



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**THE IMPACT OF LEADERSHIP STYLE ON PERCEIVED
ORGANIZATIONAL PERFORMANCE:
THE CASE OF BANK OF ABYSSINIA**

BY:

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JUNE 2021

ADDIS ABABA ETHIOPIA

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF BUSINESS LEADERSHIP

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ORGANIZATIONAL PERFORMANCE:**

BY: FEVEN GETACHEW

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STATEMENT OF DECLARATION

I, the undersigned, declare that this research is my original work, prepared under the guidance of **Bahran Asrat (PhD)**. All sources of materials used for this research have been duly acknowledged, the researcher further confirm that the research has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Feven Getachew

STATEMENT OF CERTIFICATION

This is to certify that Feven Getachew has carried out her research work on the topic entitled “The impact of leadership style on perceived organizational performance: The case of Bank of Abyssinia” is her original work and is suitable for submission for the award of Master’s Degree in Business Leadership.

Bahran Asrat (PhD)

June 2021

Advisor

Signature

Date

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APPROVAL BY BOARD OF EXAMINERS

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Acronyms/abbreviations

BOA	Bank of Abyssinia
MIS	Management Information System
MLQ	Multifactor Leadership Questionnaire
NBE	National Bank of Ethiopia

Abstract

This research study aims at investigating the relationship between leadership styles and perceived organizational performance. The main objectives of the study were to identify if the leadership styles as independent variable is related to the dependent variable namely perceived organizational performance. The specific objectives were determining the leadership styles that were used by BOA employees, measuring if transformative, transactional and lassie faire as independent variables are significantly related with organizational performance. A structured valid and reliable questionnaire was administered to 236 employees of BOA both in head quarter and branches in Addis Ababa. 179 of them were successfully returned. Collected data was encoded to SPSS and analyzed using simple Explanatory, descriptive and spearman correlation. Major findings from the study were that all the three types of leadership styles were perceived to be practiced in BOA and are significantly related with organizational performance. Transformational and lassie-faire leadership style are positively related with organizational performance as opposed to transactional leadership styles which is negatively related to organizational performance. Hence, the bank is advised to enhance the capabilities of its managers/leaders to develop facets of a transformational and lassie-faire leadership styles while avoiding transactional leadership style.

CHAPTER ONE

Introduction

This chapter has the intention of giving the general essence, purpose, and scope of the study. It presents introduction about the study. It includes background of the study (rationale of the study), statement of the problem to pinpoint variables of the study, research hypothesis based on review of literatures and previous research, objective or purpose of the study, significance to various stakeholders, scope, limitations, organization of the study and operational definition of terms.

Background of the study

Living and operating under ever growing globalization and competitive environment, organizations are deemed to look for ways to survive the storms. Putting a visible point of difference to outshine the competition is a must to observe (Fu-Jin, Shieh & Tang 2010). Business performance of an organization is an issue of almost all organizations specially when the competitive environment is high. This calls for a need to improve every time encompassing all company operations and strategies (Norman 2020).

Performance of an organization generally depends on what it aims to achieve or the very reason on which the company was founded which in turn is translated to measurable goals. It is agreed by many that organizational performance is a multidimensional concept (Morgan & Strog, 2003; Simpson et,al, cited in Almaz 2019). It is not meant only financial performance as used to be in distant times. Fu-Jin, Shieh & Tang (2010) has for instance stated that organizational performance includes not only financial performance but also intangible assets and leadership performance. Company performance is the worth of the produce of the company in relation to already set standards in a certain period. Organizational performance and effectiveness are the ability to ensure existence of the business and achieving desired goals at a reasonable lower cost (Sulaiman, Yusoff and Chelliah, 2010 cited in Almaz 2019). Business performance is the one and important facet of organizational performance. It is a description of how well outputs are delivered or tasks completed against targets set at the end of a business period (Yıldız 2010). The term "performance" refers to how individuals or organizations come to a decision to achieve a goal. As far as financial performance is concerned profitability, sales, market share, ROA and

ROE are the most used ones in objective method (Yıldız and Karakaş 2012). However, there are also other performance measurements other than those stated earlier. For instance, Winne and Sels (2010), Chen and Huang (2009) cited in Almaz (2019) stated that the performance of organizations can be measured in terms of innovation. In any case, different organizations have different indicators to measure performance.

Although organizational performance depends on various factors, Various studies conducted about importance of leadership suggest that leadership is pivotal for the sustainability and performance of an organization, be it profit oriented or nonprofit company. According to Siagian (2012) cited in Tri and Yopono (2012) leadership plays invaluable role in the attainment of missions of an organization constituting one of reasons that motivate humans to explore into in depth insight of leadership.

Leadership has been defined by various scholars pretty much in a similar manner. Siagian cited in Tri and Yopono (2012) defined leadership as an effort to make people act in a particular way to achieve a common goal. Leadership is an individual action to affect other individuals to attain a group goal (A. Aldholay, Isaac, Abdullah, Abdulsalam, & Al-Shibami, 2018; Ameen & Ahmad, 2013 cited Rael Mohammed 2018). According to Lawal (1993) as cited in Goddy (2014) leadership is the practice of persuading others to work voluntarily toward a common objective. According to Koontz & O'Donnell (1972) leadership is the art of persuading individuals to work freely toward achieving group objectives. Drucker (2006) defines leadership as an art of motivating a group of people in pursuit of attainment of shared goals. In line with this, Klient (2016) defines leadership as a process of guiding peoples' behavior so that they will be focused on achieving the already set objectives.

Leadership depends on the behavior and attitude of the leader towards its followers (Onosode, 1988 cited in Goddy, 2014). This behavior is the basis of classifying leadership style. Leadership style is a way a leader behaves to influence their subordinates in the form of behavioral and personality threats. A leader is someone who has a deliberate program on which it behaves jointly with group members using a certain way or style, so that followers will be encouraged, motivated, and coordinated in achieving target goals (Norman, 2020). Leadership styles have been mentioned differently by different scholars. Some identified three of them namely

autocratic, democratic and laissez-faire (free rain). Others mentioned five of them namely charismatic, transformational, transactional, visionary, and culture-based leadership styles. According to Subramania (2016), the most common leadership styles are transactional, transformational, and laissez-faire. Transactional leadership style is a style that emphasizes power to get tasks done by giving rewards for good performance and penalizing bad performance. Transformational leadership style's aim is to transform employees by explaining the value of the work they do, motivating them to do better. In laissez-faire leadership, leader has low involvement in decision making process. In this style of leadership leaders delegate employees to take part in important decision-making roles and the leader will still assume the responsibility if any fault happens on the part of the employee. It works best when employees are capable and motivated in decision making and giving appropriate opinions.

Different leadership styles could have different perceptions on the eyes of the followers. What is being liked by one might not be liked by the other. In the same manner which one is more effective also differs according to different research findings. Different leadership styles have been suggested by different scholars. Ismail et al. (2014), Jyoti & Bhau, (2015), Wang et al (2010), and Longe (2018) suggested that effective managers mainly focus on transformational and transactional leadership styles. Tsigereda (2018) has found out that transformative leadership is more effective in improving organizational performance. Ojokuku (2012) found out that transformative and democratic leadership significantly and positively related to organizational performance.

Wang et al (2010) indicated that transformational leadership increases performance of followers both at individual and organizational level owing to their charisma by inspiring employees to have sound emotional and intellectual intelligence. In this leadership followers associate themselves a self-defining and satisfying relationship with an individual or group (Jyoti & Bhau 2015). Similar to the impact of transformational leadership, majority of studies conducted to examine effect of transactional leadership on organizational performance. For example, Longe (2018) have proved that transactional leadership positively influences organizational and individual performance. But there are occasions in which this may not be true. Evident to this is Sofi and Devanadhen (2019) who argue that transactional leadership did not significantly and directly affect performance attributed to lower creativity and innovation it entails.

Different studies were conducted in the banking industry in different countries, and they have drawn various conclusions. Ojokuku (2012) has identified impact of leadership style on performance of Nigerian banks and suggested that transformational and democratic leadership style should be employed by the management for competitiveness of the banks. In addition, Kamau (2017) examined effects of leadership styles on organizational performance of commercial banks in Nairobi, Kenya and found that there is positive effect of transformational and transactional leaderships on organizational performance. This study suggested commercial banks to focus on transformational leadership than transactional leadership. Further, these studies suggest bank managers to be situational leader bases on hierarchy of a bank.

There are few studies conducted in Ethiopia in the banking industry to assess effect of leadership on performance of commercial banks. Tariku et.al (2020) has identified the effect of leadership on performance of the banking industry. According to the findings, both transformational and transactional leadership have a significant positive impact on ROA. Given the fact that effective leadership styles differ from one case to another, the commencement of this study is quite relevant to help banks specifically Bank of Abyssinia (BOA) to find out which leadership style is suited to it. Yet this is not the only rational to undertake this study.

Currently the financial industry is highly volatile. New banks are joining the market every year. As of now, plenty of banks such as Ahadu, Amhara, Hadiya, Zemzem, Hijira, Goh and others are on pipeline to be inducted to the market. The entrance of these banks will further intensify the competition. Banks will no longer be as profitable as they used to be. Hence, banks must do their level best to get an edge over the competition. One way to secure such an edge is acquiring strong company performance by maintaining the highest quality of leadership.

The researcher has reviewed research done on this topic and has found out that most studies done were on in other sectors other than the banking sector. Therefore, this study intends to examine effect of leadership on organizational performance of BOA.

Statement of the problem

It is agreed by many that effective leadership is one of the decisive factors for excellent organizational performance. Organizations with effective leadership tend to realize the missions and visions on which they were founded. Acar (2012) stated that leadership can bring about

organizational effectiveness and development and nourishment of organizational culture. Eze (1982) further stresses that leadership especially in the public sector is ‘cradle of influence to rule enforcement and productivity, shoddiness and inefficiency, double standards, lack of seriousness and indiscipline. In the words of Diana (2007) leadership is so basic that the absence of it can amount to saying the absence of the organization itself.

Agreeing unequivocally as to the need for leadership for organizational existence and performance, what type of leadership to carry on is perhaps among the most discussed topics in distant research. Ololube et al. (2015) stated that effective leadership is a product of the heart and an effective leader must be visionary, passionate, creative, flexible, inspiring, innovative, courageous, imaginative, experimental, and initiates change. Although researchers have proposed different styles of leadership, there is not a one universally agreed best style. However, it is agreed that a good leader has the qualities of enabling a team to attain goals. The recommendation of leadership style to different sectors and companies is different owing to their nature. That is the reason why choice of leadership style differs across different companies of the same sector/industry let alone across countries.

Evident to this is reviewing previous research done in Ethiopian case. According to Leul (2016), who undertook a study on selected businesses in Addis Ababa, a mixed type of leadership and democratic leadership do enhance company performance. For Bekele (2018) who studied impact of leadership on performance of farmers’ cooperative in Bunno Bedelle zone, democratic and transformative leadership results in higher performance whereas laissez-faire and autocratic did the opposite. According to Yosef (2016) who studied the effect of leadership style on performance on the case of selected Ethiopian banks, transformational leadership and transactional leadership induces positive performance.

Comparing for instance the works of Yosef (2016) against Leul (2016), both have used a multifactor leadership questionnaire (MLQ) to measure leadership style in their specific cases. Hence, it can be assumed that the different findings are not attributed to differential instrument rather for the specific target population on which study was made. Hence, one cannot easily replicate the findings to own its specific case. Research must be done for every case for companies to decide on what leadership styles to apply.

Considering this and the fact that the banking sector is undergoing a rapid change owing to introduction of many players as stated in the background section and introduction of different technologies by many of the players, working on ensuring effective leadership is a way out and an inevitable move to make.

Thus, the statement of the problem for this study is to investigate whether leadership styles as independent variables namely transactional, transformative and laissez faire are related with organizational performance with the specific case of bank of Abyssinia (BOA).

Research questions

1. What is the level of perception of leadership style in BOA?
2. Is transactional leadership style related with organizational performance?
3. Is transformational leadership style related with organizational performance?
4. Is laissez-faire leadership style related with organizational performance?

Objective of the study

1.1.1. General objective

General objective of this study to investigate if leadership styles are significantly related with perceived organizational performance in the specific case of Bank of Abyssinia.

1.1.2. Specific objectives

This study addressed the following specific objectives.

1. Measure the level of perception of leadership styles (transactional, transformational, laissez-faire)
2. Measure whether transactional leadership is significantly related with organizational Performance.
3. Measure whether transformational leadership is significantly related with organizational Performance.
4. Measure whether laissez-faire leadership is significantly related with organizational Performance.

Significance of the study

This study is significant to different stakeholders. First, it helps BOA to gauge how well leadership styles are perceived by employees and which style is good enough to bring enhancement to company performance. Second, it helps researchers and scholars have a close look into an in-depth analysis of the subject by considering the sector of their own interest and other possible research gaps on this study.

Scope of the study

The scope of a study is a section in a research proposal/thesis/report where the researcher presents the research areas, research questions, objectives, population, and study area covered (which also implies those not covered) in the study to show the boundaries of the study (Trinity Washington University, 2014). Scope of study can be in terms of geography, study population/demographics and time as well as the variables to be studied. This study investigates the effect that transactional leadership style has on organizational performance. There are different leadership styles, but the researcher has opted to study only the major three leadership styles namely Transactional leadership style, transformational leadership style and laissez-faire leadership style. Regarding the study population scope the study is delimited to study only employees of Bank of Abyssinia that works in head quarter and selected branches in Addis Ababa. Regarding the time frame since the study presents only findings that define current perceptions of employees of Bank of Abyssinia (BOA).

Limitation of the study

This study was conducted mainly to examine the impact of leadership styles on business performance of BOA. Moreover, the target population was limited to Addis Ababa branches and head offices so there may be a variation in nature of market and perception of employees in relation to performance. In addition, the leadership styles included in the study are only transformational, transactional leadership and laissez-faire leadership styles.

Organization of the study

The study was organized into five chapters including the introduction part of the study. The first chapter deals with the background of the study, statement of the problem, objectives of the study, research questions, the significance, scope, and limitation of the study. The second chapter

presents the review of related literature that deals with theoretical review, empirical review, and conceptual framework. The third chapter discusses the methodology of the study that describes type and design of the research; the subjects/participant of the study; the sources of your data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis. The fourth chapter presents the results and discussion points that summarize the results/findings of the study. Finally, the fifth chapter presents summary, conclusion and recommendation comprising four sections, which include summary of findings, conclusions, limitations of the study and recommendations.

Definition of Key Terms

- **Business performance:** the extent to which an organization is able to meet the needs of stakeholders and its own needs for survival.
- **Leadership:** a process of influencing people, so that their efforts are oriented towards achieving the goals of the organization; and it is a process of guiding others' behavior towards achieving the stated objectives.
- **Transactional leadership:** exchange of rewards and targets between employees and management.
- **Transformational leadership:** leadership style that focuses on development of followers and their needs.
- **Laissez-faire leadership:** is described as passive leadership in which leaders' involvement and intervention in the work of employees is very rare giving them the highest degree of freedom.

CHAPTER TWO

Review of Related Literature

Introduction

This chapter presents review of related literatures. The study tries to include recent literatures. The study mainly includes theoretical, empirical, and conceptual framework. The theoretical area includes the meaning of leadership, styles of leadership, theories of leadership, business performance, review of empirical studies. The empirical review focuses on exhaustive research findings as to the impact of leadership styles on performance. Finally, the chapter presents about conceptual framework adopted in this study.

2.1. Theoretical review

2.1.1. Meaning of leadership

Leadership is one of the most discussed subjects among management professionals and academicians these days with plenty of research done across the globe of management professionals. Drucker, (2006) defines leadership as an art of motivating a group of people in pursuit of an all-binding goal. Leadership is an endeavor and persuasion process aimed at making others accomplish organizational objective. People regarded as followers do follow a leader whom they think possess the right knowledge and skill.

Various literatures have shown that leadership is life blood of organization. Omolayo (2006) states leadership gives direction by influencing the behavior of its followers. Ngodo (2008) reveals leadership is the combination of traits, characteristics, skills, and behaviors that leaders use when interacting with their subordinates to influence its followers in a direction to achieve organizational goals.

2.1.2. Types of leadership styles

2.1.2.1. Transformational leadership

This type of leadership was first coined by Burns (1978) when he wrote his famous book ‘‘Leadership’’. Transformational leadership, he argued, is a "connection of mutual stimulation and elevation that transforms followers into leaders." According to Bass and Avolio (1994) transformational leadership is the behavior of a leader to arouse interest among his followers by

equipping them with knowledge of vision and mission, equip them with highest level of knowledge and skill and motivate them to look forward to the benefits of the group. In the words of John Hall, et all (2012); Jandaghi, et all (2009) and Amir Sadeghi, et all (2012), transformational leadership was defined in relation to the concept of change where a transformational leader is supposed to accept change and improvements in an organization by being the change itself and encouraging and motivating his employees to be transformed with the change. Furthermore, Burns has further stated the peak of transformational leadership by stating that a true transformational leadership leads to fulfillment of self-actualization and self-esteem needs by employees. (Yosef 2016)

It is written by many researchers that transformative leadership has four components namely idealized influence, inspirational motivation, intellectual stimulation, and individual consideration.

- **Idealized influence**

Idealized influence is one of the components of transformational leadership style which brings about extraordinary results simply because the leader has a charisma and follows a lead by example method and as such his/her followers follow him/her as a role model (Moss & Ritossa (2007) & Avolio (2005).

- **Inspirational motivation**

As per Bass and Avolio (1997), and Bass (1998), this is characterized by the presence of inspiring and motivating actions so that employees will have a sense of vision, mission, and belief that they attain organizational goals.

- **Intellectual stimulation**

Intellectual stimulation is a component of the transformational leadership in which leader motivates employees to be innovative and creative by way of logical reasoning and evidenced to solve problems. (Avolio et al, 1991:6).

- **Individualized consideration**

This component of transformative leadership as a name indicates pays individualized attention to employees especially to those that were neglected previously. It is a leadership in which attentions are tailored to each employee needs. the leader tries to ensure that maximum help and resources are availed to the employee. (Ristow, 2017)

2.1.2.2. Transactional leadership

As the very name suggests transactional leadership involves trading of one thing for another. In this case the leader orders a task to be done and communicates how it will be done and in return he rewards good performance and punishes bad performance. (Avolio et al (1991). Bass (1985) identified two types of leadership under transactional leadership namely contingent reward and management by exception.

Contingent Reward: refers to situations in which depending upon adherence to performance and contract or expectation, the leader gives compensation to his employee if performance is at least equal to contracted amount or higher.

Management-by-Exception:

Passive management-by-exception: here the leader waits to see if the employee commits error. If the employee ends up committing an error, the leader automatically takes corrective action (Judge & Piccolo, (2004); Bass & Avolio, (1994). It is reactive in nature and happens when problems are apparent.

Active management-by-exception: opposite to the passive management by exception, this leadership type's intervention occurs prior to occurrence of problems and when the leader observes that efforts are not as per expectation (Pruijn and Boucher, (1994).

2.1.2.3. Laissez-faire Leadership Style

Laissez-faire leadership is described as passive leadership in which leaders' involvement and intervention in the work of employees is very rare giving them the highest degree of freedom. Laissez-faire leaders involve only when they are asked to do so (Bass and Avolio, 1993).

2.1.3. Theories of leadership

With the passage of time different researchers and thinkers have put in place different theories as to what leadership is and how it is characterized. These theories of leadership have suggested what qualities put leaders aside from the rest. Through time leadership has been transferred from one theory to another. For instance, according to Avolio, Walumbwa, & Weber, (2009) today most researchers do conform to situational leadership rather than traditional leadership. (Tsigereda, 2018)

Eight types of leadership theories are worth discussing according to Charry (2012).

2.1.3.1. Great Men theory

This theory states that leaders are born with innate, super normal talents that lead them to be outstanding performers. According to Carlyle (1841), Moses, Jesus, Mohammed, Abraham Lincoln, Winston Churchill, and the likes make the list among leaders in great man theory. However, this theory was not free from critics. Herbert Spencer criticized this theory asserting that such great men were products of their societies and have capitalized on the social conditions to be great (Ololube 2013).

2.1.3.2. Trait theory

Pioneered by Gordon Allport, this theory embarks on the argument that leaders have certain physical conditions and personal attributes that makes them effective leaders. Generally, it was believed that leaders have attributes like achievement orientation, self-confidence, great interpersonal skills, ability to cope with stressful conditions and creative problem-solving skill (Stogdill, 1974; cited in Glendon, Clarke, & McKenna, 2006). Comparing it to its predecessor i.e. Great man theory, one could see that there is similarity in the sense that they both believe that leaders are born not made.

2.1.3.3. Behavioral theory

Unlike the previous two theories, this theory states that leaders are not born but made. Leaders, according to behavioral theory, are not born but created. This theory dissects people into two: theory X and Y. Theory X states that average people don't like to work and avoids responsibility. Such kind of individuals need to receive coercive power to undertake their tasks. On the other

hand, theory Y states that average people are self-motivated and would assume responsibility. Here unlike the previous theories the focus is on what they do not what personality they have.

Michigan University researchers have identified two leadership behaviors that constituted this theory namely employee orientation and production orientation where the earlier focuses on fulfilling employee needs, motivating and empowering employees while the latter on getting tasks done (e.g., Bowers and Seashore, 1966). The criticism levied on this theory was that like its predecessors it has understated determinants of leadership and failed to see the big picture.

2.1.3.4. Contingency theory

As the name indicates, this theory states that no single leadership style can be universally applied as best leadership style and leadership styles must be tailored to the specific circumstances that are faced. For instance, if the task to be done is routine in nature a directive leadership behavior is required but if it is new to the doer's participatory leadership behavior is required. However, the theory did not produce clear and consistent measurement instruments (Zaccaroa, Rittmana, Marks, 2001).

2.1.3.5. Situational theory

A situational leadership is an improvement on the contingency theory. According to this theory, leadership styles can be different to different situations. Situational leadership style is dependent on the maturity level of subordinates. As maturity level rises leadership style should be geared more towards democratic style (Paul Hersey and Kenneth Blanchard (1967, 1993). This leadership style, however, produces more flexibility than contingent leadership.

2.1.4. Organizational performance

According to Koontz & O'Donnel (1993), organizational performance refers to the ability of a company to achieve such things as high profits, product quality, a large market share, good financial results, and the continuity of the company at any given time, and to make it happen it needs relevant strategies. Organizational performance can also be used to assess an organization's ability to meet the needs of stakeholders as well as its own survival requirements (Griffin & Ricky, 2003). Camison & Villar-Lopez (2012) states that traditional financial performance is the index most used to measure the performance of the organization by the researchers. Performance is a concept demonstrated by important members of an organization

while carrying out their responsibilities. Therefore, establishments' success is directly proportionate to their employees' performance (Benligiray, 2004: 141). According to obtained output at the end of a business period, business performance is a description of the level of fulfilled task of a business's aim or target (Yldz, 2010, pg. 180). Only subjective or objective methods can be used to scale business performance. In addition, both subjective and objective methodologies are employed combined in the literature to avoid the flaws of each method.

Organizational performance is the ability of the organization to meet set targets for production and profit as well as development and growth envisioned by the leader/founder (Koontz and O'Donnell, 1993). To the author, organizational performance includes forms of achievement of goals/objectives like maximum profit, good quality product, increased share in the market, profitable financial results and an effective strategy for development and growth.

Organizational performance may not always be stated in the same manner. Sometimes it could be the stand of the organization compared against other organization in terms of profit, market share, quality, and others (Bekele 2018)

However, performance in the case of bank of Abyssinia is perceived performance where the respondents evaluate the performance based on a standard instrument. Delaney and Huselid (1996) have used a 7 item instrument to measure organizational performance where the items were narrowly on profitability indicators but were about relative performance over three years as far as quality of product, retaining of essential customers, acquisition of customers, satisfaction of customers, development of new products, relationship between employees and management, relationship between employees in general in addition to the common sales and profitability item. This research has used relevant items from this instrument to measure perceived organizational performance (Delaney and Huselid 1996).

2.2. Review of empirical studies

The impact of leadership style on performance has been studied by many researchers across the globe in general and some across Ethiopia. Generally different method and approach has been used by researchers to arrive at findings.

Several researchers have studied the effect of leadership style on organizational performance by considering intermediary variables that bridge leadership styles and performance. Norman

(2020) using job satisfaction, Raed (2018) using organizational commitment, Subramania using emotional intelligence as intermediary variables studied the effect of leadership style on organizational performance.

Raed undertook the study on Yemen's manufacturing firms from a total list of manufacturing firms in Yemen using a 38 items structured questionnaire distributed to 280 respondents. He found out that there is a significantly positive effect of leadership on the organizational performance and found that there is a significant mediating effect of organizational commitment on organizational performance.

Roslan et.al (2013) on his study of the effect of entrepreneurial orientation on SMEs in Malaysia has found out that leadership style has lower effect on organizational performance as far as direct relationship is concerned but the impact is significant if the relationship between leadership style and Organizational performance is via the intermediation of entrepreneurial orientation.

Norman, Wagiarto and Wachyudi (2020) on the other hand found that leadership styles partially affect organizational performance and he further stated that leadership style explains 16.1% of the change in organizational performance. Moreover, job satisfaction is not intervening or intermediary between leadership style and performance as its effect is well below the direct effect of leadership style on performance.

Tri and Yopono (2018) on their study of effect of transformational and transactional leadership style on performance through commitment of employees of head of department for human settlement in Malang regency has found out that there is a significant impact of both leadership styles on employee commitment and that there is significant impact of the leadership styles on performance.

On the other hand, many researchers have undertaken a study on a direct effect of leadership style on performance. Abdullah et.al (2018) has studied a randomly selected twenty organizations and applied a perceived relative performance measurement instrument to measure performance and leadership items from Zhu (2002). They found out that charismatic, bureaucratic and transactional leadership styles have negatively affected organizational performance whereas transformational, autocratic, and democratic leadership styles had positively impacted organizational performance.

Ojokuku (2012) has studied the impact of leadership styles on performance of selected twenty Nigerian banks using leadership scale adopted by Zhu (2002) and Li (2002). Leadership behavior was categorized into five levels based on its frequency of performance: "never," "little," "sometimes," "frequently," and "often.". In the end, he arrived at the finding that charismas style of leadership, transactional style of leadership, and bureaucratic style of leadership have negative effect on organizational performance while transformational style of leadership, autocratic style of leadership and democratic style of leadership have a significant positive impact on performance.

Gasper et.al (2019) on his study of effect of leadership style in selection companies in Tanzania has found out that transactional and transformational leadership have positive effect on business performance.

According to Cummings and Schwab (1973), leadership has the greatest impact on staff performance and, as a result, corporate performance. Various research has been undertaken based on this premise. According to Bass (2006), leadership style has a favorable impact on employee performance and, as a result, organizational performance. Transformational leadership, according to Noruzy et al. (2012) and Samad (2012), has a favorable impact on business performance. Obiwuru et.al (2011), on the other hand, investigated if transactional leadership had a favorable impact on company success in Nigerian small businesses. The impact of transformational leadership, on the other hand, is little. As a result, Obiwuru et.al (2011) proposed that transactional leadership is the best type of leadership for small businesses.

The study 'Effect of Leadership and Innovativeness on Business Performance' was done by Yildiz et al. (2014). The purpose of the research was to look into the impact of leadership styles and innovativeness on corporate performance. Transformational and transactional leadership styles were investigated in the study. It was written in an explanatory style and used a questionnaire to collect data. A total of 576 respondents from the service and industry sectors participated in the study. The findings reveal that two types of leadership have a beneficial impact on corporate performance. It is found that transformational leadership has higher effect than transactional leadership on business performance.

In Pakistan's banking sector, Zaighum et.al (2018) investigated the effects of bank managers' leadership styles on their performance on selected 200 full timers using a simple random sampling and found out that transformational leadership has a favorable, strong, and substantial relationship with performance, while transactional leadership has a lower but still substantial relationship with bank manager performance.

Obiwuru et.al (2011) studied the impact of leadership style on performance of Small enterprises in Lagos state in 2011 by employing OLS multiple regression to find out that transactional leadership style has a significant positive influence on performance of the small enterprises whereas transformational leadership despite having positive impact is insignificantly related to performance.

Likewise, Ahmad and Muenjohn (2012) have investigated the impact of leadership style on organizational performance on a particular case of Malaysian small and medium scale enterprise (SMSE). Using own developed instrument to capture leadership styles and organizational performance proxied by growth and profitability, they found out that same finding whereby transactional leadership has significant impact on performance than transformational leadership style.

Quiet a special finding was one by Albert et.al (2014) on their study of leadership style effect on two Ghanaian banks. They have found that all three leadership styles of transformative, transactional and laissez-faire did not significantly predict performance. Peris and Namusonge (2012) on their study of impact of leadership style in thirty state corporations of Kenya based in Mombasa. Correlation analysis from this study show transactional and transformational leadership were found to have been significantly related to performance.

Sofi, M. A. & Devanadhen (2019) has studied the impact of leadership style in the case of banking sector of Jammu and Kashmir (India) and has found out that only transformational leadership has an impact on performance.

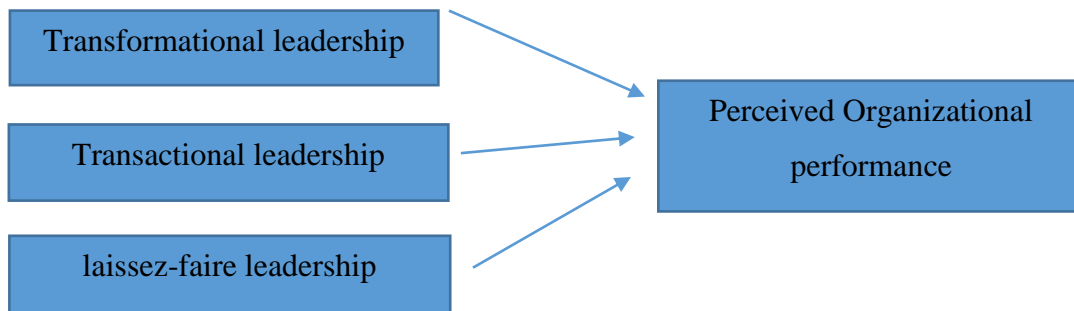
One can easily deduce from the stated literature above that finding highly differ across different scholars. But in most instances, it can be observed that transformative and

transactional leadership has better relationship with performance than laissez-faire which in most cases had no significant influence on organizational performance.

2.2.1. Conceptual framework

From empirical literature above the researcher has found out that in many studies researchers have found out that Transformative and transactional leadership has significant impact on organizational performance. For instance, Peris and Namusonge (2012), Zaighum et.al (2018), Yildiz et al. (2014), Gasper et.al (2019) can be mentioned on this regard. Thus, based on the major findings from the literatures reviewed in this research the research has developed the below conceptual framework to address the problem statement.

Fig 2 1. Conceptual framework



Source: self-developed from literatures

Hence based on literatures and conceptual framework, the following hypotheses are forwarded.

H1: Transformational leadership style is significantly related with Organizational performance.

H2: Transactional leadership style is significantly related with Organizational performance.

H3: Laissez-faire leadership style is significantly related with Organizational performance.

CHAPTER THREE

Research Methodology

Introduction

This chapter of the study presents about research methodology. It includes research design, description about the study's variables, target population, sampling technique, method of data collection, method of data analysis, validity, and reliability.

3.1. Research design

Burns & Grove (2001) stated that a research design is the setup of conditions for collection and analysis of data in a way to best address the research objectives. Designing a study helps the researcher to plan and implement the study in a way that help the researcher to obtain intended results, thus increasing the chances of obtaining information that could be associated with the real situation (Burns & Grove 2001). This study intends to assess leadership styles by management of the bank and performance of the bank. After identifying the leadership style and the performance, the study intends to examine association between the leadership style and the performance. Therefore, this study employed a quantitative and explanatory research designs.

It is a quantitative research because it systematically and scientifically investigates quantitative properties and phenomena and their relationship using numerical figures and analysis. It is an explanatory research because it explains the relationship between variables. The variables in the study are overall measures based on perception including organizational performance. Specially the dependent variable organizational performance is not based on secondary data from the organization under study but based on the perception of employees as to performance indicators. Thus, even if the study used a quantitative research approach sources of data are qualitative translated to numbers using a likert scale measurement.

3.2. Description of study variables

The study has three independent variables namely: transactional leadership, transformative leadership and laissez-faire as independent variables and organizational performance is the dependent variable. Leadership practices are operationalized by using Multifactor Leadership

Questionnaire (MLQ) survey instrument. Transformational leadership style, transactional leadership and laissez-faire are captured by twelve, twelve and six items, respectively.

Transformational leadership style is one of the independent variables used in this study. the variable is operationalized by items that asks questions whether the leader works towards developing the employee to achieve objective and goals by inspiring, motivating, empowering the employee so that they would work with the maximum self-confidence.

Transactional leadership is another independent variable that is measured by asking questions as to whether the leader gives direction, supervises closely, give rewards and punishments for good and bad performance and have a firm believe that employees need to be watched over closely.

Laissez-faire leadership is the last independent variables that is measured by items capturing attributes like the extent to which the leader give employee a freedom in doing tasks, has minimum supervision and lets alone the employees to solve problems by themselves.

Organizational performance (BP)

Organizational performance refers to the performance of an organization compared against its objectives and goals (Cho and Dansereau 2010). Performance is a multidimensional construct and therefore multiple measures of performance should be used. There are subjective and objective items to measure performance as performance entails what happened to many attributes be it growth, sales, profitability, customer retention, customer acquisition, quality and others. Both subjective and objective measures have been used by previous research. Objective measures are pretty much common and were used in most of performance measures. Subjective measure, though not as common as Objective measures, have been used in plenty of studies. For instance, Narver & Slater (1990) used subjective assessment of ROI for self and competitors. Deshpandé et al (1993) in their study of 50 Japanese firms have employed a subjective evaluation of profit, size, market share and growth compared to largest competitor. Jaworski & Kohli (1993) have employed a subjective measure of overall performance in the case of 222 business units from US corporations. Slater & Narver (1993) have used subjective evaluation of ROA, sales growth, and new product success, relative to competitors in their study on 140 SBU's in 1 forest products corporation. In addition to already stated plenty of researchers have been done using subjective measure of company performance. For this study, the researcher has opted

to use a valid and reliable multi-dimensional perceptual measure of organizational performance developed by Delaney and Huselid (1996). Moreover, the measure has proved to be useful for every kind of organization irrespective of profit orientation and has witnessed a reliability of Cronbach's alpha of 0.85 and 0.85 for perceived organizational performance and perceived market performance, respectively. The researcher have used this subjective measure due to various factors: There have been several studies that show a strong correlation between objective and subjective measures.eg: a study by Dess & Robinson (1984), Pearce, Robbins and Robinson (1987), Covin, Slevin and Schultz (1994),Hart & Banbury (1994) (survey conducted in 1988),John Dawes (1999), hence, using the subjective perception won't contradict actual findings in many occasions.

Subjective perceptual measures of performance has been undertaken by many researchers that were published in well-known journals e.g.: Muzaffar Ahmad (2015): Impact of Leadership Styles on Organizational Performance: An Empirical Assessment of Banking Sector in Jammu and Kashmir (India) published in IOSR Journal of Business and Management, Ojokuku (2012) measured performance with organizational performance scale which was a subjective scale used to assess respondents' level of their organizational performance compared with their competitors in the banking industry published in American journal of business and management, Ibrahim Hassen (2018) has studied impact of leadership style on organizational performance and has similarly used respondents' perception of their organization's performance in comparison to their competitors published in Journal of Human Resources Management Research are few among the many. Delaney and Huselid (1996) used the same and got published on academy of management journal. Finally use of cross-sectional data on one hand for leadership style(perception) and use of time series data for dependent variable (objective performance data) can make regression and modeling difficult plus there are possibilities of statistical error.

3.3. Description of target population

Hair et al., (2010) states target population as a specified group of people or object for which questions can be asked or observed to collect required data structures and information. The study targets employees of the bank in Addis Ababa. In the first stage this study targets followers who worked with their leader at least for a year since working for at least a year is assumed the followers will have good experience with the leader and it is intended to rate business

performance of the branches and divisions at head offices. Consequently, the study targeted branches and divisions in head offices where the manager worked at least for a year. According to Human Resource department of BOA, 47 managers of branches and 14 managers in head offices have worked with their current followers for more than a year.

The second stage of targeting the study population is selecting followers that worked with current leader for more than a year. There are 452 followers in the branches and 125 employees in head offices who worked with their current leader for more than a year. Therefore, target population of this study from side of the followers is 577 employees of the bank who are followers of the current leader.

3.4. Sampling Technique and Sample Size

Alreck & Settle (2004) states that the choice of sample size is made after considering statistical precision, practical issues and availability of resources. There is not a single and precise way to determine size of sample; hence there are a number of inadequacies for deciding on sample size. According to Alreck & Settle (2005), larger the sample size, the result is more accurate.

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

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

Where: n = Sample size, N = population size, and e = margin of error

Based on computation by using this formula, the sample size is determined to be 236 respondents. The sample size of the followers includes 185 followers in branches and 51 in head office based on proportion of target population.

The researcher applied random sampling technique to select branches to be surveyed among all the branches in Addis Ababa. Since the researcher did not have the complete list of employees of BOA, it was difficult to apply random lottery method to directly select among the employees of BOA. What was done is to select randomly using excel random number selector among the branches in Addis Ababa. Then employees fulfilling the respondent criteria i.e., those that

worked for at least a year under current leader were selected and questionnaires were administered to them. Questionnaires were distributed to twenty branches selected randomly to get the 185 followers from branches and the remaining 51 were obtained from head office.

3.5. Method of data collection

3.5.1 Type of data

A primary survey data was used to gather the data for analysis. Specifically, the data used is MLQ Questionnaire for Leadership style identification and perceived performance measure of Delaney & Huselid (1996). Perceived measurement is used in a way that respondents compare performance against others to give their level of perception to indicate performance. Questionnaire is administered to 236 respondents. 179 of the distributed questionnaires were successfully collected ensuring good response rate of 75.8%.

3.5.2 Research instrument

The study mainly uses questionnaire as a detailed data collection instrument. The questionnaire was prepared by line with the objective of the study. In addition, the instrument states about privacy of the respondents and confidentiality of the responses. The questionnaire was prepared only in English because of familiarity of the respondents with the language.

Respondents of the study were contacted at their offices during working hours. Printed questionnaires were provided to the respondents and collected the next day. The questionnaire was collected by checking completion. Therefore, method of the data collection was using hard copy of questionnaires and following drop and pick approach.

The MLQ 5X was used to measure leadership style and the researcher have used 30 items from the MLQ Questionnaire. With regards to performance, perceived performance measure of Delaney & Huselid (1995) was used. Among the items the researcher has used ten items, six of which are measures of overall organizational performance, and the remaining are market performance perception measures. Both measures used a five-point Likert scale from strongly disagree to strongly agree for leadership style and from worse to much better for performance measure.

3.6. Method of data analysis

The data collected through questionnaire was coded to data analysis software. The researcher used IBM SPSS computer software for data coding.

This study follows quantitative research approach that utilizes numeric data for the study objectives. Thus, numeric data analysis methods were followed. Generally, the study intends to investigate the relationship between leadership styles and organizational performance.

Specifically, a descriptive statistic was used to address research questions by measuring the overall measurement of perception of employees in relation to leadership style and performance in terms of mean and standard deviation. A spearman correlation analysis is used to address the research question of relationship between independent and dependent variables. A spearman correlation analysis is used to measure the linear relationship that may exist between ordinal variables and the magnitude of the relationship.

3.7. Reliability and validity analysis

3.7.1. Validity

Bryman & Bell (2007) defined validity as how much any measuring instrument measures what it is intended to measure. Validity in general refers to the extent to which instruments can measure the constructs they aimed to measure. The important issue of measurement validity relates to whether measures of concepts really measure the concept or not. There are several ways of establishing validity such as content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity. This study addresses content validity since it applies an already valid instrument. According to (Oluwatayo, 2012) face validity refers to researchers' subjective assessments of the presentation and relevance of the measuring instrument as to whether the items in the instrument appear to be relevant, reasonable, unambiguous, and clear (Oluwatayo, 2012). The tool to evaluate the validity of a measure is mainly an expert judgment. The researcher has tested the validity of the instruments using the expert judgment of the advisor on one hand and has adopted an already valid items from valid instruments from past research.

3.7.2. Reliability

Nunnally (1978) stated that reliability is the consistency of a test, survey, observation, or another measuring device. According to Carmines and Zeller (1979) Reliability is concerned with the extent to which a measurement of a phenomenon provides stable and consistent result. The level of reliability of the instrument indicates the consistency of the variables. One major measurement of reliability is measure of internal consistency using Cronbach's alpha which measures whether all items in the instrument measure the same construct with consistency and coherence (Huck, 2007, Robinson, 2009). The researcher has used Cronbach's alpha to measure reliability of the instrument because the items are measured using five-point Likert scale whose reliability according to (Whitley, 2002, Robinson, 2009) shall be measured by the same.

Hinton et al. (2004) have identified four levels of reliability based on Cronbach's alpha accordingly a Cronbach's alpha of 0.90 and above is excellent, 0.70-0.90 is high, 0.50-70 is moderate reliability and below 0.50 is low reliability. The Cronbach's alpha in this study is above 0.7 for the 41 items measuring transformational leadership style, transactional leadership style, Laissez-faire leadership style and organizational performance proving that the instrument has high reliability.

	Cronbach's Alpha	No of items
Transformational leadership style	0.709	12
Transactional leadership style	0.706	12
Lassie-faire leadership style	0.762	6
Organizational performance	0.743	11

Table 3. 1.Cronbach's Alpha for variables

3.8. Ethical considerations

During the distribution of the questionnaire, respondents were informed about the purpose and the benefit of the study along with their full right to refuse or accept the participation. The respondents were told their response would be kept confidential and their identity will not be exposed. Every person involved in the study is entitled to the right of privacy and dignity of treatment, and no personal harm will be caused to subjects in the research. Information obtained is held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information drawn is acknowledged.

CHAPTER FOUR

Data Presentation, Analysis, and Interpretation

Introduction

The objective of this study as stated in chapter one of this research report is to investigate whether there is a relationship between leadership style and perceived organizational performance. This section addresses the objectives by employing a relevant statistical tool to pinpoint the direction and importance of the relationship that may exist between the variables. As stated in chapter three of this research report, 236 sample respondents were administered a structured questionnaire in order to get a valid quantitative data on which the dependent and independent variables are measured. Out of 236 totals distributed questionnaires, 179 were responded and returned to the researcher giving a survey response rate of 75.8%. According to many researchers a return rate of this magnitude is quite acceptable for analysis (Jack ,2014). In this chapter findings and interpretations are given including descriptive and correlation analysis. Finally, summary of major findings is stated

4.1. Demographic characteristics of Respondents

No	Factors	Categories	Frequency	percentage
1	Gender	Male	113	63%
		Female	66	37%
2	Age	18-30	34	19%
		31-40	112	63%
		41-50	22	12%
		Above 50	11	6%
3	Educational level	Degree	92	51%
		Masters	87	49%
4	Work experience in current position	1-2yrs	72	40.2%
		3-5yrs	83	46.4%
		Above 5Yrs	24	13.4%
5	Experience under current manager	1-2yrs	111	62%
		3-5yrs	68	38%

Table 4. 1. Frequencies of demographic characteristics.

Gender of respondents: Looking at the gender of respondents nearly two-third of respondents are male. since respondents were randomly selected at their working place the gender difference in sampling is observed. This may not perfectly reflect the share of the gender in employment of BOA.

Age of respondents: Great majority of respondents are middle aged and youth (82%). This is quite representative of the population of the country in general as it is characterized by young population. Moreover, the ever-increasing number of branches of banks along with highly increasing number of higher education graduates led to high number of youth employees in banks.

Educational level: Respondents with first degree are slightly higher than those with second degree. There are no lower levels of educational qualification among respondents because nowadays most of fresh graduate jobs in customer service positions require first degree. There are also increasing number of higher educational institutions giving programs at a second degree (Master's degree).

Experience: Most of the respondents have worked from one to five years. This may be the case because banks hire fresh graduates in their front offices in bulk and that most of the samples are in branches where most of the manpower is distributed. Significant number of respondents have worked under current supervisor for a period of 1 to 2 years. This may be perhaps driven by the switch of employees from one branch to another or promotions.

4.2. Descriptive statistics

4.2.1. Respondents' perception of leadership style

On a scale of five-point Likert scale respondents have measured all items measuring leadership style. The first leadership style that was measured using the instrument was transformational leadership. Respondents have responded favorable to this leadership style where on average respondents have given above four for each item of the leadership style as depicted in the below table. The standard deviation is near zero for most items of the transformational leadership. This indicates that the individual values are very near the mean and that there is no deviation from the mean. Hence, it could be concluded that transformational leadership is practiced by leaders in

BOA and there is not much difference in perception of transformational leadership style among employees.

Transformational leadership style Items	Mean	Std. Deviation
My supervisor makes others feel good to be around him	4.6201	0.48672
I have complete faith in my supervisor	4.5642	0.49725
I am proud to be associated with my supervisor	4.5531	0.6192
My supervisor expresses in simple words what we can and should do	4.4972	0.50139
My supervisor provides appealing messages about what we can do	4.4302	0.61752
My supervisor helps in finding meaning to work	4.2458	0.43177
My supervisor enables others to think about old problems in new ways	4.1955	0.53083
My supervisor provides other new ways of looking at puzzling things	4.2514	0.43503
My supervisor gets others to rethink ideas they have never questioned before	4.1844	0.52422
My supervisor helps others to develop themselves	4.6872	0.46495
My supervisor lets others know how he/she thinks we are doing	3.9888	0.627
My supervisor gives personal attention to others who seem rejected	4.1173	0.79513

Table 4. 2. Respondents' perception of transformational leadership

Likewise, the transactional leadership is very much practiced in BOA as per the high mean score of above four for most items. The standard deviation is also lower implying that there are not many outliers in individual values of observations. This finding is quite different from Yosef (2015) who found out that transactional leadership is perceived less among the three public and eight private banks in Ethiopia that he studied. It is, however, consistent with the finding of Tsgereda (2018) on her study of UNECA. It is also consistent with the finding of Girma (2018) who studied the effect of leadership style on organizational performance: the case of Addis Ababa police commission.

Transactional leadership Items	Mean	Std. Deviation
My supervisor tells others what to do if they want to be rewarded for their work	4.1844	0.64003
My supervisor gives rewards/recognitions to others when they reach their goals	4.0615	0.66334
My supervisor calls attention to others what they can get for what they accomplish	4.3799	0.48672
My supervisor is always satisfied when others meet agreed upon standards	4.3073	0.46265
As long as things are working, my supervisor don't try to change anything	4.6927	0.46265
My supervisor tells us the standards we have to know to carry out our work	4.2458	0.43177
My supervisor believes employees need to be supervised closely. They are not likely to do their work	4.2514	0.66064
As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives	3.8771	0.69224
I feel insecure about my work and need direction	3.9441	1.03164
My supervisor is the chief judge of the achievements of employees	3.8771	0.69224
My supervisor gives orders and clarifies procedures	4.0559	0.75491
My supervisor believes that most employees in the general population are lazy	3.1899	1.23056

Table 4. 3. Respondents' perception of Transactional leadership style

The last leadership style is Laissez-faire where the leader gives higher freedom to his followers to work independently. Although respondents have perceived transformational and transactional leadership style, they did also the same for Laissez-faire. Thus, it could be concluded that leaders in BOA practice all types of leadership as perceived by employees. The standard deviation is

near zero implying that there are no extreme observations as such. The perception of lassie-faire leadership is higher compared to Bekele (2015) and Tsigereda (2018)

Lassie-faire Leadership style items	Mean	Std. Deviation
In my complex situations my supervisor allows me to work my problems out in my own way	3.9553	0.81297
My supervisor stays out of the way as i do my work	4.2291	0.67711
As a rule, my supervisor allows me to appraise my own work	4.5307	0.54351
My supervisor gives me complete freedom to solve problems in my own way	4.6592	0.50953
In most situations i prefer little input from my supervisor	4.0503	0.55358
In general, my supervisor feels it is best to leave subordinates alone	4.2402	0.56425

Table 4. 4. Respondents’ perception of Lassie faire leadership style

Perhaps one can argue from this finding that leaders in BOA tend to act based on situations. This is because all three types of leadership were perceived by respondents. And if all are perceived it means leaders in BOA practice all three based on circumstances.

4.2.2. Respondents’ perception of perceived performance items

Perceived performance of BOA is higher as per the respondents’ perception. They have all rated on average above 4 which signifies high performance. There are no significant dispersions of observations as all are near the mean i.e., Standard deviation of near zero.

Organizational performance Items	Mean	Std. Deviation
Quality of products, services, and programs	4.4358	0.49725
Development of new products, services, or programs	4.3687	0.48381
Ability to attract essential employees	4.6089	0.6118
Ability to retain essential employees	4.3687	0.60737
Satisfaction of customers or clients	4.4972	0.50139
Relationship between management and employees	4.3073	0.68737
Perceived market performance compared to other	4.5642	0.60897

organizations that do the same work		
Marketing	4.6201	0.48672
Growth in sales	4.743	0.4382
Profitability	4.4972	0.50139
Market share	4.4972	0.61237

Table 4. 5. Respondents' perception of Organizational performance

4.3. Correlation Analysis

Spearman correlations analysis

		Transformational	Transactional	Lassie-faire	Performance
Transformational	Correlation Coefficient	1	.317**	.420**	.474**
	Sig. (2-tailed)	.	0	0	0
	N	179	179	179	179
Transactional	Correlation Coefficient	.317**	1	-.258**	-.393**
	Sig. (2-tailed)	0	.	0.001	0
	N	179	179	179	179
Lassie-faire	Correlation Coefficient	.420**	-.258**	1	.437**
	Sig. (2-tailed)	0	0.001	.	0
	N	179	179	179	179
Performance	Correlation Coefficient	.474**	-.393**	.437**	1
	Sig. (2-tailed)	0	0	0	.
	N	179	179	179	179

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

Table 4. 6. Spearman correlation analysis

There is a strong positive relationship between transformational leadership and organizational performance. Transactional leadership styles like transformational leadership have a significant relationship with organizational performance. However, unlike transformational leadership the relationship is negative. Employees at BOA perceives that the more transactional leadership styles, the less the performance.

Finally, the correlation statistics show that there is a strong positive relationship between laissez-faire leadership style and organizational performance. The correlation is significant at 0.01 confidence interval. However, the correlation coefficient for Laisser-faire is less than that is for Transformational leadership entailing that the highest relationship is between transformational leadership style and organizational performance. Thus, all three hypotheses from H1 TO H3 are accepted.

The correlation outputs are consistent with Ebrahim (2018) who found that transformational leadership and transactional leadership are positively and negatively correlated with organizational performance. The findings that transformational leadership and transactional leadership are strongly correlated with organizational performance is also supported by Gasper (2018). however, unlike this research findings, the later found out that transactional leadership is positively correlated with organizational performance.

CHAPTER FIVE

Summary, conclusions, and recommendations

Introduction

In this section, based on the finding of the study summary and conclusions are derived and possible recommendations are suggested. The findings mainly focus on data analysis outputs that are directed towards addressing the very objective of this study and the research hypothesis/questions derived from the objective. Conclusions are then reached based on findings. Recommendations and future research are then identified for future research based on the gaps and limitations of this study.

5.1 Summary of major findings

The below are major findings from the study.

- Majority of respondents are males comprising nearly 2/3rd of the total sample.
- Majority of respondents are in middle and youth age. About 82% of respondents are below the age of 40.
- The number of respondents having degree is slightly higher than those with master's degree.
- BOA employees perceive that all three types of leadership style are practices by leaders in the bank. All leadership styles have been rated as 4 on average out of a scale of 5.
- Spearman Correlation analysis of the independent and dependent variables proved that there is a significant correlation between the independent variables (transformational, transaction, laissez-faire leadership style) and the dependent variable organizational performance). The relationship between transactional leadership style and organizational performance is negative. The higher the practice of transactional leadership style, the lower the organizational performance and vice versa.
- Strongest relationship is observed between Transformational leadership and organizational performance followed by Laissez-faire.

5.2. Conclusion

Based on the data analysis and major findings from the study the researcher has concluded that:

- There is an overall perception that all leadership styles are being implemented by managers of Bank of Abyssinia (BOA)
- There is a significant positive relationship between transformational leadership style and perceived organizational performance.
- There is a significant negative relationship between transactional leadership style and perceived organizational performance.
- There is a significant positive relationship between Laissez-faire leadership style and perceived organizational performance.

5.3. Recommendation

Based on findings from statistical analysis tool, major recommendations to be suggested including the below

5.3.1. Recommendation to leaders in BOA

Leaders in bank of Abyssinia should demonstrate qualities that are strongly needed for a transformational and Laissez-faire leadership style since they are identified to have significantly and positively related with organizational performance. A leader must build trust and confidence of employees by expressing his sincerity towards them, helping them develop mentally and professionally, empowering and motivating them to achieve objectives. They should also give employees challenging tasks so that they learn to believe in themselves. Leaders should also give employees the freedom to do tasks independently, focus on their capabilities than their faults and give them the chance to solve problems by their own.

Leaders in BOA should avoid facets of a transactional leadership style like strictly giving orders, being bossy and attentive to every action of the employee. Moreover, they should not put entire importance to rewards and punishments only. They should avoid close supervision at every time and should not believe that employees are lazy. Believing that the employee can perform if only relevant support is given is of paramount importance.

5.3.2. Recommendation to BOA as a company

Top management of BOA should devise a human resource strategy that could enhance leadership capabilities of managers and leaders in BOA by devising different tactics. Some tactics should include empowering the leaders by giving them state of the art leadership skill training, continuously following up how well employees perceive the leadership styles of their superiors and how well they are satisfied with it. Internal satisfaction survey can serve this purpose.

5.4. Research limitation and areas for further research

5.4.1. Research limitation

The major limitations of this research are that it studies only the case of one bank, Bank of Abyssinia with the specific case of those branches and head office located in Addis Ababa, it includes only three leadership styles namely transactional, transformational and lassie-faire.

5.4.1. Suggestion for Future research

Future research could study a multitude of companies across different sectors and can also include other leadership styles to undertake a more robust research.

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Annex

Questionnaire

The statement below aims at capturing your perception of leadership styles in your company and investigating whether leadership styles significantly affect company performance of in the case of Bank of Abyssinia. please feel free to respond to the questions. your response will be kept confidential and the feedback from the filled questionnaire will only be used for academic purposes.

Part 1: Demographic questions

- I. Gender
 - A. Male
 - B. Female

- II. Age
 - A. 18-30
 - B. 31-40
 - C. 41-50
 - D. Above 50

- III. Level of education
 - A. Diploma
 - B. Degree
 - C. Masters
 - D. PhD

- IV. Job title _____

- V. How long have you worked in your current title? (in years) _____

- VI. How long have you been working under your current supervisor/manager? (in years) _____

Part 2: Leadership style items (Please rate each statement in a scale of 5 where 1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree.

Transformational leadership	1	2	3	4	5
My supervisor makes others feel good to be around him					
I have complete faith in my supervisor					
I am proud to be associated with my supervisor					
My supervisor expresses in simple words what we could and should do					
My supervisor provides appealing images about what we can do					
My supervisor helps in finding meaning to my work					
My supervisor enables others to think about old problems in new ways					
My supervisor provides others new ways of looking at puzzling things					
My supervisor gets others to rethink ideas that they have never questioned before					
My supervisor helps others to develop themselves					
My supervisor lets others know how he/she thinks we are doing					
My supervisor gives personal attention to others who seem rejected					
Transactional leadership					
My supervisor tells others what to do if they want to be rewarded for their work					
My supervisor gives rewards/recognitions to others when they reach their goals					
My supervisor calls attention to others what they can get for what they accomplish					
My supervisor is always satisfied when others meet agreed upon standards					
as long as things are working, my supervisor doesn't try to change anything					
My supervisor tells us the standards we have to know to carry out work					
My supervisor believes employees need to be supervised closely. they are not likely to do their work					
As a rule, my supervisor believes that employees must be given rewards or punishments to motivate them to achieve organizational objectives					
I feel insecure about my work and need direction					
My supervisor is the chief judge of the achievements of employees					
My supervisor gives orders and clarifies procedures					
My supervisor believes that most employees in the general population are lazy					
LAISSEZ FAIRE LEADERSHIP					
In my complex situations my superior allows me to work my problems out on my own way					

My supervisor stays out of the way as I do my work					
As a rule, my supervisor allows me to appraise my own work					
My supervisor gives me complete freedom to solve problems in my own					
In most situations I prefer little input from my supervisor					
In general, my supervisor feels it is best to leave subordinates alone					

Source: Adopted from Bass and Avolio (1992)

Part 2: perceived performance items (Please rate each statement in a scale of 5 where 1=worse 2=bad 3=neutral 4=better 5=much better)

	1	2	3	4	5
How would you compare the organization's performance over the past 3 years to that of other organizations that do the same kind of work? Please rate in terms of the below items					
Quality of products, services, or programs					
Development of new products, services, or programs					
Ability to attract essential employees					
Ability to retain essential employees					
Satisfaction of customers or clients					
Relations between management and other employees					
Perceived market performance Compared to other organizations that do the same kind of work					
how would you compare the organization's performance over the last 3 years in terms of					
Marketing					
Growth in sales					
Profitability					
Market share					

Source: Delaney and Huselid(1996)