2017 edition vol.13, No 29; Brown et al. (2005) for the first time conceptualized ethical leadership and linked ethical leadership to several positive employee and Organizational outcomes.

The emerging researches with respect to different cultures demonstrates that ethical leadership is in a position to effectively enhance employee motivation. It is positively linked with favorable employees' outcomes including different attitudes and behavior and is found effective in reduction of the undesirable outcomes including abnormality and turn over intension Brown et al. (2005). As supported by Bass and Steidlmeier, (1999)., the emergency of the ethical leadership approach root in studies examining traits of good leaders. Traits, however, result in leadership behavior; transformational and behavioral leadership theory added further components of ethical leaders. According to Heres and Lasthuizen, (2012; Northouse, (2010); Yukl, (2010); Trevino, Brown and Hartman, (2003); kanungo, (2001) before and in parallel to the emerging ethical leadership theory qualities or traits of an ethical leader were described as being part of transactional, transformational, steward or authentic leadership approaches.

Ethical leadership can be experienced from others, provided self-reflexivity, mindfulness, self-reflection, observations, and dialogue exist, Marsh (2013).

According to Jordan et al. (2013); Wright and Quick, (2011), ethical leadership requires moral agency and the autonomy to act grounded in moral reasoning and cognition.

Ethical leadership can drive the structuring of work and task significance; here ethical leaders do not compromise ethical values for short term gains, while improving task performance, ethical job

design, corporate citizenship, and autonomy, Piccolo et al. (2010). This seems unrealistic in operational environments, where short-term gains are discussed all the time, job design is less developed and autonomy is normally less given.

The researcher, Mayer et al. (2012) concluded that ethical leadership is important to ensure ethical conduct; without stating this explicit, the authors call for an ethical leadership culture.

According to the researchers, De Roeck et al;(2014); Jondle, Ardichvili and, Mitchell, (2014); Lee, scandura and Sharif, (2014); Grojean, (2004), the most recent focus is on how ethical leadership can change the Organizational culture, or how it can be utilized for Organizational development interventions.

2.2.3. Ethical leadership styles

Ethical leadership styles create a set of positive standards that lead toward a supportive and honest work environment. These standards are designed to reduce the chances that a lawsuit occurs within the work place, creating job security for all those involved.

Every leader is going to make unethical decision, even if they do not acknowledge that this is what they are doing at the time. When the framework is in place for every leader to make ethical decisions consistently, then you are in a place where you can accurately evaluate the advantages and disadvantages of an ethical leadership style for your work place.

Different leaders lead differently but as to which style produces the best results, depends on situational factors and experience of the leader at a particular time. To help determine which ethical leadership style is dominant in Awash Bank S.C and its effect on the performance, the study adopted Six ethical leadership styles opined by Daniel Goleman (2000) in his article “Leadership that Gets Results. “The six ethical Leadership styles include Commanding Leadership Style, Visionary Leadership Style, Affiliative Leadership Style, Democratic Leadership Style, Pacesetting Leadership Style and Coaching Leadership Style. There exist three ethical leadership styles that are generally agreed up on in literature, which has the most significant effect on Performance; these are Visionary leadership, Affiliative leadership and Democratic leadership (Daniel Goleman 2000).

Six leadership styles are based on emotional intelligence the ability to manage our relationships and ourselves effectively as researched by Daniel Goleman (2000).

	Commanding Leaders	Visionary Leaders	Affiliative Leaders	Democratic Leaders	Pacesetting Leaders	Coaching Leaders
The leader's modus operandi	Demands immediate compliance	Mobilizes people toward a vision	Creates harmony and builds emotional bonds	Forges consensus through Participation	Sets high standards for performance	Develops people for the future
The style in a phrase	'Do what I tell you'	"Come with me"	"People come first"	"What do you think?"	"Do as I do, now"	"Try this"
Underlying emotional intelligence competencies	Drive to achieve, initiative self-control	Change catalyst	Empathy, building relationships, communication	Collaboration, team leadership, communication	Conscientiousness, drive to achieve, initiative	Developing others, empathy, self-awareness
When the style works best	In a crisis, to kick start a turnaround, or with a problem	When changes require a new vision, or when a clear direction is needed	To heal first in a team or to motivate people during stressful circumstances	To build buy-in or consensus, or to get input from valuable employees	To get quick results from a highly motivated and competent team	To help an employee improve performance or develop long-term strengths.
The overall impact on climate	Negative	<i>Most strongly positive</i>	<i>Positive</i>	<i>Positive</i>	Negative	Positive

2.2.3.1. Visionary Leadership Style

Visionary leadership leaders need to help Organizations develop a greater sense of purpose by linking efforts to successful outcomes. According to Bass (1996), transformational leadership

assists leaders in creating an atmosphere enhancing follower performance beyond individual self-interest. Visionary leadership, a form of transformational leadership, offers opportunities to foster the capacity of an Organization to meet the needs of its constituents. This occurs in creative ways, despite complexity and uncertainties, by providing a framework that can become a touchstone for setting goals; determining priorities; aligning structures, policies and beliefs with principles; and assessing progress.

The researchers, Nanus, (1992); Sashkin, (1992) defined Visionary leadership as the ability to create and articulate clear visions providing meaning and purpose to the work of an Organization.

Visionary leaders develop their own personal vision and then merge it into a shared vision with their colleagues and the Organization. Communion of the vision is what empowers people to act. When people do not act, it tends to be because the vision has not been communicated; people spend their time trying to figure out what direction to go, which makes them tired and unresponsive.

However, according to Sashkin (2002), visionary leaders also display behaviors (i.e. confidence, pro-social power Behaviors, and Organizational capabilities) that are necessary for followers themselves to have the knowledge, skills, and abilities to achieve Organizational goals.

In addition, according to Sashkin, (1988); Sashkin and Fulmer, (1988), visionary leadership theory offers an understanding of an individual's leadership style as it relates to the Organizational context and effectiveness.

Researchers Bass, (1985); Bennis and Nanus, (1985); Luhrmann and Eberl, (2007); Marthin and Epitropaki, (2001) have examined exceptional or "visionary" leaders who have been accountable for notable growth in the success of their Organizations.

These studies reported that well respected leaders were perceived to have the ability to articulate vision or mission to their followers and then inspire and empower those following and engaging derive rewards from a change in Organizational function and growth. Visionary leadership (Zhu et al., 2005), creates high level of cohesion, commitment, trust, motivation and enhanced Organizational performance. The impact of a leaders' effectiveness can be used to measure Organizational effectiveness (Hogan and Kaiser, 2005).

2.2.3.2. Affiliative Leadership style

According to Xie et al., (2011), the affiliative leadership style keeps the employee developing team trust and creates harmony among them. The leader gives people the freedom to do their job in the way they think is most effective. These kind of leaders are masters of building a sense of belonging.

The affiliative styles generally positive impact makes it a good all-weather approach, but leaders should employ it, particularly when trying to build team harmony; increase moral; improve communication or repair broken trust in the organization (Goleman 2000). Goleman advocated that despite its benefits, the affiliative style should not be used alone. That its exclusive focus on praise can allow poor performance to go uncorrected, and employees may perceive that mediocrity is tolerated. These suggests that despite the underlying essence of leadership is to generate desired results; it is encumbered on the leader to influence the direction of employees' performance towards the collective goal attainment.

2.2.3.3. Democratic Leadership style

The theory was informed two thousand years ago, and participation in religion has come to dominate the world. According to Bass (1995), the core issue about Democracy is the importance it attaches to human personality. It assumes civic capacity on the part of individuals.

When leaders establish means for obtaining help from subordinates in the making of plans and decisions, they are making them know what their contributions are and sought and appreciated and this creates great benefits and harmony in the Organization.

Democratic leadership was described as one in which decision-making is decentralized and shared by subordinates. The likely hood of poor decision-making and weak execution is however significant. The biggest problem with Democratic leadership is its underlying assumption that everyone has an equal stake in outcomes as well as shared level of expertise about decisions, which is rarely the case.

Democratic leadership style focuses more on people and there is greater interaction with in the group. According to Mullins, (1999), the leadership functions are shared with members of the group and the leader is more part of the team.

Similarly, Luther (1996) and Wilson et al. (1994) concurred that the principles of Democratic Leadership are friendliness, helpfulness, and the encouragement of participation.

In the same vein, McGregor (1960) described this leadership style as benevolent, participative and believing in people. He equated Democratic leadership to the theory manager, which is associated with increased follower productivity, satisfaction, involvement, and commitment (Hackman, Johnson, & Choi, 2007).

According to Warrick, (1981) the philosophical assumption underlying the Democratic leadership style is that naturally, all people are trust worthy, self-motivated, responsible and challenging work and so encourages Organizational conditions to foster teamwork, high performance, and satisfaction. The emphasis of this leadership style is on performance and people.

2.2.4. Organizational Performance

Organizational performance is studied enormously in the academic literature and it is considered the ultimate goal of every type of Organization, be it private or public. However, the concept of an Organization's performance varies for each Organization based on its nature, size, product, and services.

As stated by Blackman et al. (2017), Organizational performance is a multi-dimensional phenomenon in the management and business literature. Organizational performance encompasses the outcomes of an institution, which are measured against projected outcomes, aims, and purposes. These outcomes are measured through various ways of objective and subjective measurements (Ali, & Anwar, 2021; Jeong, & shin, 2019; Danford et al., 2004).

According to Blackman et al, (2012); Cooke et al., (2019), concerning the factors affecting Organizational performance, previous studies have concluded internal and external factors with direct relation to Organizational performance. Concerning Organizational performance from an Organizational internal perspective, Organizations try to develop employees' behavior. Literature in this regard, suggests the significance of leaders' and employee's inner life (Ebrahimi, 2017).

Moreover, it suggests the importance of the academic literature is placed on the role of leadership performance through their personality traits. To address the problem of organizational performance, studies in the past have concluded direct relationship between various types of

leadership styles like, Visionary leadership, Democratic leadership, and affiliative leadership with Organizational performance (Daniel Goleman 2000). In the MLQ model, three basic organizational outcomes considered by Avolio and Bass are efficiency, satisfaction and extra effort. Extra effort can be defined as directing employees to do more than the expected and enhancing their desire for success and to achieve a difficult goal. It is known as one of the outcomes in which active leadership models are directly effective. Efficiency is defined as meeting the needs of the employees regarding work, keeping the group beyond the authority of the organization and considering organizational requirements as a primary goal. The third organizational outcome considered by Avolio and Bass is satisfaction. Using leadership methods that satisfy employees is defined as an effort to establish warm, open and honest interpersonal relationships along with selecting working styles that will create satisfaction with the others. According to Avolio and Bass, leader's efficiency, her/his perception as a good motivator and her/his satisfying the employees regarding work methods, are again seen in Visionary leadership, Democratic leadership, and affiliative leadership which are considered as active ethical leadership models.

Therefore, based on organizational performances' literature review, efficiency, extra effort, and satisfaction was used in order to measure organizational performance facet.

2.3. Empirical Review

Most research showed that ethical leadership style has a significant positive relationship with Organizational performance. The result of an empirical study confirms that ethical leadership not only influences employees' ethical behavior but also generates employees' trust. In fact, the leaders provide a social exchange relationship with their subordinates (Hansen, S.D.,2011).

Previous studies such as, the relationship between Ethical leadership and Organizational performance by Khademfar and Amiri (2013): Evidence from Banking sector of Pakistan by Butt et al. (2016) have concluded the correlation between ethical leadership and Organizational performance appeared to be moderate as well as positive.

In his study on the same subject, Mek Bahadur Thapa (2019) concluded that ethical leadership and Organizational performance are positively associated with each other. Similarly, Obicci (2015) investigated the effects of ethical leadership on employee performance in the public sector of

Uganda. An empirical study result has shown that ethical leadership in the public sector needs to beat from top-level and leaders have to behave ethically.

Ethical leadership is associated with a positive influence on employee performance (Mesick et al, 2011), Intrinsic motivation (Piccolo, et al, 2010), job responses (Ruiz & Martinez, 2011) and willingness of employees to report problems (Brown et al, 2005).

Several studies have been concluded on the roles that ethical leaders can play in achieving increase employee job performance. A study by Ofori (2009) revealed that ethical leadership might play a mediating role in the relationship between Organizational culture and employee outcomes.

The study showed that ethical leadership is more likely to bring about a leader's effectiveness, the willingness of employees to put in extra effort, employee's job satisfaction, efficiency and an atmosphere for ethical leadership to flourish; which is ultimately lead to an increase in Organizational performance.

It is evident in the assertion of some researchers (Hosmer,1994; Jones,1995) cited in Berrone et al, (2007) that good ethics is good for business, it generates positive externalities like trust and commitment to all stakeholders, which in turn assures the long-term performance of the Organization.

Researchers (Thiel, Hardy, Peterson, Welsh, & Bonner, 2018) found that ethical leadership is related to positive employee outcomes including higher performance, going beyond to help the Organization, and engaging in fewer harmful behaviors.

The results showed that the way ethical leadership relates to these positive outcomes is through something called leader-member exchange. Leader member exchange describes the quality of the relationship between the leader and follower. High quality relationships increase the follower's sense of trust and obligation to meet expectation. In other words, ethical leaders treat followers morally and respectfully, which makes for a better quality relationship, and then employees react with more positive work behavior.

Amsale et al. (2016) have attempted the perception of ethical leadership in the Ethiopian context. The study has assessed the extent to which educational leaders in the Western culture public universities of Ethiopia are ethical.

The study results were; that in ethical leadership, the ethics of individual leaders possess the utmost significant, and leaders who are not trusted by their teachers could only end up with poor performance or failure if the worst comes.

2.4. Conceptual Framework

The independent variables are honesty, fairness, Integrity, ethical guidance, power sharing, and employee orientation. The dependent variable is organizational performance whose main indicators are extra effort, efficiency and satisfaction.

Therefore, based on the ethical leadership styles, organizational performance and literature review, the following conceptual framework is developed hereunder for the study to be undertaken

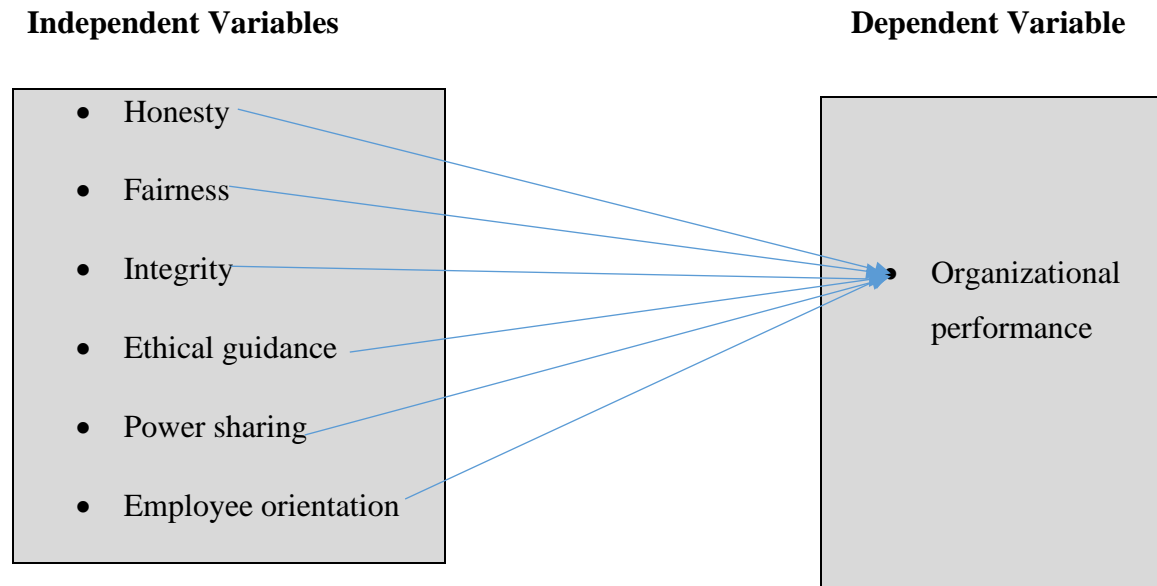


Diagram. Concepts are taken from ethical leadership at work questionnaire (Kalshoven et al., 2010)

CHAPTER III: METHODOLOGY

3.1. INTRODUCTION

Research methodology is the philosophical framework within which the research is conducted or the foundation up on which the research is based (Brown, 2006).

Methodology refers to the big structure that houses the methods and this scholar went further to given an all-encompassing definition of methodology, Neman, (2014). According to him: methodology means understanding the entire research process including its Social-Organizational context, philosophical assumption, ethical principles, and the political impact of new knowledge from the research enterprise.

Thus, this section presents the methodology to be followed in this research. The research approaches, research designs, sampling techniques, data sources, data collection methods, data collection instrument and methods of data analysis used was discussed as follows starting with the study area description.

3.2. Description of the study area

The study was conducted on Awash International Bank SC. Managerial Employees working in Addis Ababa City.

3.3. Research Approach

As a general principle, there are three basic types of research approaches: quantitative, qualitative, and mixed approaches. Quantitative research is considered the organized collection of numerical data and execution of statistical, mathematical, or computational techniques. Quantitative approach uses statistical methods in describing patterns of behaviors and generalizing findings from samples to population of interest and employs strategies of inquiry such as experiments and surveys (Creswell 2003, PP.13-15).

Hence, by taking the research objectives and questions in to considerations, the researcher was used quantitative research approach.

3.4. Research Design

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. There are three types of research design, namely; exploratory, descriptive, and explanatory (Kothari, 2004).

By taking the research objectives and nature of the study into consideration, descriptive and explanatory research designs were used. As stated by Kothari (2004), descriptive research studies are those studies, which are concerned with describing the characteristics of a particular individual, or of a group. Hence, in this study, it was used to describe the demographic and general information of the respondents and Organizations.

Whereas, as suggested by Kumar (2011), explanatory studies clarify the relationship between two aspects of a situation or phenomena. Therefore, in the study the explanatory research design was chosen since it examines the effect of ethical leadership practices (independent variables) on the dependent variable (organizational performance).

3.5. Sample Design

A sample design is a definite plan for obtaining a sample from a given population for research purposes. It refers to the technique or the procedure the researcher would adopt in selecting the sample size. Sample design is determined before data are collected. Accordingly, the target population, sampling frame, sampling techniques, sample size, and sampling procedure of the study are discussed hereunder.

3.5.1. Target Population

It was explained by Mugenda (2003), that the target population should have some common characteristics that make easy to observe thus enabling the researcher to come up with a general observation from the results of the research. The study was conducted at all three Managerial levels of Awash bank SC.

The target population of the study were employees of Awash Bank working at head Office and Branches in Addis Ababa. As per the information obtained from Awash Bank, Human resource Directorate, there are 330 managerial employees in Awash bank working in Addis Ababa.

3.5.2. Sampling Frame

The sampling frame for any sample is a complete list of all the cases in the population from which the sample was drawn (Saunders et al,2003). Given that, the sampling frame for the study was drawn from Awash Bank Managerial Employees working at the Top Level, Middle Level and Lower Level.

3.5.3. Sampling Techniques

In this study, the stratified and purposive sampling techniques were used in combination. The researcher preferred stratified sampling technique based on Kothari (2004) statement that, “If a population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample. In this technique population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called strata)”.

Therefore, the strata in this study were the 3 managerial levels as per the Awash Bank’s employee classifications. These are: Top level, middle level, and Lower level. In general, since each stratum is more homogeneous than the total population, the researcher is able to get more precise estimates of the sample for each stratum and by estimating more accurately each of the component parts and get a better estimate of the whole; in brief, stratified sampling results in more reliable and detailed information (Kothari, 2004).

Beside to the stratified sampling technique, purposive sampling technique was used to select the respondents from each stratum. This technique was needed to choose members of the population to participate in the study purposively based on researcher’s own judgments“ to answer research questions and/or achieve research objectives.

3.5.4. Sample size

Generally, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004). Sample size can be determined using certain formula in the case of quantitative study.

Thus, to get a representative sample for the population, Yamane (1967) finite and large population sample size formula with 95% confidence level was employed. The formula used to obtain this sample size is presented below:

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

Where n represents sample size, N represents total number of Population size, e represents sampling error/Level precision.

According to the information obtained from Awash Bank, there are total of 330 Managerial Employees at different levels. These are Top Level 10, Middle Levels 120 and Lower Levels 200 working at head office and branches in Addis Ababa as at May 2022.

$$n = \frac{330}{1 + 330(0.05)^2} = 180$$

Following the sample size determination, the researcher was allocated the sample size of each stratum through the method of proportional allocation under which the size of the sample from the different strata are kept proportional to the sizes of the strata. In order to do so, proportionate stratified sampling (PSS) formula ($n_i = N_i/N * n$) was used.

Where: n_i represents sample size taken from each stratum/sector, N_i total no. of population of each stratum/sector, n total sample size of the study, and N total population size.

Table 1: Sample size of the respondents from each stratum

Sn	Strata(Sector)	Total no of Managerial Employees in 3 Managerial Levels	Sample from each Strata. $n_i = N_i/N * 180$
1	Top Level	10	5
2	Middle Level	120	66
3	Lower Level	200	109
Total		330	180

Thus, as indicated in the above table, using proportional allocation, the sample sizes for Top level, middle level, and lower level managers were 5, 66, and 109, respectively which was proportion to the sizes of the strata viz., 10: 120: and 200.

3.5.5. Sampling Procedure

The researcher was targeted managerial employees of Awash Bank working at Head Office, Regional Office and Branch Offices. Accordingly, from the total population of 330 managerial employees in three levels, 180 were taken as the sample size.

To ensure that all the various groups in the sampling frame are to be surveyed, the researcher was used stratified sampling technique. By using this technique, the researcher grouped the managerial employees into homogenous groups (strata) i.e. top level, middle level, and lower level based on Awash Bank's managerial employee classification.

Following the classification of the population in Awash Bank into homogenous groups (strata/sector), the researcher was employed proportionate stratified sampling technique to allocate the sample size of each stratum through the method under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata.

Then, the non-probability method, which is purposive sampling technique, was employed to choose the respondents among the strata based on the judgments of the researcher; because this sampling technique was helped to capture the opinion and judgments of the managerial employees towards the ethical leadership styles.

3.6. Sources of Data and Types

The study was used both primary and secondary source of data. The primary source of data was the responses collected from the managers of Awash Bank. On the other hand, the secondary source of the data was gathered from different books, articles, journals, and different reports of Awash Bank to support the primary data.

3.7. Data Collection Instrument and Procedure

A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner (Saunders et.al, 2003). The study depended on primary data, which was collected through self-administrated questionnaire. The questionnaire was prepared in line with the objectives of the study and structured into three sections. The first section of the questionnaire was concerned with obtaining some demographic and general data about the respondents and the Bank. While, the second section is aimed at investigating the ethical leadership style elements i.e., **Honesty, fairness, Integrity, ethical guidance Power sharing, and Employee Orientation** in Awash Bank. The third section of the questionnaire dealt with performance measurements in the Bank in terms of **extra effort, efficiency, and satisfaction**. Survey instrument used in data generation is the Multifactor Leadership Questionnaire (MLQ) developed by Bass (1985) in his study “Leadership and Performance beyond Expectations”. This instrument is by far the most widely used instrument for measuring leadership styles and outcomes or effects. It comes in several different versions. The version used in this study is the popular MLQ (5x-Short). The independent variables are Honesty, fairness, Integrity, ethical guidance, Power sharing, and employee Orientation to the Job styles, while the dependent variables are the outcomes: extra effort, efficiency, satisfaction. Therefore, questions in the questionnaire are those relating to ethical leadership styles or behaviors and performance as measured by extra effort, efficiency, and satisfaction. The questions were structured in close-ended type and responses to the questions were measured by Likert scale of five rating scale where: Strongly disagree = 0; Disagree=1, Neutral =2, Agree = 3; Strongly agree =4.

The Likert scale was used to make the questions easier for respondents to answer in a simple way and permit an efficient use of statistics for the interpretation of data.

Following the approval of the questionnaire by the advisor and internal examiner, the instrument was subjected to pilot test. Subsequently, upon the completion of pilot testing, the questionnaire was edited based on the respondents’ feedback, distributed to the sampled employees working on Top, Middle, and Lower level in Addis Ababa City.

3.8. Validity and Reliability

Validity and reliability of the measures need to be assessed before using the instrument of data collection (Hair et al., 2003). Validity concerns whether an instrument can accurately measure, while reliability pertains to the consistency in measurement. Therefore, in this study the reliability and validity was tested in the next chapter.

3.9. Data Analysis Methods

The primary data to be collected through self-administrated questionnaire was analyzed using both descriptive and inferential analysis. In order to do so, Statistical Package for Social Sciences (SPSS) software version 20 was employed. In order to test the reliability and validity of the instrument; Cronbach's alpha test was used.

Descriptive statistics was used mainly to organize and summarize the demographic and general data of the respondents and the Bank. It was employed frequency and percentage.

Whereas, inferential statistics move beyond the description of a specific observation to make inferences about the larger population from which the sample was drawn. It was used for testing hypothesis and investigated research objectives. In this study, different types of inferential statistics were employed. Thus, the Pearson Correlation was used to explore the relationship between ethical leadership styles and organizational performance variables. Likewise, multiple regression analysis was used to measure the magnitude of ethical leadership styles on performance of Awash Bank. Econometric analysis was used to test the regression coefficients to show that all predictors have positive effects on the organizational performance. At the end, the quantitative data was presented in the form of tables to make all the data readable and understandable.

3.10. Ethical Considerations

In the context of research, ethics is defined as the appropriateness of the researcher's behavior regarding the rights of the participants or subjects of the research work (Saunders, Lewis, & Thornhill,2009). Therefore, this study was governed by the general rules of research ethics in such a way that, respondents were requested to provide information Voluntarily before communication about the purpose of the study, and confidentiality of the information is guaranteed. Lastly, the questionnaires were distributed only to voluntary participants.

CHAPTER IV: DATA PRESENTATIONS ANALYSIS AND INTERPRETATION

4.1. INTRODUCTION

The purpose of this study was to examine the effect of ethical leadership style(s) on Performance of Awash bank SC. In order to meet the objective of the study, the data that was gathered from the primary sources using questionnaires was analyzed and interpreted in this section. The data collected through questionnaires from the respondents were simplified and condensed for the sake of Manageability and transformed so that it can be understandable in terms of the issues being addressed for readers' consumption.

Once the primary data was collected prior to the analysis, the questionnaires were reviewed to certify if the questionnaires were responded appropriately. Any incomplete or missing responses were rejected from the subsequent analysis.

4.2. Data Editing and Coding

Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and certified if they were filled appropriately. Any incomplete or missing responses were rejected from the subsequent analysis. The steps which stated in the data analysis section such as coding, eliminating coding and data entry error, known as "clearing the data", Rubin & Babbie (2010) was performed in this research.

4.3. The questionnaires Response Rate

The questionnaires were distributed to Managerial Employees of Awash Bank working at Head Office, Regions with in Addis Ababa, and City Branches through their Email. From the total of 180 questionnaires 149 were collected and the remaining 31 (17.22%) were not responded. The nominal response rate of the collected questionnaires was (82.77%); however, out of these due to incompleteness and missing values only 138 (76.7%) were usable for further analyses and the remaining 11 (6.11%) were discarded. According to Rubin & Babbie (2010), a response rate of 70% is "very good" for further assessment. Therefore, in this case, the response rate of 76.7% is very good.

Table 2: Questions Response rate

Sample size	180
Collected	149
Remain Un collected	31
Discarded	11
Usable	138
Response Rate	76.7%

Source: Survey result of 2022

4.4. Testing of the research Instruments

Before undertaking the analysis to examine the effect of the independent variables on the dependent variable, the researcher undertook the validity and reliability test to assure the research instruments was valid and reliable.

4.4.1. Validity Test

Content validity “is established by showing that the test instruments are a sample of a universe in which the investigator is interested” (Cronbach & Meehl,1995). If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it.

As it is stated in the methodology part, for the sake of assuring the validity of the research instrument, all the variables were adopted from previous research works. In order to look over the overall content validity of the instrument such as clarity, length & wording of all variables (items) were inspected by expertise in the area, namely: Awash Bank managerial employees and Addis Ababa university instructor. Furthermore, the researcher also conducted a pilot test of the questionnaire among the managers of 10 Awash Bank to gather feedbacks towards enhancing the validity of the instruments in line with content validity. Besides, the researchers acquired and incorporated the opinions of the managers of Awash Bank and instructor in order to enhance the research instrument validity.

4.4.2. Reliability Test

Reliability refers to the accuracy or consistency of a measuring instrument to reproduce the same measures on different occasions. If the measurement can do that well, then it has a high level of reliability; if not, it has a low level of reliability. Reliability can be measured as internal consistency using Cronbach's alpha. The alpha coefficient ranges from 0 to 1; the closer the scale to 1, the greater the reliability of the instrument. Generally, the alpha coefficient should be at least 0.70 for it to be acceptable to show internal consistency (Develles, 1991). Accordingly, the overall Cronbach's alpha result of the 36 items in the study (5 Honesty, 5 fairness, 5 Integrity, 5 ethical guidance, 5 power sharing, 5 employee orientation to the job and 6 organizational performance items) was 0.948 which is higher than the minimum alpha value set as acceptable (i.e. 0.70). The detail instrument measure of Cronbach's alpha result is shown in the following table.

To examine the reliability of the developed instrument, Cronbach's alpha is used. The overall instrument measure of Cronbach's alpha is 0.948 as shown in the table below.

Table 3: Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Honesty	.942	5
Fairness	.947	5
Integrity	.946	5
Ethical Guidance	.948	5
Power sharing	.956	5
Employee Orientation	.953	5
Organizational Performance	.942	6
Overall Reliability	.948	36

Table 3 The last column presents the value that Cronbach's alpha would be if that particular item was deleted from the scale. In other words, the removal of any independent variable would result in a lower Cronbach's alpha. Therefore, we would not want to remove any one of the variables.

4.5. Descriptive Analysis

4.5.1. Demographic Characteristics of the Respondents

Demographic factors are very important indicators of performance in any organization and are the basis for research questionnaire. Even though demographic characteristics are not having great influence on this study, the researcher considers some of them which are believed to have correlation to the study. Hence, the demographic characteristics of gender, age, education, Managerial categories of the Organization are summarized.

4.5.1.1 Age Categories of respondents

Table 4: Age Categories of Respondents

Items	Frequency	Percent
21-30 years	53	38.1
31-40 years	38	27.3
41-50 years	32	23
>50 years	15	10.9
Total	138	100

Source: own survey (2022)

From the above table, when we see the age of the respondents, the majority of the respondents fall within 21-30 age bracket which accounted for 38.1%, followed by the age group of 31-40 which accounted for 27.3%. The rest 23%, and 10.9% were found between the age bracket of 41-50 years, and >50 years respectively. This implies that the majority of the respondents were youngsters. Therefore, from this result, the researcher understood that the young aged managers are strong to offer more skills and they were viewed as being productive in their area of specialization.

4.5.1.2. Gender of the respondents

Table 5: Gender of the respondents

		Frequency	Percentage
Valid	Male	96	69.6
	Female	42	30.4
	Total	138	100.0

Source: Survey (2022)

When we look at the gender of the respondents, 69.6% of them were male and 30.4% of them were female. This shows that the majority of the respondents were male and one can generalize that the majority of Awash Bank's managerial employees were male.

4.5.1.3. Education Level of Respondents

Table 6: Education Level of Respondents

	Frequency	Percentage
First Degree	86	62.3
Second Degree	52	37.7
Total	138	100.0

Source; own survey (2022)

With respect to the educational status of the respondents, 62.3% of them were First Degree holders, 37.7% of them were Second degree/Master's Degree and above holder. Therefore, this result implies that the majority of the respondents were possessed a high level of education and have know-how/understanding about the leadership style concepts.

4.5.1.4. Work Experience of Respondents

Table 7: respondent work experience

Experience in year		Frequency	Percentage
Valid	6-10	52	37.7
	11-15	58	42.0
	>15	28	20.3
	Total	138	100.0

Source; own survey (2022)

Taking into account the number of work experiences, the respondents were asked to state the length of years of services. Accordingly, 37.7% of the respondents indicated that they had a working experience of 6-10 years in the Bank. While,42% of the respondents indicated that they had a working experience of 11-15 whereas the rest 20.3% had a working experience of more than 15 years with in Awash Bank.

Therefore, this result indicated that most of the respondents had a knowledge of ethical leadership styles that is practiced in the Awash Bank. Likewise, they were well experienced and have the knowledge to the ethical leadership styles-organizational performance relationships.

4.5.1.5. Managerial Classification

Table :8 Awash Bank Managerial Levels

Managerial Category	Frequency	Percentage
Top Level	4	2.9%
Middle Level	39	28.26%
Lower Level	95	68.84%
Total	138	100%

Source: Own Survey.

With regards to the managerial classification, the majority of the respondents were from Lower level managers which accounted for 68.84% which was followed by the Middle level managers which accounted for 28.26%. The remaining percentage were top level managers which accounted for 2.9%.

4.5.1.6. Descriptive Statistics of Fairness and Integrity.

Table:9 Descriptive statistics of Fairness

Questions	Response Choice	Managerial Level			Total
		Top Level	Middle Level	Lower Level	
1. Can foster various sources competitive advantage and hence improve organizational performance?	strongly disagree	0	10	27	37
	Disagree	0	5	25	30
	Neutral	1	7	35	43
	Agree	2	6	10	18
	Strongly Agree	1	4	5	10
Total		4	32	102	138
2. Being open-minded and allowing everyone an equal opportunity to succeed.	strongly disagree	5	13	25	43
	Disagree	4	21	31	56
	Neutral	5	7	7	19
	Agree	1	5	4	10
	Strongly Agree	2	3	5	10
Total		17	49	72	138
Questions	Response Choice	Managerial Levels			Total
		Top Level	Middle Level	Lower Level	
3. Unfair performance evaluation resulted in employees' dissatisfaction and affected the performance of the organization.	strongly disagree	6	29	27	62
	Disagree	2	5	14	21
	Neutral	4	9	23	36
	Agree	3	6	7	16
	Strongly Agree	1	1	1	3
Total		16	50	72	138
4. Enables to do the right things without abandoning personal and organizational values.	strongly disagree	4	21	31	56
	Disagree	2	14	17	33
	Neutral	4	8	17	29
	Agree	1	5	4	10
	Strongly Agree	2	3	5	10
Total		13	51	74	138
Questions	Response Choice	Managerial Level			Total
		Top Level	Middle Level	Lower Level	
5. Builds personal character and promotes honesty and respect for others.	strongly disagree	7	18	22	47
	Disagree	6	8	25	39
	Neutral	1	6	16	23
	Agree	2	6	10	18
	Strongly Agree	1	3	7	11
Total		17	41	80	138

Table:10 Descriptive statistics of Integrity

Questions	Response Choice	Managerial Level			Total
		Top Level	Middle Level	Lower Level	
1. Closely related to commitment to employees who had great power to achieve organizational goals?	strongly disagree	6	10	27	43
	Disagree	7	11	21	39
	Neutral	1	15	19	35
	Agree	1	2	9	12
	Strongly Agree	1	3	5	9
Total		16	41	81	138
2. It is crucial to keep organization in the right path to success.	strongly disagree	4	18	42	64
	Disagree	3	10	14	27
	Neutral	5	7	13	25
	Agree	2	5	4	11
	Strongly Agree	2	4	5	11
Total		16	44	78	138
Questions	Response Choice	Managerial Levels			Total
		Top Level	Middle Level	Lower Level	
3. Provides a foundation for solid long-term organizational performance.	strongly disagree	7	12	20	39
	Disagree	2	17	14	33
	Neutral	5	13	23	41
	Agree	3	6	7	16
	Strongly Agree	2	1	6	9
Total		19	49	70	138
4. Enables operating organization consistently in accordance with a strong set of moral values.	strongly disagree	4	31	34	69
	Disagree	2	8	18	28
	Neutral	2	5	8	15
	Agree	1	5	4	10
	Strongly Agree	4	3	9	16
Total		13	52	73	138
Questions	Response Choice	Managerial Level			Total
		Top Level	Middle Level	Lower Level	
5. An individual trait that can build trusting relationship with others.	strongly disagree	4	9	16	29
	Disagree	2	4	17	23
	Neutral	7	8	37	52
	Agree	8	3	10	21
	Strongly Agree	2	7	4	13
Total		23	31	84	138

As shown in the above descriptive statistics of Fairness and Integrity, the majority of the respondents are responded for strongly disagree, disagree and neutral.

4.6. Correlation Analysis

A correlation refers to a quantifiable relationship between two variables, and the statistic that provides an index of that relationship is called a correlation coefficient r , which is a measure of the relationship between two intervals or ratio variables. Any score from +0.5 to + 1 indicates a strong positive correlation. Any score from -0.5 to - 1 indicates a strong negative correlation where as a score of 0 indicates that there is no correlation or relationship between the two variables. Hence, in this study correlation analysis was used to examine the relationships between ethical Leadership styles and organizational performance. Accordingly, the relationship between variables is indicated in the table below.

Table 11: Pearson Correlation

		Honesty	Fairness	Integrity	Ethical guidance	Power Sharing	Employee Orientation	Organizational Performance
Honesty	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	138						
Fairness	Pearson Correlation	.739**	1					
	Sig. (2-tailed)	.000						
	N	138	138					
Integrity	Pearson Correlation	.805**	.703**	1				
	Sig. (2-tailed)	.000	.000					
	N	138	138	138				
Ethical guidance	Pearson Correlation	.697**	.779**	.713**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	138	138	138	138			
Power Sharing	Pearson Correlation	.798**	.717**	.787**	.715**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	138	138	138	138	138		
Employee Orientation	Pearson Correlation	.658**	.703**	.623**	.732**	.623**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	138	138	138	138	138	138	
Organizational Performance.	Pearson Correlation	.780**	.749**	.744**	.763**	.786**	.734**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	138	138	138	138	138	138	138

** . Correlation is significant at the 0.01 level (2-tailed).

source: Own Survey Result, 2022

Bivariate Correlation: indicates whether the relationship between two variables is linear (as one variable increases, the other also increases or as one variable decreases, the other variable decreases). Accordingly, as indicated in the above table, the correlation matrix, all of the independent variables (Ethical leadership style variables), were positively and strongly correlated with the dependent variable (Organizational performance).

The first highest strong coefficient of correlation in this research is between the variable Power sharing and Organizational performance ($r=0.786$, $p \leq 0.01$). It connotes that there is strong, positive, and significant relationship between Power sharing and Organizational Performance.

The second highest strong coefficient of correlation is with honesty which has strong positive and significant with Organizational Performance ($r=0.780$, $p \leq 0.01$). Ethical guidance, Fairness, Integrity and Employee Orientation have also strong, positive, and significance relationships with dependent variable (Organizational performance) with ($r=0.763$, $p \leq 0.01$; $r=0.749$, $p \leq 0.01$; $r=0.744$, $p \leq 0.01$; and $r=0.734$, $p \leq 0.01$, respectively). Generally, the above correlation matrix shows that all independent variables were positively and strongly correlated with the dependent variable.

Sig (2-Tailed) value: - This value tells whether there is a statistically significant correlation between two variables or not. If the Sig (2-Tailed) value is > 0.05 , the researcher can conclude that there is no statistically significant correlation between two variables. That means, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable. If the Sig (2-Tailed) value is < 0.05 , the researcher can conclude that there is statistically significant correlation between two variables. That means, increases or decreases in one variable do significantly relate to increases or decreases in the second variable (Pedhazur, 1982).

Hence, as indicated in the above correlation table, the numbers next to Sig. (2-tailed) shows that all are (.000). The convention implies that, if this value is less than .05, then the correlation is considered to be significant (meaning that the researcher can be 95% confident that the relationship between variables is not due to chance). Therefore, the researcher connotes that there is a significant correlation between the independent variables (predictor variables) and dependent variable.

4.7. Regression Analysis

Regression is a technique used to predict the value of a dependent variable using one or more independent variables (Albaum, 1997). Regression analysis is a statistical tool for the investigation of relationships between variables. Usually, the investigator seeks to ascertain the causal effect of one variable upon another. To explore such issues, the investigator assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that he/she influences. The investigator also typically assesses the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship (Malhotra, 2007). In this study, the researcher was tried to test the assumptions before running the regression analysis.

4.7.1. Testing regression Analysis

One of the most important assumptions is that a linear relationship is said to exist between the dependent and the independent variables.

4.7.1.1. Test of Normality

The Kolmogorov-Smirnov test was employed to test the normality. The normal distribution is a symmetrical continuous distribution expressed by the mean and standard deviation of the data. The result has showed that each dependent and independent variable in the model is normal, the P-values of each of the variable is greater than zero, i.e., ($P > 0.000$).

Table 12: Kolmogorov-Smirnov Test

		Honesty	Fairness	Integrity	Ethical guidance	Power sharing	Employee orientation	Organizational Performance
N		138	138	138	138	138	138	138
Normal Parameters ^{a,b}	Mean	3.5161	3.5328	3.4942	3.5319	3.5502	3.5317	3.5716
	Std. Deviation	.16809	.18595	.16256	.19742	.17584	.17715	.15310
Most Extreme Differences	Absolute	.151	.141	.172	.162	.149	.147	.197
	Positive	.125	.141	.146	.162	.149	.147	.165
	Negative	-.151	-.136	-.172	-.128	-.126	-.142	-.197
Kolmogorov-Smirnov Z		1.770	1.661	2.026	1.905	1.755	1.726	2.312
Asymp. Sig. (2-tailed)		.0171	.0175	.0168	.0175	.0178	.0176	.0120

a. Test distribution is Normal.

b. Calculated from data.

Moreover, the linearity of the variables has been checked using P-P Plot. The plot showed that the standard residual has distributed along the line.

4.7.1.2. Multicollinearity

Multicollinearity occurs when two or more of the independent variables are highly correlated that certain mathematical operations are impossible. The correlation between independent variables was such that multicollinearity is not a concern because multicollinearity will be created when results of the correlation coefficients are above 0.80 and to be considered-very high (Hair et al. 2006). However, there are two general procedures for assessing collinearity, including tolerance and variance inflation factor (VIF) (Pallant, 2007). The data will be absence of multicollinearity while VIF is less than 10, and tolerance value of greater than 0.10 but less than one (Robert Ho, 2006).

Accordingly, as indicated in table 11 below, the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 2.481 to 3.988 and Tolerance value ranging with 0.251 to 0.403. Likewise, as indicated in table of correlation analysis, the results of the correlation coefficient between independent variables were below 0.8. Therefore, these results indicated that there was no collinearity problem in this study.

Table 13: Multicollinearity test results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Honesty	0.251	3.988
	Fairness	0.298	3.358
	Integrity	0.276	3.625
	Ethical Guidance	0.288	3.467
	Power Sharing	0.279	3.585
	Employee Orientation	0.403	2.481

*Dependent Variable, Organizational Performance.

Source: own software computation

4.7.2. Multiple Linear Regression Analysis

Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable (Field, 2005). Multiple linear regressions were conducted in order to determine the explanatory power of the independent variables Honesty, Fairness, Integrity, Ethical Guidance, Power Sharing and Employee Orientation to identify the relationship and to determine the most dominant variables that influenced the performance. The significance level of 0.05 with 95% confidence interval was used. The reason for using multiple regression analysis was to assess the direct effect of ethical leadership style (s) variables on the performance. Table 12 shows the model summary of the linear regression analysis.

The test result has shown that there is no autocorrelation among predictors. In the table below the test result of Durbin-Watson confirmed the absence of autocorrelation.

Table 14: Model Summary of Awash Bank Performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.871 ^a	.759	.748	.07679	1.836

. Source: own Software computation

The above regression model presents how much of the variance in the measure of Awash Bank’s Performance is explained by the underlying ethical leadership style (s) variables. Furthermore, to explain R, R², adjusted R² in detail: -

R: Indicates the value of the multiple correlation coefficients between the predictors and the outcome, with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that perfectly predicts the observed value (Pedhazur, 1982). From the model summary (R=.871^a) indicated that, the linear combination of the six independent variables (Honesty, Fairness, Integrity, Ethical Guidance, Power Sharing, and Employee orientation) strongly predicted the dependent variable (Awash Bank’s Performance).

R Square (R²): Indicates the proportion of variance that can be explained in the dependent variable by the linear combination of the independent variables. In another word, R² is a measure of how much of the variability in the outcome is accounted for by the predictors. The values of R² also range from 0 to 1 (Pedhazur, 1982). The linear combination of leadership Style(s) variables or predictors“ i.e. Honesty, Fairness, Integrity, Ethical Guidance, Power Sharing and

Employee Orientation explains 75.9% of the variance in Awash Bank’s Performance and the remaining 24.10% is explained by extraneous variables, which have not been included in this regression model. On another word, 75.9% of the variation in the Awash Bank’s performance is explained by the changes in the aforementioned independent variables while the rest 24.10% is explained by other factors.

Adjusted R Square (R²): The adjusted R² gives some idea of how well the model generalizes and its value to be the same, or very close to the value of R². That means it adjusts the value of R² to more accurately represent the population under study (Pedhazur, 1982). The difference for the final model is small (in fact the difference between R² and Adjusted R² is (0.759– .748= 0.011) which is about 1.1%. This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 1.1% less variance in the outcome.

Table 15: ANOVA of Awash bank’s Performance.

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.439	6	.406	68.927	.000 ^b
Residual	.773	131	.006		
Total	3.211	137			

a. Dependent Variable: Organizational Performance.

b. Predictors: (Constant), Employee Orientation, Integrity, Fairness, Power Sharing, Ethical guidance, Honesty.

As indicated in the above table, the p-value is less < 0.05 i.e. 0.000 which indicates the variation explained by the model is not due to chance. So, the above ANOVA table shows the acceptability of the model. As indicated in table 12, the researcher connotes that R, R², and Adjusted R² conducted for the multiple regression predict the organizational performance based on the linear combination of ethical leadership style (s) independent variables is statistically significant.

F–Ratio: F-ratio determines whether the model is a good fit for the data. The F-ratio is the ratio of two mean square values. If the improvement due to fitting the regression model is much greater than the inaccuracy within the model then the value of F will be greater than 1 and SPSS calculates

the exact probability of obtaining the value of F by chance (Pedhazur, 1982). The F-ratio for the above model is 68.927, which is very unlikely to have happened by chance.

4.7.3. The Regression Coefficient

This study intends to identify the most contributing independent variable in the prediction of the dependent variable. Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient.

The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable contains, bring the more support to the independent variable as the more important determinant in predicting the dependent variable.

Econometrics Analysis

Table 16: Regression Coefficients

Regression Coefficients'						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.546	.154		3.539	.001
	Honesty	.176	.078	.194	2.263	.025
	Fairness	.074	.065	.090	1.147	.254
	Integrity	.060	.077	.064	.787	.433
	Ethical guidance	.127	.062	.163	2.047	.043
	Power Sharing	.229	.071	.263	3.237	.002
	Employee Orientation	.191	.058	.221	3.267	.001

a. Dependent Variable: Organizational Performance.

The regression coefficients show that all predictors have positively affects the organizational performance. Honesty, ethical guidance, power sharing and employee orientation have

significantly affect the organizational performance. However, the effect of fairness and integrity are insignificant.

The marked column B is the value for the intercept (a) in the regression equation on the first row, labeled (constant). The numbers below the column “beta” are the values for the regression coefficients for Honesty, Fairness, Integrity, Ethical Guidance, Power Sharing and Employee Orientation. In the multiple regressions, the standardized regression coefficient Beta (β) is useful, because it allows us to compare the relative strength of each independent variable's effect on the dependent variable (Pedhazur, 1982).

The above coefficient table shows the constant beta value (β) and the p-value of the variables to examine the significance of the hypothesis. The significance level of each variable (P-value) is: 0.025, 0.254, 0.433, 0.043, 0.002, 0.001 and their standardized coefficients are 0.194,0.090,0.064,0.163,0.263 and 0.221, respectively. The p-value of all the independent variables except for Fairness and Integrity is below 0.05. This implies that the independent variables have a significant relationship with the dependent variable (organizational Performance), but, Fairness and Integrity are not.

Based on these results, the regression equation that predicts organizational performance based on the linear combination of Honesty, Fairness, Integrity, Ethical Guidance, Power Sharing and Employee Orientation is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

$$Y = 0.546 + 0.194X_1 + 0.090X_2 + 0.064X_3 + 0.163X_4 + 0.263X_5 + 0.221X_6 + e$$

Where: Y= organizational Performance (Dependent Variable)

β_0 = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$ and β_6 = Coefficients of the line

X_1 =Honesty,

X_2 = Fairness,

X_3 =Integrity,

X_4 =Ethical Guidance,

X_5 =Power Sharing,

X_6 =Employee Orientation

e=Sampling error.

This result indicates that the intercept is 0.546 when all independent variables have a value of zero. Then, moving through the equation, holding, Fairness, Integrity, Ethical Guidance, Power Sharing and Employee Orientation constant, the honesty increase the Performance of the Awash Bank by 0.194 for each additional honesty level increment. The p-value for this coefficient is 0.025 which is statistically significant ($p < 0.05$), meaning that honesty is a significant predictor of organizational performance. Accordingly, the finding revealed that the first hypothesis which states “honesty has positive significant effect on the organizational performance” is supported by the data collected on this survey as ($p\text{-value} < 0.05$; $\beta = 0.194$) hence, the alternative hypothesis is confirmed.

The second hypothesis which states “fairness has positive significant effect on the organizational performance” is not supported because the P-value of fairness is 0.254 which is > 0.05 ; ($P > 0.05$; $\beta = 0.090$). Hence, the fairness has insignificant relationship with the organizational performance. Hence, the alternative hypothesis is rejected.

The third hypothesis which states, “Integrity has positive significant effect on organizational performance” is not supported; because the P-value is 0.433 which is greater than 0.05; ($P > 0.05$; $\beta = 0.064$) Hence, Integrity has insignificant relationship with organizational performance. Hence, the alternative hypothesis is rejected.

The fourth hypothesis which states, “Ethical guidance has positive significant effect on organizational performance” is supported because the P-value is 0.043 which is less than 0.05 ($\beta = 0.163$; $P < 0.05$) Hence, ethical guidance has the significant relationship with organizational performance. Thus, the alternative hypothesis is confirmed.

The fifth hypothesis which states Power Sharing has positive significant effect on organizational performance” is supported because the P-value of Power Sharing is 0.002 which is less than 0.05; ($\beta = 0.263$; $P < 0.05$). Hence, the Power sharing has the significant positive effect on organizational performance. Thus, the alternative hypothesis is confirmed.

Finally, the sixth hypothesis which states “Employee Orientation has positive significant effect on Organizational performance” is supported because the P-value of Employee Orientation is 0.01 which is less than 0.05; ($P < 0.05$; $\beta = 0.221$). Hence, Employee Orientation has insignificant effect on organizational performance. Thus, the alternative hypothesis is confirmed.

4.8. Discussion of the Result

This study was aimed to examine the effect of ethical leadership styles(s) on the organizational performance in Awash Bank under the umbrella of ethical leadership styles; Honesty, Fairness, Integrity, Ethical Guidance, Power sharing and Employee Orientation were selected as an ethical leadership style(s) dimensions as indicated in literature review section.

As indicate in the above table 14, all of the regression coefficients (Beta Coefficients) between the ethical leadership style(s) and performance have positive values. Hence, there were no inverse relationships between the leadership style(s) variables and organizational performance. The brief discussion on each hypothesis is given below.

Power Sharing is the strongest predictor or has the most significant effect on the performance of Awash Bank because it has the highest Beta coefficient result ($\beta = 0.263$; $p < 0.05$). The Beta Coefficient result of 0.263 signifies that for a 1 unit change in the independent variable (Power Sharing), the dependent variable (organizational Performance) was change by 0.263 units. It is apparent from this result that; Power Sharing is a decisive factor that affects the performance of the Awash Bank. Therefore, from the result, it can be said that creating room for Power Sharing helps Awash Bank to ensure its success.

The second strongest predictor is employee Orientation ($\beta=0.221$; $P < 0.05$). The Beta Coefficient result of 0.221 signifies that for a 1 unit change in Employee Orientation, the performance was change by 0.221 units. Transformational leaders motivate their employees to work extra miles to perform better. Therefore, from the result, Employee Orientation has the positive significant effect on the performance of Awash Bank.

Honesty ($\beta=0.194$; $P < .05$) is the third strongest predictor of performance identified in this study. Hence, from the results, it can be said that honesty has positive significant relationship with organizational performance of Awash Bank.

The findings revealed that the ethical guidance ($\beta=0.163$; $P < .05$) is the fourth strongest predictor of performance. The result of the study indicated that the Beta Coefficient result of 0.163 signifies that for a 1 unit change in ethical guidance variable, the dependent variable (organizational Performance) was change by 0.163 units.

On the other hand, Fairness, and Integrity has positive effect, but not significant having Beta and p-value of ($\beta=0.090$; $P > 0.05$, $\beta=0.064$; $P > 0.05$,) respectively.

Table 17: Summary of Hypothesis Testing

Hypothesis	Analysis Used		Findings	Result
H1	Multiple Regression	$\beta = 0.194; p < .05$	Positive Significant	<i>Supported</i>
H2	Multiple Regression	$\beta = 0.090; p > .05$	Positive but insignificant	<i>Not Supported</i>
H3	Multiple Regression	$\beta = 0.064; p > .05$	Positive but, insignificant	<i>Not supported</i>
H4	Multiple Regression	$\beta = 0.163; p < .05$	Positive Significant	<i>Supported</i>
H5	Multiple Regression	$\beta = 0.263; p < .05$	Positive Significant	<i>Supported</i>
H6	Multiple Regression	$\beta = 0.221; P < .05$	Positive significant	<i>Supported</i>

Source: Survey result, 2020

CHAPTER-V: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the major findings of the study, conclusions, recommendations, and limitations and suggestions for future research. Accordingly, the first section of this chapter described the findings of the study that presents a brief summary, and the conclusion drawn from it. Lastly, this chapter reveals the recommendations for the findings and highlights the direction for further studies.

5.1. Summary

The study was aimed to examine the effect of ethical leadership practices on the organizational performance in Awash Bank under the umbrella of ethical leadership practices; Honesty, Fairness, Integrity, Ethical Guidance, Power sharing and Employee Orientation were selected as an ethical leadership practices dimensions as indicated in literature review section.

The correlation matrix revealed that all coefficient of correlation of independent variables were positively and strongly correlated with the dependent variable.

The regression coefficients showed that all predictors have positive effect on organizational performance. Honesty, ethical guidance, power sharing and employee orientation have significantly affect the organizational performance. However, the effect of fairness and integrity are insignificant.

Furthermore, econometric analysis showed that all predictors have positive effects on the organizational performance. The outcome of this study showed that Power Sharing is the strongest predictor or has the most significant effect on the performance of Awash Bank. It is apparent from the result that; Power Sharing is a decisive factor that affects the performance of the Awash Bank.

Even though the study showed the effect of ethical leadership dimensions on the performance of Awash Bank, some ethical dimensions are more effective than the others depending on their level of significance. Among these dimensions' employee orientation, honesty and ethical guidance are influential next to power sharing, while still there are ethical leadership dimensions that do not show significant or has less influence on organizational performance. Ethical dimensions such as

fairness and integrity have positive but insignificant effect on organizational performance of the Bank.

5.2. Conclusions

The researcher concluded based on the research findings that Power Sharing is the strongest predictor or has the most significant effect on the performance of Awash Bank. This is because:

The Bank has used the strategy of power sharing, power decentralization and authority delegations among Managerial employees to increase employee satisfaction and to increase organizational decision-making.

The Bank also created an atmosphere of happiness, which results in high Organizational productivity.

The Bank made subordinates less dependent on their leaders so that leaders get access for organizational important decisions.

Similarly, employee orientation, honesty and ethical guidance are also influential next to power sharing. This was achieved as a result of:

The Bank created better alignment between what the employees do and what the Organization needs them to do.

The Bank oriented new employees to be familiar with the organizational culture, norms, code of conduct, environment, people and work.

The Bank created an environment of trust both within the organization and with those that do business with the Organization,

The Bank established trust and creates an environment of transparency among employees and organizations, wins the loyalty of its clients; so that clients will feel safe even when they leave their sensitive items at the premise by mistake.

The Bank directed its employees to respect the core values of the organization, attract customers' loyalty by staying true to their mission statements and organizational values.

On the other hand, ethical dimensions such as fairness and integrity have positive but insignificant effect on organizational performance of the Bank. The researcher concluded that the Bank failed to implement fair performance evaluation among employees of the Bank, unable to have open-minded and allowing everyone an equal opportunity to succeed, failed to do the right things without abandoning personal and organizational values, failed in operating organization consistently in accordance with a strong set of moral values.

5.3. Recommendations

The researcher forwards the following recommendations based on the research findings and the conclusions drawn in the previous sections.

- Ethical leadership dimensions such as Power sharing showed high influence on organizational performance of the Bank. Therefore, the Bank should enhance factors impacting ethical dimensions for better organizational performance.
- The Bank management and employees of the Bank need to work for improvement of ethical dimensions of the Bank taking into account all ethical dimensions such as honesty, fairness, Integrity, ethical guidance, power sharing and employee orientations concern for sustainability.
- Among the ethical dimensions, fairness and integrity are the ethical dimensions requiring more concern to strengthen its significance or impact on performance of the Bank.
- The Bank must exhaustively work on some ethical dimensions like fairness and Integrity by implementing fair performance evaluation among employees in order to influence organizational performance.
- The Bank should allow everyone to have an equal opportunity to succeed.

- The Bank should do the right things without abandoning personal and organizational values in operating organization consistently in accordance with a strong set of moral values.
- The Bank should implement strategy which should enhance the influence of ethical dimensions on organizational performance. Strategies such as training, seminars and continuous platform should be set to increase the knowledge of managers and its employees on issues of ethical dimensions and their impact on organizational effectiveness.

5.4. Limitations and Suggestions for Future Research

The findings of this study was provided a platform for a variety of future research efforts. In this study, only Awash Bank was taken into consideration. So, it is recommended that a similar study will be undertaken by incorporating other Bank's and make a comparative analysis. It is also recommendable to examine the research model of this study in other sectors which was helpful for generalization purposes. Hence, a potential area of future research is to examine the effect of ethical leadership style (s) on another industry performance, especially in the Ethiopian context. This research is also limited in that it only focused on the organizational performance measured on extra effort, efficiency and satisfaction. Therefore, future researchers could also study the effect of ethical leadership style (s) on rate of return, market share, growth, profitability, and others measures (financial and non-financial measurements).

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APPENDIX I: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

MASTERS OF BUSINESS LEADERSHIP GRADUATE PROGRAM

Dear respondent,

I am a prospective graduate student in the field of Business Leadership at Addis Ababa University school of Commerce. I would like to recognize your willingness and giving your time to fill this questionnaire. The following survey questions might not take no longer than 30 minutes to complete. The questionnaire is entirely used for academic purpose. It is primarily designed to collect relevant, crucial and genuine information to address the issues of the present study entitled “*The effect of ethical leadership styles on Organizational performance*”. Organizational performance in this context refers to Performance of Awash International Bank SC.

As a participant in this study, you will be asked to complete the ethical leadership style questionnaires. Your replies will be completely anonymous, so do not put your name anywhere on the form. If you require any further information, want feedback on the study or unclear situation please contact me through the following address.

❖ Email: Bikilaanbessa1@gmail.com

❖ Cell phone: +251911876305

Please begin by responding to the following demographic questions.

Part I. Demographic Information:

1. Age: 21-30 years 31-40 years 41-50year Over 50
Years

2. Gender: Male Female

3. Level of Education: Diploma 1st Degree 2nd Degree and above

4. Number of years in Managerial position <5 years 6-10 years 11-15 years
Over 15 year

5. In what Managerial category you are engaged in?

Top level Middle Level Lower Level

After filling out the demographic information, please proceed to the next ethical related questions.

Part II: Ethical Leadership styles related questions.

This part of the questionnaire is based on the effect of ethical leadership styles like: Honesty, fairness, Integrity, ethical guidance, Power sharing, and people orientation at work place on organizational Performance. Therefore, I would like to request you to answer all the items on this answer sheet

Use the following rating scale

0 = Strongly Disagree 1 = Disagree 2 = Neutral 3 = Agree 4 = Strongly Agree

<i>I</i>	Statement	Scale				
	Honesty	0	1	2	3	4
<i>HO1</i>	Demonstrates trust and creates an environment of transparency in organizations.					
<i>HO2</i>	Dishonest employees are more likely to quit their jobs, which in turn can affect your turnover rate and make it harder to attract talent.					
<i>HO3</i>	Builds trust in the company and confidence in leadership.					
<i>HO4</i>	Creates an environment of trust both within the Organization and with those that do business with the Organization.					
<i>HO5</i>	Wins the loyalty of its clients; so that clients will feel safe even when they leave their sensitive items at the premise by mistake.					
	Fairness	0	1	2	3	4
<i>FA1</i>	Can foster various sources competitive advantage and hence improve organizational performance.					
<i>FA2</i>	Being open-minded and allowing everyone an equal opportunity to succeed.					

<i>FA3</i>	Unfair performance evaluation resulted in employees' dissatisfaction and affected the performance of the Organization.					
<i>FA4</i>	Enables to do the right things without abandoning personal and organizational values.					
<i>FA5</i>	Builds personal character and promotes honesty and respect for others.					
	Integrity	0	1	2	3	4
<i>IN1</i>	Closely related to commitment to employees who had great power to achieve organizational goals.					
<i>IN2</i>	It is crucial to keeps Organization in the right path to success.					
<i>IN3</i>	Provides a foundation for solid long-term organizational performance.					
<i>IN4</i>	Enables operating organization consistently in accordance with a strong set of moral values.					
<i>IN5</i>	An individual trait that can build trusting relationship with others.					
	Ethical Guidance	0	1	2	3	4
<i>ET1</i>	Affects the corporate social responsibility, which in turn influences the organizational performance.					

ET2	Promote employee engagement, increase productivity and enhance brand reputation.					
ET3	Directs its employees to respect the core values of the organization.					
ET4	Attract customers' loyalty by staying true to their mission statements and organizational values.					
ET5	Play as a catalyst towards developing a sustainable environment for the organization.					
	Statement	Scale				
	power sharing	0	1	2	3	4
PO1	Helps to reduce the possibility of conflict between social groups.					
PO2	Increase employee satisfaction and organizational decision-making.					
PO3	Allows subordinates less dependent on their leaders so that leaders get access for Organizational important decisions.					
PO4	Creates an atmosphere of happiness, which results in high Organizational productivity.					
PO5	Affect how managers and employees work together to make decisions and manage.					
	Employee Orientation to the Job					
EM1	Creates better alignment between what the employees do and what the Organization needs them to do.					

EM2	Creates aware of company policies and expectations, handles essential paper works, and answers any questions or concerns they may have.					
EM3	Enhance productivity as early as possible without taking further lengthy time.					
EM4	Makes the new employees familiar with the organizational culture, norms, code of conduct, environment, people and work.					
EM5	Serves to assist new employees with the tools and information they need to succeed in the job.					

Organizational Performance						
IV	<i>statement</i>	<i>Scale</i>				
	<i>Extra effort</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
EX1	Directing employees to do more than expected.					
EX2	Enhancing employees desire for success to achieve difficult goals					
	Efficiency					
EF1	Meeting the needs of the employees with regard to their work.					

EF2	Is trying to reduce cost in managing organization and performing works.					
	Satisfaction					
SA1	Effort to establish warm, open and honest interpersonal relationships.					
SA2	Increase profits, create lower employee turnover and improve overall company performance and productivity.					

Thank you for your cooperation.

