



**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**DEPARTMENT OF BUSINESS LEADERSHIP**

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE  
ORGANIZATIONAL COMMITMENT: THE CASE OF ZEMEN BANK.**

**By: Beliyu Teshome**

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF  
GRADUATES ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER OF BUSINESS LEADERSHIP**

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**Addis Ababa, Ethiopia**

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**ADDIS ABABA, ETHIOPIA**



## **DECLARATION**

Declare that the research under consideration is headed "The Effects of Leadership Styles on Employees' Organizational Commitment: The Case of Zemen Bank". My work, which I have submitted to the Addis Ababa University School of Commerce for the Masters of Business Leadership degree, is entirely original and has not been submitted for credit at any other university. All study resources have been properly cited.

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## **ENDORSEMENT**

This certifies that the study "The Effects of Leadership Styles on Employees' Organizational Commitment: The Case of Zemen Bank," completed by **Beliyu Teshome** for the Addis Ababa University School of Commerce's Master of Business Leadership program, is original and hasn't been submitted previously for credit toward any degree at this university or any other university.

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**ADVISOR**

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**SIGNATURE**

## **List of Acronyms**

AC: Affective Commitment

CC: Continuance Commitment

NC: Normative Commitment

TFLS: Transformational Leadership Style

TSLs: Transactional Leadership Style

LFL: Laissez-Faire Leadership Style

ZB: Zemen Bank

SPSS: Statistical Package for Social Science

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## **ABSTRACT**

*The purpose of this study was to examine the effects of leadership styles on employee's organizational commitment the case of Zemen bank. The study employed both primary and secondary sources. In order to maximize accuracy and minimize error in estimating from the target population, participants for the study's questionnaire were chosen using a straightforward random selection procedure. Out of the 259 questionnaires provided, 243 were correctly completed by the participants. To collect qualitative data semi, structured interviews were employed through the purposive sampling technique employed to select in a managerial position. On the top of this, to support the quantitative data analysis in this study, descriptive statistics like frequencies, percentages, means, and standard deviations were used in conjunction with SPSS and EPI data. Two separate instruments, namely Multifactor Leadership Questionnaire (MLQ) and the Organizational Commitment Questionnaire (OCQ) were used to measure leadership styles and employees' organizational commitment respectively. The findings verified that the effects of leadership styles on employee's organizational commitment revealed that transformational leadership style has a positive, and statistically significant relationship with affective commitment. The finding also shows that laissez-faire leadership positively impacts affective, normative and continuance commitment. However, transactional leadership does not have a statistically significant positive impact on these types of commitment. From the findings, it was concluded that it is crucial for the bank to prioritize employee well-being by promoting work-life balance and providing mental health support services. A healthy and supportive work environment will contribute to higher levels of employee engagement and commitment. Finally, it was recommended that organizations should consider the context and specific work environment before applying laissez-faire leadership. This leadership style might be particularly effective in settings where employees are highly skilled, self-motivated, and capable of working independently.*

*Keywords: Leadership styles, Employee Organizational Commitment,*

# CHAPTER ONE

## INTRODUCTION

This section of the research includes an introduction, background information about the investigation, a problem statement, core research questions, the goal of the study, its applicability, its delimitation, an operational definition of terms, and the structure of the study.

### 1.1. Back ground of the study

Researchers have extensively studied various leadership styles, noting their significant impact on organizational performance and results. Despite this extensive research, a gap remains regarding the subtle differences between leadership styles and their impact in different organizational contexts. While existing research explores a variety of cultural factors, more studies are needed to consider the cultural, economic, and technological factors shaping these trends. Additionally, few studies have examined the intersection of traditional leadership models with new processes such as remote work, gig economy planning, and multidisciplinary teams. Addressing these gaps can provide insight into best practices to meet the challenges facing today's organizations.

A key area of interest in organizational studies is the concept of organizational commitment due to its profound influence on employee behaviour and its crucial role in connecting employees with organizational success. Researchers such as Meyer and Allen (1991) and Allen and Meyer (1996) have extensively studied this link, highlighting how organizational commitment shapes employee attitudes, motivations, and actions within the workplace. Despite acknowledging the multitude of factors impacting employee behaviour, the robustness of organizational commitment as a determinant remains indisputable in academic discourse.

Leadership characteristics vary depending on the situation, as illustrated by leadership models such as those of Hersey and Blanchard (2018). A recent example is servant leadership, which emphasizes building trust, focusing on employees' well-being, and empowering them to make decisions (Northouse, 2016). Organizational commitment is important among international researchers, highlighting its importance for organizations (e.g., Meyer and Herscovitch, 2010; Meyer, Stanley, Jackson, and McInnis, 2012; Allen and Meyer, 2016; Rhoades and Wiesenberger, 2017). This long-standing interest reflects its crucial role in improving workplace performance and outcomes in current environments. Leaders navigating this

environment must have keen observation, situational analysis, and the ability to make informed decisions to lead their organizations to success. Loyal employees are expected to perform better than their less loyal colleagues, work overtime when needed, and promote the organization as a great place to work.

In summary, this study examines the effect of leadership, organizational commitment, and employee commitment in shaping workplace dynamics and fostering organizational success, with a focus on Zemen Bank. Further research exploring the complexities of these dynamics within diverse organizational contexts is crucial for informing effective leadership practices and enhancing organizational performance. By clarifying the distinction between leadership style and employee commitment this study aims to contribute to a more nuanced understanding of these critical factors in organizational success.

## **1.2. Statement of the problem**

The success of an organization mainly depends on its employees, who are crucial in converting materials into products and using other resources to provide good service. Committed employees are productive, innovative, and loyal. Companies that encourage quality work and actively make committed their employees will be more successful in terms of customer satisfaction and profitability. For example, Deloitte emphasizes that companies such as Google prioritize creating a good working environment to increase productivity and employee satisfaction (Deloitte, 2017).

In 2019, Meyer and Herscovitch captured several examples of organizational commitment and highlighted its importance in encouraging employee commitment and retention in an organization. According to Meyer and Herscovitch (2019), "organizational commitment refers to the level of identification of employees with the organization at a psychological level. It includes their willingness to work for the success of the organization, their commitment to the organization, and their long-term satisfaction with the organization. Commitment is achieved through participation in the organization's activities, role knowledge, and willingness to exceed expectations to contribute to the organization's goals." High levels of commitment and a strong organizational culture help retain top talent and attract new employees.

As per recent Human Capital data the turnover rate of Zemen Bank S.C is increasing than previous trends. It is one of a sign to the Bank that its employees Commitment towards their organization are decreasing through different reasons. Because, committed employees are less likely to quit, leading to organizational stability (Idea Scale, 2018). However, the need to retain employees who add value to the organization has become a problem for business leaders (Barra, Ciano, and Salles, 2012). This is also the problem that Zemen Bank recently faces.

The challenge of retaining employees who add substantial value to organizations has emerged as a pressing concern for business leaders (Barra, Ciano, & Salles, 2012). Therefore, this study centre's on examining the impact of leadership on employee organizational commitment. The relationship between leadership and employees' commitment in organizations has been a subject of debate among many researchers (McLagan, 2013). For instance, Aghashahi et al. (2017) examined the relationship between organizational commitment and leadership styles. Researchers such as Clinebell et al. (2013), Temesgen

(2011), and Ahmadi et al. (2010) also found a positive relationship between transformational leadership and continuance commitment.

Zemen Bank's Human Capital Department annual surveys on employee engagement and satisfaction revealed that there is a real problem on Leadership style as a Bank. Among from different leadership styles, Transformational, Transactional and laissez-faire Leadership styles are a well known and mostly practiced in Zemen Bank.

Keeping this in mind, this study attempts to identify the effects of the above three practiced leadership styles on level of Zemen Bank employees' commitment. The purpose of this study was to examine the effect of leadership on employee organizational commitment at Zemen Bank.

Research gap, while previous research provides empirical evidence on the effects of transformational, transactional, and laissez-faire leadership styles on organizational commitment, the relevance and practical application of these styles within specific organizational contexts, such as Zemen Bank, remain unclear. The problem motivating this research is the lack of clarity on whether which leadership styles are effective in practice towards employees' organizational commitment and to find out the challenges of exercising better leadership style within the unique environment of Zemen Bank.

### **1.3. Research question**

1. What is the impact of transformational leadership on the affective, normative, and continuance commitment of employees at Zemen Bank?
2. How does transactional leadership influence the three dimensions of organizational commitment (affective, normative, and continuance) at Zemen Bank?
3. How does of laissez-faire leadership influence on employee commitment levels (affective, normative, and continuance) at Zemen Bank?
4. What are the challenges of exercising better leadership style that enhances employees' organizational commitment in Zemen Bank.?

### **1.4. Objectives of the Study**

#### **1.4.1. General objective**

The general objective of the study was to examine the effect of leadership style on employees' organizational commitment in the case of Zemen Bank.

### **1.4.2. Specific Objectives**

The specific objectives of this study are

1. To assess the impact of transformational leadership on affective, normative, and continuance commitment in the study area.
2. To evaluate transactional leadership style influences affective, normative, and continuance commitment at Zemen Bank.
3. To examine the effects of laissez-faire leadership on employee commitment levels at Zemen Bank.
4. To investigate the challenges of exercising better leadership style that enhances employees' organizational commitment in Zemen Bank.

### **1.5. Significance of the Study**

The aim of this study is to examine the effect of leadership styles on organizational commitment. The results of the study will benefit Zemen Bank and employees by creating a smooth relationship in the organization and creating a good work environment by adding to the field that develops future leaders who contribute to higher employee organizational commitment. The outcomes of the study will provide valuable insights for Zemen Bank in identifying and addressing gaps related to leadership styles and organizational commitment. By understanding these dynamics, the bank can develop long-term strategies aimed at enhancing employee commitment and retention. This includes aligning with employee psychology and expectations to improve workplace conditions and provide necessary support. Ultimately, these efforts aim to foster a more supportive and motivating work environment, thereby increasing emotional commitment among employees at Zemen Bank. In addition, it is believed to bring certain outcomes that would be an input for future research in this area, and it could also be an addition to the existing literature.

### **1.6. Delimitation of study**

The study's geographic scope was restricted to the headquarters of Zemen Bank. Restricting the study to the headquarters of Zemen Bank improves the viability of data gathering and research execution. By concentrating on a certain area, logistical issues like travel costs and branch or site coordination are lessened. It enables researchers to focus their energies and resources in an environment that is accessible and manageable. Access to important stakeholders, such as staff members, managers, and organizational leaders, was made easier by conducting the study at the headquarters. Researchers can ensure the relevance and depth of study findings by interacting directly with people who are knowledgeable about company culture, leadership styles, and employee dynamics. There by ensuring the relevance and depth

of the study findings. The study's conceptual scope was limited to ideas regarding organizational commitment and leadership style. It is consistent with recognized theoretical frameworks and empirical studies on leadership theory to limit the study to transformational, transactional, and laissez-faire leadership styles. Because these leadership philosophies offer alternative ways of looking at leadership conduct, researchers can look at how differently they affect organizational commitment.

In addition, focusing the research on the ideas of organizational commitment and leadership style gives the investigation emphasis and clarity. Researchers can gain a deeper knowledge of the relationship between employee attitudes and behaviors and leadership behaviors within the organizational setting by focusing their research on these particular issues. Furthermore, factors like feasibility, participant access, contextual relevance, focus and clarity, theoretical alignment, and practical applicability justify the study's geographical boundaries to Zemen Bank's head office as well as its conceptual boundaries to concepts of leadership style and organizational commitment. With the help of these boundaries, researchers can carry out a targeted, pertinent, and significant investigation that adds to the body of knowledge on organizational behaviour and leadership while producing valuable insights for the company.

### **1.7. Limitation of study**

The entire study was limited on the effects of leadership style on employees' organizational Commitment: The Case of Zemen Bank.

### **1.8. Operational Definitions**

#### **IV: Transformational Leadership Style**

Operational Definition: The leadership approach characterized by inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation, wherein leaders motivate and inspire employees to perform beyond expectations and foster a positive organizational culture.

#### **IV: Transactional Leadership Style**

Operational Definition: The leadership approach focused on contingent rewards and corrective actions, wherein leaders use rewards and punishments to motivate employees to achieve specific goals and maintain compliance with organizational policies and procedures.

#### **IV: Laissez-faire Leadership Style**

Operational Definition: The leadership approach characterized by a hands-off or passive leadership style, wherein leaders avoid making decisions or providing guidance, resulting in a lack of direction and support for employees.

**DV: Employee Organizational Commitment**

Operational Definition: The level of dedication, loyalty, and attachment employees demonstrate towards Zemen Bank, including their willingness to exert effort for the success of the organization and their intention to remain with the organization.

**1.9. Organization of the study**

The entire study was broken up into five chapters. Chapter 1 gives a general summary of the study, including its background, problem description, objectives, significance, scope, and constraints as well as the methodologies used and the organizational structure. Chapter Two is a survey of the literature in the research topic. In Chapter 3, methodology and research design are discussed. However, chapter four contains the data analysis, conclusions, and discussion. A summary of the key findings, conclusions, suggestions for additional research and recommendations are included in Chapter 5's conclusion. A list of tables and figures, appendices, references, and an acronym index were also provided in the study.

**CHAPTER TWO**  
**REVIEW OF LITERATURE**

In order to assist the researcher in creating a conceptual framework, this chapter thoroughly examines relevant theoretical and empirical studies. It does this by identifying a research gap by closely examining how leadership styles affect employee organizational commitment.

## **2.1. Review of Theoretical Literature**

Recent studies highlight the significant influence of leadership styles on employee organizational commitment, showcasing how different approaches shape attitudes, job satisfaction, and loyalty. Transformational leadership, exemplified by its ability to inspire and motivate through trust and innovation, fosters high levels of engagement and commitment (Bass & Riggio, 2006; Avolio & Yammarino, 2013). Conversely, transactional leadership, which relies on rewards and punishments, can influence short-term commitment based on perceived fairness (Judge & Piccolo, 2004). Laissez-faire leadership, characterized by minimal guidance, often leads to lower commitment levels due to a lack of support and clarity (Skogstad et al., 2007).

However, a unified theoretical framework that comprehensively integrates these leadership styles' effects on organizational commitment across various contexts remains elusive. There is a need for further research to explore how contextual factors like organizational culture and industry-specific challenges moderate these relationships. Longitudinal studies are particularly crucial to uncovering the enduring impacts of leadership styles on commitment. Additionally, the evolving role of technology in leadership practices and its influence on organizational commitment require deeper investigation. Furthermore, examining gender perspectives in leadership and their effects on commitment can provide a more nuanced understanding. Addressing these research gaps will enhance our understanding of how leadership styles impact organizational commitment, facilitating the development of more effective leadership strategies tailored to diverse organizational environments.

### **2.1.1. Concepts of Leadership**

Recent studies highlight the multifaceted nature of leadership and its crucial role in organizational success. Leadership involves guiding and directing followers to achieve common goals by creating an authoritative, effective, and controlled work environment (Abadiyah et al., 2020). This underscores the importance of a leader's influence in improving employee performance and achieving organizational objectives (Bastari et al., 2020; Rahman et al., 2020). Leadership is often described through behaviors, traits, and role relationships, but there is no unanimous definition, as it is viewed from various perspectives including influence and communication patterns (Yulk, 2006). Effective leadership significantly

impacts subordinates' attitudes and work performance (Leonard et al., 2013). It also affects social, technological, economic, political, and ecological factors, influencing all human aspects either directly or indirectly.

Bolden et al. (2011) define leadership as a social influence process that guides behaviors, activities, and relationships towards achieving shared aims. Ghose (2014) views it as a dynamic process where one person influences others to voluntarily contribute to goal achievement, aligning with the great man theory. Leadership is vital for top management to encourage learning and knowledge sharing among employees using appropriate styles. It creates a new vision within organizations by enhancing self-confidence in employees through coordination and communication (Khan et al., 2012). Kohler (2016) highlights leadership as a process of mutual interaction between leaders and employees, focusing on utilizing appropriate resources and achieving success in changing conditions.

Despite extensive research, several gaps remain. There is no consensus on a unified definition of leadership. The impact of specific contextual factors, such as cultural differences and industry-specific challenges, on leadership effectiveness is underexplored. More longitudinal studies are needed to understand the long-term effects of different leadership styles on organizational performance and employee satisfaction. The influence of rapidly changing technology on leadership practices needs further investigation, as does the role of gender in leadership dynamics and the specific challenges faced by female leaders. Addressing these gaps can provide a more comprehensive understanding of leadership and its implications for modern organizations. According to Khan et al. (2012) leadership defined as leadership is a new way that creates a new vision within an organization by increasing self-confidence in employee perception through coordination and communication. In addition, Kohler (2016) accepts that leadership in many organizations is a process of mutual interaction between leaders and employees in order to work with the help of appropriate resources, pay special attention to leadership, and be successful in an environment with changing conditions setting goals. This means he is trying to purge people with the help of a select team.

### **2.3. Leadership Styles**

Several scholars identified different leadership styles that most leaders depict. A leadership style can be defined as one's technique or mode of providing direction, implementing plans, and motivating people. Leadership: Theory and Practice (8th Edition) (2018) by Peter G.

Northouse provides a comprehensive overview of various leadership styles, including transformational, transactional, servant leadership, and more.

### **2.3.1. The Full Range Leadership Theory**

The Full Range Leadership Theory, originally developed by Bernard M. Bass and further advanced by Bruce J. Avolio, continues to be a foundational framework in leadership research. Bass and Avolio's work, as reviewed in "Full-Range Leadership Model: A Review and Current State of Research" (2017), provides a comprehensive overview of the theory's evolution and its current relevance in understanding effective leadership practices. Recent meta-analytical studies, such as "The Impact of Transformational and Transactional Leadership on Team Performance: A Meta-Analysis" (2015) by Wang, Oh, and Court right, reinforce the significance of transformational and transactional leadership—key components of the Full Range Model—in influencing team performance and organizational outcomes.

The Multifactor Leadership Questionnaire (MLQ), a pivotal tool in assessing leadership styles within the Full Range Model, is critically evaluated in "The Multifactor Leadership Questionnaire (MLQ): A Review and Critical Evaluation" (2016) by Avolio, Sosik, and Jung. This review examines the MLQ's strengths and limitations, enhancing our understanding of how it measures the various dimensions of leadership outlined in the Full Range Model. Together, these recent contributions underscore the enduring relevance and on-going refinement of the Full Range Leadership Theory in contemporary leadership studies.

### **2.3.2. Transformational leadership styles**

Transformational leadership is distinguished by its focus on achieving a greater good through the active participation and engagement of followers, aligning personal aspirations with organizational goals to produce superior social outcomes. Lindawati and Parwoto (2021) emphasize the role of transformational leaders in demonstrating determination and articulating a clear vision, which inspires followers to adopt similar values and behaviour's, thus enhancing overall organizational performance. Bull, Martinez, and Matte (2019): This study highlights how transformational leaders promote high ethical standards and personal responsibility, which fosters admiration, respect, and trust from followers, motivating them to emulate these leaders and internalize their ideals. Phaneuf et al. (2016) discuss how transformational leaders, through idealized influence, act as role models, creating a strong bond of trust and admiration from followers.

### **2.3.3. Idealized influence attributes**

Idealized influence in transformational leadership refers to leaders serving as role models for their followers. These leaders gain deep respect and trust from their followers, which enable them to instil confidence in their vision and drive collective goals. Here are some recent references discussing the attributes of idealized influence: Bull, Martinez, and Matte (2019) emphasize those transformational leaders with idealized influence display high ethical standards and personal responsibility. This behaviour fosters admiration, respect, and trust from followers, leading them to internalize the leader's ideals and emulate their actions. Lindawati and Parwoto (2021): Their study highlights that idealized influence involves leaders demonstrating determination and a clear vision, which inspires followers to adopt similar values and behaviours, enhancing overall organizational performance. Phaneuf et al. (2016): This work discusses how idealized influence is characterized by leaders acting as role models, which creates a strong bond of trust and admiration from followers. This connection motivates followers to align their personal values with the organizational goals set by the leader.

### **2.3.4. Idealized influence behaviour**

"Idealized Influence" in transformational leadership refers to leaders acting as role models for their followers. Due to the respect and trust they earn, followers strive to emulate these leaders and internalize their values and ideals. This element is crucial for fostering strong ethical standards and a sense of purpose within an organization. Sosik, J. (2015) highlights the importance of transformational leaders demonstrating genuine concern for their followers and role modelling desired behaviour's to build trust and respect. Ray, M. (2022) Michelle Ray discusses how transformational leaders who model the behaviour's they expect from others can bring out the best in their followers by consistently demonstrating exemplary conduct.

### **2.3.5. Intellectual Stimulation**

Intellectual stimulation in transformational leadership is characterized by leaders encouraging creativity and innovation among followers. They challenge the status quo and motivate their team to explore new ways of doing things and to find creative solutions to problems. Hashmi, 2019: Intellectual stimulation involves leaders encouraging followers to use their reasoning and problem-solving skills creatively and innovatively Corriero and Oliveira, 2019: Intellectual stimulation is linked to increased creativity and competency in problem-solving

among followers. Furthermore, Busari et al., 2020: Leaders who practice intellectual stimulation boost their followers' creative thinking and problem-solving abilities.

### **2.3.6. Inspirational Motivation**

Inspirational motivation refers to a leader's ability to articulate a clear vision and inspire followers to change their perceptions and motivations towards achieving common goals. Transformational leaders use their vision and personality to foster trust, respect, and admiration, which in turn encourages followers to exceed expectations and achieve extraordinary results (Very well Mind, 2023). Michelle Ray (2023) highlights that inspirational motivation involves a leader being clear about their vision and expressing it in a way that excites and drives higher performance. This involves confidence, optimism, and genuine appreciation for the followers' efforts, creating an environment of trust and engagement.

### **2.3.7. Individualized Consideration**

Individualized consideration is related to the personal support and interest shown by leaders to their followers and the leaders carefully thinking about their followers. And also the leaders listen actively, identify individuals' personal concerns, needs, and abilities, the leaders delegate and develop the skills of their followers. The Influence of Individualized Consideration Leadership Behavior on Employee Performance in Small and Medium Enterprises in Kenya (2017) by the International Journal of Business and Social Science. This study explores the impact of individualized consideration on employee performance in Kenya. Individualized Consideration and Idealized Influence of Transformational Leadership: Mediating the Role of Inspirational Motivation and Intellectual Stimulation (2022) by Taylor & Francis Online. This article dives into the connection between individualized consideration and other aspects of transformational leadership. Transformational leadership quality improvement center for workforce development (2019). This resource provides a clear overview of transformational leadership, including individualized consideration.

## **2.4. Transactional Leadership Styles**

Transactional leadership style according to Rehman et al. (2012) refers to motivating followers by attracting or appealing to their self-interests. The transactional leader will first validate the relationship between performance and reward and then exchange it for an appropriate response that encourages subordinates to improve performance and hence the leadership focuses more on daily practices of work (Nanjundeswaraswamy and Swamy,

2014). Transactional leader dimensions are practice Management-by-Exception and contingent reward. Management-by-Exception is practiced in two forms: passive and active (Gill, 2011).

#### **2.4.1. Passive Management-by-Exception**

Passive management-by-exception represents a leadership approach where interventions occur only after errors or deviations from standards have been identified. Unlike the proactive nature of active management-by-exception, passive management-by-exception involves a more reactive stance, with leaders intervening primarily when issues arise or performance falls below expectations (Rowold, 2005). This approach can be beneficial in environments where employees are highly skilled and autonomous, requiring minimal oversight in their day-to-day activities. However, it also runs the risk of allowing problems to escalate if not addressed promptly. Leaders employing passive management-by-exception must balance trust in their team's capabilities with the need for occasional intervention to maintain standards and address emerging challenges effectively.

Moreover, laissez-faire leadership represents the most passive form of leadership, characterized by a hands-off approach where leaders provide minimal guidance or direction to their team (Rowold, 2005). This style can lead to ambiguity and uncertainty among employees, potentially impacting motivation and organizational performance negatively. Understanding the nuances between passive management-by-exception and laissez-faire leadership is essential for leaders seeking to optimize their leadership strategies. While passive management-by-exception allows for autonomy and flexibility, leaders must remain vigilant to ensure that standards are upheld and issues are addressed in a timely manner. Conversely, avoiding the pitfalls of laissez-faire leadership requires leaders to strike a balance between autonomy and active engagement, fostering a supportive environment that promotes both individual and organizational success.

#### **2.4.2. Active Management-by-Exception Active**

Management-by-exception is a leadership strategy that delegates routine tasks to subordinates while the leader monitors operations for significant deviations from established norms. This approach allows leaders to maintain focus on strategic priorities and intervene only when deviations require corrective action (Rowold, 2005). By sparing leaders from micromanaging routine tasks, management-by-exception fosters a climate of autonomy and empowerment among employees. However, its effectiveness hinges on clear communication of expectations

and standards, as well as the leader's ability to provide timely and constructive feedback to address deviations promptly. This leadership style is particularly beneficial in dynamic environments where flexibility and rapid response to changes are critical for organizational success.

### **2.4.3. Contingent Reward**

Contingent Reward is a leadership behavior that plays a crucial role in motivating employees and aligning their efforts with organizational goals. Leaders employing contingent reward focus on several key aspects to enhance performance and engagement within their teams. They begin by clearly defining work objectives and setting measurable performance standards, which serve as benchmarks for success (Gill, 2011). Moreover, leaders utilizing this approach provide ongoing feedback to employees, offering guidance and support to help them achieve their objectives effectively. This feedback loop not only facilitates continuous improvement but also reinforces desired behaviors and outcomes. Importantly, contingent reward leadership involves the strategic use of incentives—whether financial bonuses, recognition, or other forms of acknowledgment—to reward employees who meet or exceed performance expectations (Gill, 2011). By linking rewards directly to performance outcomes, leaders can create a motivating work environment where employees feel valued and incentivized to perform at their best. This approach not only enhances individual job satisfaction but also contributes to overall team productivity and organizational success. However, while contingent reward can be effective in driving short-term performance gains, its sustained impact may depend on the consistency and fairness of reward allocation, as well as the alignment between rewards and organizational values and objectives (Gill, 2011).

### **2.5. Laissez-Faire Leadership**

Laissez-faire leadership is a type of leadership style in which leaders are hands-off and allow group members to make the decisions also known as delegated leadership. This style of leadership implies that someone in the position of a leader does not fulfill leadership responsibilities and practically does not engage or involve in any meaningful transactions.

Laissez-Faire Leaders need less management authority; leave the responsibility to subordinates to decide goals, plans, and programs on their own within the source of possibility. In other words, laissez-faire leaders do not take responsibility and give subordinates the authority to use (Eren, 2010). Laissez-faire leader does little or nothing to affect either the followers or the outcomes of their behaviors. Likewise, laissez-faire leadership is the idea that the subordinates should be able to work problems out and make

their way through an expedition without too much extra guidance. The leadership is attributed to the leaders who avoid interfering when serious issues arise and the leaders were viewed as inactive and characterized by avoiding responsibility and decision making, this could also be described as non-leadership (Ghose, 2014).

## **2.6. Concepts of Organizational Commitment**

The concept of organizational commitment is a concept that has been widely studied and examined in the management and organizational behavior literature. It represents the main factor in the relationship between individuals and organizations (Rehman, 2012). According to Khurram et al. (2014), organizational commitment is considered as an important and essential element that increases or strengthens the individual's attachment to his organization. Previous research showed that committed employees play a crucial role in the organization and contribute to achieving several beneficial outcomes (Keskes et al., 2018). According to Mowday (1998) cited in Rehman et al. (2012), employees are viewed as committed to an organization if they willingly want to continue their positive association with the organization and make a positive effort to achieve organizational goals. Thus, they are well prepared to put considerable effort into their work and would help to improve the effectiveness and the performance of their organization. Several definitions have been given in the literature to the concept of organizational commitment. One of the famous definitions is that provided by Mowday et al. (1982) who presented organizational commitment as a general force leading an individual to identify himself and to commit to the organization in which he works.

Organizational commitment is the intensity and extent of every individual involved in an organization and his/her sense of belonging and sense of identity towards the organization which will finally lead to the promotion of his/her group dependence and citizenship behavior (Ali et al., 2012). Fornes and Rocco (2004) also commitment defined as the degree of binding of the individual to a set of behaviors and motivates one to act. Besides this, Karadag (2015) stated that organizational commitment was defined as the strength of an employee's identification with the organization. Based on this definition, Karadag (2015) identified three components of organizational commitment: having absolute belief in the objectives and values of the organization, making all efforts necessary for the benefit of the organization, and having a strong desire to continue with that organization. It is also emphasized that it is a process. Likewise, as Karadag (2015) cited Luthans (2002) stated that organizational commitment is the process by which the members of the organization feel they have a share

in the well-being and success of the organization and a type of attitude that reflects the commitment to an organization.

## **2.7. Components of Organizational Commitment**

A Literature Review of the Three Elements of Organizational Commitment: The Meaning of the Contribution Score Average (2018). This research analyzes the average scores of the three commitment components: affective, normative, and continuance. It offers insights into employees' priorities when it comes to organizational commitment. Antecedents of Organizational Commitment: A Review of Personal and Organizational Factors (2019) by Bodjrenou, et al. This review article delves into the factors that influence organizational commitment, categorized as personal and organizational. It provides a broader perspective on the drivers of employee commitment.

### **2.7.1. Affective Commitment**

The affective commitment means the emotional commitment of an employee to the organization and identification with it. Affective commitment has been considered the most beneficial in enhancing organizational effectiveness (Reza, 2014). Among the three dimensions of commitment, affective commitment has been found to be the most consistent and strongest predictor of positive organizational outcomes; and high affective commitment is associated with decreased turnover intentions, contributes to higher productivity and competitive advantage for an organization (Wasti, 2003). Employees,, affective commitment, their emotional bond to their organization has been treated as important determinant of dedication and loyalty. Employees with high affective commitment are having a sense of belonging and identification that increases their engagement in the organization's activities, their willingness to pursue the organization's goals, and their desire to stay with the organization. Furthermore, studies have found relations between affective commitment and absenteeism, performance, and turnover (Awan, 2009).

### **2.7.2. Continuance Commitment**

Continuance commitment means calculating the costs of leaving the job versus the benefits of continuing. It involves a person joining an organization based on the cost of leaving the organization. It arises from the need to consider the costs of employees leaving and staying in the organization. Invariable investments include pensions, relationships with other employees, or organization-specific items (Meyer and Parfyonova, 2010). For this reason,

employees maintain their organizational membership by believing that leaving the organization will bring costs to them (Allen and Meyer, 1990).

### **2.7.3. Normative Commitment**

This dimension tells us the degree of involvement that an individual should have in the organization. This dimension links the employee's moral and ethical attitude towards the organization. They consider it as an obligation to be loyal to their company if the company is doing something good for them (Giedre& Vilke, 2014). This kind of employee remains loyal to the company as they think their company is providing them with benefits and meeting their needs so they should be loyal to their company in any way. It shows that this type of employee stays in the organization even if they are not completely satisfied with their jobs or even if they get better opportunities they will stick to their company.

Employees with this mind think they should consider their place as a priority based on several factors, for example, they think that the company has paid a lot of money on their training so they should not waste this effort of the organization and pay it back with their loyalty and commitment. So this dimension links the social and moral duty of individuals with their company's goals (Alkahtani, 2015).

## **2.9. Empirical Literature review**

This section includes empirical research on the subject study on the relationship between organizational commitment and leadership and employee commitment.

### **2.9.1. Studies Related to Organizational Commitment**

Many organizations are facing major challenges resulting in restructuring, reengineering, and downsizing. One of the factors that could lead to a healthy organizational climate of increased morale, motivation, and productivity is organizational commitment. Organizational commitment has emerged as a promising area of research within the study of industrial and organizational psychology in recent times (Salami, 2008; Ng, T.W.H. (2015)). In "The Incremental Validity of Organizational Commitment, Organizational Trust, and Organizational Identification," Ng explores the distinct contributions of organizational commitment, trust, and identification to workplace outcomes.

(Murray, W.C., & Holmes, M.R. (2021): Their paper, "Impacts of Employee Empowerment and Organizational Commitment on Workforce Sustainability," examines how employee empowerment enhances organizational commitment and reduces turnover intentions,

particularly in the hospitality industry. Choi, B.K., et al. (2015): "Understanding Organizational Commitment: A Meta-Analytic Examination of the Roles of the Five-factor Model of Personality and Culture" investigates how personality traits and cultural factors influence organizational commitment. Furthermore, several studies were conducted to identify factors involved in the development of organizational commitment. Studies on the relationship between personal or demographic variables and organizational commitment revealed that there is a degree of relationship between personal or demographic variables like gender, age, marital status, and years of working experience or tenure, educational qualification, status, race, and so on with organizational commitment (Van, 2015). Deery, M., & Jago, L. (2015): This study, "Revisiting Talent Management, Work-Life Balance, and Retention Strategies," highlights the relationship between organizational commitment and employee retention strategies, emphasizing work-life balance as a critical factor.

### **2.9.2. The Link between Leadership Styles and Employees' Organizational Commitment**

The success of an organization, among other things, largely depends on the quality of leadership it has adopted. A suitable leadership style to a particular context is an indispensable instrument to derive and stimulate followers towards goal achievement (Lussier & Achua, 2011). It is one of the major determinants affecting employee's attitude and their willingness to contribute to the success of the organization and remain employed longer (Razadihm, 2015). Leadership and effectiveness can main determinants of the effect of leadership on an organization's commitment. In an organization that has a not good leadership style, the employees cannot commit to their task and also reduce the productivity of the organization. Due to this reason, different kinds of literature could assert leadership style's positive relation on employees' organizational commitment (Karadag, 2015). Likewise, most leadership programs, however, do not start with the premise of human fulfillment; the leadership most often targets the team and system levels of learning, frequently to the exclusion of the individual. The result is that most programs take the heart out of leadership development (Sidle, 2005).

Employee's commitment to an organization whether increases or decreases depending on the employees' interpersonal relations between followers and leaders, workplace climate, and opportunities of improvement and mainly leadership styles affect the level of commitment (Giedre and Vilke, 2014). Moreover, Keskes (2013) argued that transformational leaders have great ability to influence organizational commitment by promoting the values which are

related to the goal accomplishment, by emphasizing the relationship between the employee's efforts and goal achievement, and by creating a greater degree of personal commitment on part of both follower's as well as leaders for the achievement of ultimate common vision, mission and goals of the organization. According to Wiza & Hlanganipai (2014), transformational leaders influence followers' organizational commitment by encouraging followers to think critically by involving followers in decision-making processes and inspiring loyalty while recognizing and appreciating the different needs of each follower to develop his or her personal potential.

However, the writers asserted that transactional leaders by stimulating their followers to seek new ways to solve problems, challenges and identifying with followers' needs also transformational leaders are able to motivate their followers to get more involved in their work with resulting in higher levels of organizational commitment. According to Shrestha (2011) study shows that the effect of leadership style on employee commitment has found a positive relationship between transformational leadership and employee commitment. However, Lo et al. (2010) examined the effect of transformational leadership on a commitment to change in higher education in Malaysia found two dimensions of transformational leadership. That is idealized influence and inspirational motivation to have a positive relationship with commitment.

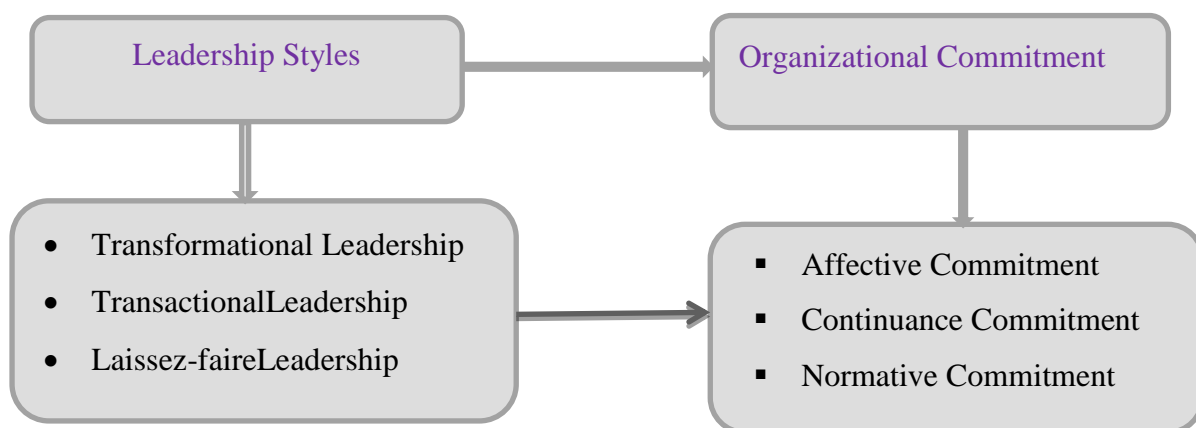
Moreover, a study worked by Wiza & Hlanganipai (2014) in the case of South African institutions shows that there is a significant positive relationship between the transformational leadership style and both affective commitment and continuance commitment. While, there was a lack of statistically significant correlations between transformational leadership and normative commitment. Additionally, the study finding suggested that respondents who are affectively committed to the organization are more willing to maintain their relationship with the organization than those who are normatively committed. Affectively committed employees tend to feel identification, attachment, and involvement with the organization. But this contrasts with the dimension of normative commitment, which focuses on a commitment by virtue a feeling of obligation to remain with the organization. And also the finding shows that transformational leadership style has no relationship with normative commitment. Furthermore, Teshome (2011) examined the relationship between leadership styles and employee Commitment in Private Higher Education Institutions at Addis Ababa City, the study shows that transformational leadership style has significant and positive correlations with affective and continuance employee commitments while transactional leadership style

has a significant and positive correlation with only normative commitment and laissez-faire leadership style is found to be significantly and negatively associated with employees' affective commitment.

## 2.10. Conceptual Framework

The conceptual framework of this study was organized based on the purposes of the study. In this study, the three leadership styles (transformational, transactional, and laissez-faire) which are independent variables and the dependent variable are considered. The review of the literature on the position of leadership styles and organizational commitment has been examined in demand to grasp the effect of the leadership styles and organizational commitment. The discussion delivers a vital framework for this study in terms of the variables that are going to be used. Studies conducted on the effect of the leadership styles on organizational commitment revealed that leadership styles affect organizational commitment and correlate with each other. Organizational commitment is the most significant asset in organizations, which without, the goals and objectives may not be attained. Leaders' leadership styles can play in achieving the organizational goals and increase organizational commitment as well as organizational performance. To this end, this study tries to examine the link between independent (three leadership styles) and dependent (organizational commitment) variables.

**Figure 1.** Illustrates the conceptual framework of the study



**Source:** the conceptual framework of this study (Amna, 2015)

This conceptual framework denotes the dependent variable and independent variable in the study. The dependent variable is believed to be affected by the independent variable. In this study, organizational commitment is the dependent variable and leadership styles already

exist in their organization is the independent variable of the present study. The researcher aims to see the interaction between them and the effect of one variable on another.

### **2.11. Hypotheses of the Study**

H1: Transformational leadership positively impacts a) affective, b) normative c) continuance commitment.

H2: Transactional leadership has a positive but lesser impact on a) affective, b) normative c) continuance commitment.

H3: Laissez-faire leadership negatively impacts a) affective, b) normative c) continuance commitment.

# CHAPTER THREE

## METHODOLOGY OF THE STUDY

The study approaches and techniques utilized to look at how leadership affects employee organizational commitment are explained in this chapter. The Zemen Bank case study highlights the importance of leadership on employee organizational commitment. The research approach employed in the study can be explained in this section. The areas covered include the following: research design; study setting; target population; sample size; sampling strategy; data source; data collecting tool; validity and reliability of the instrument; data processing methodology; and ethical considerations.

### 3.1. Research Approach

Studies are neither exclusively quantitative nor exclusively qualitative, as many of them combine elements of both methodologies, as noted by Creswell and Plano Clark (2007). As a result, the choice of which research approach to use should be determined by the objectives of the study, the type of phenomena being studied, and the nature of the research questions. A more thorough grasp of the research problem can be attained by researchers by combining both quantitative and qualitative methodologies. Quantitative methods, such as surveys or experiments, can provide numerical data, offering insights into patterns, trends, and statistical relationships. On the other hand, qualitative methods, such as interviews or observations, can capture the depth, context, and nuances of participants' experiences and perspectives.

Combining these approaches allows for a richer and more complex exploration of the research problem. Furthermore, employing mixed methods enables researchers to capture multiple perspectives on the research issue. Quantitative data can provide a broad overview and identify general trends, while qualitative data can offer detailed insights into individual experiences, motivations, and attitudes. By triangulating findings from different sources, researchers can enhance the validity and reliability of their results. In conclusion, the decision to use a mixed-methods approach is rationalized by its potential to provide a more comprehensive understanding of the research issue, capture multiple perspectives, enhance validity, offer flexibility, and leverage the complementary strengths of quantitative and qualitative methods.

### 3.2. Research Design

The plan and procedure of the study, comprising everything from a broad concept to specific choices on the procedure for gathering and analyzing data, is known as research design. The

purpose of study design is to gather pertinent data with the least amount of financial, time, and resource expenditure (Creswell, 2009). According to Creswell, Plano Clark, et al. (2003), mixed-methods design triangulation is the most popular and well-known. To better comprehend the study question, the design aims to "obtain different but complementary information about the same subject" (Morse, 1991, p. 122). When doing a mixed-methods study design, both qualitative and quantitative data are gathered concurrently or in parallel in a single study. Because of this, the study employed a mixed-method triangulation design. These designs used multiple sources or methods of data to cross-check or verify the findings of the study. Therefore, the choice of mixed-methods triangulation design is rationalized by its ability to facilitate comprehensive data collection, enhance validity through triangulation, provide complementary insights, confirm or extend findings, and offer flexibility and adaptability in the research process.

### **3.3. Data sources and types**

Since using both types of data was thus vital to offset the limitations inherent with one method with the strength of other methods (Creswell, 2003). The study used both primary and secondary sources to get consolidated data to reach concrete findings. The primary sources of data were collected through Questionnaires: By employing questionnaires, the researchers directly interacted with the selected employees, allowing them to gather firsthand insights into their experiences, perceptions, and opinions regarding the subject under study. The use of a basic random sampling technique assures that the sample is representative of the larger employee population, boosting the generalize the findings. And interviews were done with Zemen Bank management and workers. Secondary data is collected from the Zemen Bank annual reports and published materials.

### **3.4. Population and Sampling Design**

#### **3.4.1. Population of the study**

The sampling frame refers to the list of elements from which the sample was drawn, and was closely related to the population (Cooper & Schindler, 2011; Zikmund et al., 2010). According to Cooper and Schindler (2011), it was a complete and correct list of population members only. The sampling frame for this study consisted of employees and management of the Zemen Bank. The target populations for this study are all 788 permanent Zemen Bank's Head Quarter employees from top-level management up to lower-level, operational employees. Employees who are not permanent are not included in the study.

### **3.5. Sampling Technique**

In conducting this research, efficiency and non-sampling were used to select the study subjects. The respondents who participated in the survey were selected by simple random sampling (lottery method) (William G. Cochran, 1977; Sharon L. Lohr, 1999), as this process should give equal opportunity to the selected employees. The number of key informants was based on purposeful selection (not sampling) because those who directly investigated the problem were expected to have more knowledge than others due to their experience and their direct relation to the problem.

### **3.6. Sample Size Determination**

The following formula can be used to calculate the sample size of the population Yamane (1967) for a larger population whose size is known.  $n = N / (1 + N(e)^2)$ , where  $e$  is the error margin,  $N$  is the population size, and  $n$  is the sample size. The overall sample size,  $n = (788 / (1 + 788(0.05)^2))$ , is hence almost equal to units 259 at a 5% significance level. Thus, using the sampling determination formula and a 95% confidence level where  $(e) = 0.05$ , the sample size that was obtained was 259 for the population of 788. The investigator must obtain representative data from Zemen Bank.

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

$$n = 788 / (1 + 788(0.05)^2)$$

$$n = 259$$

259 individuals were chosen as a sample from the 788 participants in the study population using the aforementioned formula. Employees were chosen to participate in filling out the questionnaire using a straightforward random selection methodology (lottery method) in order to acquire representative samples. Purposive sampling was thought to be an appropriate method for choosing Zemen Bank managers and specialists. This is because the problem was directly caused by their experience and position. Thus, four employees and two managers have been chosen for interviews.

### **3.7. Methods of Data Collocation**

In this study, a combination of primary and secondary data collection methods was employed to ensure a comprehensive exploration of the research topic of the impact of leadership styles on employee organizational commitment. Primary data was gathered directly from participants to capture first-hand perspectives and experiences. The initial participants included managers and experts, who provided crucial insights into the research questions. These individuals were chosen because of their direct involvement in or expertise related to

the phenomenon under investigation. Participants in the data collection process were selected using a purposive sampling technique, targeting individuals with relevant knowledge and experience.

Structured interviews and surveys were the primary tools used to collect data from participants. These tools were designed to elicit specific information regarding the influence of different leadership styles on employee commitment. Interviews were conducted face-to-face for allowing an in-depth exploration of participants' perspectives. Surveys were distributed electronically and in person to gather quantitative data on a larger scale. Steps were taken to ensure the reliability and validity of the data collected, including pilot testing of instruments, maintaining confidentiality, and using standardized protocols for data collection. Furthermore, secondary data complemented the primary data by providing additional context and theoretical support. The integration of primary and secondary data sources allowed for a comprehensive analysis of the research questions. Primary data provided direct insights into participants' perceptions, while secondary data enriched the findings with a broader contextual understanding and theoretical grounding. By employing a mixed-methods approach combining primary and secondary data collection methods, this study ensured a robust exploration of the impact of leadership styles on employee organizational commitment. This methodological choice aimed to enhance the depth and breadth of the findings, contributing to the rigor and validity of the study outcomes.

### **3.8. Method of Data Analysis**

Based on the type of data acquired, the researcher employed a simple quantitative analysis technique using descriptive questions for the interviewees and a qualitative analysis technique for the interview questions. The data coded in SPSS spreadsheets allowed for the generation of comprehensive reports and presentations, facilitating discussions and interpretations of the findings based on robust statistical analyses. The whole set of data was coded into an SPSS spreadsheet, which was then used to present and discuss the study's findings together with figures and tables for analysis and description. The demographic data of the respondents was analyzed using descriptive statistics like frequencies and percentages. The kind, direction, and degree of significance of the association between the variables were ascertained by a correlation test. Additionally, regression analyses were used to ascertain how leadership styles affected organizational commitment.

### **3.9. Reliability and Validity**

#### **3.9.1. Reliability**

Validity is defined as the degree to which a concept is measured accurately in a quantitative study. To achieve this aim, the questions in the research were derived from various research questions and arranged according to the research purposes. Based on the content of the research study, questions and comments were expressed about its purpose and research basis. The researcher conducted a critical analysis by analyzing the content and data of the survey using appropriate definitions and measurements. Construct validity is a type of validity that measures whether the instrument is what we want to measure. Haile (2017) believes that the focus of reliability is the consistency of test results. In this study, the relationship between leadership and organizational commitment and trust was evaluated using Cronbach's alpha. The reliability coefficient usually varies between 0 and 1. This means that the adjustment must be made by mutual agreement. The survey will be printed, printed and sent to participants. Use this tool to help identify features that impact performance by collecting relevant information.

**Table 1, Reliability statics both ID&D variables**

<b>Reliability Statistics</b>	
<b>Cronbach's Alpha</b>	<b>N of Items</b>
.800	4

#### **3.9.2. Validity**

Employees and management are to take part in a pilot research to improve the questionnaire's validity in terms of the respondents' grasp and understanding. Professionals and responders are asked to provide feedback in order to guarantee legitimacy.

### **3.10. Ethical Considerations of the Study**

This study was governed by the general rules of research ethics in such a way that respondents are requested to provide information voluntarily; there was a prior communication about the purpose of the study. Any confidential information of the public service or the employees was not disclosed since the main intention was to gather data for the research purpose. Moreover, I at my best level tried to abide by the rules and regulations of the university and conduct the study based on objective judgment.



# CHAPTER FOUR

## DATA PRESENTATION, DISCUSSION, AND ANALYSIS

### Introduction

The data presentation and result analysis are covered in this chapter. The respondent profile is presented at the start of the chapter, and then the findings for inferential (Pearson correlation and regression) and descriptive (mean, standard deviation, tables, frequencies, and percentages) statistics are presented. With SPSS 26, the data analysis was done.

### 4.1. Response Rate

**Table 2. Response Rate**

Response rate of Zemen bank respondents		
Questionnaires	Respondents	percentage
Returned	243	93.8
Not returned	16	6.2
Total	259	100

Source: Own Survey, 2024

### 4.2. Demographic Characteristics

The following section presents the respondent's profile in terms of gender, age, marital status, education level, and work experience in the current position. The results obtained from the structured questionnaires are represented below.

#### 4.2.1. Gender of the respondents

**Table 3 . Gender of the respondents**

Information	Category	Frequency	Percentage
Gender	Male	129	53
	Female	114	47.
	Total	243	100

Source: Own Survey, 2024

According to the above table output, 129 (53%) male and 114 (47%) female respondents were included in the study, provided that both genders participated and there was no gender bias in the study. The majority of respondents to this study (53%) were male.

#### 4.2.2. Age Distribution of the Respondents

**Table 4 . Age of respondents**

Information	Category	Frequency	Percentage
Age	18 – 30	70	28.9
	31 – 40	113	46.5
	41 – 50	60	24.6
	Total	243	100

Source: Own Survey, 2024

We inquired about the respondents' ages. According to the study's findings, the majority of respondents (46.5%) are between the ages of 31 and 40, while 28.9% of respondents are between the ages of 18 and 30. Only 24.6% of the sample as a whole, according to the study, is responders between the ages of 41 and 50.

#### 4.2.3. Marital Status of the Respondents

**Table 5. Marital Status of the respondents**

Information	Category	Frequency	Percentage
Marital status	Single	102	42
	Married	141	58
	Total	243	100

Source: Own Survey, 2023

The respondents were asked to specify their marital status. According to the study's findings, the majority of respondents (58%) were married, while 42% were single.

#### 4.2.4. Educational Level of Respondents

**Table 6. Education level of the respondents**

Information	Category	Frequency	Percentage
Educational Level	Diploma	10	4.2
	BA Degree	190	78.2
	Master's	43	17.6
	Total	243	100

Source: Own Survey, 2024

The study revealed that the largest group of the respondents in this study falls into the group of BA degree holders, and it takes up a share of 190 (78.2%) of the total sample, whereas the respondents holding an educational level of diploma represent the lowest share of 10 (4.2%). In the study, master’s degree holders made up 43 (17.6%) of the total sample.

#### 4.2.5. Work experience in the current position

**Table 7. Work experience in the current position**

Information	Category	Frequency	Percentage
Work Experience	1 - 5 Years	88	36.3
	6 - 10 Years	113	46.5
	11- 15 Years	38	15.7
	16 - 20 Years	6	2.5
	Total	243	100

Source: Own Survey, 2024

Participants in the poll were also asked to specify how long they had been employed by the company in their present role. According to the study, the majority of respondents (113, or 46.5%) have 6-10 years of work experience in their current position. This group is followed by those with 1-5 years and 11–15 years of work experience, who make up 88, or 36.3%, and 38, or 15.7%, of the sample apiece. Additionally, 2.5% of respondents reported having worked in their current employment for 16 to 20 years. Based on the sample as a whole, the majority of respondents had between six and ten years of work experience in their current role.

### 4.3. Descriptive statistics of independent variables

Employee organizational commitment and the three types of leadership—transformational, transactional, and laissez-faire—are discussed in this section along with the replies from the respondents. The mean and standard deviation are examples of descriptive statistics. The mean indicates the respondents' average level of agreement or disagreement with each statement. Additionally, a respondent's agreement or disagreement with the stated statement corresponding to the items is shown by the mean's maximum value, which is also suggested by a lower mean value. According to Dawit (2020), standard deviation represents how far an observation deviates from the mean.

#### 4.3.1. Transformational Leadership styles descriptive statistics

**Table 8. Transformational leadership styles**

<b>Transformational Leadership</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
My boss helps staff members develop and improve their abilities and skills.	243	3.69	1.072
My leader is approachable and friendly.	243	3.62	1.035
My leader considers the moral and ethical consequences of his decision.	243	3.67	1.036
My leader suggests new ways of looking at how to complete assignments.	243	3.51	.993
My leader has leadership skills that deserve my respect.	243	3.39	.913
My leader is capable of inspiring and motivating subordinates towards organizational goals.	243	3.40	.882
My leader allows us to do tasks in the way we think is best.	243	3.58	.998
My leader trusts us to exercise good judgment.	243	3.49	.976
My boss seeks different perspectives and insight when solving different problems.	243	3.38	.827
My boss acts in a way that builds the trust of subordinates.	243	3.55	.984
My boss involves subordinates individually as well as in decision-making.	243	3.29	.834
My leader talks optimistically about the future.	243	3.28	.827
My boss motivates subordinates for a higher level of performance.	243	3.33	.900
My boss spends time teaching.	243	3.30	.998
My leader helps me develop my strengths.	243	3.37	1.005
My leader talks enthusiastically about what needs to be accomplished.	243	3.33	.858

Source: own Survey, 2024

Based on the evaluations of 243 respondents, the survey results show different facets of transformational leadership among leaders. Helping employees develop their skills (3.69) and being approachable and friendly (3.62) had the highest mean scores, indicating that leaders are seen as approachable and supportive. On the other hand, the areas where leaders might be less effective were talking positively about the future (3.28) and involving subordinates in decision-making (3.29), which received the lowest scores. The overall means for traits associated with excellent leadership, such as fostering trust (3.55) and supporting sound judgment (3.49), were fairly high, indicating that people have a generally positive opinion of leaders. A modest degree of agreement among respondents is indicated by standard deviations that are close to 1.0. These findings align with transformational leadership theories, which emphasize the importance of inspiring and motivating employees, considering ethical consequences, and fostering an environment that encourages individual

development and innovative thinking. Scholars like Bass and Avolio (1994) have noted that such leadership styles enhance organizational performance and employee satisfaction by developing trust and motivating higher levels of performance.

#### 4.3.2. Transactional Leadership styles descriptive statistics

**Table 9. Transactional Leadership styles**

<b>Transactional Leadership styles</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
My leader provide me with assistance in exchange for my	243	3.37	1.035
My leader focus attention on irregularities, mistakes, expectation ,and deviations from standards	243	3.37	.933
My leader concentrates on maintaining performance standards than relationship building	243	3.31	.954
My leader provides rewards when others reach their goals	243	3.29	.905
My boss wait for things to go wrong before taking action	243	3.22	.885
My leader tells others what to do if they want to be rewarded for their work	243	3.20	.952
My leader Keeps track of all mistakes	243	3.19	.917

Source: own Survey, 2024

As shown in Table 9, seven items show the descriptive analysis of the transactional leadership styles. "My leader provides me with assistance in exchange for my efforts," and my leader focuses attention on irregularities, mistakes, expectations, and deviations from standards had the highest mean value of 3.37, and My Leader keeps track of all mistakes had the smallest standard deviation of.917. My leader concentrates more on maintaining performance standards than relationship building, and my leader provides rewards when others reach their goals had a mean score of 3.31 and an SD of.954, and had a mean value of 3.29 and an SD of.905, respectively. A statement, "My boss waits for things to go wrong before taking action," received a mean of 3.22 and an SD of.885. With mean values of 3.20.The finding agrees with the finding of (Avolio, B. J., & Bass, B. M. (2004), Judge, T. A., & Piccolo, R. F. (2004).

#### 4.3.2. Laissez- faire Leadership styles descriptive statistics

**Table 10. Laissez- faire Leadership styles**

<b>Laissez- faire Leadership styles</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
My boss avoid making decisions	243	3.22	1.007
My supervisor delay responding to urgent questions	243	2.99	1.032
My leader is always absent when he is highly needed	243	3.02	1.004
My boss avoids getting involved when important issues arise	243	2.83	.900
My boss gives us complete freedom to make the decision in our respective jobs	243	2.80	.998

Source: own Survey, 2024

The above Table 10, indicates the mean and standard deviation of the Laissez- faire leadership styles item. The statement “My boss avoids making decisions “had the highest mean value of 3.22 and SD of1.007, according to the results. My supervisor delay responding to urgent questions, have the lowest mean value of 2.99 and SD of1 .032. So that my leader is always absent when he is highly needed have a standard deviation of1.004 and a mean of 3.02. With a mean score of 2.83 and a standard deviation of 0.900, my boss avoids getting involved when important issues arise. My boss gives us complete freedom to make the decision in our respective jobs with a mean score of 2.83 and a standard deviation of 0.900,

#### 4.3.3. Affective commitment descriptive statistics

**Table 11.Affective commitment descriptive statistics**

<b>Affective commitment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
I feel emotionally attached to my organization	243	3.07	.944
I feel a strong sense of belonging to my organization	243	3.03	.911
I would be very happy to spend the rest of my career with	243	3.03	.966
I feel like part of the family at this organization	243	3.05	.941
I am proud to tell about this organization to people outside	243	2.98	.934

Source: own Survey, 2024

The above Table 11, indicates the mean and standard deviation of the affective commitment item. The statement “. I feel emotionally attached to my organization “had the highest mean value of 3.07 and SD of.944,respondents generally feel emotionally attached to their organization, with a mean slightly above the neutral midpoint (3.00). This suggests a moderate level of affective commitment. Allen & Meyer (1990) introduced the concept of affective commitment, which is the emotional attachment to, identification with, and

involvement in the organization. According to the results, I am proud to tell about this organization to people outside, have the lowest mean value of 2.98 and SD of .934. The mean score is slightly below the neutral point, indicating that employees are somewhat ambivalent about expressing pride in their organization. Supporting literature organizational pride is linked to job satisfaction and organizational identification (Mael&Ashforth, 1992).

I would be very happy to spend the rest of my career with this organization and I feel a strong sense of belonging to my organization had a mean score of 3.03 and an SD of.966, and had a mean value of 3.03 and an SD of.911, respectively. Furthermore, Baumeister& Leary (1995) highlighted the importance of belongingness as a fundamental human motivation, essential for organizational commitment. I feel like part of the family at this organization with a mean score of 3.05 and a standard deviation of 0.941, this aligns with the concept of organizational culture and climate, which Deal & Kennedy (1982) discussed as crucial for fostering a family-like environment.

#### 4.3.4. Continuance commitment descriptive statistics

**Table 12** *Continuance commitment descriptive statistics*

<b>Continuance commitment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
1.Right now, I am working for this organization for survival not my desire	243	3.07	.929
2.One of the major reasons I continue to work for this organization is that leave	243	3.06	.884
3.It would be very costly for me to leave this organization right now	243	3.09	.938
4.I feel that if I left this organization, there are no other alternatives available	243	3.01	.850
5.It would be very hard for me to leave my organization right now, even if I want	243	2.99	.867

Source: own Survey, 2024

Five items show the descriptive analysis of the Continuance commitment. "It would be very costly for me to leave this organization right now had the highest mean value of 3.09.Becker's (1960) side-bet theory explains continuance commitment as the perceived cost of leaving an organization due to accumulated investmentsand It would be very hard for me to leave my organization right now, even if I want had the smallest mean score 2.99and standard

deviation of.867. This associated with Allen and Meyer’s (1990) concept of continuance commitment, where employees stay due to the perceived costs of leaving Right now, I am working for this organization for survival not my desire, and One of the major reasons I continue to work for this organization is that leave had a mean score of 3.07 and an SD of.929, and had a mean value of 3.06 and an SD of.884, respectively. A statement, "I feel that if I left this organization, there are no other alternatives available," received a mean of 3.01and an SD of.850.The finding of the study reviled that employees have a moderate level of continuance commitment to their organization. The highest mean score for the perceived cost of leaving suggests that economic factors and perceived sacrifices play a significant role in their commitment. The relatively lower mean score for difficulty in leaving even if desired indicates some ambivalence among employees about their attachment to the organization deviation of 0.900,

#### 4.3.5. Normative commitment descriptive statistics

**Table 13.Normative commitment descriptive statistics**

<b>Normative commitment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
I agree that shifting from organization to organization is unethical	243	3.01	.888
I would feel guilty if I left my organization now	243	2.98	.916
I would not leave this organization right now because I have a sense of moral	243	2.93	.879
Even if it were to my advantage, I do not feel it is right to leave this organ	243	3.04	.929
I don't want to leave this organization because my organization have done a lot	243	3.04	.957

Source: own Survey, 2024

Five items show the descriptive analysis of the normative commitment. “Even if it were to my advantage, I do not feel it is right to leave this organization and I don't want to leave this organization because my organization have done a lot had the highest mean value of 3.04. And I agree that shifting from organization to organization is unethical have the lowest mean standard 3.01 and standard division of 0.888. I would not leave this organization right now because I have a sense of moral mean 2.93 and standard division of 0.879. I would feel guilty if I left my organization now have a man 2.98 and standard division of. 916.

#### 4.4.1. Correlation Analysis

A correlation coefficient, which ranges from -1 to +1, is a highly helpful metric for summarizing the relationship between two variables (Field, 2005). The independent variable of leadership styles and the dependent variable of employee organizational commitment were correlated using Pearson's method. When the value is negative, a negative correlation is presumed, and when the value is positive, a positive correlation is inferred. It is assumed that the correlation is weak when the Pearson coefficient is less than 0.3. A moderate correlation is assumed when the Pearson coefficient is higher than 0.3 but lower than 0.5.

**Table 14. Correlation among the study variables**

		TRF	TRS	LSF	AC	CC	NC	OC
TRF	Pearson Correlation	1						
TRS	Pearson Correlation	.714**	1					
LSF	Pearson Correlation	.414**	.514**	1				
AC	Pearson Correlation	.344**	.361**	.508**	1			
CC	Pearson Correlation	.303**	.295**	.413**	.476**	1		
NC	Pearson Correlation	.274**	.314**	.503**	.566**	.517**	1	
OC	Pearson Correlation	.373**	.394**	.577**	.838**	.798**	.837**	1

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

Note: transformational, transactional, and laissez-faire) and organizational commitment components (affective, continuance, and normative commitment).

The output represents the Pearson correlation coefficients between various types of leadership styles (transformational, transactional, and laissez-faire) and organizational commitment components (affective, continuance, and normative commitment). Transformational leadership is characterized by inspiring and motivating employees to exceed expectations through vision and personal connection. According to Bass (1985), transformational leaders inspire followers to transcend their self-interests for the good of the organization. Transactional Leadership (TSC):  $r = .714$ ,  $p < .01$ . There is a strong positive correlation, suggesting that aspects of transactional leadership often coexist with transformational leadership. Laissez-faire Leadership (LSF):  $r = .414$ ,  $p < .01$ . A moderately positive correlation exists, indicating, that, while less direct, some laissez-faire elements might be present in environments led by transformational leaders. Affective Commitment

(AC):  $r = .344$ ,  $p < .01$ . There is a moderately positive correlation, indicating that transformational leadership is associated with higher affective commitment among employees, aligning with findings by Meyer and Allen (1991). Continuance Commitment (CC):  $r = .303$ ,  $p < .01$ . A weak to moderate positive correlation suggests that transformational leadership might also slightly influence employees' continuance commitment. Normative Commitment (NC):  $r = .274$ ,  $p < .01$ . A weak positive correlation exists, implying that transformational leadership somewhat encourages employees to feel a sense of obligation towards their organization. Organizational Commitment (OC):  $r = .373$ ,  $p < .01$ . There is a moderately positive correlation, showing a general positive impact of transformational leadership on overall organizational commitment.

Transactional leadership focuses on exchanges between leaders and followers, emphasizing performance and rewards (Burns, 1978). Laissez-faire Leadership (LSF):  $r = .514$ ,  $p < .01$ . A moderately positive correlation suggests that transactional leaders might exhibit some laissez-faire tendencies. Affective Commitment (AC):  $r = .361$ ,  $p < .01$ . There is a moderate positive correlation, indicating that transactional leadership can foster a moderate level of emotional attachment to the organization. Continuance Commitment (CC):  $r = .295$ ,  $p < .01$ . A weak positive correlation suggests that transactional leadership has a slight positive effect on Continuance commitment. Normative Commitment (NC):  $r = .314$ ,  $p < .01$ . A weak to moderate positive correlation shows that transactional leadership somewhat influences normative commitment. Organizational Commitment (OC):  $r = .394$ ,  $p < .01$ . A moderately positive correlation indicates that transactional leadership positively impacts overall organizational commitment.

Laissez-faire leadership is characterized by a hands-off approach, where leaders provide little guidance and leave decision-making to followers (Bass & Avolio, 1994). Affective Commitment (AC):  $r = .508$ ,  $p < .01$ . A moderate positive correlation suggests that laissez-faire leadership moderately contributes to affective commitment. Continuance Commitment (CC):  $r = .413$ ,  $p < .01$ . A moderate positive correlation indicates that laissez-faire leadership moderately influences continuance commitment. Normative Commitment (NC):  $r = .503$ ,  $p < .01$ . A moderate positive correlation shows that laissez-faire leadership moderately impacts normative commitment. Organizational Commitment (OC):  $r = .577$ ,  $p < .01$ . A strong positive correlation suggests that laissez-faire leadership significantly influences overall organizational commitment. Affective commitment refers to the emotional attachment of employees to the organization (Meyer & Allen, 1991). Continuance Commitment (CC):  $r$

=.476,  $p < .01$ . A moderately positive correlation indicates a significant relationship between affective and continuance commitment. Normative Commitment (NC):  $r = .566$ ,  $p < .01$ . A moderate-to-strong positive correlation suggests a strong relationship between affective and normative commitment. Organizational Commitment (OC):  $r = .838$ ,  $p < .01$ . A very strong positive correlation shows that affective commitment is a major component of overall organizational commitment. Continuance commitment refers to employees' awareness of the costs associated with leaving the organization (Meyer & Allen, 1991). Normative Commitment (NC):  $r = .517$ ,  $p < .01$ . A moderately positive correlation shows a significant relationship between continuance and normative commitment. Organizational Commitment (OC):  $r = .798$ ,  $p < .01$ . A very strong positive correlation indicates that continuance commitment is a major component of overall organizational commitment. Normative commitment refers to the feeling of obligation to stay with the organization (Meyer & Allen, 1991). Organizational Commitment (OC):  $r = .837$ ,  $p < .01$ . A very strong positive correlation suggests that normative commitment is a major component of overall organizational commitment.

Finally, the output result analysis shows that, transformational, transactional, and laissez-faire) have significant positive correlations with the various forms of organizational commitment. Transformational leadership, in particular, shows a strong association with organizational commitment, especially affective commitment, aligning with the findings of Bass (1985) and Meyer and Allen (1991). These results highlight the importance of leadership styles in influencing employee commitment, which can have important implications for organizational practices and employee management.

#### 4.4.2. Classical Linear Regression Model

Regression Diagnostics, a preliminary analysis, was carried out to confirm the assumptions of the classical linear regression model, including linearity, normalcy, multi-collinearity, and homoscedasticity tests/assumptions, before doing the regression analysis to evaluate the study hypotheses.

#### 4.4.3. Model Summary

**Table 15. Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
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1	.596 <sup>a</sup>	.355	.347	.481
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a. Predictors: (Constant), Laissez faire leadership styles, Transactional leadership styles, Transformational Leadership styles.

b. Dependent Variable: employee’s organizational commitment

Source: Own Survey, 2024

The relationship between leadership style and the dependent variables was tested using multiple regression analysis in this study. Table 15 shows the regression results for the independent variable (laissez-faire leadership style, transactional leadership style, and transformational leadership style) and the dependent variable (OC). The R-value of 0.596 indicates that the relationship between leadership style and employee organizational commitment is moderate. The R-squared (R<sup>2</sup>) ranges from 0 to 1 and represents the proportion of variation in the outcome variable that can be explained by the model predictor variables. The R<sup>2</sup> (R-square) score is 355, or 35.5%, indicating that the independent variable (laissez-faire leadership style, transactional leadership style, and transformational leadership style) accounts for 35.5% of the variation in the dependent variable (employee organizational commitment).

#### 4.4.4. ANOVA

**Table 16. ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.471	3	10.157	43.850	.000b
	Residual	55.360	239	.232		
	<b>Total</b>	<b>85.830</b>	<b>242</b>			
<p>a. Dependent Variable:employee’s organizational commitment</p> <p>b. Predictors: (Constant), Laissez faire leadership styles, Transactional leadership styles , Transformational Leadership styles</p>						

Source: Own Survey, 2024

As seen in Table 16 above, the total sum of squares (85.830) is equal to the sum of the explained sum of squares (30.471) and the residual sum of squares (55.360). A study of these components' total sum of squares is known as the analysis of variance (ANOVA) from the regression viewpoint. From the above table, it is identified that the value of F-stat is 43.850 (mean square of regression divided by mean square of residual), and it is significant at a p value of 0.00 (p = 0.05). It can be concluded that leadership style (transformational leadership

styles, transactional leadership styles, and laissez-faire leadership) can significantly predict organizational commitment.

#### 4.4.5. Coefficients result

**Table 17. Coefficients result**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
Affective Commitment	(Constant)	.874	.244		3.587	.000
	TRF	.149	.088	.134	1.703	.090
	TSC	.048	.089	.045	.540	.590
	LSF	.500	.075	.429	6.688	.000
Continuance Commitment	(Constant)	1.392	.235		5.912	.000
	TRF	.156	.085	.154	1.848	.066
	TSC	.008	.086	.008	.093	.926
	LSF	.366	.072	.345	5.066	.000
Normative Commitment	(Constant)	1.234	.225		5.487	.000
	TRF	.058	.081	.057	.713	.476
	TSC	.035	.082	.037	.433	.665
	LSF	.489	.069	.461	7.079	.000
Organizational Commitment	(Constant)	1.167	.179		6.521	.000
	TRF	.121	.064	.140	1.883	.061
	TSC	.030	.065	.037	.467	.641
	LSF	.452	.055	.500	8.225	.000

Source: own Survey, 2024

The coefficients of the independent variables in the regression equation, which include all of the predictor variables, are provided to us in the unstandardized coefficients B column, as seen in the above table. We can evaluate the standardized beta (also known as correlation coefficients) to determine the strength and direction of the associations. The finding verified that transformational leadership positively impacts affective, normative, and continuance commitment. Affective Commitment: Beta = 0.134,  $p = 0.090$ . These findings verify the findings of those with those of Ahmadi et al. (2010), Aghashahi et al. (2013), and Clinebell et al. (2013), who found that transformational leadership positively affects affective commitment. Continuance Commitment: Beta = 0.154,  $p = 0.066$ . And Normative Commitment: Beta = 0.057,  $p = 0.476$ . The results suggest that Transformational Leadership has a positive impact on Affective and Continuance Commitment, but the impact on Normative Commitment is not statistically significant at the conventional alpha level of 0.05.

Transactional leadership has a positive but lesser impact on affective, normative, and continuance commitment compared to transformational leadership. Affective Commitment: TRF Beta = 0.134 vs. TSC Beta = 0.045. Continuance Commitment: TRS transformational

Beta = 0.154 vs. TSC Beta = 0.008. Normative Commitment: TRS Beta = 0.057 vs. TSC Beta = 0.037 The results show that transactional Leadership has a weaker impact compared to Transformational Leadership on Affective, Continuance, and Normative Commitment, as the coefficients for Transactional Leadership are smaller in magnitude.

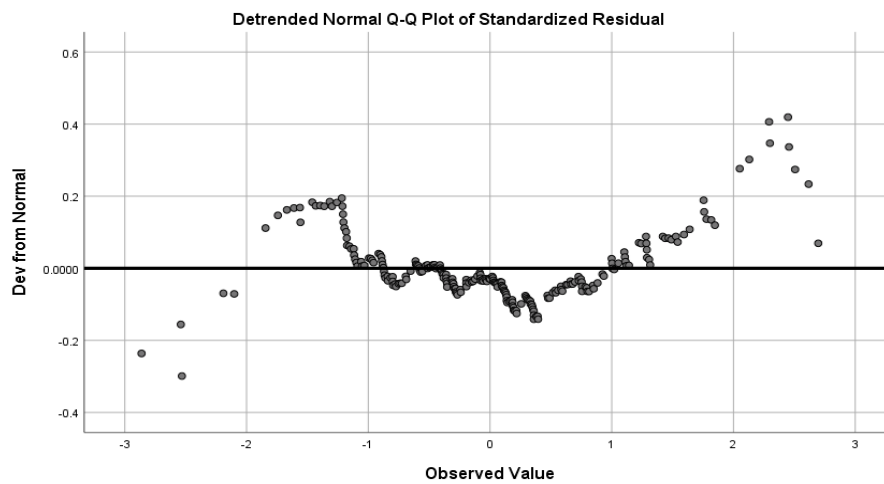
Laissez-faire leadership negatively impacts affective, normative, and continuance commitment. Affective Commitment: Beta = -0.429,  $p < 0.001$ . Continuance Commitment: Beta = -0.345,  $p < 0.001$ . Normative Commitment: Beta = -0.461,  $p < 0.001$  The results strongly verified that that Laissez-faire Leadership has a significant negative impact on Affective, Continuance, and Normative Commitment. Finally, the regression analysis revealed that laissez-faire leadership has a positive impact on organizational commitment.

### **5.1. Linearity Test**

To test the assumption of linearity in regression analysis, two graphical methods can be employed: The Normal Probability Plot (P-P Plot) of the Regression Standardized Residuals and the scatter plot of the observed versus predicted values or residuals. The Normal Probability Plot of the Regression Standardized Residuals is used to assess whether the residuals follow a normal distribution, which is an underlying assumption for linear regression. If the residuals are normally distributed, they should fall roughly along the diagonal line in the P-P plot. A P-P plot that shows residuals lying close to the diagonal line suggests that the assumption of normality is satisfied.

Significant deviations from this line indicate potential problems with normality, which could affect the validity of the regression results. Montgomery, Peck, and Vining (2021): In their book "Introduction to Linear Regression Analysis," they discuss the use of Normal Probability Plots to check for normality of residuals. Field (2013): In "Discovering Statistics Using IBM SPSS Statistics," Andy Field emphasizes the importance of normality in regression diagnostics and how P-P plots can be utilized.

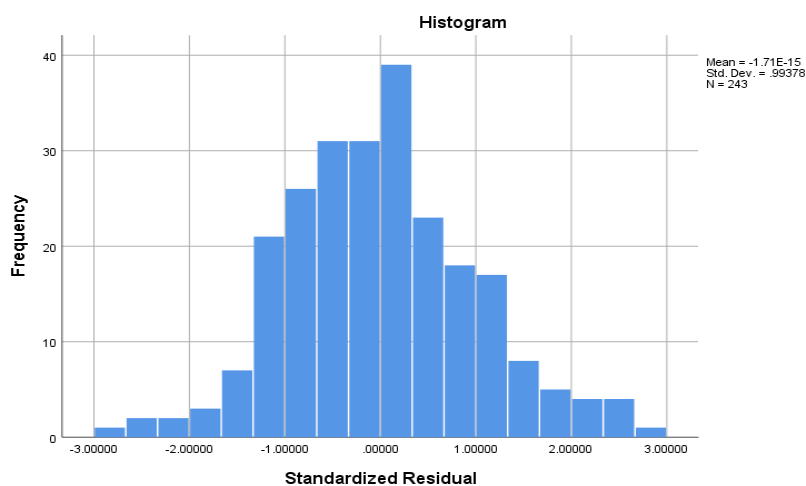
### **Figure 2: Linearity test**



### 5.1.2. Normality Test

Regression assumes that variables have normal distributions. Non-normally distributed variables can misrepresent relationships and significance tests. Several pieces of data are useful to the researcher in testing this assumption, and one of them is the histogram (Osborne & Waters, 2017). It is impossible that a histogram of sample data will produce a wonderfully smooth normal curve just like the one displayed over the histogram. As long as the data is approximately normally distributed, with a top within the middle and fairly symmetrical, the assumption of normality has been met. A visible inspection of the histogram showed that employee motivations were approximately normally distributed like a bell curve or the data points close to the diagonal for the independent variable

**Figure 3:Histogram**



The normality test is detected using graphical methods; histogram. Brooks (2008) also states that if the residuals are normally distributed, the histogram should be bell-shaped. It can be shown in the figure above; the histogram is almost bell-shape distribution which confirms that there was no serious violation of the normality assumption.

### 5.1.3. Test of Homoscedasticity

**Table 18: test of homoscedasticity**

Levene's Test of Equality of Error Variances<sup>a</sup>

Dependent Variable: OC

F	df1	df2	Sig.
.679	228	14	.878

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + TRS + TSC + LSF

Source: own Survey, 2024

The above table shows that Levine’s test is whether the variances of two samples are approximately equal. A homoscedasticity test was carried out to determine if the moderating factors examining employee’s organizational commitment of the Zemen bank are giving similar variances to employee performance on the regression values. As shown in the above table, the value of Levine's statistic,  $F(, 609)$ ,  $p = .878$ , was less than the study's level of significance ( $p.05$ ), indicating that the data is not homogeneous.

### 5.2.1. Multi-collinearity Test

Another assumption of the classical linear regression model is that the test of multi-collinearity. Multi-collinearity may be a statistical phenomenon within which two or more predictor variables during a multivariate analysis model are highly correlated. Multi-collinearity is that the event of great inter-correlations among the factors during a multiple regression (model (Shrestha, 2020).

To know the existence of multi-collinearity it’s possible to use indicators of Tolerance, Variance Inflation Factor (VIF), and Correlation. Tolerance is that the amount of variability in one independent variable not explained by the other independent variables, and it’s in fact  $1-R^2$ . Tolerance values less than 0.10 indicate co-linearity. The variance inflation factor (VIF) could be a tool to measure and quantify what proportion the variance is inflated if the independent variables are correlated (Wahab et al., 2017). A rule of thumb to detect multi-collinearity is that when the VIF is greater than 10, and then there is a problem of (multi-collinearity (Shrestha, 2020).

**Table 19: Collinearity Diagnosis**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		

	TRS	.487	2.053
	TSC	.433	2.312
	LSF	.731	1.368
a. Dependent Variable: OC			

Source, 2024

The above collinearity diagnosis Table 19 shows that, the tolerance values of transformational, transactional, and laissez-faire) transformational are 0.487, transactional, values 0.433 and laissez-faire 0.731 for each independent variable which are above the threshold of 0.10 and the VIF values are also 2.053, 2.312 and 1.368 respectively as demonstrated in the above table. These VIF values are below the threshold of 10. Therefore, the model passes the underlining assumption of the multiple regression models and interpreting the results is become valid and correct.

### **5.3. Challenges of Leadership and Employees Organizational Commitment in Zemen Bank**

In order to learn more about the difficulties in implementing an improved leadership style that increases employee organizational commitment, interviews were conducted. Semi-structured interviews with managers and employee opinions and responses on the difficulties upper management saw in implementing a stronger leadership style that increases workers' organizational commitment at Zemen Bank were used to collect the information.

In banks, conventional hierarchical arrangements can hinder communication and delay decision-making. Overly bureaucratic processes might make it difficult to adopt new leadership philosophies that call for flexibility and responsiveness. It is done through political nomination. Banks operate under stringent regulatory frameworks, which can limit managerial flexibility and innovation in leadership approaches. Ensuring compliance with numerous regulations can create a risk-averse culture, which may stifle leadership initiatives aimed at improving employee engagement. The ongoing digital transformation in banking requires leaders to manage both technological change and its impact on employees effectively. Leaders must address skill gaps and invest in continuous learning to ensure employees are equipped to handle new technologies, which can be resource-intensive.

Besides these, limitations about leadership are stated by the employee's interviewees' responses and the leader's lack of managerial experience in ensuring that workers are not motivated. Strategies to Overcome Challenges Cultivating a flexible and adaptive leadership style that can respond to changing regulatory, technological and market conditions. Employee development: investing in continuous learning and development programs to help

employees adapt to technological changes and career progression. Implementing comprehensive employee engagement programs that address diverse needs and foster a culture of commitment. Prioritizing employee well-being through initiatives that promote work-life balance and mental health support. Developing robust change management strategies to help employees navigate transitions and reduce resistance to new leadership approaches. By addressing these challenges thoughtfully, bank leaders can create a work environment that enhances employee commitment and drives organizational success.

### 6.1.1. Hypothesis Testing

H1: Transformational leadership positively impacts a) affective, b) normative c) continuance commitment.

H2: Transactional leadership has a positive but lesser impact on a) affective, b) normative, c) continuance commitment.

H3: Laissez-faire leadership negatively impacts a) affective b) normative c) continuance commitment.

**Table 20:- Summary of overall outcome of the research hypothesis**

Model		Standardized Coefficients	Sig.	Hypothesis Testing
		Beta		
Affective Commitment	(Constant)		.000	
	TRF	.134	.090	P- value is < 0.05 accepted
	TSC	.045	.590	P- value is > 0.05 rejected
	LSF	.429	.000	P- value is < 0.05 accepted
Continuance Commitment	(Constant)		.000	
	TRF	.154	.066	P- value is > 0.05 rejected
	TSC	.008	.926	P- value is > 0.05 rejected
	LSF	.345	.000	P- value is < 0.05 accepted
Normative Commitment	(Constant)		.000	
	TRF	.057	.476	P- value is > 0.05 rejected
	TSC	.037	.665	P- value is > 0.05 rejected
	LSF	.461	.000	P- value is < 0.05 accepted
<u>Organizational Commitment</u>	(Constant)		.000	
	TRF	.140	.061	P- value is > 0.05 rejected
	TSC	.037	.641	P- value is > 0.05 rejected
	LSF	.500	.000	P- value is < 0.05 accepted

Source: own Survey, 2024

The above table 20 shows that transformational leadership (TRF): Affective Commitment: TRF has a positive impact (Beta = .134, Sig. = .090), but it is not statistically significant as

the p-value is greater than 0.05. Continuance Commitment: TRF does not have a significant impact (Beta = .154, Sig. = .066) since the p-value is greater than 0.05. Normative Commitment: TRF does not have a significant impact (Beta = .057, Sig. = .476) as the p-value is greater than 0.05. Overall Organizational Commitment: TRF's impact is not significant (Beta = .140, Sig. = .061) as the p-value is greater than 0.05. Conclusion: H1 is partially supported as transformational leadership shows a positive trend but is not statistically significant in its impact on affective, normative, and continuance commitment. Therefore, H1 is rejected.

Transactional Leadership (TSC): Affective Commitment: TSC does not have a significant impact (Beta = .045, Sig. = .590) as the p-value is greater than 0.05. Continuance Commitment: TSC does not have a significant impact (Beta = .008, Sig. = .926) as the p-value is greater than 0.05. Normative Commitment: TSC does not have a significant impact (Beta = .037, Sig. = .665) as the p-value is greater than 0.05. Overall Organizational Commitment: TSC's impact is not significant (Beta = .037, Sig. = .641) as the p-value is greater than 0.05. Conclusion: H2 is rejected because transactional leadership does not significantly impact affective, normative, or continuance commitment. Therefore, H2 is rejected.

Laissez-faire Leadership (LSF): Affective Commitment: LSF has a significant positive impact (Beta = .429, Sig. = .000) as the p-value is less than 0.05. Continuance Commitment: LSF has a significant positive impact (Beta = .345, Sig. = .000) as the p-value is less than 0.05. Normative Commitment: LSF has a significant positive impact (Beta = .461, Sig. = .000) as the p-value is less than 0.05. Overall Organizational Commitment: LSF has a significant positive impact (Beta = .500, Sig. = .000) as the p-value is less than 0.05. Conclusion: H3 is rejected because laissez-faire leadership positively impacts affective, normative, and continuance commitment, contrary to the hypothesis which predicted a negative impact. Therefore, H3 is rejected

# CHAPTER FIVE

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### **Introduction**

This chapter covers the study's key findings, the conclusions drawn from them, and the suggestions that are made in light of those conclusions. There is a presentation of the theoretical and practical implications. There are also suggestions for the chosen organization on enhancing employee organizational commitment and leadership style, as well as the necessity of more research centered on the study's shortcomings.

### **5.1. Summary of Research Findings**

This study looked at how employees' organizational commitment was affected by a leader's style in the context of Zemen Bank. There is certain goal for the study. To evaluate the effects of transformative leadership on commitment that is emotive, normative, and continuous. To assess how the three aspects of organizational commitment are influenced by transactional leadership style in the study area at Zemen Bank. to assess the impact of a laissez-faire leadership style on the levels of employee commitment at Zemen Bank and look into the difficulties of implementing a more effective leadership style that increases workers' organizational commitment. A structured questionnaire was given to 259 individuals in order to meet the study's goals, and 243 (93.8%) of them returned it. The Multi-Factor Leadership Questionnaire, created by Avolio and Bass (1995), was adjusted to the study's specific context in order to measure the leadership styles. The Meyer and Allen (1991) scale was used to gauge employee organizational commitment. The statistical methods employed for the analysis of the data were descriptive and inferential. Regression analysis and Pearson's correlation were utilized in inferential statistics to investigate employee organizational commitment and leadership styles in the study. Version 26 of the statistical package for social science (SPSS) was used to examine the data that were gathered. The demographic features of the respondents were analyzed using descriptive statistical analysis, which employed means, standard deviations, frequencies, and percentages. The effect of independent variables on the dependent variable was estimated using regression analysis. To show the effects of leadership style on employee performance, the study conducted correlation analysis, regression analysis, a multi-co-linearity test, linear relationship coefficients, a homoscedasticity test, a normality test, and descriptive statistics.

**Based on the data analysis, the following major summary of findings have been obtained in terms of the findings:**

1. Does transformational leadership positively impact affective, normative, and continuance commitment?

The finding verified that transformational leadership shows a positive trend towards impacting affective, normative, and continuance commitment, but the impact is not statistically significant. The Beta values for (TRF) in relation to affective commitment (.134), continuance commitment (.154), and normative commitment (.057) are positive; however, the p-values are all greater than 0.05 (.090, .066, .476 respectively), indicating that these impacts are not statistically significant.

- The finding verifies with the finding of Walumbwa, F.O., Orwa, B., Wang, P., & Lawler, J.J. (2005).

2. Does transactional leadership have a positive but lesser impact on affective, normative, and continuance Commitment?

The finding of the study revealed that transactional leadership (TSC) does not significantly impact affective, normative, or continuance commitment based on the findings. The Beta values for TSC are .045 for affective commitment, .008 for continuance commitment, and .037 for normative commitment, with p-values of .590, .926, and .665, respectively. All p-values are greater than 0.05, indicating no significant impact. Therefore, transactional does not have a statistically significant positive impact on these types of commitment.

- The finding verifies with the finding of (Walumbwa, F.O. & Lawler, J.J. (2003), Lo, M.C., Ramayah, T., & Min, H.W. (2009), Bono, J.E. & Judge, T.A. (2003).

3. Does laissez-faire leadership negatively impact affective, normative, and continuance Commitment?

The finding of the study shows that, laissez-faire leadership (LSF) positively impacts affective, normative, and continuance commitment. The Beta values for LSF are .429 for affective commitment, .345 for continuance commitment, and .461 for normative commitment, with all p-values being .000, indicating a statistically significant positive impact. Thus, laissez-faire leadership does not negatively impact these forms of commitment; instead, it has a significant positive effect.

- The finding verifies with the finding of (Skogstad et al. (2007), Hetland et al. (2011), Chaudhry and JAVED (2012), Yang (2015).

**5.** Challenges of exercising better leadership style that enhances employees' organizational commitment in Zemen Bank.? According to respondent's opinion Zemen Bank faces a variety of obstacles in its efforts to improve employee organizational commitment through the use of an improved leadership style. These include the bank's traditional hierarchical structure, bureaucratic procedures, regulatory restrictions, and the ongoing digital transformation of the banking industry. Limitations in leadership expertise and experience also exacerbate these issues, which lowers employee engagement and motivation. Nonetheless, important insights into the particular challenges and possible solutions were obtained through semi-structured interviews with managers and staff.

## 5.2. Conclusions

According to the analysis results and discussion of the study, conclusions were made on the nature and relationship of leadership styles and employee organizational commitment. Based on the major findings of the study, the following conclusions were drawn:

The popular belief that laissez-faire leadership has a negative effect on employee commitment is called into question by the study's findings. In contrast to the premise, there is a statistically significant beneficial influence of laissez-faire leadership (LSF) on affective, normative, and continuance commitment. The LSF's beta values, which show strong positive effects for all types of commitment, are .429 for affective commitment, .345 for continuance commitment, and .461 for normative commitment all p-values are .000. This shows that laissez-faire leadership can promote an atmosphere where workers feel dedicated and involved in the correct circumstances. The finding verifies with the finding of (Skogstad et al. (2007), Hetland et al. (2011), Chaudhry and JAVED (2012), Yang (2015).

The findings of this study show that the effects of leadership styles on employees' organizational commitment revealed that transformational leadership style has a positive, and statistically significant relationship with affective commitment; The finding verifies with the finding of (2011; Mclaggan, 2013; Clinebell et al., 2013; Aghashahi et al.

Based on the findings that revealed the significant relationships between laissez-faire leadership styles and employee commitment, crucial for the bank to prioritize and establish a sound system for making decisions with freedom and take initiative, which can foster a stronger sense of ownership and commitment.

Based on the study key finding reducing micromanagement which allows employees to explore new ideas and solutions potentially leading to increased innovation and with these system employees may feel more trusted and empowered leading them to be committed to Zemen Bank.

Affective commitment emerges as a key component of overall organizational commitment, strongly influenced by all three leadership styles.

Continuance commitment and normative commitment also significantly contribute to overall organizational commitment, indicating the importance of employee attachment, awareness of costs, and sense of obligation to the organization

According to respondent's opinion Zemen Bank faces a variety of obstacles in its efforts to improve employee organizational commitment through the use of an improved leadership style. These include the bank's traditional hierarchical structure, bureaucratic procedures, regulatory restrictions, and the ongoing digital transformation of the banking industry. Limitations in leadership expertise and experience also exacerbate these issues, which lowers employee engagement and motivation. Nonetheless, important insights into the particular challenges and possible solutions were obtained through semi-structured interviews with managers and staff.

Finally, transformational leadership shows the strongest association with organizational commitment, particularly affective commitment. This shows that the importance of leadership styles in enhancing employee commitment, which has significant implications for organizational practices and employee management. The finding verified of with Bass (1985) and Meyer and Allen (1991).

### **5.3. Recommendations**

Based on the conclusions on the study, the following recommendations were drawn:

I would recommend that Organizations should consider the context and specific work environment before applying laissez-faire leadership. This leadership style might be particularly effective in settings where employees are highly skilled, self-motivated, and capable of working independently.

Zemen bank should invest in comprehensive leadership development programs that focus on transformational leadership skills. Training should emphasize the importance of individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence to strengthen the impact on employee commitment.

Enhance organizational practices establish a transparent and fair system for benefits, promotions, and career development opportunities. This will help in increasing employees' organizational commitment and reducing turnover.

The bank should prioritize investment in continuous learning and development programs to equip employees with the necessary skills to adapt to technological changes and advance in their careers. This will not only enhance employee competence but also increase their sense of job satisfaction and commitment.

Zemen Bank considers developing robust management strategies to help employees navigate transitions smoothly and reduce resistance to new leadership approaches. Effective communication and involvement in decision-making processes are essential components of successful change initiatives.

I would have recommended the organization should continuously monitor and evaluate the impact of leadership styles on employee commitment. Use regular feedback mechanisms to adjust and refine leadership approaches to maintain high levels of employee engagement and commitment

Finally, it was recommended that the organization should capable of inspiring and motivating employees towards organizational goals, participating employees in the decision-making process, and providing employees rewarded for their achievement.

#### **5.4. Recommendations for Future Research**

This study focused on the Effect of leadership styles on employees' organizational commitment in Zemen bank. The results are limited to Zemen bank, and thus further research needs to be carried out in other bank institutions to determine the overall effect of leadership on employees' organizational commitment.

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## Appendices

### Appendix-1

#### Department of Business leadership

#### Master of Business eldership

A questionnaire to be filed by all permanent employees and managers of Zemen Bank(ZB)

Dear respondents;

The purpose of the questionnaire is to collect data for research to examine the effect of leadership style on employee organizational commitment: the case of Zemen Bank. The research is designed to effect of leadership style on employee organizational commitment: By achieving these objectives, the study aims to contribute to both academic knowledge and practical implications for organizations seeking to understand leadership styles and improve productivity of the organization. The research outcomes are important for ZB. Your genuine and honest response is very important for the success of the research, and the researcher would like to thank you in advance for your cooperation. Your genuine and honest response is very important for the success of the research, and the researcher would like to thank you in advance for your cooperation.

**Note:** for any clarification or question please don't hesitate to contact the researcher through the following address.

Sincerely, Beliyu Teshome

Tel. 09 15966496

Email: beliyuteshome88@gmail.com

#### General Instructions

- ✓ It is not necessary to write your name.
- ✓ You are not forced to fill this paper.



	6	My leader is capable of inspiring and motivating subordinates towards organizational goal					
	7	My leader allows us to do tasks in the way we think is best					
	8	My leader trust us in exercising good judgments					
	9	My boss seeks different perspectives and insight when solving different problems					
	10	My boss acts in a way that builds the trust of subordinates					
	11	My boss involves subordinates individually as well as in groups to make decisions					
	12	My leader talks optimistically about the future					
	13	My boss motivate subordinates for a higher level of performance					
	14	My boss spends time in teaching					
	15	My leader helps me to develop my strengths					
	16	My leader talks enthusiastically about what needs to be accomplished					
Transactional Leadership Style	1	My leader provide me with assistance in exchange for my efforts					
	2	My leader Keeps track of all mistakes					
	3	My leader focus attention on irregularities, mistakes, expectation ,and deviations from standards					
	4	My leader concentrates on maintaining performance standards than relationship building					
	5	My leader provides rewards when others reach their goals					
	6	My boss wait for things to go wrong before taking action					
	7	My leader tells others what to do if they want to be rewarded for their work					
	1	My boss avoid making decisions					
	2	My supervisor delay responding to urgent questions					
	3	My leader is always absent when he is highly needed					
Laissez - faire	4	My boss avoids getting involved when important issues arise					
	5	My boss gives us complete freedom to make the decision in our respective jobs					

### **Section Two: Organizational Commitment.**

Please read each item carefully and select the choice which you think describes you. The rating scale starts from 1 to 5, where: 1=strongly disagree, 2= disagree, 3=Neutral, 4=agree, and 5=strongly agree

Variable	NO	Specific Questions	1	2	3	4	5
Affective Commitment	1	I feel emotionally attached to my organization					
	2	I feel a strong sense of belonging to my organization					
	3	I would be very happy to spend the rest of my career with this organization					
	4	I feel like part of the family at this organization					

	5	I am proud to tell about this organization to people outside					
<b>Continuance Commitment</b>	1	Right now, I am working for this organization for survival ,not my desire					
	2	One of the major reasons I continue to work for this organization is that leaving would lead to considerable personal loss					
	3	It would be very costly for me to leave this organization right now					
	4	I feel that if I left this organization, there are no other alternatives available to me					
	5	It would be very hard for me to leave my organization right now, even if I wanted to do so.					
<b>Normative Commitment</b>	1	I agree that shifting from organization to organization is unethical					
	2	I would feel guilty if I left my organization now					
	3	I would not leave this organization right now because I have a sense of moral obligation to work for this organization					
	4	Even if it were to my advantage, I do not feel it is right to leave this organization					
	5	I don't want to leave this organization because my organization have done a lot of favor for me					