



SCHOOL OF GRADUATE STUDIES

THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE: THE CASE OF PUBLIC SERVICE AND HUMAN RESOURCE BUREAU OF AFAR REGIONAL STATE

*A Thesis Submitted to Addis Ababa University Graduate Studies School of
Commerce Master of Business Leadership for a Partial Fulfillment of
Requirements for a Master of Arts Degree in Business Leadership*

By

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ID: GSD/9310/14

Advisor: Dr. Wubshet Bekalu

June 2024
Addis Ababa, Ethiopia

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LETTER OF CERTIFICATION

I hereby certify that **OUMER DAWIDE** has carried out her project work on the topic of **The Effects of Leadership Styles on Employee Performance: The Case of the Public Service and Human Resource Bureau of Afar Regional State**. This work is original, and it is suitable for Submission in partial fulfillment of the requirement for the award of a Master's Arts Degree in Business Leadership.

Advisor: **Dr. Wubshet Bekalu**

Signature: _____

Date : _____

DECLARATION

I, the undersigned, declare that this Master's thesis paper, entitled "**The Effects of Leadership Styles on Employee performance: The Case of the Public Service and Human Resource Bureau of Afar Regional State**" is my original work, prepared under the guidance of Dr. Wubshet Bekalu. All sources of materials used for the thesis paper have not been submitted either in part or in full to any other high learning institution for earning degree.

Oumer Dawide

Signature _____

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By: Oumar Dawide

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First and foremost, I would like to express my gratitude to God for providing me with the perseverance to complete this study. Secondly, I would like to extend my heartfelt appreciation and sincere thanks to my advisor, Dr. Wubshet Bekalu for his tireless efforts in enabling me to accomplish this significant project. Without his guidance, this study would have been an immensely difficult task. I am grateful for his generosity and the devotion of his time, from the early design of the proposal to the final project thesis.

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TABLE OF CONTENTS

LETTER OF CERTIFICATION	ii
DECLARATION	iii
ACKNOWLEDGMENT	v
TABLE OF CONTENTS.....	vi
LIST OF TABLES.....	ix
LIST OF FIGURES	x
ABSTRACT.....	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Statement of the problem	3
1.3 Research Questions	5
1.4 Objectives of the Study	5
1.4.1. General objective	5
1.4.2. Specific objective	5
1.5 Hypothesis of the study	6
1.6 Significance of the study	6
1.7 Scope of the study	6
1.8 Limitations of the Study	8
1.9 Research gap	9
1.10 Organization of the Study document.....	9
2.1 Theoretical Framework	10
2.1.1 Concept of Leadership	10
2.1.2 Leadership Theories:.....	11

2.1.3	Leadership Styles	13
2.1.4	Concepts and Definition of Employee Performance (EP)	18
2.1.5	Leadership Styles and Employee performance	19
2.1.6	The Multifactor Leadership Questionnaire (MLQ)	20
2.2	Empirical Literatures.....	21
2.3	Conceptual Framework	24
CHAPTER THREE: RESEARCH METHODOLOGY		26
3.1	Research Design.....	26
3.2	The Organization Studied.....	27
3.3	Population and Sample Size.....	27
3.3.1	Population	27
3.3.2	Sample Size.....	27
3.3.3	Sampling Method.....	28
3.4	Source and Method of Data Collection.....	28
3.5	Variables of the Study	28
3.5.1	Dependent Variable	28
3.5.2	Independent Variables	29
3.6	Instrument and Measurement of Variables	29
3.6.1	Instrument	29
3.6.2	Measurement of key Variables	29
3.7	Method of Data Analysis.....	29
3.7.1	Descriptive Analysis	29
3.7.2	Explorative Analysis.....	30
3.7.3	Reliability and Validity of Tool.....	30

3.8	Ethical Consideration	31
CHAPTER FOUR: RESULTS AND DISSCUSSIONS		32
4.1	Response Rate of Respondents	32
4.2	Respondents Profile.....	32
4.3	Descriptive Analysis	33
4.3.1	Dominant Dimensions with in Transformational Leadership Style	33
4.3.2	Dominant Dimensions with in Transactional Leadership Style	34
4.3.3	Usage of Leadership Styles and level of Employee Performance	35
4.4	Explorative Analysis: Multiple Linear Regression Analysis	35
4.4.1	Cross Checking Prerequisites of Multiple Linear Regression Analysis	36
4.4.2	Testing Assumptions of Multiple Linear Regression Analysis	37
4.4.3	Interpreting the Results of the Multiple Linear Regression Analysis.....	39
4.4.4	Testing Hypothesis of the Study	42
4.4.5	Previous Studies with similar results	42
CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS		45
5.1	Conclusions	45
5.2	Recommendations	45
5.3	Suggestions for Future Researches	46
REFERENCE.....		47
APPENDIX 1: QUESTIONNAIRE		52

LIST OF TABLES

Table 3.1: Target population work line arrangement	27
Table 3.2: Allocated Sample size per work line	28
Table 4.1 Response Rate of Respondents	32
Table 4.2: Profile of Respondents.....	33

LIST OF FIGURES

Figure 2.1: Conceptual Framework Design adopted from Koech M. (2012).....	25
Figure 3.1 : Research Design.....	26

ABSTRACT

This study aimed to identify the impact of leadership styles (transformational, transactional, and laissez-faire) on employee performance in the Afar National Regional State Public Service and Human Resource Bureau. A quantitative research approach was employed, with a questionnaire response rate of 89% (127 valid responses). The leadership styles were measured using the Multifactor Leadership Questionnaire developed by Avolio and Bass (2004) and modified to fit the study context. The data was analyzed using SPSS (Version-26), employing both descriptive and inferential statistical techniques. The findings reveal that the transformational leadership style to be the most prevalent, followed by the transactional and laissez-faire leadership styles. The results show a strong correlation between transformational and transactional leadership styles and employee performance, while laissez-faire leadership had a weak correlation. The overall correlation between leadership styles and employee performance was strong, with a coefficient of $r=0.717$. The regression analysis indicates that 47.5 % of employee performance can be jointly explained by leadership styles. Transformational leadership style was found to be the strongest predictor of employee performance, followed by transactional leadership. In contrast, laissez-faire leadership was found to have an insignificant impact on employee performance. Based on the positive and the higher level of correlation that has been proved to exist between transformational leadership style and employee performance the researcher recommended transformational leadership style to be implemented by all leaders in the studied organization as a default prioritized style. And since the effects of transactional leadership tend to be more short-term and narrow in scope compared to the broader, more sustainable benefits associated with transformational leadership, the researcher recommended to the leaders in the studied organization that they should often employ a combination of both transactional and transformational leadership style when needed. The researcher has also recommended that laissez-faire leadership should generally be avoided in favor of more effective leadership approaches like transformational Leadership.

Keywords: Leadership Styles, Transformational, Transactional, Laissez-faire, Employee Performance

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The key purpose of organizations is to achieve their established goals and objectives. To accomplish these aims, the human factor is of vital importance. The leader is a critical part of this human factor, as they influence organizational members to willingly contribute their efforts towards the predetermined goals and objectives. Organizations are social frameworks where human resources are the most essential components for effectiveness and proficiency. To achieve their goals, organizations require strong leaders and engaged employees. A leader can be viewed as the individual who maintains a hierarchical presence and safeguards the longevity and perseverance of the organization in pursuing its original objectives.

Leadership has been defined in various ways by researchers. It is generally considered an interpersonal process where the leader directs the activities of individuals or groups towards the purposeful attainment of given objectives within the organizational context, typically through non-coercive means (Zagorsek, 2004). Leadership is an influence process between the leader and followers, where the leader motivates and facilitates the group's activities towards goal achievement (Northouse, 2013; Rauch & Behling, as cited in Yukl, 2010).

Given the increasing complexity of society and technology, the demand for exceptional leaders is growing. Leadership involves the ability to motivate others to forego self-interest in service of a collective vision, and to make significant personal sacrifices to help attain that vision (House & Shamir, 1993; Igbaekemen, 2014). It is the art of influencing people to strive willingly towards the achievement of organizational goals and objectives.

Leadership styles are the consistent patterns of behavior that leaders exhibit when trying to influence the activities and behaviors of their people (Hersey & Blanchard, 1981). Leadership style has been defined as the manner and approach a leader takes in providing direction, implementing plans, and motivating their employees (Newstrom & Davis, as cited in Celestine, 2015). According to Northouse (2013), leadership style refers to the behaviors and processes that leaders engage in to enable their organization to achieve extraordinary things.

Similarly, Bass and Avolio (2004) state that leadership styles are the behaviors and processes that leaders participate in to drive outstanding outcomes. In the organizational context of this study, leadership is associated with the person appointed by the organization to oversee the whole or sub activities, as well as the reporting relationships between leaders and subordinates (Mehmood & Arif, 2011). The full-range leadership model is the focus of this study, which suggests three primary leadership behaviors: transformational, transactional, and laissez-faire (Avolio & Bass, 2004). This model does not cover all dimensions of leadership, but it represents a range from passive to highly involved and inspirational leadership (Avolio et al., 1999).

Transformational leadership is characterized by leaders' abilities to communicate a compelling vision that motivates people to achieve extraordinary things. It has five underlying dimensions that are seen as the most active and effective leadership behaviors (Bass & Avolio, 1994). In contrast, laissez-faire leadership is the avoidance or absence of leadership, and is considered the most passive and ineffective style (Bass & Riggio, 2006). Transactional leadership, on the other hand, is focused on leading through social exchanges and transactions, with factors like contingent reward, active management by exception, and passive management by exception (Bass & Avolio, 2004).

Employee Performance was defined as the successful completion of tasks by individuals, as set and measured by a supervisor or organization, to pre-defined acceptable standards while efficiently and effectively utilizing available resource within a changing environment (Mathis & Jackson, 2009). Organizations need highly performing individuals in order to achieve their goals, to deliver the products and services they specialized in and to achieve competitive advantage. Additionally, employee performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in enterprises. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development, effectiveness, satisfaction and expansion of the organization (Koontz and Donnell, 1993).

Regarding the importance of leadership style for performance of individuals Warrick (1999) indicated that leadership styles have significant impact on the performance and satisfaction of their subordinates and leaders have control on interpersonal and material rewards and

punishment. The rewards and punishment controlled by the leader shape employees' performance, motivation and attitude. A leadership style used by leaders can also affect the organizational performance in a positive as well as in a negative way. In this regard, leadership style used by leaders had paramount role in enhancement of employee performance as well as organizational performance. Even though, there are different studies on the relationship between leadership styles and employee performance conducted at different countries, but there is no particular research conducted on economic sector of Afar National Regional State as far as the researcher concerned.

1.2 Statement of the problem

Many organizations devote significant time and resources to addressing managerial problems. However, research on management's leadership styles and their impact on employee performance is limited, and personnel lack sufficient knowledge about the relationship between leadership styles and organizational productivity (Tandoh, 2011). Overall organizational performance is the primary determinant of an organization's success or failure, which is the collective effect of individual employee performance. Tandoh (2011) asserted that employee performance is crucial for an organization's survival and success.

Employee performance is vital for an organization to achieve its objectives. Leadership styles also play a crucial role in the effectiveness and efficiency of an organization and in influencing employee performance (Babatunde & Emem, 2015; Mohammed et al., 2014). Therefore, it is logical to assume that leadership styles would have a relationship with employee performance, although the nature of this relationship may vary across organizations.

Studies on the relationship between leadership styles and employee performance have found that leadership styles have a direct effect on employee performance. Babatunde and Emem's (2015) study revealed a significant relationship between leadership style and employees' performance in achieving organizational goals and objectives. Similarly, Mohammed et al. (2014) described a significant relationship between leadership styles and employee performance in an organization.

Given the critical importance of leadership in the effective and efficient achievement of organizational goals and objectives, substantial efforts are needed to improve leadership skills and bring about positive changes in employee performance. Managers should have the right

leadership style to motivate and promote good work practices among their staff (Bartol, 2003). Managers also need strong interpersonal skills to gain the trust of their employees. When managers provide direction, they must have the power and motivation to inspire confidence in their subordinates, fostering a positive attitude towards tasks and the organization, which is necessary to achieve good results in the workplace.

According to Heurieglet (2004, as cited in Koech, 2012), the lack of effective leadership in an organization can lead to negative outcomes such as lack of motivation, employee dissatisfaction, high turnover, poor innovation, inability to meet performance targets, lower profits, poor communication, inefficiency, lack of cooperation, and disintegration. These problems often arise due to the lack of strategic interventions using specific leadership styles tailored to the particular situations faced by the organization.

Many organizations today face challenges in determining the appropriate leadership styles to adopt in leading their employees. Employee performance can be influenced by various factors related to the individual, the work environment, and the leadership styles used by the leaders within the sectors. Based on preliminary investigations and the researcher's experience, leaders claim to apply all leadership styles to enhance their organizational performance. However, there are complaints in the economic sectors regarding management and leadership practices, with employees raising issues related to encouraging performance, capacity building, performance-based rewards, and timely performance evaluation. These problems may affect the enhancement of employee performance and the achievement of the sectors' goals and objectives, warranting further research to examine the relationship between leadership styles and employee performance.

Despite the existing leadership research in different countries, there is a need to conduct more studies to fill the leadership skill gap and examine its effect on employee performance. Furthermore, there are no empirical studies that have identified the effect of leadership styles on employee performance, particularly in the Afar Regional government Public Service and Human Resource Development Bureau. Additionally, other leadership styles, such as transformational, transactional, and laissez-faire, have been more extensively studied, and there is limited research on their effects on employee performance. Therefore, the purpose of this study is to identify the relationships and effects of leadership styles on employee performance and to assess the

dominant leadership styles in the public service and human resource development bureau of the Afar Regional state.

1.3 Research Questions

The following are the research questions that the researcher tried to answer

1. What is the level of employee performance in public service and human resource bureau of Afar Regional state?
2. What are the dominant leadership styles in public service and human resource bureau of Afar Regional state?
3. What is the relationship between leadership style and employee performance in public service and human resource bureau of Afar Regional state?
4. What are the best recommended remedies to managers on adopting leadership styles that can optimize employee performance in public service and human resource bureau of Afar Regional state the organization?

1.4 Objectives of the Study

1.4.1. General objective

The primary objective of the study was to examine the influence of leadership styles on employee performance in the public service and human resource bureau of the Afar Regional state.

1.4.2. Specific objective

- To determine the level of employee performance in public service and human resource bureau of Afar Regional state the organization.
- To identify the predominant leadership styles practiced by managers/supervisors in public service and human resource bureau of Afar Regional state the organization.
- To examine the relationship between leadership styles and employee performance in public service and human resource bureau of Afar Regional state the organization.
- To provide recommendations to managers on adopting leadership approaches that can optimize employee performance in public service and human resource bureau of Afar Regional state the organization.

1.5 Hypothesis of the study

H1: Transformational leadership has positive effect on employee performance in public service and human resource development bureau of Afar Regional state

H2: Transactional leadership has positive effect on employee performance in public service and human resource development bureau of Afar Regional state

H3: Laissez-faire leadership has positive effect on employee performance in public service and human resource development bureau of Afar Regional state

H4: Overall Leadership styles has a significant effect on employee performance public service and human resource development bureau of Afar Regional state

1.6 Significance of the study

The beneficiaries of this study are the managers, process owners, team leaders, and employees of the bureau, as well as other similar organizations, future researchers, and academicians. The study findings will assist different leaders/managers, process owners, and team leaders in identifying the best and most appropriate leadership style to use in relevant situations for better employee performance, such as increasing efficiency and effectiveness, satisfaction, motivation, and productivity. This highlights the importance of leadership styles for employee performance while leading the work of subordinates.

The study also has significance in providing objective and useful information about the importance of leadership styles on employee performance, which may help organizations achieve their goals. This helps create awareness concerning the problems related to leadership styles and their impact on employees and organizational performance. After determining the relationship between leadership styles and employee performance, economic sectors and other similar organizations will be in a better position to use the findings of this research to develop leadership styles that will help leaders acquire relevant skills for effective management and improve employee performance.

1.7 Scope of the study

Here is the summary of the scope of study.

Overall Scope

- Provide a brief overview of the importance of leadership style and its potential impact on employee performance.
- Highlight the need to understand this relationship in order to improve organizational effectiveness.
- Mention that this study aims to empirically investigate the link between leadership style and employee performance.
- The study will be conducted within a single organization or industry to control for contextual factors.
- The sample will include full-time employees at various levels (entry, mid, senior) to capture a range of perspectives.
- The study will focus on evaluating the impact of transformational, transactional, and laissez-faire leadership styles on employee performance.
- Potential limitations include self-reported data, cross-sectional design, and generalizability to other organizations/industries.

Methodological Scope

- The study used a quantitative, survey-based approach.
- Validated instruments were used to measure leadership styles and employee performance.
- Demographic variables (age, tenure, position, etc.) were collected as control variables.
- Statistical techniques such as correlation, regression, and ANOVA were employed to analyze the data.

Expected Outcomes

- To determine the level of employee performance in public service and human resource bureau of Afar Regional state the organization.
- To identify the predominant leadership styles practiced by managers/supervisors in public service and human resource bureau of Afar Regional state the organization.
- To examine the relationship between leadership styles and employee performance in public service and human resource bureau of Afar Regional state the organization.

- To provide recommendations to managers on adopting leadership approaches that can optimize employee performance in public service and human resource bureau of Afar Regional state the organization.

1.8 Limitations of the Study

This study is subject to several limitations that should be considered when interpreting the findings. First, the sample size was not that much big, with only 142 employees from a single organization participating. The limited sample size may reduce the generalizability of the results beyond the specific context of this study. Future research should aim to obtain a larger, more diverse sample to validate the findings.

Second, the data collected was cross-sectional in nature, meaning employees' perceptions of leadership styles and their own performance were measured at a single point in time. This approach does not allow for an examination of causal relationships or the direction of influence between leadership and performance. A longitudinal study design would be beneficial to better understand the dynamic relationship over time.

Third, the study relied solely on self-reported measures of employee performance. While self-ratings can provide valuable insights, they may be subject to biases such as social desirability. Incorporating objective performance data or supervisor ratings could strengthen the validity of the performance measures.

Fourth, this study focused on the broad categories of transformational and transactional leadership styles. Future research may benefit from a more nuanced examination of specific leadership behaviors and their differential impacts on employee outcomes.

Finally, the study was conducted within a single organizational context. Replicating the research in different industries, sectors, or cultural settings would help determine the contextual boundaries of the findings and their broader applicability. Despite these limitations, this study provides important preliminary insights into the relationship between leadership style and employee performance. The findings can serve as a foundation for future research to build upon and address the limitations identified.

1.9 Research gap

The relationship between leadership style and employee performance has been the subject of extensive research in the organizational behavior literature. However, several gaps remain in the existing knowledge that this study aims to address. Especially in the case of Ethiopia the topic of the relationship between leadership style and employee performance has been widely studied nationwide. But such studies were concentrated around larger regions and emerging regions like Afar were left out of the domain of such studies. So by performing this study the researcher tried to shed light on the topic that existed in the geographical area. To this end the topic has rarely been addressed in afar region and was never been attempted in the case of public service and human resource development bureau of Afar National Regional State.

1.10 Organization of the Study document

This final document of this research work has five major chapters. The first chapter covers the introductory part, consisting background information, statement of the problem, objectives, research questions, the scope and significance of the study. The second chapter is dedicated to the presentation of literature related evidences to support the claims and workings of the research. The third chapter covers issues related to the way how data is collected and analyzed to answer the research questions. The fourth chapter provides the research findings together with sufficiently enough related discussions. The final fifth chapter is where the researcher provided the conclusions and the associated recommendations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Concept of Leadership

The topic of leadership has been the focus of studies for more than a couple of decades and gradually became a topic of great interest. This interest arose from the fact that leaders provide guidelines and have to motivate their followers to accomplish tasks (Gill, 1998). As noted by Bass (1997), there are almost as many different definitions of leadership as there are persons who have attempted to define the leadership concept. Over the years, researchers have generated a surplus of work and data that adds value to the field of leadership research. Leadership is an expression that is often used in conversation and is frequently described by various adjectives such as good, influential, effective, and poor.

Although leadership has been well-researched over the years, there is still a lack of a universally accepted definition. According to Stogdill (1974), there are almost as many definitions of leadership as there are persons who have attempted to define the concept. As identified by Yukl (1998), leadership is the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, including the process of facilitating individual and collective efforts to accomplish shared objectives. Similarly, Zagorsek (2004) defined leadership as an influence process between a leader and followers, where the leader influences, motivates, and facilitates the activities of an organization's group toward goal achievement, through mostly non-coercive means. As described by Sundi (2013), leadership is the ability to convince and mobilize others to work together as a team under one's leadership to achieve certain goals. Leslie et al. (2013) assert that leadership is the ability to influence people to willingly follow one's guidance or adhere to one's decisions.

On the other hand, a leader is one who obtains followers and influences them in setting and achieving objectives. Similarly, as described by Kumar (2014), leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. These are accomplished through the application of leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. Leadership is the integrated sharing of vision, resources, and value to induce positive change.

Memon (2014) defines leadership as a process by which an individual influences the thoughts, attitudes, and behaviors of others. Similarly, Northouse (2010) characterizes leadership as a process where leaders impact their employees to accomplish organizational targets. Bass (1990) also expressed leadership as a process of interaction among people and groups that includes an organized or restructured situation, people's expectations and perceptions. In summary, although leadership has been defined by different scholars in various ways, the main concept is to express the influence process between leaders and followers to achieve the objectives and goals of organizations or institutions.

Leadership takes place in a variety of situations, from military to education, from business organizations to state administrations, and from informal groups to large formalized organizations (Bass, 2004). For the purpose of this study, the focus of the review is on organizational leadership that occurs in formal organizations and is usually executed by managers or leaders.

2.1.2 Leadership Theories:

The review of leadership literature reveals an evolving series of 'schools of thought' from Great Man and Trait theories to Contingency theory. The Trait Approach that endured up to the late 1940s claimed that leadership ability is inborn. From the 1940s to the late 1960s, the Behavioral Approach became dominant; advocating that effectiveness in leadership has to do with how the leader behaves. In the late 1960s to the early 1980s, the Contingency Approach became popular, suggesting that effective leadership is dependent upon the situation.

A. Trait Theory

Leadership trait theory is the idea that people are born with certain character traits. Carlyle (1993) described in his "great man theory" that leaders are born, and only those men who are blessed with heroic qualities could ever emerge as leaders. The underlying assumption of the trait approach is that some people are natural leaders and are endowed with certain traits not possessed by other individuals. However, Stogdill (1948) argued that leadership situations vary and place different demands on leaders, which led to the emergence of behavioral and contingency/situational approaches.

B. Behavioral Leadership Theory:

The failure of the trait approach and the growing emphasis on behaviorism led researchers to direct their attention to the behavior of leaders. This new approach prompted scholars and researchers to look beyond leader traits and consider how leaders' behaviors predicted effectiveness. The behavioral model to leadership suggests that the leader's behavior, not the leader's personal characteristics, influences subordinates' job performance. Behavior theories examine whether the leader is task-oriented, people-oriented, or both. The limitations of behavioral theories are their oversight of situational factors on the level of leader effectiveness.

C. Contingency /Situational Theory

Contingency/situational theory is an approach to leadership where the effectiveness of a leader is determined by the interaction between the leader's personal characteristics and aspects of the situation (Cheng and Chan, 2002; Fiedler, 1964). This theory assumes that the relationship between leadership style and organizational outcomes is moderated by situational factors, and therefore the outcomes cannot be predicted by leadership style alone (Cheng and Chan, 2002). Fiedler's (1964) contingency theory further asserts that a leader's ability to lead is contingent upon various situational factors, including the leader's preferred style and the capabilities and behaviors of the workers.

Fiedler's (1984) contingency theory posits that there is no single best way for managers to lead, as different situations will require different leadership style requirements. The appropriate solution for a managerial situation depends on the specific factors at play (Fiedler, 1984). For example, a directive leadership style may work best in a highly routine environment, while a more flexible, participative style may be required in a dynamic environment. As the perception of leadership has evolved, theorists have begun to focus on how a leader should behave to be effective, rather than on the existence of a single best way to lead (Senior, 1997). The general tenet of the situational and contingency perspectives is that leadership effectiveness depends on the leader's ability to diagnose and understand the relevant situational factors, and to then adopt the appropriate leadership style to deal with each circumstance (Senior, 1997).

2.1.3 Leadership Styles

Leadership style is distinct from leadership theory. Leadership style reflects the consistent patterns of behavior that leaders exhibit when attempting to influence their followers, and this behavior can be either relationship-centric or task-centric, or a combination of the two (Hersey and Blanchard, 1981). Similarly, Cuadrado et al. (2007) described leadership style as a consistent set of behaviors that can be categorized as either task-oriented (structure initiation) or relation-oriented (consideration). Mill operator et al. (2002) view leadership style as the example of cooperation between leaders and their subordinates.

Leadership styles are the approaches that leaders use when leading organizations, departments, or groups (Mehmood & Arif, 2011). Leadership style can be defined as a leader's approach to providing direction, motivating people, and implementing plans. Many leadership theories and approaches have emerged and evolved, but there is no single "best" leadership style for all situations (Darling & Leffel, 2010). Leaders may find that a combination of styles is most effective, as no one leadership style can be considered as having all the answers (Darling & Leffel, 2010). The literature has identified a wide range of leadership styles that correspond to specific organizational or business conditions, and which have specific actions, structures, and expectations of leaders.

A. Transformational Leadership Style (TF)

According to Bass (1997), transformational leaders help their followers understand the importance of organizational outcomes and encourage them to rise above their self-interests to achieve these goals, thereby transforming their followers. Transformational leaders are proactive and skilled at transforming followers into leaders, inspiring them to excel beyond their self-interests for the greater good of the organization (Avolio & Bass, 2004).

Transformational leadership theories focus on the connection formed between leaders and followers (Cherry, 2012). Northouse (2013) defines transformational leadership as a process that concentrates on the relationship developed between leaders and their subordinates, allowing leaders to inspire followers to change their expectations, perceptions, and motivations to work towards common goals.

As stated by Howell and Avolio (1993), transformational leaders possess the ability to motivate their subordinates to commit to performance beyond expectations. This may occur in three main ways: firstly, by raising awareness of the organization's objectives and how to achieve them; secondly, by encouraging co-workers to prioritize the organization's objectives over their own personal interests; and lastly, by satisfying and stimulating people's higher-order needs. There are four dimensions or subscales of transformational leadership: idealized influence (both attribute and behavior), individualized consideration, intellectual stimulation, and inspirational motivation (Avolio, Bass, & Jung, 2004).

Idealized Influence (II)

According to Bass and Riggio (2009), transformational leaders behave in ways that allow them to serve as role models for their followers. Followers identify with these leaders and want to emulate them; the leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination, and are admired, respected, and trusted. The leader demonstrates high standards of ethical and moral conduct and avoids using power for personal gain (Avolio & Bass, 1994).

Idealized influence, on the other hand, includes leading by example and making sacrifices, but this behavior may be used to manage follower impressions and gain their trust (Yukl, 2010). Bass and Avolio (1990) classified idealized influence as having two components: idealized influence attributes and idealized influence behavior. Idealized influence attributes occur when followers identify with and follow leaders who are trusted and seen as having an attainable mission and vision. Idealized influence behavior refers to a leader's behavior that results in followers identifying with the leader and wanting to emulate them.

Individualized Consideration (IC)

The transformational leader's behavior demonstrates acceptance of individual differences (Bass & Riggio, 2006). This conduct incorporates the provision of support, encouragement, training, assignment, counsel, and input for use in the followers' self-awareness. It refers to leader behaviors that pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individualized consideration is practiced when new learning

opportunities are created along with a supportive climate. Individual differences in terms of needs and desires are recognized. It can be used in an authentic way to build subordinates' loyalty (Yukl, 2010).

Intellectual Stimulation (IS)

As described by Bass and Avolio (2000), Intellectual Stimulation involves leaders stimulating their followers' effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Similarly, Yukl (2010) argued that intellectual stimulation can be used to increase creative ideas that will enhance the leader's reputation. In this manner, followers are empowered to be inventive and creative, challenging their own, their leaders', and the organization's beliefs and values. They are encouraged to take intellectual risks and question assumptions.

Similarly, in intellectual stimulation, new ideas and creative problem solutions are solicited from followers, who are included in the process of addressing problems and finding solutions. Followers are encouraged to try new approaches, and their ideas are not criticized because they differ from the leaders' ideas. This component may be exhibited when leaders motivate employees to create new things to achieve the organization's goals effectively and efficiently (Bass & Riggio, 2006).

Inspirational Motivation (IM)

According to Northouse (2013), Inspirational Motivation is descriptive of leaders who communicate high expectations to followers, inspiring them through motivation to become committed to and a part of the shared vision in the organization. In practice, leaders use symbols and emotional appeals to focus group members' efforts to achieve more than they would in their own self-interest. Team spirit is enhanced by this type of leadership.

B. Transactional Leadership Style (TS)

Transactional leadership is defined by Antonakis (2003) as an exchange process based on the fulfillment of contractual obligations, typically represented as setting objectives, monitoring, and controlling outcomes. Similarly, Bass (1997) describes the basic nature of transactional leadership as the exchange or transaction between the leader and employees. The employee

would receive rewards such as a salary increase or promotion if they fulfill the requirement or meet the leader's expectation. Whereas, the employee would receive punishment like pay cuts or demotion if they fail to accomplish tasks or meet the requirement.

Robbins (2007) also defined transactional leadership as leaders who lead primarily by using social exchanges for transactions. This approach emphasizes the importance of the relationship between the leader and followers, focusing on the mutual benefits derived from a form of 'contract' through which the leader delivers such things as rewards or recognition in return for the commitment or loyalty of the followers. The objective of the transactional leader is to ensure that the path to goal attainment is clearly understood by the internal actors, to remove potential barriers within the system, and to motivate the actors to achieve the predetermined goals (House, 1997).

There are three dimensions/subscales of transactional leadership styles: Contingent Rewards, Management by Exception-Active, and Management by Exception Passive (Bass and Avolio, 2004).

Contingent Rewards (CR)

Transactional leaders clarify expectations, exchange promises and resources for support of the leaders, arrange mutually satisfactory agreements, negotiate for resources, exchange assistance for effort, and provide commendations for successful follower performance. From this perspective, contingent reward is a constructive approach. It can be both transformational when a reward is psychological, for example, praise, and transactional when the reward is material, like a bonus (Bass & Riggio, 2006). Similarly, as stated by Northouse (2013), contingent reward is an exchange process between leaders and followers in which effort by followers is exchanged for specified rewards. With this kind of leadership, the leader tries to obtain agreement from followers on what must be done and what the payoffs will be for the people doing it.

Management by Exception Active (MBEA)

Management by Exception Active (MBEA) is a transactional leadership style where the leader monitors follower performance and takes corrective action when performance deviates from the

norm or standard expectations (Bass and Riggio 2006). Active management by exception may be required and effective in some situations, such as when safety is paramount in importance.

Management by Exception Passive (MBEP)

Management by Exception Passive (MBEP) is a transactional leadership style where the leader does not respond to situations and problems thoroughly. It implies waiting passively for deviances, mistakes, and errors to occur and then taking corrective action. A leader using this passive form intervenes only after standards have not been met or problems have arisen. An example of passive management-by-exception is illustrated in the leadership of a supervisor who gives an employee a poor performance evaluation without ever talking with the employee about their prior work performance. Managers using this leadership style adhere to the opinions that "if it isn't broken, don't fix it" and that corrective actions are most of the time punitive (Bass, 1995; Avolio & Bass, 2000).

C. Laissez-Faire Leadership Style (LF)

The laissez-faire leadership style was described by Bass (1999) as an inability to take obligations regarding overseeing and exhibiting a kind of leadership style that is non-value-based, with no decisive actions taken, delayed activities, neglected administrative obligations, and an abused power structure. Similarly, the laissez-faire style was described as a negative form of leadership in which the leader doesn't get involved in important decision-making processes. Alternatively, employees are left to their own devices in times of crisis or problem and look for assistance from other sources, or employees take their own decisions to manage crisis situations (Dubinsky, Yammarino and Jolson 1995).

On the other hand, laissez-faire leadership is characterized by a leader who avoids involvement when important issues arise, is absent when needed, avoids making decisions, delays responding to urgent questions, lacks direct supervision of employees, and fails to provide regular feedback to those under their supervision. This style may be effective for highly experienced and trained employees requiring little supervision. However, not all employees possess those characteristics, and this leadership style can hinder the productivity of employees who need more supervision (Bennett, 2009).

2.1.4 Concepts and Definition of Employee Performance (EP)

Before defining employee performance, one must first understand the meaning of performance. As stated by Gibson and Donnelly (2006), performance refers to organizational behavior that is directly related to the production of goods or the delivery of services. Similarly, Mohamed (2013) considered performance to be a major multidimensional construct aimed at achieving results and having a strong link to the strategic goals of an organization. According to Aguinis (2009), performance does not include the results of an employee's behavior, but only the behaviors themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work. Perceived employee performance represents the general belief of the employee about their behavior and contributions to the success of the organization.

Employee performance has been defined by various scholars. Mathis and Jackson (2009) associated employee performance with the quantity of output, quality of output, timeliness of output, presence/attendance on the job, efficiency of the work completed, and effectiveness of work completed. As stated by Robbins (2001), employees' performance is a function of the interaction between their ability and motivation. Performance in an organization contributes to the overall organization's performance and can determine the performance of that organization. The success or failure of the employees' performance will be affected by the individual's or group's levels of performance.

According to Mathis and Jackson (2009), employee performance is a term commonly used in the human resource field, where employee performance can refer to the ability of employees to achieve organizational goals more effectively and efficiently. On the other hand, employee performance is the successful completion of tasks by an individual or individuals, as set and measured by a supervisor or organization, to pre-defined acceptable standards while efficiently and effectively utilizing available resources within a changing environment. Organizations need highly performing individuals to achieve their goals, deliver the products and services they specialize in, and achieve a competitive advantage. Gungor (2011) described employee performance as playing an important role for an organization and being what an employee does or does not do. Performance of employees could include quantity of output, timeliness of output,

presence at work, and cooperativeness. However, it should be noted that the nature of performance is determined by the organization itself.

2.1.5 Leadership Styles and Employee performance

The relationship between leadership style and employee performance has been studied extensively in both leadership and management literature. Several studies have found that the leadership styles of leaders have an effect on employee performance. Fiedler (1996) indicated that the effectiveness of leadership is largely responsible for employee performance and argued that the effectiveness of a leader is a major determinant of the success or failure of a group, organization, or even an entire country.

Lee and Chuang (2009) explain that an excellent leader not only inspires subordinate potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Luthans (2008) maintained that an employee perceives their employers as the image of the organization, and therefore internalizes the culture and becomes an integral part of the organization. Partharch (2005) confirmed the impact of leadership styles on employee performance and further found a strong relationship between leadership styles and employee performance. Organizational success or failure is largely dependent on the leadership style.

Leadership styles are important in enhancing employees' performance. Effective leadership enables greater participation of the entire workforce and can influence both individual and organizational performance (Mullins, 2010).

Transformational Leadership and Employee Performance

Transformational leaders are expected to enhance the performance capacity of their followers by setting higher expectations and generating a greater willingness to address more difficult challenges (Avolio and Bass, 1999). In other words, a transformational leader encourages subordinates to have a vision, mission, and organizational goals, while also encouraging and motivating them to show maximum performance. Transformational leaders also stimulate subordinates to think critically and solve problems in new ways, and treat employees individually (Butler, 1999).

According to Suharto (2005), more frequent implementation of transformational leadership behavior brings a significant positive effect on improving the psychological empowerment quality of subordinates. Similarly, as stated by Yukl (2006), the transformational leadership style can improve performance because it aims to develop the knowledge and potential of employees.

Regarding transactional leadership and employee performance, transactional leadership styles can affect performance positively or negatively, based on employee assessment. A positive effect can occur when employees assess transactional leadership positively, while a negative effect can occur if employees consider that transactional leadership styles cannot be trusted because the leaders do not keep their promises. Transactional contingent reward leadership should also relate positively to performance, as such leaders clarify expectations and recognize achievements that positively contribute to higher levels of effort and performance (Yukl, 2006).

Laissez-faire leadership and Employee Performance

According to Kumar (2005), under the laissez-faire leadership style, maximum freedom is allowed for subordinates. Kerns (2004) discussed the relationship between values and organizational leadership, and voiced strong support for the laissez-faire style in bridging the gap between the organization and its employees. The reasoning is that a laissez-faire approach would create a positive environment where employees and employers feel like a family, regardless of their positions.

The appropriate measure of outcome from the quality of leadership is effectiveness, which reflects the leader's ability to achieve organizational outcomes, objectives, goals, and meet the needs of subordinates in their jobs (Furnham, 2002). Thus, the measure of employee performance in the current study represented the degree to which a company achieved its objectives.

2.1.6 The Multifactor Leadership Questionnaire (MLQ)

The Multifactor Leadership Questionnaire (MLQ) was developed by Avolio and Bass (1995) and published and commercialized by Mind Garden (2012). The instrument is designed to measure a broad range of leadership styles, from passive leaders to those who provide contingent rewards,

to transformational leaders who empower their employees and give them opportunities to be leaders themselves.

The MLQ has been widely used in public and private organizations, such as banks, manufacturing facilities, educational institutions, insurance companies, IT firms, hospitals, military units, and government agencies, from CEOs to non-supervisory project leaders (Mind Garden, 2012).

The aim of the MLQ is to create a leadership development plan based on the results of the MLQ report. The instrument provides accurate and appropriate feedback on the manager's ability to lead the organization, its development teams, and individuals at various levels. The feedback gives useful information on the current type of leader and how well it works in relation to promoting efficiency, satisfaction, and the highest possible performance at work (Avolio& Bass, 2004).

The MLQ has several advantages, including its broad scope in assessing leadership effectiveness at all levels of management, using various sources of ratings, and its applicability across cultures. Another key advantage is its emphasis on personal and intellectual development, and the directions a leader may pursue to become more effective. The MLQ also differentiates effective leaders from ineffective ones by focusing on individual behaviors observed by associates (Avolio& Bass, 2004).

The MLQ consists of two forms: a self-rating form for supervisors and a rater form for associates to assess their supervisors. The rater form is considered more reliable and has better correlations with the items (Avolio& Bass, 2004). Although the authors tried to make the components of the full range of leadership model distinct, there are still consistent correlations among them (Bass & Riggio, 2006). Avolio and Bass (2004) studied the relationship between MLQ leadership factors and outcomes such as effectiveness, satisfaction, motivation, stress, and individual and organizational productivity.

2.2 Empirical Literatures

Several studies have examined the effects of leadership styles on employee performance, with varying results based on the variables and scope. According to Meyer and Botha (2000), a study in the Canadian financial industry found that transformational leadership is more strongly

correlated with higher employee satisfaction and individual/organizational performance than transactional leadership.

In South Africa, Hayward et al. (2003) found that transformational leadership is more effective than transactional leadership in increasing employee performance. The research showed a significant positive linear relationship between transformational leadership and employee performance, but no significant linear relationship between transactional leadership and employee performance in a South African pharmaceutical organization.

Pradeep and Prabhu (2011) found that leadership is positively linked with employee performance for both transformational leadership behaviors and transactional contingent reward leadership behaviors. Managers who demonstrate strong leadership behaviors, whether transformational or transactional, are seen to be engaging in increasing employees' performance.

The study by Okwu et al. (2011) aimed to determine the effect of leadership styles on performance in small-scale enterprises. The results showed that while transactional leadership style had a significant positive effect on performance, transformational leadership style had a positive but insignificant effect. The study concluded that transactional leadership style was more appropriate for inducing performance in small-scale enterprises and recommended it with strategies for transitioning to transformational leadership as the enterprises developed.

The study by Koech (2012) on the effect of leadership styles on organizational performance at state-owned corporations in Kenya using the MLQ found that transformational and transactional leadership styles were significantly correlated with organizational performance, but laissez-faire was not. The recommendations included managers discarding the laissez-faire style, formulating effective reward systems, becoming role models, inspiring subordinates, and paying greater attention to individual achievement and growth.

The study by Adeyemia et al. (2013) investigated the relationship between transformational, transactional leadership styles, and their dimensions on employee performance among Nigerian bank employees. Using the Multifactor Leadership Questionnaire (MLQ) and Organizational Commitment Questionnaire (OCQ), the results showed a positive relationship between transformational and transactional leadership styles and employee performance. However, the impact of transactional leadership styles on performance was more effective than

transformational style. The study recommended that managers should positively reward employees when they perform well, and use negative rewarding approaches when performance is below expectations.

Recent research by Sharfie, Baghersalimi, and Barghi (2013) confirmed that employee performance is greatly influenced by leadership styles. The study by Vincent Mgbeze (2014) examined the impact of leadership style on employee performance in selected banks in Lagos, Nigeria. It found that transformational and democratic leadership styles had a more positive association with employee performance than other styles. The study recommended that managers adjust their leadership styles to support high performance and organizational outcomes, and that human resource functions in banking can utilize these results for leadership development.

The study by Celestine Awino (2015) on the effect of leadership styles on employee performance at Bank of Africa used a cross-sectional descriptive survey. It found that transformational leadership was the most exhibited style, followed by transactional and laissez-faire. Both transformational and transactional styles were positively correlated with employee performance, while laissez-faire had a positive but statistically insignificant correlation.

Raja and Palanichamy (2015) examined the effect of leadership styles on employee performance in public and private sector enterprises in India. The results showed a linear positive and statistically significant relationship between both transformational and transactional leadership and employee performance. However, laissez-faire leadership had a negative relationship with employee performance.

Rassol et al. (2015) studied leadership styles and their impact on employee performance in Pakistan's health sector. They found that transformational leadership had a more positive effect on employee performance than transactional leadership, and that transformational leadership performs better in highly organic environments focused on competitive advantages.

The study by Muzaffar (2015) aimed to determine the dominance of leadership styles in banking companies in India. The findings revealed that only transformational leadership style had a significant direct impact on employee performance, while transactional leadership had an insignificant impact. Transformational leadership was the more dominant style in the banking organizations studied.

The literature generally suggests that both transformational and transactional leadership styles are significantly positively related to performance, with transformational having a more pronounced effect. But the evidence on the relationship between laissez-faire and employee performance is less clear-cut (Rassol et al., 2015; Tsigu and Rao, 2015).

The study by Seble Wongel Solomon (2016) on the effect of leadership styles on employee performance in Addis Ababa education offices found that transactional leadership style had a greater effect on employee performance than transformational and laissez-faire styles. Laissez-faire leadership had a statistically insignificant relationship with employee performance.

2.3 Conceptual Framework

The study's conceptual framework was designed to examine the relationships between the three key leadership styles (transformational, transactional, and laissez-faire) and employee performance (Adeyemia et al., 2013).

The independent variables in this framework are the three leadership styles:

1. Transformational leadership - This leadership approach focuses on inspiring and motivating employees to exceed expected performance levels.
2. Transactional leadership - This style involves a more formal, reward-based approach, where leaders provide resources and support in exchange for desired employee behaviors and outcomes.
3. Laissez-faire leadership - This hands-off approach gives employees a high degree of autonomy, with the leader providing minimal direction or intervention.

The dependent variable is the outcome of interest - employee performance. This could encompass measures like productivity, efficiency, quality of work, and achievement of organizational goals. The conceptual framework proposes that the independent leadership style variables will have varying degrees of influence and impact on the dependent variable of employee performance. Examining these relationships was the core focus of the study.

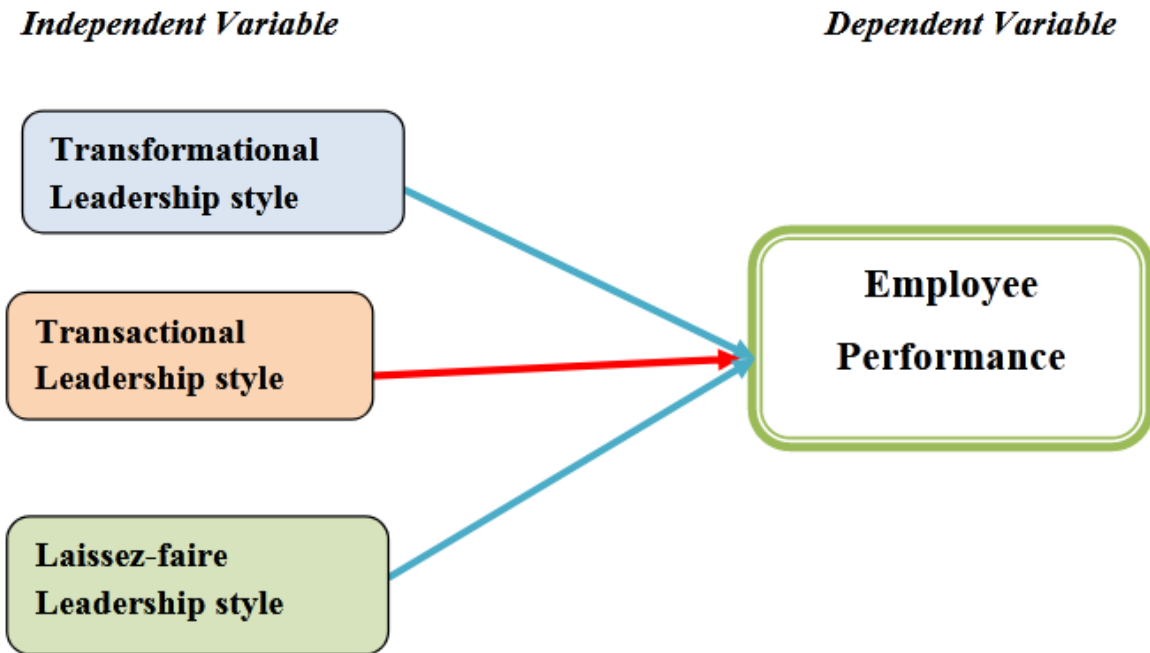


Figure 2.1: Conceptual Framework Design adopted from Koech M. (2012).

CHAPTER THREE: RESEARCH METHODOLOGY

This methodology section of the research paper focuses and emphasizes on major issues related to the research design; research techniques, data collection procedures, data analysis and presentation methods. And also the chapter deals with important subjects that are closely associated with sampling techniques; data collection and analysis, etc... The main purpose placed behind the inclusion of this chapter is to demonstrate successfully, how this study found answers to the research questions that were derived from the research problem. In line with this the chapter illustrates the data collection instruments and how those instruments were employed so as to obtain information and therefore achieve the research objectives.

3.1 Research Design

The following figure depicts the research design that the researcher implemented while undertaking the research.

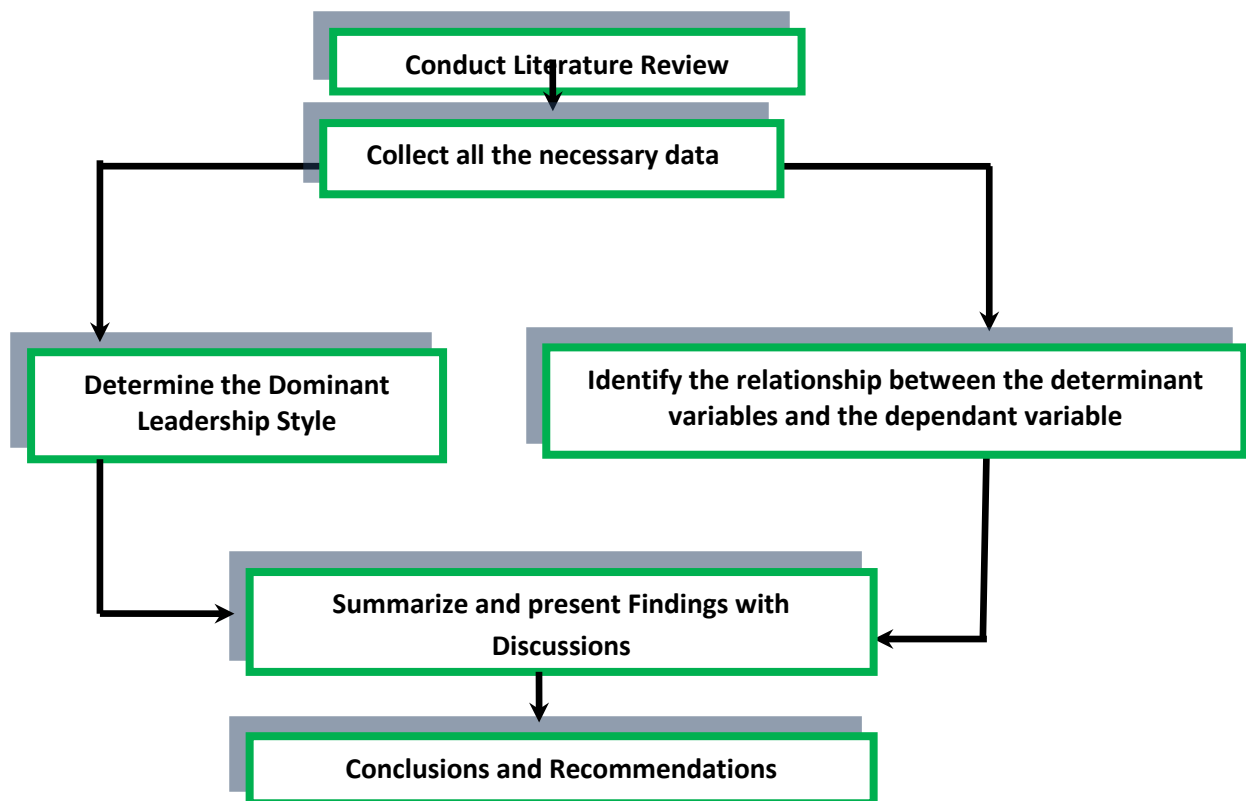


Figure 3.1 : Research Design

3.2 The Organization Studied

The Public Service Office of the Afar National Regional State (PSOoANRS) was the organization that the researcher studied. The studied organization is Geographically located in the north eastern part of Ethiopia, Afar Region Samara.

3.3 Population and Sample Size

3.3.1 Population

According to the organization's December 31st /2023 report the total eligible population size is found to be 220 The specific work line departments of the targeted employees is presented here under

. Table 3.1: Target population work line arrangement

Work Line	Number of non temporary staff Members
Finance	10
Human resource Management	119
Purchasing & supply management	4
Plan and budget	7
Capacity building	30
Reform Implementation	30
Performance and evaluation	20
Total	220

3.3.2 Sample Size

The sample size of the study is determined using the formula adopted from Toro Yamane's (1967). Thus, the formula used to calculate the sample size is :

$$n = N / (1 + N(e)^2)$$

Where

N = the total population

n = the sample from the population

e = the error term, which is 5% (i.e. at 95% confidence interval)

Using the above formula the sample size of the study is determined as:

$$n = N / (1 + N(e)^2)$$

$$n = N / (1 + 220(5\%)^2)$$

$$n = 142$$

The calculated sample size is then allocated proportionally to each work line as depicted in the table below

. Table 3.2: Allocated Sample size per work line

Work Line	Proportion	Allocated Sample size
Finance	5%	6
Human resource Management	54%	77
Purchasing & supply management	2%	3
Plan and budget	3%	5
Capacity building	14%	19
Reform Implementation	14%	19
Performance and evaluation	9%	13
Total	100%	142

3.3.3 Sampling Method

The actual sample shall be selected from each work line department using a probability sampling method known as simple random sampling, where each employee has an equal probability of being selected.

3.4 Source and Method of Data Collection

All data that are to be used for research analysis shall be collected through questionnaire survey. Data shall be collected from respondents by the researcher himself or with the help of a trained interviewer using questionnaire.

3.5 Variables of the Study

3.5.1 Dependent Variable

The dependent variable of study was:

- *Employee Performance*

3.5.2 Independent Variables

The independent variables of the study were:

- *Transformational Leadership style (TFLS)*
- *Transactional Leadership style (TLS)*
- *Laissez-Faire Leadership Style (LF),*

3.6 Instrument and Measurement of Variables

3.6.1 Instrument

To assure the reliability and validity of the instruments used; the researcher adopted standard instrument those are developed by other researchers The questionnaires include two main sections; section one is collect data on demographic variables and section two is designed to measure, collect data on, the key variables of the stud

3.6.2 Measurement of key Variables

The research instrument constituted question statements designed to measure the variables of the study using Five- point Likert scale: .1= **Not at all**, 2= **Once in a while**, 3=**Sometimes**, 4= **Fairly often**, 5= **Frequently, if not always**.

3.7 Method of Data Analysis

3.7.1 Descriptive Analysis

This Analysis Technique is mainly used to describe, calculate manipulate organize and present results in a tabulated or cross tabulated way containing count frequencies, count percentages , means, Standard deviations, mean of means (ranked Mean Item Score MIS), etc. This analysis technique shall mainly be used to determine the Relative Importance of variables and thereby identify the dominant leadership style

Table 3.3: Mean score comparison basis for five point Likert scale instrument

Mean Score	Description
< 3.39	Low
3.40-3.79	Moderate
> 3.80	High

Source : (Zaidotaland Bagheri, 2009).

3.7.2 Explorative Analysis

In this research the explorative analysis took the form of Multiple Linear regression analysis. That is the appropriate analysis to determine the significance of the relationship between multiple determinants and a single dependant variable. The assumed relationship model for the Multiple Linear regression analysis is

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3$$

Where

y: Employee Performance

β_0 : Constant

x_1 : Transformational Leadership style (TFLS)

β_1 : Coefficient of variable x_1

x_2 : Transactional Leadership style (TLS)

β_2 : Coefficient of variable x_2

x_3 : Laissez-Faire Leadership Style (LF)

β_3 : Coefficient of variable x_3

The implementation of this explorative analysis was not only provided the researcher with the actual relationship model but consecutively it has also helped him to test and thereby accept or reject the research hypotheses.

The implementation of linear Multiple regression analysis requires the fulfillment of basic assumptions of Linearity, Normality and Multicollinearity. Thus the analysis shall be done only after crosschecking the fulfillment of assumptions. In line with this Normality shall be assessed using histogram to check the nature of the distribution of data. Multicollinearity of data shall be tested using variance inflation factor (VIF), to see whether the calculated value is lower than 10 or not. And linearity shall be tested using scatter plots; the plots are checked to see whether they are showing indications of linearity of the relationship or not.

3.7.3 Reliability and Validity of Tool

To check the reliability of the tool and the total amount of time that will take for completion and in order to test the internal consistency of variables in the research instrument Cronbach alpha

coefficient was calculated. Cronbach-alpha is widely used in educational research when instrument for gathering data have items that are scored on a range of values, i.e. different items have different scoring points or attitude scales in which the item responses are in continuum (Oluwatayo, 2012). The reliability coefficient for the questionnaire was employed and this coefficient was calculated for all items under each variable which happened to be greater than 0.8 in each case.

3.8 Ethical Consideration

To make the research process professional, ethical considerations were made. The researcher has inform the respondents about the purpose of the study i.e. purely for academic; the purpose of the study was also introduced in the introduction part of the questionnaire and subjects' confidentiality was protected. In addition to this, respondents were informed that their participation in the study is based on their consent. The research did not personalize any of the respondent's responses during data presentations, analysis and interpretations. Furthermore, all the materials used for this research have been acknowledged and cited.

CHAPTER FOUR: RESULTS AND DISSCUSSIONS

This Chapter is dedicated to the presentation of findings generated by employing both descriptive and explorative techniques discussed in detail within chapter three of this research document.

4.1 Response Rate of Respondents

As per the detailed Information presented in the methodology section of this document, almost all mandatory data collection needs were met successfully. In line with this and with regard to the questioner survey that was conducted for the purpose of the research, the actual response rate of respondents was found to be 89.4%. And thus based on the practice of contemporary theoretical literature world a response rate of 50% is considered to be acceptable, a 60% rate is judged to be good and a response rate that is greater or equal to 70% would be taken as very good for data analysis and reporting. (Mugenda, 1999). Therefore, the actual response rate of the survey is much more than good enough rate for conducting data analysis. Table 4.1 Summarizes the actual response rate of respondents.

Table 4.1 Response Rate of Respondents

Respondents Group	Number of Respondents		Response Rate
	Planned	Actual	
Finance	6	5	83.3%
Human resource	77	70	90.9%
Purchasing & supply	3	3	100.0%
Plan and budget	5	5	100.0%
Capacity building	19	17	89.5%
Reform Implementation	19	15	78.9%
Performance and evaluation	13	12	92.3%
Total	142	127	89.4%

4.2 Respondents Profile

Based on the valid 127 questionnaires collected from the survey, the majority of respondents were found to be male with only 26% identifying their gender as female. The age group "31-40 years" accounts for 37% of respondents and is therefore the largest of all categories, followed by "20-30 years" with a share of 29%.. On the other hand, 40% of them are certified with a diploma

while 51% and 9% were certified with First Degree and Master's Degree Respectively. And with respect to work position only 6% of the respondents were found to be process owners while the remaining 94% of the respondents were experts, at different level.

Table 4.2: Profile of Respondents

No.	Items Description	%	Count
1	Gender		
	Female	26%	33
	Male	74%	94
	Total	100%	127
2	Age Group		
	20-30 Years	29%	37
	31-40 Years	37%	47
	41-50 Years	23%	29
	Above 50 Years	11%	14
	Total	100%	127
4	Level of Education		
	Diploma	40 %	51
	First Degree	51%	65
	Master's Degree	9%	11
	PHD	--	
	Total	100%	127
5	Work Position		
	Vice Head	--	--
	Advisor	--	--
	Public Relations	--	--
	Process Owner	6%	7
	Expert	94%	120
	Total	100%	127

Source: own survey, 2024

4.3 Descriptive Analysis

4.3.1 Dominant Dimensions with in Transformational Leadership Style

As presented in detail within the research methodology Chapter of this research document, all types of dominancy identification tasks are done by way of calculating Mean Item Score (MIS) and assigning Ranks based on the calculated MIS value. Also herein these sections the same technique is applied to come up with the numerical results required to conduct comparisons

between items. For the sake of clarity and simplicity, Results and discussions about dominant Dimensions are presented in a way that is disaggregated by leadership styles

In line with this, the analysis of dominance of dimensions within Transformational Leadership style was carried out among the five subscales considered in the research. To this end the dominant or the most frequently applied dimension was found to be **Inspirational Motivation** with a calculated MIS score of **3.35** and Rank **1**. Whereas, the least dominant dimension was identified to be **Individual consideration**, scoring a calculated MIS value of **2.98** and Rank **5**. On the other hand based on the validation norm created by the researchers who developed the instrument adopted for the research, all dimensions were found to be above the expected minimum threshold.

Table 4.3.1: Dominancy of dimensions within Transformational Leadership Style

No.	Dimensions/subscales	Items in Questionnaire	MIS	Rank	Validation Norm
1	Inspirational Motivation	17,19,21	3.35	1	3.08
2	Idealized influence (Behavior)	9,11,13,15	3.19	2	3.21
3	Idealized influence (Attribute)	1,3,5,7	3.16	3	2.66
4	Intellectual stimulation	23,25,27,29	3.13	4	3.12
5	Individual consideration	2,4,6,8	2.98	5	2.87

Source: Bass and Avolio (2004) & own survey, 2024

4.3.2 Dominant Dimensions with in Transactional Leadership Style

Similarly the analysis of dominance of dimensions within Transactional Leadership style was carried out among the three subscales considered in the research. And thus the dominant or the most frequently applied dimension was found to be **Contingent Rewards**, with a calculated MIS score of **3.14**, Rank **1**. Whereas the Least dominant dimension was identified to be **Management by Exception-passive**, scoring a calculated MIS value of **2.85**, Rank **3**. Furthermore based on the validation norm created by the researchers who developed the instrument adopted for the research, all dimensions were found to be above the expected minimum threshold.

Table 4.3.2: Dominancy of dimensions within Transactional Leadership Style

No.	Dimensions/subscales	Items in Questionnaire	MIS	Rank	Validation Norm
1	Contingent Rewards	10,12,14,16	3.14	1	3.08
2	Management by Exception-Active	18,20,22,24	2.88	2	2.43
3	Management by Exception-Passive	26,28	2.85	3	1.23

Source: Bass and Avolio (2004) & own survey, 2024

4.3.3 Usage of Leadership Styles and level of Employee Performance

Now and here in this section the three individual leadership styles are compared for dominancy. and the mean level of employee performance is identified.. As can be seen from Table 4.3.3 Transformational leadership style is the dominant or the most frequently used leadership style, with a calculated MIS value of 3.16 followed by Transactional Leadership Style, and Laissez-faire Leadership Style with MIS score of 2.96 and 2.59 respectively. Though Laissez-faire Leadership Style is the least dominant style, It is to be noted that its score is still above 0.88, The minimum threshold value based on the validation norm created by the researchers who developed the instrument adopted for the research.

Table 4.3.3: Usage of Leadership Styles and level of Employee Performance

No.	Items description	MIS	SD
1	Transformational leadership Style	3.16	0.7747
2	Transactional Leadership Style	2.96	0.7464
3	Laissez-faire Leadership Style	2.59	0.9085
4	Employee Performance	3.41	0.7230

Source: own survey, 2024

4.4 Explorative Analysis: Multiple Linear Regression Analysis

The explorative analysis in this research takes the form of linear multiple regression analysis, and to do so the researcher follows the steps depicted here under

1. Cross Checking Prerequisites of Multiple Linear Regression Analysis

2. Testing the fulfillment of the assumptions of Multiple Linear Regression Analysis
3. Performing the linear multiple regression analysis
4. Testing the research hypotheses

4.4.1 Cross Checking Prerequisites of Multiple Linear Regression Analysis

The task of crosschecking the fulfillment of prerequisites is summarized here under in two tables. Table 4.4.1.1 presents the summary of remarks on prerequisites. Whereas table 4.8.1.2 present correlation matrix.

Table 4.4.1.1: Review summary of Prerequisites of Multiple Linear Regression Analysis

No.	Description of Prerequisites	Remarks
1	Theoretical Background	The Theoretical background about the relationship b/n the dependent variable and independent variables is provided in the literature review chapter of this research document
2	Sample with a size of 20 or more	The required 20 or more observation per variable is fulfilled.
3	Two or more independent variables	Here in this research we have three independent variables
4	Correlation between the dependent and each of the determinants	A correlation matrix is presented hereunder in table 4.4.1.2. As can be seen from the table a moderate correlation exists between the dependant variable and the predictor variables. With coefficient values greater than 0.3. Moreover the matrix also proves the absence of unwanted strong correlation between the independent variables, coefficients greater than 0.8

Table 4.4.1.2: Correlation Matrix

	TSL	TRL	LF	EP
Transformational Leadership Style (TSL)	1			
Transactional Leadership Style (TRL)	.518**	1		
Laissez-faire Leadership Style (LF)	.347**	.489**	1	
Employee Performance (EP)	.590**	.544**	.395**	1

** Correlation is significant at the 0.05 level

Source: own survey, 2024

4.4.2 Testing Assumptions of Multiple Linear Regression Analysis

- I. **Testing Normality.** This test assumes that residuals resulting from the errors in predicting the dependent variable are normally distributed. And to see if this assumption holds a frequency histogram of regression standardized residuals is drawn, this assumption is said to be fulfilled if and only if the plot shows some form of normality like that of Figure 4.4.2.1.

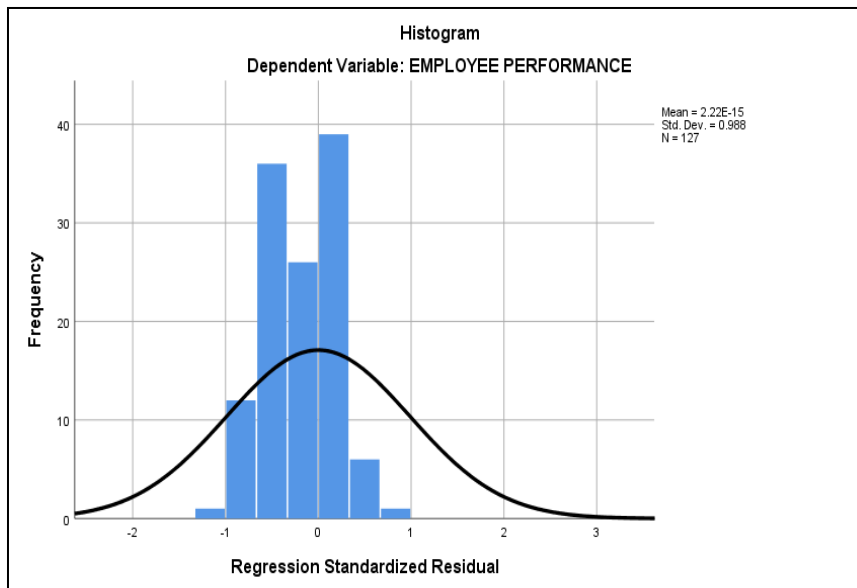


Figure 4.4.2.1: Test of Normality
Source: own survey, 2024

- II. **Testing homoscedasticity:** this test investigates whether residuals are uniformly distributed, or whether they tend to group together at some values, and spread far apart at other values. The attainment of this assumption is proved by creating a scattered plot of errors Vs predicted values of the dependent variable. If the plot shows that points equally distributed above and below zero on the X axis, and to the left and right of zero on the Y axis as it is in our case the relationship is accepted to be homoscedastic. and the assumption holds. See Figure 4.4.2.2
- III. **Testing linearity:** Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables.. This assumption of linearity holds naturally if the above two tests are positive. it can also be rechecked by drawing normal P.P Plot Regression Standardized Residuals. Thus as shown on figure 4.4.2.3 below, the change in the dependent variable is related to the change in the independent variables

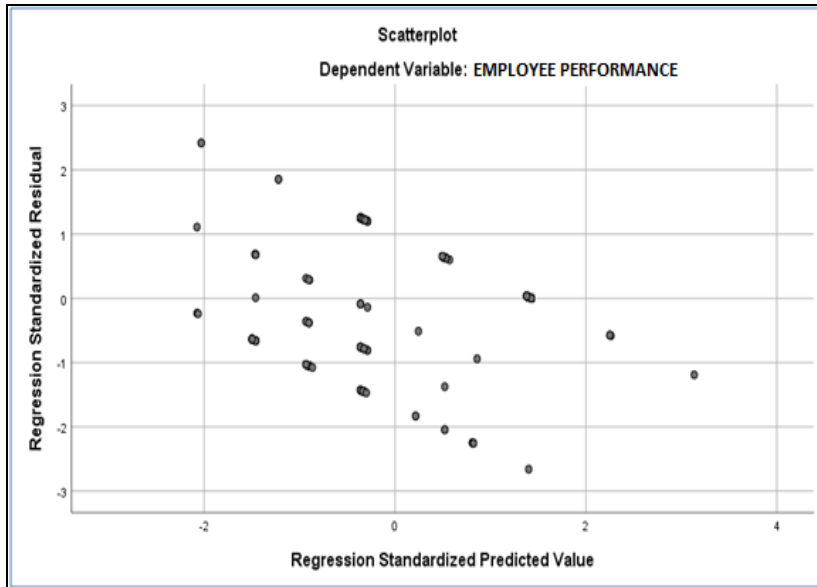


Figure 4.4.2.2: Test of Homoscedasticity
Source: own survey, 2024

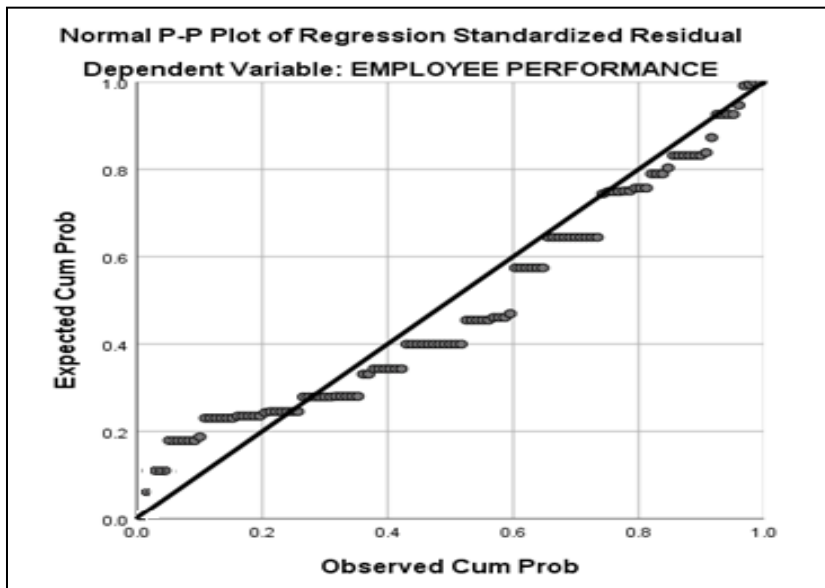


Figure 4.4.2.3: Test of Homoscedasticity
Source: own survey, 2024

IV. Testing multicollinearity: Multicollinearity is a special kind of Collinearity that happens when three or more independent variables are extremely correlated. Even though we have proved the absence of collinearity by utilizing the correlation matrix in table 4.4.1.2, where no coefficient is above 0.8. (no two independent variables are strongly correlated) multicollinearity can still happen in the absence of correlation b/n any two independent

variables. To this end we shall utilize an easier way to assure the absence of multicollinearity. The technique involves the utilization the table of coefficients in the multiple regression analysis results, please see Table 4.10.3. and as it can be easily seen in the collinearity statistics column the value of VIF are all less than 10.00, and the best case is that $t = \text{Tolerance}$ values are all greater than 0.1 this sufficiently proves the absence of multicollinearity

4.4.3 Interpreting the Results of the Multiple Linear Regression Analysis

The explorative analysis was conducted

4.4.3.1 Model Summary

Table 4.4.3.1: Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 ^a	.498	.475	.67082

a. Dependent Variable: EMPLOYEE PERFORMANCE

b. Predictors: (Constant), LAISSEZ-FAIRE, TRANSFORMATIONAL, TRANSACTIONAL

Source: own survey, 2024

- **R-value** represents the correlation between the dependent and independent variables. A value greater than 0.4 is accepted to continue further analysis. In this case, the value of **R** .717 which is way higher than the minimum required value.
- **R-square** shows the total variation for the dependent variable that could be explained by the independent variables.
- **Adjusted R-square** represents the variability of the dependent variable that the independent variables were able to explain. This cumulative effect measuring statistic is always expected to be lesser but closer to R-square, in other words It is required or is expected to have a difference between R-square and Adjusted R-square minimum. In this case, the value is **0.475**, which is not far off from **0.498**.

4.4.3.2 ANOVA TABLE

Table 4.4.3.2: ANOVA

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	356.640	3	118.88	37.559	.000 ^b
	Residual	633.965	123	5.514		
	Total	990.605	126			

a. Dependent Variable: EMPLOYEE PERFORMANCE

b. Predictors: (Constant LAISSEZ-FAIRE, TRANSFORMATIONAL, TRANSACTIONAL

The main purpose of the inclusion of the ANOVA Table (Table of Analysis of variance) in regression analysis results is to help researchers easily decide whether a regression model predicts the dependent variable significantly well or not.

- **P-value/ Sig value:** This value is the main concern of researchers regarding ANOVA Table. When (similar to this research case) a **95% confidence interval** or **5% level of the significance level** is chosen for the study. Thus the p-value should be less than 0.05. In our case as presented in the ANOVA table p-value/sig value is .000, which indicates the ability of the model to predict the dependent variable significantly well.
- **F-ratio:** It represents an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. A value greater than 1 for F-ratio yield efficient model. In our case, the value is 37.559, which is way beyond what is acceptable

4.4.3.3 Table of Coefficients

Table 4.10.3: Coefficients

		Coefficients ^a					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.119	.046					
	TRANSFORMATIONAL LEADERSHIP	.968	.039	.513	25.061	.000	.61	6.319
	TRANSACTIONAL LEADERSHIP	.140	.031	..264	4.589	.021	.53	5.030
	LAISSEZ-FAIRE LEADERSHIP	-.072	.007	.014	-7.929	.070	.44	2.418

a. Dependent Variable: EMPLOYEE PERFORMANCE

The most important issues that need interpretation are those issues contained within the three columns that are adjacent to the column shaded and titled Collinearity Statistics (*Tolerance and VIF*, these two statistics are discussed in the section 4.4.2 where the assumption of multicollinearity is tested)

P-value/Sig Value: for a 95% confidence Interval as it is the case in this research, a p-value value less than 0.05 indicates that the corresponding coefficient of the predictor is significant. So since the p-value for the coefficient of the laissez-faire leadership style is higher than 0.05, the coefficient of the variable is not statistically significant.

Beta value: provides the specific value of each of the coefficients of the predictors has in predicting the dependent variable. Each coefficient represents the anticipated amount of change that occurs in the dependant variable as a result of a one unit change in a particular predictor. Based on the values presented in the beta column a one unit change in the value of the mean of Transformational leadership style is expected to cause 0.513 unit of change in the mean of Employee Performance variable. Similarly a one unit change in the value of the mean of Transactional leadership style is expected to cause 0.264 unit of change in the mean of the Employee Performance variable .

t-value: indicates the strength of coefficients to withstand changes due to the taking of different samples. Thus a t value should not be very close to zero .The general rule of thumb for a t-value to be acceptable is that the value should be lesser than -2 or else be above 2. In the case of this research the t-values are found to be either greater than 4 or lesser than -7, thus all t- values are well within the acceptable range.

4.4.4 Testing Hypothesis of the Study

Based on the regression analysis carried out and in line with results interpreted within the preceding sub section, the researcher was able to test the hypothesis of the research and summarize the test result in Table 4.4.4

Table 4.11: Summary Hypotheses Test Results

Description of Null Hypothesis	Status	Evidence
Transformational leadership style has positive effect on employee performance in public service and human resource bureau of Afar Regional state	Accepted	<i>Table 4.10.3: Coefficients</i> $\beta = .513$ and P-Value < 0.05 (000)
Transactional leadership style has positive effect on employee performance in public service and human resource bureau of Afar Regional state	Accepted	<i>Table 4.10.3: Coefficients</i> $\beta = .264$ and P-Value < 0.05 (0.021)
Laissez-faire leadership style has positive effect on employee performance in public service and human resource bureau of Afar Regional state	Rejected	<i>Table 4.10.3: Coefficients</i> $\beta = .014$ and P-Value > 0.05 (0.070)
Overall Leadership styles had effects on employee performance public service and human resource bureau of Afar Regional state	Accepted	<i>Table 4.4.3.2: ANOVA</i> P-Value < 0.05 (000)

4.4.5 Previous Studies with similar results

Transformational leadership style and employee performance

There are quite large number of researches that showed a significant positive relationship between transformational leadership and employee performance. Here are some key studies that support the findings of this research.

1. Ng (2017) studied 308 employees and determined that transformational leadership had a significant positive impact on task performance, contextual performance, and adaptive performance.
2. Gilstrap and Collins (2012) examined 195 employees and found that transformational leadership explained 27% of the variance in employee job performance.
3. Avolio et al. (2004) conducted a meta-analysis of 87 studies involving over 19,000 participants. They found that transformational leadership had a strong positive correlation with employee performance,

4. 4. Lowe et al. (1996) performed a meta-analysis of 39 studies and reported a correlation of 0.38 between transformational leadership and follower performance. The authors concluded that transformational leadership was more strongly related to effectiveness compared to other leadership styles.
5. 5. Wang et al. (2011) analyzed data from 114 studies and found that transformational leadership had a significant positive effect on both in-role performances. And organizational citizenship behaviors ($\rho = 0.31$).
6. 6. Braun et al. (2013) conducted a meta-analysis of 114 studies and reported that transformational leadership had a strong positive effect on team performance ($\rho = 0.39$).

Transactional leadership and employee performance

There is also substantial research that has found transactional leadership to have a significant positive effect on employee performance, though generally the effect sizes tend to be smaller compared to transformational leadership. Here are some key studies that support the findings of this research

1. Judge and Piccolo (2004) conducted a meta-analysis of 87 studies and found that transactional leadership, particularly the contingent reward dimension, was positively correlated with follower job performance ($\rho = 0.35$).
2. Bycio et al. (1995) studied 1,376 nurses and reported that transactional leadership accounted for 21% of the variance in employee performance ratings.
3. Waldman et al. (1990) examined 81 business units and determined that transactional leadership had a significant positive effect on unit performance.
4. Howell and Avolio (1993) surveyed 78 business unit managers and found that the contingent reward component of transactional leadership predicted unit financial performance one year later.
5. Lam and Schaubroeck (2000) studied 172 bank employees and demonstrated that transactional leadership had a direct positive impact on employee task performance.
6. Emery and Barker (2007) investigated 118 employees in the banking and food service industries and observed that transactional leadership was positively associated with job satisfaction and organizational commitment.

Laissez-faire leadership and employee performance

The research on the relationship between laissez-faire leadership and employee performance generally indicates that laissez-faire leadership has an insignificant or even negative effect on employee performance. Here are some key studies that support the findings of this research

1. Skogstad et al. (2007) conducted a meta-analysis of 49 studies and found that laissez-faire leadership had a significant negative relationship with follower job performance ($\rho = -0.24$).
2. Hater and Bass (1988) studied 75 managers and their subordinates and reported that laissez-faire leadership was unrelated to measures of employee effectiveness.
3. Hinkin and Schriesheim (2008) examined 271 employees and determined that laissez-faire leadership had no significant impact on employee task performance or organizational citizenship behaviors.
4. Gellis (2001) surveyed 149 social workers and discovered that laissez-faire leadership had a non-significant relationship with employee job performance.
5. Eagly et al. (2003) performed a meta-analysis of 45 studies and concluded that laissez-faire leadership had a small negative correlation with follower effectiveness ($\rho = -0.12$).
6. Buch et al. (2014) studied 231 employees and found that laissez-faire leadership was unrelated to employee in-role performance and had a negative relationship with organizational citizenship behaviors.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

This Chapter is mainly dedicated to the presentation of conclusions, recommendations and suggestions for future researches. Conclusions were made based on the research findings focusing on the research objectives. And recommendations were made based on the conclusions made by the research.

5.1 Conclusions

The following are the conclusion that were made based on the research findings focusing on the specific objectives and/or the research questions

Transformational leadership style was found to be the dominant Leadership style or the most frequently utilized leadership style in Afar Regional state public service and human resource bureau. And of all the three leadership styles studied in this research, Transformational leadership style was found to have the highest level of positive influence on employee performance. And even though the effect sizes tend to be smaller when compared to transformational leadership, Transactional leadership has also showed a significant positive relationship with employee performance. Unlike the other two styles laissez-faire leadership style was found to have an insignificant relationship with employee performance.

5.2 Recommendations

The following recommendations were made based on the conclusions outlined above

Based on the positive and the higher level of correlation that has been proved to exist between transformational leadership style and employee performance, the researcher promotes and recommends transformational leadership style to be implemented by all leaders in the studied organization as default prioritized style.

Transactional leadership have also showed a significant positive effect on employee performance. However, it is important to note that the effects of transactional leadership tend to be more short-term and narrow in scope compared to the broader, more sustainable benefits associated with transformational leadership. Therefore in order to acquire the most effective results the researcher recommends to the leaders in the studied organization that they should often employ a combination of both transactional and transformational leadership style

Based on the research findings laissez-faire leadership style was found to have insignificant relationship with employee performance. The lack of a positive effect of laissez-faire leadership on employee performance is attributed to the passive, hands-off approach of this leadership style. Laissez-faire leaders abdicate responsibility, fail to provide guidance and feedback, and are generally absent when needed by their followers. This lack of structure, support, and direction tends to undermine employee motivation, job satisfaction, and ultimately, performance outcomes. The researcher recommends that laissez-faire leadership should generally be avoided in favor of more effective leadership approaches like transformational Leadership style

5.3 Suggestions for Future Researches

In order to be able to explain a higher level of variability in the employee performance, the researcher suggests a similar research which includes the other leadership styles which generally happen to be used frequently. It might also be a good idea to replicate this research in selected bureaus in Afar region and be able to accumulate evidences to promote transformational leadership style.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondents, Greetings! I am Masters of Art Graduating class student at Addis Ababa University. In line with this I want to do a Research titled “THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE: THE CASE OF PUBLIC SERVICE AND HUMAN RESOURCE BUREAU OF AFAR REGIONAL STATE” For this purpose I have prepared a questionnaire to collect the necessary data, which will only be used to serve as the basis of the research work. And therefore please kindly provide your feedback and contribute to my research by answering the general questions contained within this questionnaire.

Thank You !

Oumer Dawide Hassen

NOTE : Instructions

Please do not write your name while filling the questionnaire.

Tick in the box or circle your answer

I. Respondent's profile

1. Sex:

Male ☐

Female ☐

2. Age:

20-30 ☐

31-40 ☐

41-50 ☐

Above 50 ☐

4. Educational level:

Diploma ☐

First Degree ☐

Master's degree ☐

PHD ☐

5. Current Work Position?

Vice Head ☐

Advisor ☐

Communicator (PR) ☐

Process Owner ☐

Expert ☐

PART II : Employee Performance Vs Leadership Styles

This section contains statements about Employee performance and leadership styles. Please carefully select and mark only one box that best describes the degree of your agreement or

disagreement with each of the statements. You can use a check mark (✓) or a cross sign (x) to indicate your selection. Please skip and do not respond to the statements highlighted in gray.

Note that the scaled response options are the following

1= Not at all 2= Once in a while 3= Sometimes,
4= Fairly often 5= Frequently, if not always.

S.N	Items	1	2	3	4	5
	My Leader/ Supervisor					
1	Acts in ways that build my respect					
2	Helps me to develop my strengths					
3	Express a sense of power and confidence					
4	Spends time on teaching and coaching					
5	Goes beyond self-interest for the good of the group					
6	Treats me as an individual rather than just as member of a group.					
7	Instills pride in me for being associated with him or her					
8	Considers me as having different needs, abilities, and aspirations from others					
9	Emphasizes the importance of having a collective sense of mission					
10	Provides me with assistance in exchange for my efforts					
11	Specifies the importance of having a strong sense of Purpose					
12	Expresses satisfaction when I meet expectations be achieved					
13	Considers the moral and ethical consequences of decision					
14	Makes clear what one can expect to receive when Performance goals are					
15	Talks about his or her most important values and beliefs					
16	Discusses in specific terms who is responsible for achieving performance targets					

S.N	Items	1	2	3	4	5
17	Articulates a compelling vision of the future					
18	Directs my attention toward failures to meet standards					
19	Talks optimistically about the future sense of mission.					
20	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards					
21	Talks enthusiastically about what needs to be accomplished					
22	Keeps tracks of all mistakes					
23	Gets me to look at problems from many different angles					
24	Concentrate his or her full attention on dealing with mistakes, complaints, and failures					
25	Suggests new ways of looking at how to complete assignments					
26	Demonstrates that problems must become chronic before taking action					
27	Seeks differing perspectives when solving problems					
28	Interfere when problems become serious					
29	Re-examines critical assumptions to question whether they are appropriate					
30	Avoid getting involved when important issues arise					
31	Responding to urgent questions					
32	Is present when needed					
33	Is making decisions properly					
	Your performance as an Employee					
1	I am doing more than I am expected to do					
2	I am effective in meeting needs related to my job					
3	My desire is succeed to Heightens					

S.N	Items	1	2	3	4	5
4	I am effective in meeting organizational performance					
5	I increase my willingness to try harder					
6	A group I am belonging is effective					
7	I am Working in satisfying way					
8	I am satisfying on methods of leadership					
9	I am representing higher authority					

Thank You!!!