



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY !



ADDIS ABABA UNIVERSITY

COLLEGE OF COMMERCE

**The Effect of Leadership Style on Employee Performance of
Medtech Ethiopia.**

By

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**A thesis submitted to the Department of business leadership in partial
fulfillment for requirements of Master of Science in leadership**

Advisor

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June, 2020

Addis Ababa, Ethiopia

DECLARATIONS

I, the undersigned, declare that this Thesis entitled *The Effect of Leadership Style on Employee Performance of Medtech Ethiopia* is my original work and that it has not been presented for a degree in any other University, and that all the sources of materials used for the thesis have been duly acknowledged.

Declared by: Hildana Tadesse

Signature:

June, 2020

CERTIFICATION

This is to certify that the thesis prepared by Hildana Tadesse, entitled: *The Effect of Leadership Style on Employee Performance of Medtech Ethiopia* submitted in Partial Fulfillment of the Requirements for the Award of a Master's Degree in business leadership, complies with the regulations of the University and complies the accepted standards with respect to originality and quality.

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Abstract

Leadership is important to noble performance meanwhile it organizes both deployment of human and other resources in the organization, worthy leader inspires employees and encouraged employees does not only proliferate his or her job performance and assurance within an organization, but also drives beyond the job requests consequently increasing the organization's overall performance and making it more profitable. The main objective of this study was to examine the effect of leadership styles on employees' performance in Medtech Ethiopia Plc. To achieve this research objective both primary and secondary sources of data were utilized. The primary data were collected from managers, supervisors and workers of all operation and system units in the Medtech Ethiopia P.L.C. through standardized questionnaires of leadership style and employees' performance. The survey instrument were adapted from previous standard questionnaire. The secondary data were collected through the review of previously established literature. The data were processed and analyzed using SPSS 26. The research design were both descriptive and explanatory and the research used quantitative approach. Through Simple random sampling technique a sample of ninety four was selected out of the total population. Both descriptive and regression analysis were applied. The descriptive statistics result shows that Medtech Ethiopia more practice democratic leadership style compare to autocratic and Laissez-faire leadership style. The result of the regression analysis also indicated that democratic leadership style has a positive and significant relationship with employees' performance. The study concluded that the leadership style applied in the Medtech Ethiopia were significantly affects the employee performance.

Key words: Autocratic leadership style, Democratic leadership style, Laissez-faire leadership style, performance

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Chapter one

1. Introduction

1.1. Background of the study

For effective performance and work function, now a day's people flow of life depends on the organizations and development and survival of community. Organizations established to address social needs and group activities. The main drivers of organizations are humans. They give full of time to the organizations and provide goals

So, human growth and efforts and their lead to the attainment of the goals is not possible without management. Since the first principle of organization is the presence of human, obviously the most basic step that must be done to achieve this is to maintain personnel and provides the psychological gratification and fulfillment of personnel (Mullins, 2007).

Throughout human history, always the expansions and variations made by individuals and groups associated with the presence of a person as a leader. These movements have been undertaken under his leadership. Ancient, Out-of date leadership one of the pillars of human societies and also leadership is an important component of management. When studied as a function.

her/his presence and the existence in the group is consider as a number of skills that these skills can be seen as a means or styles of leadership to achieve certain goals (Bennett & Durkin, 2003). To provide optimal use of human resources in their organization, leaders by take the necessary measures and establish human relationships that among these measures we can refer to take correct leadership style. Obviously, every manager in their management and operations uses a particular leadership style that this style is actually a set of his behavior patterns that regularly occurs throughout the continual organizational operation and others knows him by it and as managers of the organization are in very cooperation with the staff, the leadership style of these managers has a significant impact on staff morale.

Accordingly, the performance will effect on the staff morale (Shirzad & Kebriya & Zanganeh, 2011). For all organizations to achieve goals leadership is important. Since leadership is a key

factor for refining the performance of the business, the success or failure of an organization depends on the effectiveness of leadership at all levels. Researchers declared that leadership is beliefs, attitudes and an ability to influence of employees to achieve organizational goals.

At all levels depends on the effectiveness of leadership. Researchers declared that leadership is an ability to influence, beliefs, attitudes and abilities of employees to achieve organizational goals. However, period of time, leadership is a major topic between the researchers but the past two decades more remarkable the issue of leadership and its relationship with other organizational factors. (Duckett & Macfarlane, 2003).

To achieve goals Leadership is important for all organizations, since for improving performance of the organization, the success or failure of an organization depends on the effectiveness of leadership at all levels. Absolutely, to effectively manage the relationship with employees, motivation and Job satisfaction levels of the employees the manager has the skills and techniques and are also higher and given that the engine of an organization is its employees, this can effective help to improve the performance of total organization (Yukl , 2001).

Therefore, this research looked for to investigate their effects on employee performance in Medtech Ethiopia organization and the effect of leadership styles on autocratic, democratic and laissez-faire. After accomplishment the study on this topic, this research will be valuable for workforces to classify which leadership style is worthy for them in terms of work gratification and the success of their careers. It can be valuable for leaders to understand which types of leadership influences on employee performance and in what way employees can also be inspired through suitable leadership. It is supportive to businesses to identifying great leaders that can advance performance of the organization and lead the organization to great success.

1.2. Statements of the problems

In an organization leadership style is play significant role enhancing the interest and commitment of the individuals.(Obiruwu, 2011). And important to motivate employees' commitment to fulfill organizational objectives and increase employee performance, (Chi, Lan, & Dorjgotov, 2012). Performance and leadership style should be used by managers in the attempt to cause efficiency

which requires specific leadership approaches to unique performance in achieving departmental goals.

Likewise, (Hueryren Yeh 2012), organizational commitment and job performance confidently related to Leadership style. In most organizations in Ethiopia, work schedule are task-focused and routine, with no flexibility, and decisions and policies are imposed on subordinates. In such organizations where the leadership perceives employees in simple hands to get the job done, employees would pretend to do well due to the standards and measure being assigned to them.

Specifically, the problem leading to this study may be subsumed as arising from the inappropriate application of leadership styles been responsible for poor relational working ties between employees and management. There is lack of clear leadership, no democratic relationships between leaders and subordinate. In fact, it looks leaders are usually authoritarian in their leadership style (Liya, 2018).

They dictate the tone and have the administration of the organization centered on them. The need for subordinate and other staff members, as deemed appropriate, in decision making is very important for the performance of the organization and for the entire staff. Another problem affecting leadership style in Medtech Ethiopia is the competence of the leaders that are appointed at senior leadership positions. In most cases, their appointments lack merit and it is based on factors not related to competence (Liya, 2018). Therefore the organization ends up in having non competent leaders who lack the abilities or capacities to use the appropriate leadership style to lead the members to attain set goals or objectives.

Therefore, inline of the aforementioned statements this research sought to investigate and understand the impact of different leadership styles (autocratic, democratic and laissez-faire) and their effects on employee performance in Medtech Ethiopia. How employees can be motivated through proper leadership style and which types of leadership effects on employee performance and it can be beneficial for leaders to understand.

1.3. Background of the company

The project work is based on Medtech Ethiopia plc established in 1998G.C . Medtech Ethiopia have import and distribution of various Pharmaceutical products such as such as; Medical Supplies, Hospital Equipment, Laboratory Regents, Chemicals, Laboratory Supplies. And also imported non pharmaceutical products like Infant Formulas milk and adult milk. Out of six branches located in Ethiopia such as Addis Ababa , Adama, Dessie, Bahirdar and Jimma and one branches in Addis Ababa around Sarbet.

Vision and Mission of the company are to be the number one recognized and reliable supplier of complete ranges of top quality yet affordable pharmaceuticals and medical supplies throughout the country and to be the first in registering as many unique yet very useful pharmaceutical in the country.to contribute to the attainment of the national health policy by ensuring continuous availability of wide range of products in the market. Truly understand our clients' holistic need & responding appropriately and timely to their maximum gratification.

1.4. Research Questions

The study sought to provide answers to a core question;

- What kind of leadership style prevailed most in Medtech Ethiopia?
- What is the effect of autocratic leadership style on employee performances of Medtech Ethiopia?
- What is the effect of democratic leadership style on employee performances of Medtech Ethiopia?
- What is the effect of laissez-faire leadership style on employee performances of Medtech Ethiopia?

1.5. Objective of the study

1.5.1. GENERAL OBJECTIVE

The main objective of this study was to investigate the effects of leadership style on employee performance of Medtech Ethiopia.

1.5.2. SPECIFIC OBJECTIVE

- To identify what kind of leadership style prevailed most in Medtech Ethiopia.
- To determine the effects of autocratic leadership style on performances of Medtech Ethiopia.
- To determine the effects of democratic leadership style on performances of Medtech Ethiopia.
- To determine the effects of laissez-faire leadership style on employee performances of Medtech Ethiopia.

1.6. Scope of the study

To address the problem under consideration. Conceptually, this research was delimited to the effect of leadership style on employee performance at Medtech Ethiopia. The study focus only on three type of leadership (autocratic, democratic and laissez-faire) and its effect on employees' performance. Methodologically, the study also delimited to descriptive and explanatory design and quantitative approach. The geographic area in which the study has focused on is the Medtech Ethiopia and the respondents are all in Addis Ababa Ethiopia. The research is conducted on the Headquarter of the Medtech Ethiopia where the managerial and operational staff is combined. This research has incorporated data for the fiscal period of 2020.

1.7. Limitation of the study

The study is limited to the effects of leadership styles of the Medtech Ethiopia on employees' performance and as such does not study other type of leadership type and factors that could impact performance. Furthermore, the fact that the study is aimed at conducting an evaluation of the impact of leadership styles on organizational performance might not be fully welcomed by all since among some members of management it may create unexpected alarm. Lastly, time and financial constraints would be a factor in limiting sample size to a manageable level since the Medtech Ethiopia has established across country wide distribution network covering almost all regions of.

1.8. Significance of the study

The significance of this research is to understand the effect of leadership style on employees' job satisfaction and organizational commitment. The data gathered from this research study would help in understanding the importance of leadership styles and leadership management on employees' job satisfaction in the organizations. The results of the study carried out could contribute to the field of organizational management in the pharmaceutical sector and allow the leaders and managers to understand Management styles and strong leadership in correlation with the overall performance and employee job satisfaction of the organization. The intent of the result to provide knowledge to the leaders in order to implement definitive suggestions and make sound decisions concerning leadership styles and employee job satisfaction in leading the organization towards success.

Following the study of the finalization, this research for employees to identify which leadership style is good for them in terms of work satisfaction and the success of their careers will be favorable. It can be also useful for leaders to understand how employees can also be motivated through proper leadership and which types of leadership effects on employee performance. It is helpful to companies in identifying great leaders that can improve performance of the company and lead the company to great success.

1.9. Organization of the study

The study was had five subsequent chapters. The first chapter contains an introduction, statement of the problem, objectives of the study, significance of the study, and scope of the study. The second chapter describes the review of related literatures (theoretical and empirical). Research design and methodology will discuss on chapter three. The fourth chapter is the analysis, discussions and presentation part of the research findings, and the last chapter; chapter five presents the summary and conclusions, and recommendations given and remarked based on the study results; followed by the list of references and appropriate appendixes.

Chapter two

2. Literature review

2.1. Introduction

This second chapter generalizes concepts and theories from previously researched and publicly provided journals, books, and articles. It reviews theories of leadership as well as empirical studies on the effects of leadership style on employee performance, described and developed a conceptual framework.

2.2. THEORETICAL FRAMEWORK

2.2.1. CONCEPTS AND DEFINITIONS

2.2.1.1. Leader

Many academicians and scholars define a leader among them Yukl (2001) is one who explained a leader is a person who could influence and stay central in his companion in order to achieve organizational central goals in certain settings. Yukl also goes beyond and said that the cliques could be the leader's close relative or his/her friends also subordinates of leaders. To become a leader there should be a willingness of followers that makes a leader. Because, people show readiness to follow anyone who can bring means of achieving their desire and aspiration.

The other scholar explanations showed that a leader has a power on his/her cliques or fellows to achieve influencing his group members and behavior. Therefore, one can conclude that leaders have power or influences over others fellow, leaders show way to their followers and aid to the goals of group and organization (Nwachukwu, 1988). The third definition handed over by other scholars was that a leader has exercise power over who has power to apply on others or who followed them to bend the belief and behavior (Bernis, 1959).

Type of leader

In general category a leader can be categorized into two broad kinds of leadership (Ile, 1999),

- **Formal Leader:**

Formal leader is a leader her/his power and influence originated from his assignment of organizational position. As a leader she/he has formal influence and power over his/her cliques,

fellow or groups. Most of the time he/she can refer interchangeably with manager and can be known as managerial leader.

Therefore, a formal leader has the power and influence that emanate from his/her assignment of a position in the organization to instruct, influence and show way to act in achieving organizational objectives

- **Informal Leader:**

An Informal Leader is a leader his/her power and influence not originated from his assignment of organizational position.

Most of the time he/she can be refer as non-managerial leader. This kind of leader has power but lacks authority over his or her group and can only influence people to instruct, influence and show way to act in achieving organizational objectives

- **Leadership**

It is obvious that many scholars and practitioners face a challenges in attempting to clarifying and defining the term “leadership”. A leadership to become a subject of scholarly thought has passed many century and variety of definition have been emerged since then.

These definitions and explanations come up after facing many factors from worldwide affaire and politics to settings the discipline in which the subject is being studied. Therefore, one can conclude that these explanations and definitions emanated from vast range of issues.

As it said once in the mouth of writer “there are almost as many different definitions of leadership as there are people who have tried to define it” (Stogdill, 1974).

Prentice (2004) associate the definition of leadership with the success of accomplishment of organizational aim in directing and organizing his/her cliques, fellows and associates resource to achieve certain predetermined collective goal. Other expert further defined the concept in different way but in the same fashion i.e. leadership is an attempt to lead or direct in organization of cliques and/or to the achievement of particular project for the common good (Fiedler, 1967).

It is process of exerting organized influence to specific team to the achievement of certain predetermined goal and practiced while a leader organize human and non-human resource,

psychological and other resource to engage and satisfy the predetermined objectives of his/her fellows (Merton, 1969 and Bums, 1978)

Many scholars stated that leadership is one of the most studied, examined and observed and well know phenomena in the scholarly of the subject (Zenger and Folkman , 2002). Smylie et al. (2005) mentioned that leadership is performed by an individual who has unique roles and task-oriented perspectives and also serves as a key “function” in the interactions with other leaders, followers, and situations.

2.2.2. THEORY OF LEADERSHIPS

2.2.2.1. *Great-man Theory*

The explorations toward set a standard of traits that describe leadership was extended over many years and cultures in identifying heroes to set a standard of achievement or failure.

The advocator and pioneer of the Great man theory Thomas Carlyle (1847) argued in the favor of the heroes and said i.e. the history of what man has accomplished in this world, is at the bottom of the history of the great men who have worked here.

He claimed that being a leader is natural selection or innate and that those men who became a leader in there innate have heroic potential to being a leader. He preached that the great men were only nurtured not learnt.

Sidney Hook, further expanded Carlyle perspective highlighting the impact which could be made by the eventful man vs. the event-making man Dobbins and Platz, (1986).

As Sidney attempt to explain his propositions that the event-full man engage in complex in historic situation, however he could no really set the course of historic events. On the other side, the desion making or action of the event-making influenced the course of events, the event-making man could not been involved in the process but can make a great deal in his course of action.

The event-making man course of action is not grounded on the result of extreme capacities of intelligence, will and character rather than the actions or decisions of their distinct action. As one can notice from the history such concepts leadership was not ethically accepted as was the with many dictators (Hitler, Napoleon and the like) of the world. As a result the credibility of the

great man theory became questioned. Such kind of great man become dictator and unnecessary and following the growth and expansion of the organization take the place but in the process under develop the democratization (MacGregor, 2003).

Leadership theory then progressed from dogma that leaders are born or are destined by nature to be in their role at a particular time to a reflection of certain traits that envisage potential for leadership.

2.2.2.2. Trait Theory

The aforementioned theorists preached that whatever the case the leader is born and gifted with certain kind of physical appearance and personality character and could shine as a leader from those of non-leader.

The failure in identifying such illusion traits that all leader had in mutual, be the reason to the emergence of trait theory. After falling into unpopularity of the theory. In the late 1940s, scholars attempted to examine the traits of military and non-military leaders respectively and the research result found out that there were significance of certain traits developing at certain times.

However, trait theory proponents don't match worried about that such leadership trait were hereditary or learnt. One of the well-known contributor of the trait theory come up with identifying two kind of traits that could be possessed by a leaders: i.e. emerging traits those traits are heavily rest up on heredity examples of such traits are height, intelligence, attractiveness, and self-confidence. The second kind of trait is called effectiveness traits this trait is championed through experience and learning such trait comprises mainly charisma as main component of leadership (Ekvall and Arvonen, 1991).

As Max Weber coined the meaning and definition of charisma as followed the a power of all the time that can generate totally new approach by subordinates and completely has been personal commitment to leaders, the followers accept the charisma as blessed with almost supernatural or superhuman intelligence, quality and power.

After many studies conducted emphasized on intellectual, physical and personality traits that distinguished non-leaders from leaders, scholars came up with a findings of research that show only insignificant variance exist amongst subordinates and leaders (Burns, 2003).

2.2.2.3. Contingency (situational) Theories

The advocator of this situation theory preached that there is no single and best fit to all leadership style. This leadership style highly rest upon many factors for examples the setting, the environment, the background of subordinates and other variables. Furthermore, there is no one single best way direct, because there some many dimension of the environment that need to adjust to specific leadership style.

The birth of the situational leadership approach was 1969, pronounced that there is no single and best fit to all leadership style to lead and The leader must be able to adapt to the situation and transform their leadership style between task-oriented and relationship oriented.

Many leaders attempt to change employees within the organization, they not only change the dynamics of settings of the organization indeed the employees also. As many academic and scholars stated that and identified in a common sense, the theories of contingency are fall under behavioral theory that challenges that there is no one finest way of leading and that the style of leadership that is operative in some circumstances may not be effective in others (Greenleaf, 1977).

Many pioneer of the situation theorists pronounced that the leader only emphasized on the interaction of leader-subordinate and preached that the subordinate engaged in significant role explaining the interaction. Even though, this leadership mostly emphasized on the leader, it also makes subordinates to signify the focus into group dynamics this theory scholar and advocator mostly pronounced that the style of leadership highly vested on the hands of the maturity of the followers of the leader (bass, 1997).

2.2.2.4. Style and Behavior Theory

Proponents of the style and behavior theory pronounce the significance of certain essential leadership capacity that facilitate and serve as enabler for the leader in order to help the leader to act in accordance with the previous capacity of a leader. Consequently before specific acting announce that every single leaders has different style of leadership that give most pleasant for most leaders. This leadership style highly rest upon many factors for examples the setting, the environment, the background of subordinates and other variables. Furthermore, there is no one

single best way direct, because there some many dimension of the environment that need to adjust to specific leadership style.

In the late 1990s Yukl came up with completely different kind of leadership three. The first one is that democratic leadership under such leadership employees practiced and possess high degree of fulfilment, visionary, creativeness; work in with high degree of encouragement despite leaders close supervision; practically show high degree of association between leaders and subordinates. The second of type of leader is oppressive leaders mostly motivated on higher amount of yield. The third one is Laissez faire leadership and was in the contemporary world merely it considered as most valuable while leading a team of comprising most experts and interested employees who has outstanding track record in the past (Yukl, 1989).

The other prominent scholars were Feidler and House come up with two brandy new (at least for their time) type of extra leadership styles those emphasized on the success of the leadership. The first one is named deliberation more emphasized and worry for publics and relation manners and the second one called inauguration structure emphasized and worry for yield and job behaviors were very main role variables (Feidler and House, 1994). The focus of those two leadership were as mentioned to the sureness and relationship, a leader produce to his fellows. While, stating structure, on the other hand, show the degree, to which the leader assembles, guide and describe his/her own and the fellows“ roles as they have the partaking role concerning managerial performance, earnings and achievement of the assignment.

Many scholars and academics expertise pronounced the three kind of leaders' style, namely; autocratic, democratic and laissez-faire. Under autocratic leadership there are deprived of participating the followers and subordinates and this leader pass conclusion without feedback, whereas under laissez-faire leadership subordinate and fellows could make the decision and there is takes no actual headship part other than presumptuous the position and the democratic leader admissions his fellows then accepts his decision. Further expected that all leaders could fit fall under these of three categories.

2.2.2.5. *Process Leadership Theory*

As literature and study focused on the theory of process leadership theory pronounced that here the focus area are the servant, the leading organization, principal focused and charismatic leadership with others emerging every year.

Greenleaf presented servant leadership in the early 1970s. A renaissance of the conversation of servant leadership was renowned in the early 1990s. Servant leaders were exhilarated to be absorbed to the disquiets of the supporters and the leader ought to empathize with them take-care of and encourage them. The leadership was communicated on a person who was by nature a servant. The servant leader emphasizes on the requirements of the follower and assist them to turn into more independent at liberty and well-informed. The servant leader is also very worried with the disadvantaged and distinguishes them as equal (Greenleaf, 1996).

The leaders in the organizations are to be the agent of the vision of the business and not a servant of the employee within the institution. Leaders in learning organizations simplify and develop the vision and reflect it designate greater than one-self. The leader line up themselves or their vision with others in the organization or community at large. These process leadership philosophies and others that have arose often propose that the effort of leaders is to give to the welfare of others with a concentration on some arrangement of social accountability. They acts to be a clear development in the study of leadership.

Leadership concept has moved from biological qualities and rights, to learnt personalities and styles, to situational and relationship types of leadership, to the function of groups and group processes and, currently, to the communication of the team members with an stress on particular and organizational purpose of teams and group processes and, currently, to the collaboration of the team associates with an stress on individual and managerial ethical developments (Yammarino, 1999).

2.2.3. LEADERSHIP STYLES

Based on the number of followers research stated that a variety of leadership styles. Depends on the function of the leader, the followers and the situation, this are most appropriate leadership style. In case of decision making some leaders cannot work satisfidable with a high degree of followers” participation. In addition to, the specific situation helps determine the most effective style of interactions and some employers lack the ability or the desire to assume responsibility.

To immediate solutions without consulting followers sometimes leaders must handle problems that require. By reviewing different literature the researcher identified three types of leadership styles.

2.2.3.1. Autocratic Leadership Style

Autocratic leadership style is centered on the boss. In this leadership the leader holds all authority and responsibility. Tfygh2his type of style, to make decisions leaders on their own without consulting subordinates. Communicate them to subordinates and expect prompt implementation. Autocratic leadership style does normally have no flexibility. In this kind of leadership style, procedures, directions and strategy are all natural additions of an autocratic leader. Autocratic leadership, analytical there are very few situations that can actually support Igbaekemen and Odivwri,(2015).

Autocratic leaders, are characterized as intimidate, browbeat. They tend to be distant and aloof from their group and these leaders and decide proper division of labour from abroad and make policies. And also this type style is gained through, demands, orders, rules, and regulations, punishment, threat. The functions of authoritarian leadership include the roles of authoritarian followers include adhering to the leader's instructions without question or comment. exclusive rule-making, task-assignment, and problem solving .

Authoritarian leadership is for new employee's suitable situation and the need for large-scale coordination with other groups and organizations. Authoritarian leadership they are not willing to accept to participate in decision-making their opinions and processes for to environments in which member's desire. Detractor of authoritarian leadership declare that the leadership style leads to high member disappointment, turn-over and absenteeism Gastil, (1994).

2.2.3.2. Democratic Leadership Style

In this leadership style, for making decision they are considering subordinates. This style contradictory autocratic and centered on subordinate's contributions. The democratic leader who determines work projects delegate authority to other people. The character of this leadership is the transmission of this style is active upward and downward and with concerning statistics, is one of the most preferred leadership, Mostly favorable democratic leadership by the character of

courage, intelligence fairness, competence, creativity and honesty Igbaekemen and Odivwri,(2015).

This character of leaders provide their followers choices and support. Democratic leadership, also the same as to participative leadership, as the name indicates reflects equal participation inclusiveness, and self-determination, that said, they are for elected positions of power not be confused with those who carry. Democratic leaders often lack formal position and power.

Democratic leadership gains its authority through accountability, active participation, cooperation, and delegation of tasks and responsibilities. The functions of democratic leadership within the organization include distributing responsibility, and facilitating group deliberations. The roles of democratic followers include readiness to take personal responsibility for organization, accountable for their decisions, desire to maintain their group's self-determination and freedom, take on the role of leader as needed or appropriate and work with leaders.

Democratic leadership is appropriate in particular settings such as an international association, a democratic nation, a worker-owner corporation, a public university, a close-knit neighborhood, or a cooperative social group or organization. These leaders are ideally shared in an organization. Democratic leadership is distributed and changing. Within a democratic leadership climate or environment, there will be multiple leaders and every member will be a leader at some point during their membership in the group Gastil, (1994).

2.2.3.3. *Laissez-faire Leadership Style*

Laissez-faire leadership gives authority to employees. Departments or subordinates are allowed to work as they choose with minimal or no interference (Igbaekemen and Odivwri, 2015).

Laissez-faire leaders are characterized very little guidance from leasers; literally, this type of style complete freedom for followers to make decision. Laissez-faire leaders have few or no authority within their group or organization.

The functions of laissez-faire leadership to appropriate decisions trusting their followers and respectable members into the organization. The roles of laissez-faire followers include self-assessment and problem solving. With highly trained and self-directed followers they are most

successful in surrounding and Laissez-faire leadership is not matched to environments in which the members require direction Gastil, (1994).

Most leadership style highly rest upon work environment and setting of the organization before any action performed. There are many leadership style out there and the applicability depend on many turbulent business environment (McShane and et al., 2009). Now on Autocratic, Democratic and Laissez-faire leadership styles are taken for this study and an effort will be made to see if one particular style is being practiced in Medtech ethiopia.

2.3. EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE

2.3.1. Autocratic style effects

Also known as authoritarian leadership, Milgron (1991) said autocratic style clearly defines the division between leaders and workers. Type of leaders autocratic with no or little involvement for employees to make decision. This kind of leaders is better safe, assertive and certain responsibility for decision making to the strategy plan and company operating. Even if research stated that autocratic leaders display less creativity than the other leadership styles.

Adair (2005) only one person has the full authority and power over the followers or workers. They are observe should never be questioned and cannot be interrupted by any one and his decision would be viewed and taken as the golden rule. For each discover and their followers they construct plans are bounded to work or follow the rules. Briefly, the autocratic leader believes to have the complete authority and full control of them as he wants. This type of leadership style is important for timely decision.

According to Dawson (2002) the autocratic style in a short period of time may show great results. However, excessive use of authority in the long term will deform productivity. People oing to dissatisfied, perforate and demotivated.

Heneman and Gresham (2007) under the autocratic leadership style, remains in the hand of leaders all capacity of decision making are centralized, as with absolutist. Initiative from the follower's side these leaders not acceptance any suggestion. As it not provides strong encouragement to the managers and employees it has not been successful. This style allows timely decision making. From their employee these leaders don't take any type of consult. They

believe that leaders only take decision and either it want to follow or not employees should have to follow only. This type of leadership may be a cause of employees demotivation because of much inflexible.

Ittner (2002) Autocratic leadership style encourages a partial sided conversation. On account of this the creative and leadership skills of the employees suit protective and all are involved in repetitive work of daily activities. There is a chance of misuse and warp of employees as leaders have the authority, this style restricts workplace communication and socialization. Where everyone is affable and want social network, it's important to have friendly work environment, if a company is led by an autocratic leader it can be lead to difference of opinion and conflicts.

2.3.2. Democratic style effects

Milgron and Ittner (2002) state that most company's beneficiary for democratic leadership style. This style that provides guidance focuses the management and help to its team and departments while accepting and receiving the inputs from individual team members. They are authority only the leaders not reserve to their activities but in actual they bother about advice of employees.

Heneman and Gresham (2007) under the democratic style promote the sharing of responsibility, the exercise of delegation and continual consultation. In this style managers suggestions and recommendation on all major issues and decisions and effectively delegate tasks to subordinates and give them full control and responsibility for those tasks, and motive others to become good leaders and employee development. That led to more dedication of employee to subdivision goals, performance to meeting time limit. Kirega (2006) evaluated worker's views of their senior and top leadership team and state that this style focuses on using the skills, experience, and ideas of others. Still remains the final decision making power in the leader's hand however, the leaders using this style. To recognize his or her, without firstly getting they will not make major decision the input from those that will be affected, provide proper recognition, and delegate responsibilities.

This leadership styles can be used for any type of work project to improve the performance in short term and long term. Debashis (2006) conclude that when organization need creative problem solving, conducting meetings for organization or department, training people for leadership roles and performing the day to day organizational tasks. This style provides efficient

team inputs and confidence to employees who will help them for meeting time limit, and departmental goals.

2.3.3. *Laissez-faire Style effects*

According to Coleman (2010), the laissez-faire leader is a leader who is uninvolved in the work of the unit. According to Mullins (2007), the manager consciously makes a decision to pass the focus power to members, to allow them freedom of action 'do as they think best', and they are not to interfere; but is readily available if help is needed. Based on the assumption liberal leadership is that all followers are creative, aspiring responsible and ready to accept the organization's goals (Jooste, 2009).

Disappointment among members is common; Because of low supportive style neither the task nor the work is advanced. Sequentially, led to creates anxiety throughout the members. This style is very effective in groups who show high degree of cooperation, motivation, self - reliant Fiedler argues that leadership effectiveness may be improved by changing the leadership situation (Mullins, 2007).

2.4. EMPIRICAL REVIEW

Akram, et al. (2012) piloted examination entitle How Leadership Behaviors Affect Organizational Performance in Pakistan. Then participants of the researchers was one thousand, and five hundred questionnaires were dispersed to managers and another five hundred to workers of numerous private and public sector corporations in sixty six towns through random selection. Purposive sampling method was used in study. 2 questionnaires were designed for managers and employees. The questionnaire were associated to leadership behaviors' and organizational performance. Five point Likert scale was applied. Correlation analysis and regression analysis were applied to analyses the relationship and the effect of leadership behavior's on performance. SPSS version 16 was used to analyses the reliability of questions, and the reliability was checked in terms of Cronbach's Alpha. The discoveries concluded that leadership behaviors' are interconnected and have great progressive influence in employee performance.

Dalluay & Jalagat (2016) conducted a research on title Impacts of Leadership Style effectiveness of Managers and Department Heads to Employees' job Satisfaction and Performance on Selected

Small-Scale Businesses in Cavite, Philippines. The sample size used is 150. Study questionnaires were prepared to study the special effects of leadership styles on employees' performance and job satisfaction. One hundred and half participants were designated from companies in Cavite, through random sampling with Slovin formula. Data were analyzed by using weighted mean, percentages, multiple regression and correlation coefficient. Proportions clearly were used to examine demographic variables (gender, age, length of service and leadership styles). mean were applied to examination questionnaires on leadership styles, and correlation and regression analysis were applied to study the relationship between variables on leadership style, job performance and job satisfaction. The finding concluded that corporations should constantly making the most of leadership style which enhances employees performance and employee job satisfactory level even though there is still rooms for improvements.

Khajeh (2018) investigate the relationship between democratic leadership, transformational leadership and autocratic leadership style have a positive relationship with the organizational performance with ($r = 0.156, 0.265, 0.064$; $P < 0.001$) respectively. This indicates that these three styles of leadership induce the employees to perform better and as per the level of expectations. These leadership styles must be promoted in the organizations.

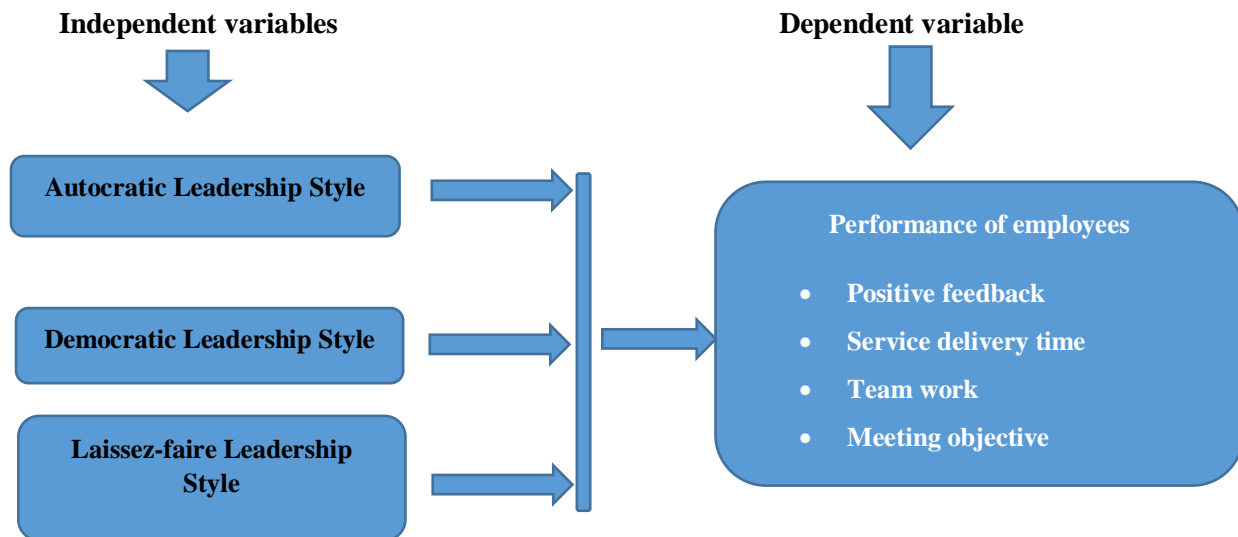
Bhargavi and Yaseen (2016) there is an obvious link between leadership and the organizational performance. Organizations should work hard to select and hire the right people with the acceptable levels of leadership and place them in the right places that reflect their performance. Also, at the same time, the organization should enhance their leaders with capabilities, values and competencies. The result shows that there is appositve relationship between the leadership styles and the organizational performance because the reliability statistic which was given by the SPSS was 0.522.

A researched was conducted by Widayanti & Putranto (2015) on Analyzing the Relationship between Transformational Leadership and Transactional Leadership Style on Employee Performance in PT.TX Bandung in Indonesia. The sample size used by the researcher is 92. The objective of this research is to find the relationship between transactional and transformational leadership to employee performance and the significant relationship between these two variables. This research consists of primary and secondary data. Primary data was collected through Multifactor Leadership Questionnaire (MLQ) based on Slovin Theory method. Secondary data

was collected from the office assessment of employee performance. Validity and reliability test were used to measure quality of data. Multiple regression analysis is used to find the relationship because it has more than one independent variable. Data was sent for pass the classic assumption tests such as multi co linearity test, normality test, heteroscedasticity test and autocorrelation test before multiple regression analysis. The result proved that transactional and transformational leadership has positive relationship and it effects to employee performance either concurrently or partially.

2.1. CONCEPTUAL FRAMEWORK

The central aim of this study is to look at the effect of leadership style on employee performance of Medtech Ethiopia employee. Based on the objective of the study, the following conceptual model is framed from the empirical and theoretical literature review. As it described previously in the related literature review parts, employee performance can be affected by leadership style and measure autocratic leadership style (ALS), democratic leadership style (DLS) and Laissez-faire Leadership Style (LLS) as independent variable, on the other hand, employee performance as dependent variable.



Source: Iqbal, N., Anwar, S. & Haider, N., (2015)

Fig. 2.1. Conceptual framework

Chapter three

3. Research Methodology

3.1. Introduction

This chapter reviews the research methodology employed to gather and analyze the data used in the research study, and this includes discussions on the research methods and instruments used in this study for data gathering, capturing, validation and analysis.

3.2. Research design

The study applied descriptive and explanatory research designs. According to Cresswell(2003) descriptive study design. In descriptive research, the indispensable emphasis is to explain specific opinions and idea to examine the relationships and variations in the important variables by reviewing a large sample of the population Lee and Ling, (2008).Therefore, what kind of leadership style has been utilized and demographic information of the respondents' were described. On the other hand, Explanatory study (causal research design) is devoted to finding causal relationships among dependent and independent variables which is the leadership style and the performance of Medtech Ethiopia employees. From the hypothesis based expectations on in what way and why variables should be interrelated. Interactions happen and might be directional (i.e., positive or negative). In this type of research, the problems are well structured. The researcher is facing with "causes-and-effects" problems. The central mission is to detach such causes and to say to what magnitude they directed to such special effects.

3.3. Research approach

Quantitative approach is used because the study is based on measuring the employee performance visa vise leadership style of Medtech Ethiopia. The quantitative method measures variables, investigate relationships between variables, tests methods, and examine concerns for large groups of individuals executing the method suitable for the research problem. Quantitative approach allows for the discovery of relationships with a basis for finding reliability and validity of the research subject. Quantitative analysis reduces issues and data to numbers, definitive in meaning, and discovering how much and how many, by concentrating on experimentation with predefined variables through collecting and measuring data (Snowden, 2011). A quantitative approach is based on numbers and statistics. It is practiced to examination hypotheses, explore

causality, and create forecasts. It is practiced to classify statistical interactions among variables and yields objective effects.

3.4. Target population

The target population of this study was employees of working in the Medtech Ethiopia P.L.C. The head office were chosen from among other branch offices as the sample for this study, with a total of 124 employees were chosen for the study.

The selection method for the survey participant sample was compatible with the research question because the selection procedure directly targeted employees. The study was piloted on these employed teams because they are highly influenced by the leadership styles practiced by the management. All survey participants permanent staff and were full-time employees. The participation of this research was volunteer.

3.5. Sample size determination

To determine the sample size and representative of the target population, the study used statistical instrument formula. The mathematical formula is adopted from Gliem and Gliem(2003).

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

The study assumes that the margin of error 5% and confidence level or error free of 95%. Using the above portrayed statistical formula, the sample size of study was determined as follows.

$$n = \frac{124}{1 + 124(.05)^2}$$

$$n = 94$$

$$n = \text{sample size} \quad N = \text{population} \quad e = \text{error margin}$$

Therefore, sample size for targeted population of the study was **94** employees.

3.6. Data collection instrument and technique

The best appropriate method to gather primary data is to hand out questionnaire. A five point Likert scale questionnaire was established to deliver the participants comfort for replying the questions according to their degree of agreement (McLeod, 2008). The Likert scale follows the format of starting range: 1) strongly disagree; to 5) strongly agree. The preparation of the questionnaire was grounded on the following variables; democratic leadership, autocratic leadership, laissez-faire leadership and employee performance.

3.7. Data reliability and Validity

Reliability defines that the results of a questionnaire be steady and reliable. Validity, on the other hand, means that the individual results of an instrument are significant and allow the researcher to draw valid conclusions from the sample population being studied (Cresswell, 2003). Reliability is determined by the Cronbach's alpha (α) coefficient, which is one of the popular criteria of reliability in quantitative studies. It is measured on a scale of 0 to 1.0, and an instrument is viewed extremely reliable if the instrument has a reliability coefficient statistic of $\alpha > .80$. The instrument is considered very reliable if $\alpha > .70$, and reliable if $\alpha > .60$; when $\alpha < .60$, reliability is considered poor to barely reliable. The reliability of an instrument contributes to its validity, as a reliable instrument will measure what it is supposed to measure and not something else. Therefore, results after consistent questionnaire was valid and more exact (Burg-Brown, 2016).

TABLE 3.1. RELIABILITY STATISTICS

variables	Cronbach's Alpha	N of Items
Over all	.835	23
Autocratic	.769	5
Democratic	.902	6
Laissez-faire	.679	6
Employee performance	.874	6

Source: researcher's computation and SPSS 26 output results.

As one can see in the above table 3.1, the overall Cronbach's alpha value is 0.835. This demonstrations indicate that data have a good uniformity in internal consistency. The highest Cronbach's alpha value goes to (0.902) democratic leadership style. This demonstrations show

that the highest uniformity in internal consistency of 5 questions. Followed by Autocratic was the second highest Cronbach's alpha value (0.769) which means the highest uniformity in internal consistency of 6 questions. Laissez-faire has the lowest Cronbach's alpha value (0.679) which shows the data has poor reliability. The performance employee in Cronbach's alpha value is 0.874 which demonstrate the highest uniformity in internal consistency of 6 questions..

3.8. Data analysis and presentation

Analysis of the data is fundamental slice of the research study. The findings and conclusions should arrive based on the analysis and interpretation of the data. Hence, data is analyzed in accordance with the nature of data that is qualitative and quantitative. The data obtained from the respondents were be analyzed using Statistical Packages for Social Science (SPSS) version 26.

After collecting the distributed questionnaire, data were properly organized and prepared for codification. Following this, the coded data were fed to SPSS software program. The data were analyzed using descriptive statistics (such as mean, standard deviation) to describe the demographic characteristics. In addition to this, descriptive analyses have also been conducted on the level of the different leadership style and employee performance. The data will be presented quantitatively by using tools like percentile, tables, charts, graphs and others to facilitate the interpretation of the results of the data.

3.9. Ethical consideration

To guarantee confidentiality and voluntary partaking of respondents a covering letter was prepared to clarifying the purpose of the research, the discretion of the replies and directions for completion. The questionnaire was drawn up comprising questions on the variables and demographic data both to the supervisor as well as their employees and they were requested to fill the questionnaire in disguise and return back them straight to the researcher.

Chapter four

4. Data presentation, analysis and interpretation

4.1. Introduction

In this chapter, the study attempted to examine the Relationship between leadership style and employees' performance: the case of Medtech Ethiopia plc. Consequently, the outcomes of the study were offered and examined in this subdivision. The questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagree. The study used Regression Analysis was also used to test the effect of independent variable on dependent variable. The collected data were presented and analyzed using SPSS 26 software version.

4.2. Response rate

The study targeted a sample size of 94 respondents from which 69 were filled in and returned the questionnaires making a response rate of 73.4 percent. This rate implied that the response rate was acceptable to mark deductions for the study.

4.3. Descriptive analysis

In this analysis, the essential focus is to describe specific views or opinions. Therefore, what kind of leadership style has been utilized and demographic information of the respondents' were described in this section.

4.3.1. Respondents information

Data on respondents' demographics were collected and analyzed. Variables included were gender, age, educational background and their work experience.

TABLE 4.1. RESPONDENTS GENDER DISTRIBUTION.

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	42	60.9	60.9	60.9
	Female	27	39.1	39.1	100.0
	Total	69	100.0	100.0	
Education	BA`	64	92.8	92.8	92.8

	MA/MSc	5	7.2	7.2	100.0
	Total	69	100.0	100.0	
Experience	less than 5 yrs	44	63.8	63.8	63.8
	5-9yrs	18	26.1	26.1	89.9
	above 15 yrs	7	10.1	10.1	100.0
	Total	69	100.0	100.0	

Source: Questionnaire and SPSS 26 output results.

The above table 4.1 presents the gender composition of the respondents out of the total 69 respondents, 42 (60.9 percent) of them were male and 27 (39.1 percent) of them were female. This assumes that in general, the boundary between the genders is negligible. This result depicted that there no gender bias in representation of male and female in the study.

In addition, table 4.1 presents education level of sample respondents'. And illustrate that the all of the respondents 64 (92.8%) were bachelor's degree holders while 5(7.2%) were second degree holder. This illustrate that majority of the respondents were in state of providing well response about their performance and their observation of the leadership style of the immediate supervisor.

The respondents also requested to show their work experience, the subjects were divided into four groups according to the number of years' service with the organization (group1: less than 5 year, group 2: 5 to 9 years, group3: 10 to 14 years, and group 4: 15-19years, group 5: more than 20 years). The number respondents whose service in the Medtech Ethiopia below 5 years is 44 (63.8 percent) and 18 (26.1 percent) respondents have between 5-9 year service years. Furthermore, 7 respondents whose service in the Medtech Ethiopia was above 15 years.

4.3.2. Descriptive analysis of Leadership Style

This part of the study attempt to illustrate the result of the descriptive analysis of leadership styles. Here the three typical kind of leadership styles were examined. The first one is autocratic with six statement to assess and followed by democratic leadership also with six statements to be assessed. The third one is laissez-faire leadership with six statements to be examined. Descriptive analysis were applied to measure the practice level of each types of leadership. In order to know the extent of leadership style that is practiced in the case organization the mean value and standard deviation were calculated analyzed and interpreted. The scale applied in this

assessment was grounded on the five scale of measurement by Liker scale and also named after Liker. The respondent has a range of response from strongly disagree labeled as one (1) to strongly disagree labeled as (5). The findings of descriptive analysis are arranged based on research objective and presented in following tables.

4.3.3. Autocratic leadership style

Table 4.2. Autocratic leadership style

	N	Mean	Std. Deviation
My manager believes employees need to be supervised closely, or they are not likely to do their work.	69	3.03	1.098
Usually, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	69	3.78	.764
My manager believes most employees feel insecure about their work and need direction.	69	3.19	1.228
My manager believes the leader is the chief judge of the achievements of the members of the group.	69	3.06	1.316
My manager believes effective leaders give orders and clarify procedures.	69	3.23	1.087
Pooled mean		3.258	1.098

Source: Questionnaire and SPSS 26 output results.

The statement that most of the time, the supervisor believes that employees must be given rewards or punishments in order to inspire them to accomplish managerial objectives had the highest mean of 3.78 and standard deviation of .764. The question of ‘my manager believes effective leaders give orders and clarify procedures’ which had a mean of 3.23 and standard deviation of 1.087. The statement with the lowest mean of 3.03 and standard deviation of 1.098 was ‘my manager believes employees need to be supervised closely, or they are not likely to do their work’.

Generally the autocratic leadership that examined through six items had registered mean value of 3.25 and a standard deviation of 1.098. This mean value is fall under the average value of mean. This value illustrate that the disagreement level of the respondents that their immediate leader or manager indeed not practiced authoritative leadership style. From this result one could conclude the autocratic leadership style is not practiced in Medtech Ethiopia factory.

4.3.4. Democratic leadership style

Table 4.3. Democratic leadership style

	N	Mean	Std. Deviation
My manager engages employees to be a part of the decision-making process.	69	4.29	.788
My manager believes providing guidance without pressure is the key to being a good leader.	69	3.74	.934
My manager believes most workers want frequent and supportive communication from their leaders.	69	3.91	1.081
My manager needs to help subordinates accept responsibility for completing their work.	69	3.75	.914
My manager believes it is the leader's job to help subordinates find their "passion."	69	3.97	.874
My manager believes people are basically competent and if given a task will do a good job.	69	3.46	1.290
Pooled mean		3.85	0.980

Source: Questionnaire and SPSS 26 output results.

As one could see from the above table 4.3 the mean and standard deviation value of the respondents' as examined by (6) six aforementioned statements that could describe the democratic leadership style.

The statement that 'My manager engages employees to be a part of the decision-making process' had the highest mean of 4.29 and standard deviation of .788 while the question with the lowest mean of 3.46 and standard deviation of 1.290 was that 'My manager believes people are basically competent and if given a task will do a good job.'

Generally the democratic leadership that examined through six items had registered mean value of 3.85 and a standard deviation of 0.98. This value illustrate that the agreement level of the respondents that their immediate leader or manager indeed practiced democratic leadership style. From this result one could conclude the democratic leadership style is the most practiced leadership style in Medtech Ethiopia factory.

4.3.5. Laissez-faire Leadership Style

Table 4.4. Laissez-faire leadership style

Items	N	Mean	Std. Deviation
In complex situations, my manager let subordinates work problems out on their own.	69	3.51	1.038
My manager requires staying out of the way of subordinates as they do their work.	69	3.49	.851
As a rule, my manager allows subordinates to appraise their own work.	69	3.43	1.064
My manager gives subordinates complete freedom to solve problems on their own.	69	3.72	1.349
My manager believes in most situations, workers prefer little input from the leader.	69	3.58	.946
In general, for my manager it is best to leave subordinates alone.	69	3.51	1.038
Pooled mean		3.54	1.047

Source: Questionnaire and SPSS 26 output results.

As one could see from the above table 4.4 the mean and standard deviation value of the respondents' as examined by (6) six aforementioned statements that could describe the laissez faire leadership style.

The statement that states my manager gives subordinates complete freedom to solve problems on their own had registered at most mean value of 3.72 and S.D is 1.34. Whereas the statement that describe leaders behavior by stating that as common the manager allows subordinates to appraise their own work was score the lowest mean value i.e. 3.43 and S.D 1.064.

Generally the Laissez faire leadership that examined through six items had registered mean value of 3.54 and a standard deviation of 1.047. This value illustrate that the agreement level of the respondents that their immediate leader or manager indeed practiced laissez faire leadership style. From this result the researcher could conclude that Laissez faire leadership leadership style is the reasonable practiced leadership style in Medtech Ethiopia factory.

4.3.6. Employees performance

Table 4.5. Employees’ own performance rating

	N	Mean	Std. Deviation
Customers have a positive feedback after they receive the service	69	3.67	1.107
The service deliver processes takes short time	69	3.07	1.310
I actively participated in work meetings and training	69	4.12	.557
I was able to perform my work well with minimal time and effort	69	3.70	1.102
My supervisor is a team player	69	4.03	1.200
I am given the needed support by my supervisor to builds team spirits	69	3.55	1.207
Pooled mean		3.69	1.08

Source: Questionnaire and SPSS 26 output results.

There were 6 question items directed toward measuring the performance of employees by way of self-reporting. The respondents have been asked questions each of which was gauged based on the level of agreement the respondents had. To begin with highest mean score it said I actively participated in work meetings and training with mean score of 4.12 and S.D= 0.557. Moreover, the lowest mean score 3.07 S.D= 1.31 is for the statement ‘the service delivery process takes short time’. However, the all over employee performance is above mid value of mean i.e. 3.69 S.D = 1.08.

4.3.7. Summary of descriptive analysis

In above analysis, the variable is rated and ordered by denoting to the values of standard deviation and mean. The highest value of standard deviation from mean indicates that the independent variables practice mostly in Medicate Ethiopia.

Table 4.7. Summary of descriptive analysis

	Variables	Pooled Mean	Std. dev.
1	Autocratic leadership style	3.258	1.098
2	Democratic leadership style	3.85	0.980
3	Laissez-faire Leadership style	3.54	1.047

Source: Questionnaire and SPSS 26 output results.

Founded on the summery table above, democratic leadership style has the uppermost mean value and standard deviation i.e. 3.85 and S.D 0.980 respectively. This illustrate that democratic leadership style is highly practiced in Medtech Ethiopia. Laissez-faire leadership style has registered the second most highest mean value i.e.3.54 corresponding with standard deviation value of 1.047 indicating that laissez-faire leadership style is fairly practiced in Medtech Ethiopia. Autocratic leadership style has registered the higher mean value 3.258 corresponding to standard deviation of 1.098. This denote that autocratic leadership style is poorly practiced in Medtech Ethiopia.

4.4. Inferential Analysis

4.4.1. CLASSICAL LINEAR REGRESSION MODEL (CLRM) ASSUMPTIONS

In the descriptive statistics part, the study showed that the mean, standard deviation, minimum and maximum values of the dependent and explanatory variables for each variable. However, this section provides test for the classical linear regression model (CLRM) assumptions such as mean value of the error term is to be average value of the error term, normality, Linearity test and multi collinearity tests.

As far as the assumptions of classical linear regression model hold true, the coefficient estimators of both α (constant term) and β (independent variables) that are determined by OLS will have a number of desirable properties, and commonly acknowledged as (BLUE). Accordingly, before applying the model for testing the significance of the slopes and analyzing the regressed result, average value of the error term, normality, Linearity test and multi collinearity tests were made for identifying misspecification of data if any so as to fulfill research quality.

4.4.1.1. TEST FOR AVERAGE VALUE OF THE ERROR TERM IS ZERO

The primary supposition obligatory is that the normal value of the errors is zero. Actually, if a constant term is comprised in the regression calculation, this assumption will not ever be disrupted. Therefore, since the constant term (i.e. α) was encompassed in the regression calculation, the average value of the error term in this study is estimated to be zero.

4.4.1.2. NORMALITY TEST

This test was applied to control whether a data is well-modeled by a normal distribution or not, and to calculate in what way likely an underlying random variable is designate normally distributed. If the residuals are normally distributed, the histogram should be bell-shaped.

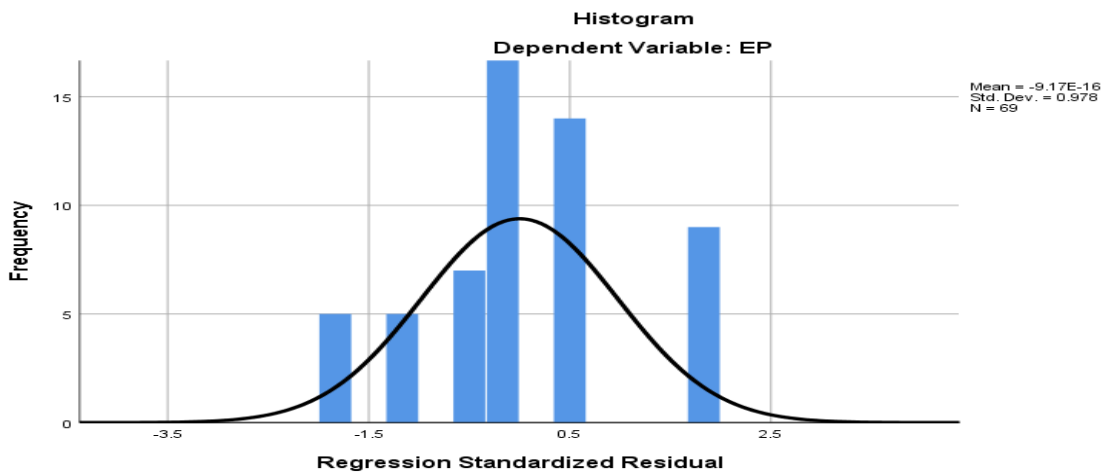


FIG. 4.1. NORMALITY TEST

Source: researcher's computation and SPSS 26 output results.

As shown in the above fig. 4.1 the histogram exhibited well bell-shaped structure. Therefore, the underlying random variable and the residuals were normally distributed.

4.4.4.3. LINEARITY TEST

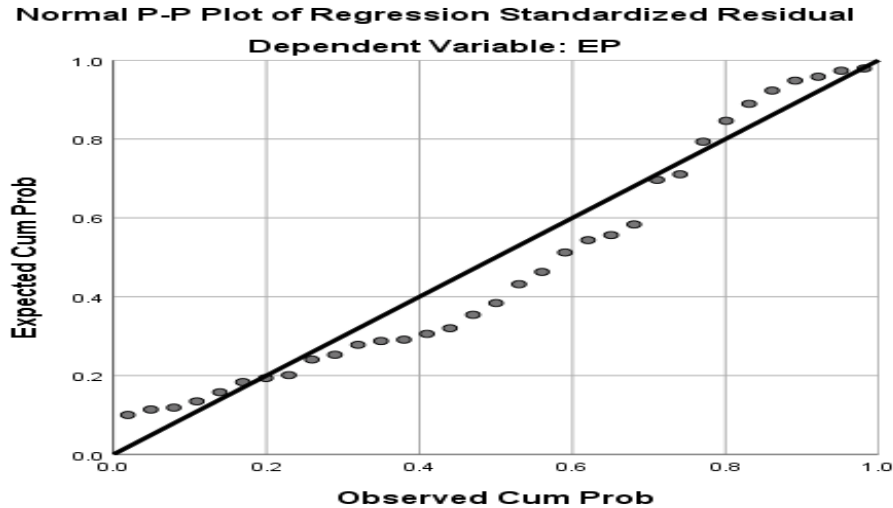


FIG. 4.2. LINEARITY TEST

Source: researcher's computation and SPSS 26 output results.

There are a number of ways to check a linearity relationship exists. This study applied normal p-p plot in order to check linearity and visually inspect the scatter plot. As shown in above fig. 4.2 and the points show linearity.

4.4.4.4. MULTI-COLLINEARITY TEST

The other test which was conducted in this study is the multi-co linearity test, this help to identify the correlation between explanatory variables and to avoid double effect of independent variable from the model. If an explanatory variable has strict linear amalgamation with the other independent variables, then one can say the model suffers from perfect co linearity, and its might not be estimated by OLS (Brooks 2008). This assumption is concerned with the relationship exist between explanatory variables. There is no consistent argument on the level of correlation that causes multi-co linearity. In order to examine the possible degree of multi-co linearity among the explanatory variables, correlation matrixes of selected explanatory variables were presented below.

The next table, described correlation among explanatory variables. A correlation is a distinct number that defines the point of relationship between two variables. According to Gujarati (2004), the standard statistical method for analyzing data for multi collinearity is examining the explanatory variables correlation coefficients; condition index and variance inflation factor.

Consequently, in this study correlation matrix and variance inflation factor for all of the variables shown below in the table had been estimated.

TABLE 4.8. MULTI COLLINEARITY TEST

	Collinearity Statistics	
	Tolerance	VIF
LFLS	.714	1.401
ALS	.953	1.049
DLS	.688	1.453
mean	.766	1.301

Source: researcher's computation and SPSS 26 output results.

TABLE 4.9. CORRELATIONS

	LFLS	ALS	DLS	EP
LFLS	1	-.104	.535**	.434**
ALS	-.104	1	-.215	-.106
DLS	.535**	-.215	1	.679**
EP	.434**	-.106	.679**	1

Source: researcher's computation and SPSS 26 output results.

There was no correlation above 0.70, 0.75 and 0.90 according to Kennedy (2008), Malhotra (2007) and Hair et al (2006) respectively, it can be concluded in this study that there was no problem of multi-co linearity, thus enhanced the reliability for regression analysis.

TABLE 4.10. SUMMARY OF THE MODEL

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670	.645	.35696

a. Predictors: (Constant), DLS, ALS, LFLS
 Source: researcher's computation and SPSS 26 output results.

In the above table 4.10 shown and illustrate that the amount variation in dependent variable i.e. employee performance in relation to independent variable i.e. the leadership style. In light of this the variation was determined by the value of R^2 and Sig. value. Accordingly the value of adjusted R square value is 0.645 this show that leadership style accounts about 64.5 percent

variation of and of employee performance whereas the remaining 35.5 percent variation cause by other variables that is not include in this study.

TABLE 4.11. ANALYSIS OF VARIANCE

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.332	3	2.444	19.182	.000 ^b
	Residual	8.282	65	.127		
	Total	15.615	68			

a. Dependent Variable: EP

b. Predictors: (Constant), DLS, ALS, LFLS

Source: researcher's computation and SPSS 26 output results.

In the table 4.11 above show that the analysis of variance. It is also identified as model fit marks. The interest in this table are the F-statistics and its associated sig. value. The results show that the F-statistics is significant at Sig = 0.000. The null hypothesis of the model was that model has no power to predict. However, the result pronounced that the null hypothesis can be rejected and accept the alternative hypothesis i.e. model has power to predict employees' performance from leadership style scores significantly.

To forecast the effect of leadership styles (independent variables) on employees' performance (dependent variable) multiple regression analysis was conducted. The result are accessible in the subsequent table 4.12.

The model that used to estimate the effects of leadership style on employee performance would be the following;

$$\text{Performance} = C + \beta_1(\text{LFLS}) + \beta_2(\text{ALS}) + \beta_3(\text{DLS}) + \varepsilon$$

TABLE 4.12. REGRESSION ANALYSIS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.021	.320		6.319	.000
	LFLS	.050	.055	.098	.917	.363
	ALS	.026	.059	.041	.445	.658
	DLS	.370	.063	.635	5.835	.000

a. Dependent Variable: EP

Source: researcher's computation and SPSS 26 output results.

$$\text{Performance} = 2.021 + .05(\text{LFLS}) + .026(\text{ALS}) + .37(\text{DLS})$$

As shown in table 4.12 above, the coefficient estimate of laissez-faire leadership style (LFLS), and authoritative leadership style (ALS) and democratic leadership style (DLS) were positively related with employee performance. However, only democratic leadership style (DLS) statistically significant at 1 percent significance level. The positive sign of the coefficient estimate with 1 percent significant level indicate the existence of strong direct relationship between employee performance and democratic leadership style.

On the other hand, laissez-faire leadership style (LFLS) and authoritative leadership style (ALS) has positive and statistically insignificant relation with employee performance. Thus, it can be concluded that, an increase on those variables (LFLS) and (ALS) lead to increase in employee performance of Medtech Ethiopia but not statistically significant.

4.5. Discussion of findings

This section will discuss findings of the study in line with other empirical study findings and shows extent of similarity and difference of findings.

4.5.1. Autocratic leadership style

As it is clearly stated in the above table 4.12. The autocratic leadership style has score $\beta = 0.26$ and Sig. value of 0.658 which is higher than the acceptance level. Hence autocratic leadership is found to have a positive insignificant effects on employee performance.

This findings congruent with Jayasingam & Cheng (2009) that specified this type of leaders directs all movements and decisions all the while limiting the innovativeness of personnel. Consequently, this leader attempt to restrict the performance of workers. Because small chance were provide to employees to make recommendations (Amanchukwu, et al., 2015). An autocratic leader typically makes assortments on the basis of their own decisions and opinion that seldom comprise follower's information and these leaders have complete power over the workers (Zareen, et al., 2015)

This finding is similar to Jayasingam & Cheng (2009) they found out that autocratic authority yields negative influence on employee performance. This has been supported by Puni, et al. (2014) and Akor (2014) research.

4.5.2. Democratic leadership style

As it is clearly stated in the above table 4.12. The democratic leadership style has score $\beta = 0.370$ and Sig. value of 0.000 which is lower than the acceptance level. Hence democratic leadership is found to have a positive and significant effects on employee performance.

This result is consistence to Ojokuku, et al. (2012) the study found out in this type of leadership style, employees were encouraged to feel that the organization is there one and have higher responsibility with slight guidance has a result advance organizational efficiency. This had been approved by Iqbal, et al. (2015) and Bhatti et. al. (2012) research. This leadership encourages creativity, group work, and people are often being participated in work that lead to increased performance (Verba, 2015). Such kind of leaders makes no recommendation, though they query the ideas of others (Iqbal, et al., 2015). This leadership advocate all group fellows to take part to make final decision and make all process to reach their objectives (Trivisonno & Barling, 2016).

4.5.3. laissez faire leadership style

As it is clearly stated in the above table 4.12. The laissez-faire leadership style has score $\beta = 0.05$ and Sig. value of 0.363 which is lower than the acceptance level. Hence laissez-faire leadership is found to have a positive but insignificant effects on employee performance.

As literatures suggest that this leader avoids or does not interfere with the work assignments or may entirely avoid responsibilities and does not guide or support the followers. This leader's style is associated with displeasure, fruitfulness less, and (Limsila & Ogunlana, 2008). According to Morreale (2002), the manager miscarry to lead the team, does not achieve the duty as a leader. This style leaders uphold a hands-off method and are infrequently participated in decision-making and not giving any guidance and direction.

This finding is dissimilar to a study conducted by Chaudhry & Javed (2012) the result support that there is relationship between laissez faire leadership and employee performance. This had been reinforced by Nuhu (2010) and Sougui, et al. (2016) research.

Chapter five

5. Summery, conclusion and recommendations

5.1. Introduction

As far as this the preceding chapter offered descriptive analysis and observed the result of the regression of all independent variables in contradiction of the theories and the researcher expectations.

5.2. Summary of major findings

The main objective of this study was to investigate the effect of leadership style on employee performance of Medtech Ethiopia. In order to achieve the research objective and questions, the data were collected from the working groups because they are most affected by the leadership styles used by the management. All survey participants were permanent staff and full-time employees. The results of the study are discussed by analyzing the results of different sources such as questionnaire, as well as report review document. The data presentation and analysis collected from both primary and secondary sources was analyzed using themes from research questions and objectives. The collected raw data were categorized, edited, organized and analyzed using quantitative methods. All the instrument reliability were tested and found the overall Cronbach's alpha value is 0.835. the value indicate that the instrument have a noble reliability in internal consistency. In this study that there was no problem of multi-co linearity, this enhanced the reliability for regression analysis. The quantitative data was presented in tables and figures this is the way the data were analyzed and presented.

In order to meet the first research objective i.e. which type of leadership prevail the most. The study conducted descriptive analysis and found out, the autocratic leadership that examined through six items had registered mean value of 3.25 and a standard deviation of 1.098. This mean value is fall under the average value of mean. This value illustrate that the disagreement level of the respondents that their immediate leader or manager indeed not practiced authoritative leadership style. Democratic leadership that examined through six items had registered mean value of 3.85 and a standard deviation of 0.98. This value illustrate that the agreement level of the respondents that their immediate leader or manager indeed practiced democratic leadership

style. The Laissez faire leadership that examined through six items had registered mean value of 3.54 and a standard deviation of 1.047. This value illustrate that the agreement level of the respondents that their immediate leader or manager indeed practiced laissez faire leadership style

Autocratic leadership style (ALS) has positive relation with employee performance of Meditech Ethiopia ($\beta = 0.236$ and $P = 0.658$). However, the relation is not statistically significant. The positive sign of the coefficient estimate indicate the existence of direct relationship between autocratic leadership style (ALS) and employee performance (EP).

Democratic leadership style (DLS) has positive relation with employee performance of Meditech Ethiopia ($\beta = 0.370$ and $P = 0.000$). Furthermore, the relation is statistically significant. The positive sign of the coefficient estimate indicate the existence of direct and strong relationship between democratic leadership style (DLS) and employee performance (EP).

Laissez-faire leadership style (LFLS) has positive relation with employee performance of Meditech Ethiopia ($\beta = 0.05$ and $P = 0.363$). However, the relation is statistically insignificant. The positive sign of the coefficient estimate indicate the existence of direct relationship between Laissez-faire leadership style (LFLS) and employee performance (EP).

5.3. Conclusion

Based on the data analysis and summary of major findings the following conclusion were forwarded based on research objective and questions:

In order to meet the first research objective i.e. which type of leadership style prevail the most? The study conducted descriptive analysis and found out that the Medtech Ethiopia practiced all the three types of leadership in different degree. However, it can be concluded that democratic leadership style is the most practiced leadership style by immediate supervisors at Medtech Ethiopia. In addition, laissez-faire leadership style is practiced in moderate level.

Autocratic leadership style has positive effect on employee performance. The result show that the employees' performance would enhanced when autocratic approach is practiced but statistically insignificant.

Democratic leadership style is an essential leadership style, which advances work execution and employees' performance. Employees favored democratic leadership style over autocratic

leadership and laissez faire leadership style subsequently the most elevated mean score of the employee performance measurement went to democratic leadership style than transactional autocratic leadership and laissez faire leadership style. Thus, it can be concluded that, an increase on democratic leadership style (DLS) lead to increase in employee performance (EP) of Medtech Ethiopia.

Laissez-faire leadership style has positive effect on employee performance. Medtech Ethiopia employee performance had been enhanced while Laissez-faire leadership style is practiced however it is not statistically significant

5.4. Recommendations

Based on the summary of major findings and conclusion, the following recommendations were forwarded based on research objective and questions;

- In respect of the above conclusion, the democratic leadership style is found practice more in Medtech Ethiopia would further empower their employees by developing teams and affording some measure of power and authority to their employees. In this way, personnel would initiate their abilities, feel part of an organization and perform excellently for the organization.
- Since Laissez fair leadership style is practiced moderately following democratic leadership, Medtech Ethiopia would immediately reduce the Laissez fair leadership practices. So as to reduce fails to lead the team, ineffective leadership, and the leader maintain a hands-off approach and are rarely involved in decision-making and contributing any guidance and direction unless in a situation where it is necessary.
- The study found out that Autocratic leadership style and Laissez-fair Leadership style has low impact but democratic leadership has relatively higher impact on employee performance in the case of Meditech Ethiopia P.L.C. Therefore, the management of Meditech Ethiopia needed to foster democratic leadership style as it has its own impact on enhancing organizational performance.

- It should be noted that there is relationship between employee performance (aggregately it become organizational performance) and leadership style. Therefore, the management of Meditech Ethiopia has to make various efforts to improve leadership style in order to enhance organizational performance.

Generally, the researcher recommended that the most suitable leadership style be contingent on the purpose of the leader, the employees and the conditions. Some leaders cannot work easily with a high degree of employee contribution in decision making. Some employers lack the capacity to shoulder duty. Furthermore, the exact issues helps control the most effective style of relations. Sometimes leaders must hold problems that call for instant solutions devoid of referring employees.

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Appendix I

Questionnaire



Dear Respondent:

I would like to express my sincere appreciation for your generous time and honest prompt responses.

Objective: This questionnaire is designed to collect information about the existing practices of leadership style in your organization and entitled: *The Impact of Leadership Style on Employee Performance of Medtech Ethiopia*. The information that you respond shall be used as primary data in my case research which I am conducting as partial requirements of master degree at Addis Ababa University collage of commerce.

Therefore, the information gathered will be used fully and with due attention for academic purpose only and I would like to assure you that data collected will not be misused any ways.

Thank you in advance

For your more information

Hildana Tadesse

+251 911 280 783

General instructions,

There is no need of writing your name. In all cases where answer options are available please tick (√) in the appropriate box. For questions that demand your opinion, please try to honestly describe as per the questions on the space provided.

Answer the following questions by putting the symbol (√) in the boxes in front of your choice or write in the space provided.

1. Specify your Gender;

Male Female

2. Specify your educational level;

Diploma Bachelor's Degree Master's Degree

PhD (Doctorate Degree)

3. Specify your years of work experience in the organization;

< 5years 5-9 years 10-14 years 15-19years

>20 years

	Laissez faire style	1	2	3	4	5
1	In complex situations, my manager let subordinates work problems out on their own.					
2	My manager requires staying out of the way of subordinates as they do their work.					
3	As a rule, my manager allows subordinates to appraise their own work.					
4	My manager gives subordinates complete freedom to solve problems on their own.					
5	My manager believes in most situations, workers prefer little input from the leader.					
6	In general, for my manager it is best to leave subordinates alone.					
	Autocratic Leadership Style					
7	My manager believes employees need to be supervised closely, or they are not likely to do their work.					
8	As a rule, my supervisor believes that employees must be given					

	rewards or punishments in order to motivate them to achieve organizational objectives.					
9	Customers have a positive feedback after they receive the service					
10	The service deliver processes takes short time					
11	My manager believes effective leaders give orders and clarify procedures.					
	Democratic Leadership Style					
12	The manager let employees participate employees in decision making					
13	In my manager view to be a good leader given guidance without pressure					
14	My manager believes most and two way communication from their leaders.					
15	My manager needs to help subordinates accept responsibility for completing their work.					
16	My manager believes it is the leader's job to help subordinates find their "passion."					
17	The leader view employees initially competent enough and given					
	Employee Performance scale					
18	Customers have a positive feedback after they receive the service					
19	The service deliver processes takes short time					
20	I actively participated in work meetings and training					
21	I was able to perform my work well with minimal time and effort					
22	My supervisor is a team player					
23	I am given the needed support by my supervisor to builds team spirits					