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**The Department of Public Administration and Development
Management**

**Public Service Leadership Style and Organizational Performance in
Public Organization in the Case of Ministry of Finance**

BY:

Asnake Yeshanew Gessesse

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Addis Ababa Ethiopia

**Public Service Leadership and Organizational Performance in
Public Organization in the Case of Ministry of Finance.**

**By:
Asnake Yeshanew Gessesse**

**Advisor Name:
Elias Berhanu (PhD)**

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Addis Ababa Ethiopia**

Declaration

I, Asnake Yeshanew, hereby declare that the thesis entitled ‘Public service Leadership and Organizational Performance in public organization in the case of Ministry of Finance’ s my own original work and has not been submitted for any degree in any other University. It is offered for the award of the degree of Master of in Public Administration and Development Management Specialization in Development Management Excellence from Addis Ababa University.

Name: Asnake Yeshanew

Advisor Name: Elias Berhanu (PhD)

Signature_____

Signature_____

Date _____

Date _____

Certification

This is to certify that this study that the thesis prepared by Asnake Yeshanew Gessesse entitled “Public service Leadership and Organizational Performance in public organization in the case of Ministry of Finance” Submitted in partial fulfillment of the Requirements for the Degree of Master of Arts in Public Administration and Development Management at Addis Ababa University College of Business and Economics complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Advisor _____ Signature _____ Date _____

Internal Examiner _____ Signature _____ Date _____

External Examiner _____ Signature _____ Date _____

Chair of Department or Graduate program Coordinator

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ACRONYMS

ANOVA	Analysis of Variances
COMI	Commitment
COM	Communication
HRM	Human Resource management
IC	Individualized consideration
II	Idealized Influence
IM	Inspirational motivation
IS	Intellectual stimulation
LFL	Laissez-faire Leadership
MLQ	Multi-Factor Leadership Questionnaire
MOF	Ministry of Finance
MOTI	Motivation
ORG	Organization
SPSS	Statistical Package for Social Sciences
TFL	Transformational leadership
TRL	Transactional leadership
WOE	Working Environment

Abstract

This study examines public service leadership style and organizational performance in public organization in Ministry of Finance. The study used quantitatively and qualitatively approach with descriptive linear regression method to determine the effect of leadership styles on organizational performance. The data were collected using Multi-factor Leadership style Questionnaire (MLQ) and Organizational Performance Questionnaire. The multi leadership styles of transformational, transactional and laissez faire were considered with organizational performance (OPQ). The population of the study is comprised 164 staffs of Ministry of Finance (MOF).

Simple random sampling techniques was used in this research. Both Descriptive and Inferential statistics were applied and the major statistical tools used were frequency, percentage, mean, standard deviation, an independent samples t-test, Pearson correlation and multiple regression analysis

To this end, transformational leadership explained 56.3% of variance of organizational performance. The findings of the study revealed that transformational leadership style has significant and positive correlations with affective and continuance on organizational performance.

Finally, it was recommended that leadership Development Strategies should focus over all communication plan development, working environment commitment and motivation needed to equip the entire staff. The strategy needs to show the direction towards criteria to compete for the Public service leadership and organizational performance in public organization, array in Ministry of Finance. Lastly the study identified area for future research.

Keywords: Transformational Leadership, Transactional Leadership, Laissez Faire Leadership, Organizational Performance, Public Sector.

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CHAPTER ONE

INTRODUCTION

1.1. Back ground of the Study

Leadership is the action of equipping and developing of followers, as well as providing direction on issues and deployment of resources towards an organization's goals and objectives (Daft, 2015). The performance and sustainable success of organizations rests on the leadership. Daft mentions that there exist different types of leadership, such as visionary, charismatic, transactional, autocratic, and transformational. Organizations, as well as individuals, both have goals and objectives that they exist to pursue in line with their vision and mission. The realization of these goals, and or objectives comes through great effort, which leadership must put into consideration.

Mohammad (2011) carried out a study on the relationship between managers' leadership style and health sector employees' job satisfaction in Turkey. In their findings, they reported that the world of work and business is quite competitive, and as such, efficient achievement of goals and objectives is directly linked to how well an organization/firm's leadership consistently performs, and the style of leadership deployed. Organizations set goals or objectives being excellence in all activities by using employees' effort to motivate and inspire them. In this regard, the main purpose of leadership in organization is motivating, inspiring, initiating and shaping employee behavior to achieve the goals of the organization (Dave et al., 1999). Most scholars and authors agreed on a commonly accepted definition of leadership is a process used by an individual to influence a group of members or followers toward a common goal (Bass, 1990) and (Howell and Costler, 2001). One of the major determinants of influencing followers and effective goal achievement is the appropriate leadership styles practiced in organizations.

In this regard, leadership practices can be considered as effective if there is achieving excellent group performance, outstanding employees' satisfaction and greater reputation of large scale change in organizational structures (Nahavandi, 2011). This implies that, how important leadership practice is in an organizations, the existence of sound leadership practices in organization is the result of goal achievement, followers' satisfaction and over all organizational change. Thus, leadership practice is a human cognition cannot be easily understood, simply it is a

function of mental capacity because sense-making is assisted (and inhibited) by the dynamic/complex situation in which it takes place (Resnick, 1991).

Koontz and Donnell (1993) define organizational performance as the ability of an enterprise to achieve. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). Alam et al (2001) also observe that firm performance is a multidimensional construct that consists of four elements: customer-focused performance, including customer satisfaction, and product or service performance. The major problems related to the performance of the organizations and good governance are related leadership. This problem is more critical for developing countries like Ethiopia. The researchers like Mesfin (2006) and Tesfaye (2009) has discussed the importance of leadership effectiveness in leading changes and the challenges of Ethiopian leaders at different levels in aligning the organizational strategy to the performance with gaps to be filled.

Ethiopia, urgently engaged to implement three interdependent hierarchies of goals: millennium development goals, its own long-term vision and the country's GTP. To this end, the country has designed different strategies to improve the capacity of leaders in the public service organizations. To address the leadership problems that had existed in the country for many years significant policy changes have been introduced (Getachew and Rechard, 2006). CSRP (Civil Service Reform Program) and Under its umbrella, different reform initiatives like BPR, BSC, and currently building development /reform army in the public service organizations have been implemented since 1994. Leadership requirement in today's organizations in Ethiopia's perspective is very important to meet the global business challenges. Leadership is the heart of any organization, because it determines the success or failure of the organization.

(Zerihun Duressa 2014) investigate the extent of leadership effectiveness in Ethiopian public service organizations at federal and regional levels. The Finding are lacking visionary leadership, and the accountability relationship between government and public service providers has not been clarified and recommended to develop leadership development program that can initiate system based thinking in order to realize the vision of the country. However, there are possible ways of enhancing organizational performance leadership for effective performance in the other factors such as good office equipment, insufficient funds, poor work environment and others are

some of the variables that hamper the performance and also the leadership should be effective enough to recognize the needs of the workers, employ appropriate motivational tools such as promotion of staff based on merit, skills, provide suitable work environment and to ensure free flow of information, personal recognition as well as research and development.

Public sector leaders must come up with strategies that can inspire workers to go beyond their stated job requirements (Bass & Riggio, 2010). Such strategies will create a high-performance oriented workforce, which is vital for public sector and organizations to grow. Innovative strategies does harness human capabilities, talents and uprightness in employees, which are vital leadership attribute (Sparer & Brown, 2012).

Vardiman et al. (2006) argue that leadership style play a major role in any organization as they are the key element for innovation, reaction to changes in markets and environments, and can effectively address challenges and maintain high performance. In Vardiman et al.'s (2006) view, leadership is not about power and control, it is the approach that differentiates one person from another. The good leader, with his followers' involvement, decides the best way to achieve the common goal. As Elearn (2008) argues that this does not mean that leaders will turn their back on their responsibilities; they will still plan, make decisions and be accountable for these decisions, but at the same time, maintain his team's high self-esteem.

According to Michie & Zumitzavan (2012) leadership largely contributes to organizational effectiveness and it is defined as "the capability of the manager to direct, inspire and motivate their employees to produce greater work than their normal level of performance". The level of organizational productivity is highly affected by leadership style. The key issue is that leadership is important therefore we need to consider what effective leadership is; thinking of leadership as styles is one way to consider the effectiveness in leadership.

According to Hui-Chin & Tsui-Yang (2012), leadership mainly focuses on inspiring and encouraging team activities in the direction of achieving their own, or the organization's, goals. When leadership is assigned based on non-merit based criteria, acceptance of the leadership put into question, sound leadership will be at stake, employee participation will be hindered and as a result performance of the overall organization will be negatively affected Skoogh (2014). Such appointments with inappropriate leadership style widen the communication gap among top,

middle and lower level management and other employees as a whole. In addition, it might lead some new initiatives to be neglected or might be abandoned altogether. Non-merit based leadership appointment and the absence of articulate leadership style have affected the performance of public organization.

(John edoka, 2012) impact of effective leadership on organizational performance in Nigeria using National Youth Service Corps Kogi State office. This finding conforms with what Etuk (1955) says that the failure or success of any organization is due to the leadership styles adopted in managing the organization, which affects the subordinates, the customers and other agencies within and outside the organization and also recommended the same as (Zerihun Duressa 2014) develop leadership development program that can initiate system based thinking in order to realize the vision of the country.

Some argue that the leader should not be expected to attain higher standards of excellence in an environment where there are no standards in the first place. However strong this argument might be, it is also an often observed fact that many are not meant to assume leadership positions and therefore should not be expected to produce any substantive, above-average results. In other words, not only is the lack of articulate leadership principles but also the very capacity of the individual managers assuming leadership positions that are often causing damage instead of contributing to the achievement of organizational objectives. How fit are our leaders to take up such responsibilities with huge ramifications?

It can be reliably said that public sector reforms in Ethiopia began from 1990 with the implementation Program. There were earlier attempts at reforms, but the effect of such reforms have not yielded satisfactory outcome on performance of the public sector organization. For any initiative to bring about the intended changes and sustainable reforms, the leadership must be transformational in their style. Thus, when attempts at reform processes do not yield the intended outcomes, it can certainly be attributed to the type of leadership in practice.

Leadership styles that involve human interaction and encourage participative decision-making are related positively to developing the skills essential for knowledge acquisition (Lumley et al. 2011). The supervisor's behaviour could influence the organizational nature of the work. By establishing specific goals, providing feedback on progress towards these goals, and emphasizing desired behaviour, leaders raise the motivation and communication of employees (Lumley et al.

2011). In Ethiopia, various studies have made a compelling argument for the need to improve the organizational performance of the public sector, but ignored the need for leadership style in the public organization.

This research therefore was aimed at bridging the knowledge and policy gap by answering the question: What is the relationship between leadership style and organizational performance of ministry of Finance in Ethiopia? Secondly, none of the studies reviewed was conducted in public organization and thus this also presented a gap filled by the study.

1.2 Statement of Problem

Leadership is seen as the source of organizational success and the key determinant of organizational performance, and lack of appropriate leadership is attributed for poor performance at business and even national levels (Storey, 2005). Accordingly, there is appositve relationship between leadership style and organizational performance (Edoka, 2012). This indicates that the success or failure of the organization depends on leadership style that determines the organizations performance. Studies on organizational leadership have grown in tandem with the development of large-scale industrialization and during the last century systematic research has also been driven by two world wars. Because of this, there is much debate about leadership and a variety of theoretical frameworks influence the theory of organizations (Albrecht, 2011).

Most organizational theorists agree that leadership style is one of the most important contributors to overall organizational performance success. However, the common problem in most public service organizations is to identify what leadership is and what leaders do to ensure team and organizational success is less well understood. Abah (2012) argued that a combination of an activist political and organizational leader is the key to unlocking public-sector-driven reform success. Abah's position appears to have received support from findings of earlier studies of atypical organizational performance in governance states or environments lacking the requisite state institutions for upholding the rule of law and other democratic structures of social accountability. Earlier research (Leonard, 2008) highlights several interrelationships among factors of organizational effectiveness and identified effective leadership as having a key role in the perceived atypical organizational performance in a developing economy context.

The need for activist leadership in contemporary governance is underlined by the increasing complexity in the public sector. Public-sector leaders as change agents, visionaries, and idea champions (Bahnareanu, 2012) must constantly adapt to political and environmental changes, while guiding followers to deliver higher performance in public service delivery. Leadership in the public sector is aimed at promoting institutional adaptations in the public interest. This is not a value-neutral endeavor, but should be geared toward positive support of the need to promote certain fundamental values at the heart of good governance (Organization for Economic Co-operation and Development, 2001)

A modern civil service system in Ethiopia has a long history. A Western style of administrative system is believed to be introduced during the reign of emperor Minilk II in 1907. Since then, the Ethiopian public administration system has gone through a series of reforms on different fronts. The civil service reform program is one of the reform programs that the current government has seriously considered. As part of the civil service reform program, the public service delivery reform sub-program deals with the improvement of service provision in the country. Since this subprogram is embedded in other public administration reform programs, its success or failure has a huge impact on the overall performance of the public administration.

The government of Ethiopia gives due attention to enhance the leaders effectiveness by launching new change initiatives and new hierarchical transformation from centralized government to decentralized government to satisfy the citizen of the country. However, the study conducted on public sector organizations of Ethiopia revealed that the civil service reform implementation was ineffective due to the problems related with leadership in the public sector organizations (Gebre Miruts, 2015). Thus, this indicated that there were unresolved problems relating to leadership attitudes when applying leadership styles in public sector organizations.

According to Management Training & Development (MTD, 2010) the skill of leaders were very essential to motivate, inspire, challenge, encourage, and model the way to employees and to boost the performance of public sector organizations. Therefore, leadership skills are very important tools, behaviors and capabilities that a person needs in order to be successfully at motivating and directing others. With respect to this, leadership skills involves something more; the ability to help grow in their own abilities (MTD, 2010). Though, public sector organization leaders were not well equipped in transforming their organizations; the inefficiency of public

sector organizations leaders were manifested in lack of setting clear vision, poor coaching and not properly communicating are among the major problems (Melese and Zerihun, 2014). Accordingly, Qladipo et al. (2013) stated that the progress or failure of organization depends on the effectiveness of leadership.

Leadership requirement in today's organizations in Ethiopia's perspective is very important to meet the global business challenges. Schermerhorn, Hunt and Osborn (2000) maintain that leadership is the heart of any organization, because it determines the success or failure of the organization. Mills (2005) observes that without leadership, organizations move too slowly, stagnate, and lose their way. Without leadership a people quickly degenerate into argument and conflict, because they see things in different ways and lean toward different solutions. Leaders help reduce ambiguity and uncertainty in organizations, and therefore leadership helps to point staff in the same direction and harness their efforts jointly to achieve organizational goals. Charles Keating (1982) observes that Leadership is service in the sense that it seeks to meet the needs of one or of the group by performing needed functions. Sometime strong directive power is effective leadership such as when a group has lost its sense of direction or purpose. Sometimes the group needs to be encouraged and supported, at other times it may need to be re-oriented.

A leader has to make a commitment to the vision, to the organization, and to the members of the organization. Leadership also involves assuming a considerable amount of responsibility and risk (Mills 2005). According to Etemesi (2012) good leadership entails listening, getting time to understand and being prepared for the unexpected because that is what is expected. In Ethiopia the government has embarked on a series of reform programs in improving public service performance since 1994. With the new change of strategy and radical move, by the Government to implement a high level of decentralization strategies has required effective leadership.

However, the review of the Ethiopian Civil Service organizations performance undertaken in 2000, and 2006 highlighted a number of implementation deficiencies in terms of effectiveness, efficiency of the projects designed under this program. In response, Government tried to add a new initiatives like BPR, result oriented performance management system(ROPMS) which latter changed to BSC Reform Programs with the aim of developing, efficient and effective civil service through institutional reforms.

Furthermore, some researchers are of the opinion that the most common problems affecting organizational performance in Ethiopia public sector are poor attitude to work among the workforce, inefficiency and ineffectiveness of leaders in most places, others still belief that organizations in Ethiopia are managed through leadership styles. However, there wasn't any research conducted on public service leadership style and organizational performance in public organization to disclose leadership style in study area. These all problems were not only affect the public sector organizations efficiency and effectiveness but also it declines the satisfaction level of employees and public sector organizations customers in the study area. The investigation were verified the gap on how the leaders themselves know and utilize the concept and technique of leadership style practices & effectively manage the challenges to enhance government agendas to satisfy the needs of the citizen.

It is evident that several studies have been conducted on leadership styles. However, the context differed significantly. Studies done in Ethiopia mostly focused on testing the relationship between transformational leadership and employee performance or employee satisfaction within corporate sector organizations. Public institutions work in a very dynamic and competitive environment that requires prudent leadership. The context of these studies, did not focus on public organization. This presents a conceptual gap that the study will fill.

This further exposes the great need to understand leadership role in increasing organizational performance with the sector. The conceptual and contextual gaps presented form the basis of undertaking this study. Therefore, this study would be conducted to bridge the gap on the public service leadership style outcomes on performance in public organization in Ethiopia. Having this in mind, the researcher was initiated in examining the public service leadership style and organizational performance in the public organization practices and challenges finally to recommend possible solutions to fill the gaps of public service leadership style and organizational performance in the study area.

1.3. Research Questions

The research questions are as follows;

- i. What leadership approaches currently exist in public organization in Ethiopia, with particular reference to Ministry of Finance (MOF)?

- ii. How did the leadership style approach adopted by Ministry of Finance enhance organizational performance?
- iii. How could practiced the leadership style and challenges organizational performance?

1.4 .Research Objective

1.4.1. General Objective

The objective of this study was therefore to investigate the public service leadership styles and organization performance of public organizational in Ministry of Finance Ethiopia.

1.4.2. Specific Objectives

The study is guided by the following specific objectives:

- To understand leadership effectiveness on public organization.
- To determine the existing leadership style and its effect on public organization
- To explore how the adoption of leadership in the Ethiopian public organization could facilitate leadership for the promotion of productivity, efficiency, effectiveness and economic development of Ethiopia.
- The role that value plays in strategic leadership from Ethiopian perspective.
- To suggest aimed at supporting effective leadership in Ministry of Finance (MOF).

1.5. Significance of the Study

A study on public service leadership and organizational performance in public organizational practices and challenges is one important aspect of development research. Thus, the importance of this research can be pointed out from different beneficiaries view:

- The primary importance of the study would assist the policy formulating bodies and decision makers to give due emphasis to public service leadership and organizational performance in public organizational and devise different mechanisms in order to scale up and continuously upgrade the employees' expertise to improve organization's performance.

- The study areas would use it as a guideline to address problems and improve their understanding in the practices of public service leadership and organizational performance in public organizational and other organizations which have similar problems can also extrapolate its findings.

Finally, it might serve as a reference for further researchers for those who had an interest in relation to this area and it helps the researcher to acquire knowledge and skills.

1.6. Scope of the Study

The scope of the study covers only Ministry of Finance, Ethiopia. The research work focuses public service leadership and organization performance in public organization in Ministry of Finance while taking into consideration their immense ability to contribute to economic and national growth. It would limited to a critical, comprehensive understanding and working knowledge of public service leadership, leadership theories, decision making process, and public service leadership of the Ethiopian public organization. It would also explore the effects of negative leadership and its consequences, distinguishing it from bad leadership.

The target population was the Ministry of Finance and since this phenomenological study is located in a case study of Ministry of Finance, Ethiopia. The participants for this study were leaders at different levels and supporting staff in this organization, who have been permanently work with different departments.

1.7. Limitation of the Study

The study had its own limitation. Leadership theory that has been designed and digested in different sectors in the context of other countries. In addition, its history showed as tested mostly in education and health sectors. Though it has been applied in hospital system of other countries, it was not extensively researched. Also, this theory has never been tested in public organization in Ministry of Finance as far as the knowledge of the researcher. Therefore, these could limit the generalize ability of the findings of this study to the whole.

Researchers and scholars strongly agreed that inclusion of a large population size in the study could have a great value so as to get more credible information about any raised problem. However, conducting the research in more sites is impossible due to time, and participant

willingness constraints. Though, this will limit the generalize ability of the research findings of this study to the whole population.

1.8. Organization of the Study

The paper is organized into five chapters.

Chapter one is concerned with back ground of the study, statement of problem, objective of study, significance of study scope of study and limitation of study.

The second chapter deals with review of related literature.

Chapter three is about research design and methodology of the study.

Chapter four presents organization, analysis and interpretation of data and

Chapter five deals with summary conclusion and recommendation.

1.9. Definitions of Terms

Leadership: states that leadership is the capacity to influence others to the achievement of a common mission and goal. Leadership is about influence and that influence is a reciprocal process. Leadership can also be described as an opportunity to add value to people that one works with, thereby garnering voluntary followership while optimally fulfilling organizational goals within ethical and professional limits.

Leadership Style:-In this research it refers to the behavior pattern exhibited by the leaders of in Ministry of Finance, as they are trying to influence the employee in the organization.

Organization:- asocial unit of people that is structured and managed to meet need or purpose to pursue collective goals

Organizational performance:-as the transformation of inputs into outputs for achieving certain outcomes.

Performance:- represent the specific activities involved in a job which an employee are expected to done effectively in that organization.

Public Administration: Refers to all activities and processes carried out by public servants in the management and delivery of government policies and program to the populace. Henry (2015)

opines that public administration promotes the relationship between government and the governed, employing effective managerial practices to institute public policies to the benefit of the citizenry. Putting it simply, it is the translation of politics into reality.

Public Administrators: They are key players in the formulation, structuring, delegating & deployment of government strategies and policies. They have discretionary powers to implement these government policies as they deem fit within cultural, institutional and legal limits (Henry, 2015). Public administrators include politicians, public servants and technocrats responsible for driving government policies and implementing government agendas, they work in public departments and agencies, at all levels of government.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter presents the theoretical framework of the study as developed from a review of relevant literature and related studies. It includes concept of leadership, leadership theories, leadership styles, public leadership and organization performance.

2.2. Concept of Leadership

Leaderships can be of many facets and they differ in effectiveness in terms of consequences of their actions towards internal and external stakeholders. Since organizations today are faced with many challenges, especially with the constant changes in technology, economic, social, political and legal conditions and internal processes, flexibility is required in resource utilization and in the promotion of continuous learning (James & Collins, 2008; Leavy & Mckiernan, 2009). Therefore, there is a need for leaders in organizations to contribute not only in terms of knowledge or ideas but also in making right decisions and responding to the changes. Main reasons is the extensive number of definitions for this term. The earlier definitions of leadership focus on group process and movement, personality in action. The recent definitions conceive leadership in terms of influence relationships, power differentials, persuasion, influence on goal achievement, role differentiation, reinforcement, initiation of structure, and perceived attributions of behavior that are consistent with what the perceivers believe leadership to be. Therefore, leadership in the organizational performance context in this study is related to the person who is appointed by the organization or owner to follow up the whole or sub activities of the organization as well as the subordinates report to whom in the context of a work place relationship.

2.2.1 Leadership and Leadership Style

Although leadership has been well researched over the years, there is still lack of a definition that is universally accepted. Just like Stogdill (1974) puts it, “There are almost as many definitions of leadership as there are persons who have attempted to define the concept”. The following are a

few examples of such definitions Talat et al (2015) asserts that leadership is wide spread process, which calls for authority, responsibility and delegation of power. Leaders help to direct, guide and persuade their followers (employees) towards achieving their organizational goals and objectives. Thus, leadership styles cover all aspects of dealing within and outside of an organization, handling or dealing with conflicts, helping and guiding the workforce to achieve and accomplish their tasks and appearing as a role model for all. According to Kumar (2014) “leadership is leadership is defined as a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent”. These are accomplished through the application of leadership attributes, such as beliefs, values, ethics, character, communication skill, knowledge, and skills. Leadership is the integrated sharing of vision, resources, and value to induce positive change. It is the ability to build up confidence and zeal among people and to create an urge in them to be led. Leadership as a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals and therefore a leader is a person who delegates or influences others to act so as to carry out specified objectives.

Leadership as process by which an individual influences the thoughts, attitudes and behaviors of others by taking responsibility for setting direction for the firm, others to see and visualize what lies ahead and figure out how to archive it. In Sundi (2013), “Leadership is the ability to convince and mobilize others to work together as a team under his leadership to achieve a certain goal” Leadership is the influencing process of leaders and followers to achieve organizational objectives through change Lussier and Achua (2009).

Leadership is the process of motivating, influencing and directing others in the organization to work productively in the pursuit of organization goals. Armstrong (2003), leadership is simply the ability to persuade others willingly to behave differently for achieving the task set for them with the help of the group. Leadership, according to Levine and Crom (1994), “is about listening to people, supporting and encouraging them and involving them in the decision-making and problem-solving processing. It is about building teams and developing their ability to make skillful decisions”.

Conger (1992) define leadership as “individuals who establish direction for a working group of individuals who gain commitment from these group of members to this direction and who then

motivate these members to achieve the direction's outcome". Basically every leader has a different behavior in leading his followers. It is called leadership style.

Cuadrado et al (2007) described leadership style as consistent set of behaviors /patterns, proposing two dimensions in leaders behavior, structure initiation which includes task oriented leaders and consideration which includes relation oriented leaders. Leadership style as a leader's style of providing direction, motivating people and implementing plans. Leadership styles are seen as approaches that leaders use when leading organizations, departments, or groups (Mehmood & Arif, 2011) Leaders who search for the most effective leadership style may find that a combination of styles is effective because no one leadership style is best (Darling & Leffel, 2010).

A well-directed employee is a focused employee in terms of expectations and organizational goals, such individual tend to understand product knowledge, procedures and processes, any time we develop our employees we give them the power and the ability to produce and give their best to the organization hence increased productivity. Leadership style application is determined by leaders themselves. If leadership style applied is good and can give a good direction to subordinates, then it create confidence and work motivation to employees, thus increasing employee morale which also effects on better organizational performance. Leaders must work together with subordinates/employees to achieve better performance. In his research, organizational performance is very influenced by leadership style.

2.2.2 Traits and Behavioral Theory

The trait perspective was one of the earliest theories of leadership in the 1940's which assumes that great leaders are born with distinguished personality traits that make them better suited for leadership and make them different from other people or their followers. Stogdill's (1948) survey of the leadership literature came up with the most comprehensive list of traits. Stogdill's observation that leadership situations vary significantly and place different demands on leaders, destroyed trait theory, leading to the emergence of situational and behavioral approaches.

Behavioral theories of leadership state that it is the behavior of leaders that distinguishes them from their followers. It focuses on the actions of leaders rather than on mental qualities or internal states with the belief that great leaders are made, not born. According to this theory,

people can learn to become leaders through teaching and observation. Behavior theories examine whether the leader is task oriented, people oriented, or both. Studies conducted at the University of Michigan and Ohio State University in 1945, established two major forms of leader behavior namely: employee-centered and production-centered (Hersey and Blanchard, 1988).

The Michigan University research identified two leadership styles: employee-centered and production-centered/task oriented.

Employee-centered/people centered/leadership style: focuses more on treating subordinates as human beings, encouraging them in goal setting, and shows concern for their well being.

Production-centered/ task oriented/leadership style: emphasizes more on the technical aspects of a job, work standard, close supervision, considering employees as tools in the production process. The Michigan University research prescribed employee-oriented style of leadership increase productivity. They contended that supervisory controls and production- centered leadership style will be frustrating to the employees, affects their morale leading to unsatisfactory performance on the job.

The Ohio State University studies identified two leadership behaviors: Initiating structure and consideration.

Initiating structure: refers Initiating structure to the extent to which the leaders structure and define the activities of subordinates so that organizational goals are accomplished.

Consideration on the other hand, refer to the ability of the leader to establish rapport, mutual respect and two-way communication with employees. The leader is friendly, approachable, and listens to the problems of employees and allows them to suggest.

The Ohio State University researchers hypothesized that the most effective leadership style would be the one that gave high concern for both consideration and structure. Thus, a high consideration and structure style was associated with high performance and employee satisfaction.

2.2.3 Situational and Contingency Theory

Contingency theory is an approach to leadership in which leadership effectiveness is determined by the interaction between the leader's personal characteristics and aspects of the situation. Contingency theories are based on the assumption that the relationship between leadership style and organizational outcomes is moderated by situational factors related to the environment, and therefore the outcomes cannot be predicted by leadership style, unless the situational variables are known (Cheng and Chan, 2002).

Three models exist in this leadership approach: Fiedler's (1967) co-worker theory, House's (1971) path-goal theory, and Hersey and Blanchard (1969) situational leadership theory. From this approach and the three models no leadership style is best in all situations. Success depends upon a number of variables, including the leader's preferred style, the capabilities and behaviors of the followers, and aspects of the situation. Effective leadership requires adapting one's style of leadership to situational factors, and control is contingent on three factors namely the relationship between the leader and followers, the degree of the task structure and the leaders' authority, position or power.

2.2.4 Transformational and Transactional Theory

Over the past twenty five years, a large body of research has emerged around transformational – transactional leadership theory. Transactional theories focus on the role of supervision, organization and group performance and they base leadership on a system of rewards and punishments for meeting particular objectives. The type of transaction, whether a reward or discipline, depends on the performance of the employee. Bass (1985) as cited by Chan (2005) theorized the transactional leaders appeal to the subordinates' self-interests. Transactional leaders attempt to meet the current needs of their subordinates through bargaining and exchanging. Both leaders and followers focus on achieving the negotiated performance level. Transformational theories focus upon the connections formed between leaders and followers.

Transformational leadership is the leader's ability to motivate followers to rise above their own personal goals for the greater good of the organization (Bass, 1985, 1996 as cited by Murphy & Drodge, 2004). Bass (1985) theorized the transformational style of leadership comes from deeply held personal values which cannot be negotiated and appeals to the subordinates' sense of

moral obligation and values. Bass declared there were four types of transformational leadership behavior, namely idealized influence (charisma), inspirational motivation, individualized consideration, and intellectual stimulation.

2.3. Leadership Style

One of the most prominent formats for classifying and studying leadership includes three styles transformational, transactional and laissez-faire leadership style. The present study uses charismatic leadership approach to identify the leadership style of public managers. In this approach, leadership is conceptualized by the behavioral areas from laissez-faire style (non-leadership), through transactional leadership (which hinges on reward system and punishments), to transformational leadership (which is based on inspiration and behavioral charisma) (Bass and Avolio, 1993).

2.3.1. Autocratic Leadership Style

Autocratic Leadership refers to an extreme form of transactional leadership, where a leader exerts high levels of power over his or her employees or team members. People within the team are given few opportunities to make suggestions, even if these would be in the team's or organization's interest. The Authoritarianism concept was developed by the psychologist Adorno during World War II to measure susceptibility to autocratic, fascistic or anti-democratic appeals. After that, the concept was extended to the human personality.

According to Cherry (2010: 31), the autocratic leader alone determines policy and assigns tasks to individuals without any consultation with them. Subordinates are expected to carry out the leader's directives without question and the leader rules by decree. This type of leadership is also known as coercive, dictatorial, directive, dominating or authoritarian. They all look at authoritarian leadership style as characterized by a rigid rules system and an expectation of obedience to authority. It limits employee participation in decision-making.

2.3.2. Bureaucratic Leadership Style

Bureaucratic leaders "work by the book", ensuring that their staff follow procedures exactly. This is a very appropriate style for work involving serious safety risks (such as working with machinery, with toxic substances or at heights) or where large sums of money are involved (such

as cash-handling). The traditional power, derived from a leader's position in a bureaucratic, hierarchical structure, becomes obsolete and effective leaders who work from the "inside out" to transform their organization and workers end up failing (Pinar et al, 2008: 72). The job of the transformational leader is not to make every decision within the organization, but to ensure that collaborative decision-making occurs (Yutchman, 2007: 377). This type of leadership motivates individuals to work together to change organizations to create sustainable productivity. However, with bureaucratic leadership, decisions are made on behalf of employees.

2.3.3. Democratic Leadership Style

Although a democratic leader will make the final decision, he or she invites other members of the team to contribute to the decision-making process. This not only increases job satisfaction by involving employees or team members in what is going on, but it also helps to develop people's skills (Kouzes et al, 2003: 32). Employees and team members feel in control of their own destiny, and so are motivated to work hard by more than just a financial reward. In addition, it can be most suitable where team-working is essential and quality is more important than market or productivity. However, the leader maintains the final decision making authority. Using this style is not a sign of weakness; rather it is a sign of strength that your employees will respect you (Arvantis, 2009: 39). This is normally used when you have part of the information, and your employees have other parts. Note that a leader is not expected to know everything; this is why you employ knowledgeable and skillful employees. Using this style is of mutual benefit; it allows them to become part of the team and allows you to make better decisions.

Cherry (2010: 49) asserts that a participative leadership style has a greater influence on the positive commitment of subordinates than an authoritarian (task-oriented) leadership style. He further asserts that leadership styles of leaders play an important role in increasing employees' positive attitudes. Leaders influence followers' organizational commitment by encouraging them to think critically, 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 (Cherry, 2010).

2.3.4. Laissez Faire Leadership Style

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership, (laissez-faire style) North house (2001). Many researchers have tested it and have found it to be valid and reliable to explaining how effective leadership can be achieved. It stresses the importance of focusing on inter personal relationships between the leader's style and the demands of various situations and employees. Under this type of leadership maximum freedom is allowed to subordinates. They are given freehand in deciding their own policies and methods and to make independent decisions..

2.3.5 Charismatic Leadership Style

Charismatic leadership is through charm, communication abilities and persuasiveness. Charismatic leaders are driven by their conviction and commitment to a cause. There are similarities with transformational leadership but for audience and focus. Charismatic leaders often try to make the status quo better sometimes exhibiting elements of self-sacrifice and heroism while transformational leaders focus on transforming organizations into the leader's vision (Spahr, 2016). As earlier noted in the transformational theory, the use of coercive power by charismatic leaders can pose significant risks for psychological damage in organizations (Camm 2016).

2.3.6. Transactional Leadership Style

In transactional leadership all things are seen with the overall amount of benefits the individuals get and the relationship between the leader and disciples is speculative based on exchanging one thing for another. (Bass, 1985; Bysio et al, 1995; Avoilio, 1999; Yuki, 2002). Transactional leadership, also known as managerial leadership, pays attention to the social interactions and transactions between leaders and followers. It focuses on supervision, organization, and group performance. Transactional leadership can be described as a style of leadership in which the leader champions compliance of the followers through both reward and punishment. Opposing transformational leadership, transactional leaders would rather keep their current situation because they are not optimistic about change in the future. They are faultfinders, since they always find a way to track faults in the employees.

Transactional leadership is better adopted in crisis and emergency situations, as well as when work is needed to be carried out in a specific mode. Transactional leaders conduct their business by identifying the needs of their followers and donating rewards satisfying these needs for positive performances (Arnold, 1998). The leader's freedom to act is constrained by the followers' perception of the leader. Followers will only show the demanded behaviors when they experience a certain authority over them and when there are possibilities for rewards (Bass, 1985). Leaders motivate their subordinates through observing their performances and reacting to errors and failures. A transactional leader is aware of the needs of his or her followers and facilitates negotiation with them so as to meet the overall need of the organization or group. A transactional leader will do all the tasks with his followers to meet the final organizational goal. The following dimensions of transactional leadership have been identified as contingent reward, management by exception—active, and management by exception—passive.

Contingent reward is the degree to which a leader arranges constructive transactions with followers. The leader is very clear about his or her expectations and he or she establishes rewards in order to promote better performance. The leader clarifies what is expected from his or her followers by showing them what they might receive if they perform as desired.

Active management by exception is another theoretical concept used. This type of concept is shown when a leader takes corrective action against his or her employees based on their poor performance. Before creating any serious problems, active leaders control follower behavior, predict problems, and make corrective adjustments along the way. Active management by exception is another theoretical concept used. Before creating any serious problems, active leaders control follower behavior, predict problems, and make corrective adjustments along the way.

Passive Management by Exception method intervene only when performance is not in accordance with expectations. Punishment is used simply as a reaction to unacceptable performance. Leader waits until the behavior has already created problems before taking any action. The leaders often avoid having to make any decisions at all. These leaders implement their adjustments after problems have occurred. Their ultimate goal is simply to maintain current performance levels.

2.3.7 Transformational Leadership Style

Under this type of leadership approach, individuals normally feel belongingness and sense of purpose. Both the leaders and subordinates have interdependence and share common interest and believe among themselves. They exceed their personal interest and anticipate in return compliments of the firm and group. Involvement of norms values and believes of transformation into the teaching of leaders and followers in same culture are due to the personal requirement to assist new individuals understand and fit into their customs. From the wide range of behaviors, there are collective norms that is adjusted and to make an effect on the external amendments within the firm's environment (Bass, B and Avolio. H,1990).

Bass et al. (2003) further explain that transformational leaders pay attention to building the capacity of their subordinates by encouraging and fostering cooperation among them. They also strengthen the moral values and attitude in them. Most often in organizations, the employees build up a high level of expectation and assurance in such a leader. Hence, the employees have the pride to be recognized with the leader and then establish a firm platform of loyalty to them. Others argue that transformational leadership promotes potential improvement yielding personal dedication at a high rate among the subordinates to attain organizational objectives. Transformational leadership takes place when the interest of followers are hold in high esteem and enhanced by leaders and also create the responsiveness and approval of the aim and mission by making the followers to be foster ahead from personal motive for the betterment of the whole group. Collectively, the dedication and potential operates to pave the way for enhanced level of productivity and quality (Lok. P & Crawford. J,1999).

Again Bass (1997) continue to state that the aim of transformational leadership is to 'transform' people and organizations in a literal sense – make change in their mentality and broaden vision, insight, and gain the understanding; spell out purposes; enable behavior fitting with beliefs or values; revealing changes that are permanent , self-perpetuating, and momentum building. generally, according to Bass (2003) transformational leadership approach exhibits the following attributes: which are idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, self efficiency, trust in management, meaningful work and organizational and occupational identity. All these factors contribute to employee well-being and organizational performance.

2.3.7.1. Idealized Behavior

This component refers to the charismatic actions of the leader that focuses on values, beliefs and a sense of mission (Avolio, 2003). These charismatic actions include talking about his/her important values and beliefs, emphasizing the collective mission and purpose as well as considering the ethical implications of his/her decisions. Avolio and Bass (1991) used the term charisma to refer to idealized influence or in other words being influential about ideals. At the highest level of morality, are selfless ideal causes to which leaders and followers may dedicate themselves.

2.3.7.2 Idealized Attributes

This refers to whether or not the leader is seen as charismatic, powerful and confident and if the followers would like to be associated with him/her. It is the attribution –followers give to their leader. Bass and Avolio (2000) states that idealized attributes includes socialized charisma of the leader where the followers feel trust, admiration, loyalty and respect of the leader. Trust is earned by the willingness to take personal risks and consistency in deciding and behaving. It involves instilling pride in others, going beyond self interest, displaying a sense power and respecting others. Making personal sacrifices and availing resources to others is also an integral part idealized influences.

2.3.7.3. Idealized Influence

Idealized behavior and idealized attributes are normally combined and are referred to as Idealized influence. Idealized influence is displayed when a leader envisions a desirable future, articulates how it can be reached, sets an example to be followed, sets high standard of performance and shows determination and confidence. Followers want to identify with such leadership. Avolio and Bass (1991) used the term charisma to refer to idealized influence, or in other words being influential about ideals. At the highest level of morality are selfless ideal causes to which leaders and followers may dedicate themselves. Idealized influence also refers to the socialized charisma of the leader, whereby the followers feel trust, admiration, loyalty and respect for the leader (Bass and Avolio, 2000). Idealized influence could also be defined as the capability to act as a role model whereby the leader becomes admired, respected and trusted. Trust is earned by the willingness to take personal risks and the consistency in deciding and

behaving. Idealized influence is further divided into behavioral idealized influence and attribution idealized influence. This dimension of transformational leadership refers to those leaders who have a high personal regard and who engender loyalty from followers. Leaders who apply idealized influence set the tone for moral and ethical decision making and encourage followers to outperform their own expectations for the greater good (Avolio and Bass, 1994).

Vision Articulation

A leader should see more than what is seen by others. An important leadership trait is that they should be able to come up with a transformational vision. Leaders that are transformational are aware that a well-developed vision which is crafted and shared in the right manner can lead to a change in an individual, a team or to an entire society (Udoh & Agu, 2012). If a leader is able to effectively define the vision and also clearly communicate it to the followers, the followers will clearly understand the vision and also come up with ways to contribute to achieve the organization's vision. Leaders who are transformative encourage their followers to experiment, take risks and come up with innovative ideas. Leaders are vision driven and are not satisfied with the status quo (Mutahar *et al.*, 2015). They might successfully complete a challenge but they often will start looking at another challenge to tackle. An important role of a transforming leader is his or her ability to communicate shared ideas, vision, beliefs and values in both an enthusiastic and exciting manner. A passionate leader is able to inspire his followers, encourage them and promotes enthusiasm (ElKordy, 2013). Workplace healthy relationships enable the leader and his followers to clearly communicate the shared vision and also support it. When the firm workforce uses shared values, then the nature of their relationship improves and makes it easier to successfully achieve the shared vision. Such relationships cultivate a shared mutual collegial and collaborative environment (Erkutlu, 2008). One characteristic of transformational leaders is that they are informal and friendly. They are supportive to their juniors, give advice, treat them as equal and give constant encouragement. In their relationship with their followers, they fully engage one another to commonly achieve the organization's shared vision.

An organization vision is the ideal future state of the firm which is in form of mental images, descriptions and ideas. The vision is a guide to what the firm is expected to become rather than a description of what it is currently. Research on an organization vision often clarifies the

differences and similarities between a organization's vision and other almost similar concepts such as a organization's strategy and mission. Garcia-Morales, Llorens-Montes and Verdu-Jover (2008) research on different theories and scholars show that a vision compared to a strategy has a longer time span. Visions have also been shown to focus on change and innovations related to constructs like strategies. Visions that are based on shared ideals and values have been shown to help leaders persuade their followers to pursue the ideal vision of an organization with increased zeal such that both the personal and organizational performance improves (Hancott, 2014). The vision of the firm has been shown to be associated with employee creativity, achievement, inspiration, the innovation of the team and these affect the performance of the firm.

2.3.7.4 Intellectual Stimulation and Organizational Performance

Transformational leaders frequently demonstrate innovative problem solving orientations. They accomplish this by challenging the status quo and encouraging their followers to create innovative solutions and alternatives to current practice. This dimension of transformational leadership thrives within a supportive climate where creativity and innovation are crucial for the leader's ability to arouse within followers an awareness of problems and recognition of their own beliefs and values (Bass and Avolio, 1995). Intellectual stimulation can also be said to be the degree to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders who have this trait stimulate and encourage creativity in their followers. Bass (1995) stated that the leaders who apply this dimension of transformational leadership challenge organizational norms, encourage divergent thinking and also push followers to develop innovative strategies. This helps in promoting intelligence, rationality and careful problem solving in followers, challenging followers to think creatively and to find solutions to difficult problems. Also intellectual stimulation encourages followers to question their own values, assumptions and beliefs and even of those of their leader. The leader welcomes the new ideas and solutions by the followers and this stimulates the followers to think about new ways for old problems. In this way, followers will be able to see and solve the unforeseen problems by the leader (Avolio and Bass 2004).

Mwesigwa and Namiyingo (2014) indicate that leaders who are open-minded tend to intellectually influence their subjects. Such leaders will want to challenge the norm and make a case out of every argument; this encourages their subordinates to intellectually challenge

themselves more. With more cognitive thinking, the people are able to gain more knowledge, which helps to better their lives. Transformational leaders are always in the fore front to challenge assumed information. They make sure that every bit of fact has been argued to satisfy its validity. Such leaders encourage people to think critically and make mistakes as it is the only way they are able to learn new ways of doing things. With such encouragement, employees are able to venture more into the unknown and hence discover new potential.

Creativity and Innovation In the modern era there are rapid changes in terms of technology, environmental conservation measures and channels of gathering information. These aspects have improved the consumer market. Thus, for organizations to attract customers they must come up with new and innovative ways that are unique and effective (Ul Hassan *et al.*, 2013). It is for this reason that an organization must invest more in employee skills because it is the only way to penetrate the modern market, which is very competitive. Linda (2012) emphasizes that without unique ideas innovation cannot take place. It is through these unique ideas that the organization can create a product in the market which introduces new services and products satisfactory to customer demand.

Leadership is one the most critical factors that influence creativity in any organization. Transformational leadership, in particular, has been singled out as the effective mode of management in promoting creativity. Quagraine (2010) argues that this kind of leadership motivates employees to improve their input in an organization. In addition, transformational leadership, challenges employees to aim higher and also to be ambitious

Ojokuku and Ogbomoso (2014) argue that this type of leadership definitely promotes creativity which in turn leads to innovative minds. This in turn positively influences the performance of an organization. It is therefore recommended that leaders in an organization should embrace this kind of leadership as it leads to positive results not only in an organization capacity but also in an individual capacity. Owolabi and Abdul-Hameed (2011) agree that transformational leadership is a leading factor in increased fulfillment among employees and improves their devotion towards the company. This eventually leads to higher and better performance by the employees. Khan, Rehman and Fatima (2009), points to the fact that it is the transformational leader that pushes the employee from focusing on self-interest, to focusing on the interests of the organization.

Creativity in an organization improves its credential, making it more reliable and providing room for growth. Such an organization is able to venture into new markets since it has the required support to do so. However, it is important to note that creativity without implementation is of no use in an organization hence organizations must tap creative ideas and turn them into meaningful products (Li, Mitchell & Boyle, 2016). Failure to take this initiative, an organization is likely to lag behind as the market turns to more innovative strategies. Motivation should be the first step as far as tapping of ideas is concerned. Without it, employees may not fulfill their potential, which basically means that organization performance will remain stagnant. For instance, the management can use transformational leadership to motivate workers to become more creative (Pradhan & Pradhan, 2015). Transformational leadership can therefore provide a platform for creativity based initiatives to prosper.

Employee Problem Solving and Critical Thinking: Solving of problems can be a very complex activity which requires special skills. The fact that cognitive and mental awareness is required in this task makes the problem more complex. All cognitive aspects are involved in problem solving. Therefore, depending on the structure of the problem the level of skills required varies greatly (Abbasi & Zamani-Miandashti, 2013). Organizations face different problems which may vary within an organization. While some may be similar in context, some will be hard to structure in the mind hence making them more complex when it comes to solving them. However, one problem can have several solutions, each of which will vary in terms of its effectiveness. It is therefore for the person solving the problem to decide which solution is best suited for adoption, although even this requires special skills (De Jong & Bruch, 2013).

Critical thinking can be described as the way a human being is able to go beyond the normal thinking without any outside interference and as a result arrive at a decision. This decision may represent his/her wishes, but it can be supported using facts (Sahin *et al.*, 2014). Critical thinking (CT) is more complex than the normal thinking. According to Bloom's taxonomy, there is a low degree of thinking which requires simple thinking ability. On the other hand, there are complex thinking degrees which require higher abilities of thinking. It is the combinations of these abilities that enable one to solve problems, think critically, visualize among other strengths. Critical thinking weighs heavily on complex thinking in that it requires a lot of abilities to come up with several solutions for one problem. Trmal *et al.* (2015) found that CT is mostly applied in complex fields such

as mathematical and scientific fields. When one applies critical thinking in coming up with solutions, he/she becomes more empowered and knowledgeable. There are three important cognitive skills which human beings use in their day to day lives. These include critical thinking, problem solving and creativity. It is through these skills that human beings remain competitive in nature. How well one is able to utilize them, determines the level at which one becomes successful in a particular situation (Choudhary, Akhtar & Zaheer, 2013). While it is one choice to extend those skills to others, when applied in a psycho pragmatic stage they influence positive performance in an organization since they help to create a psychological edge, which in turn translates to a more competitive self (Tharnpas & Boon-Sakun, 2015).

Followers Involvement in Decision Making: There are three categories of employee engagement in decision-making processes. These include level of influence given, direct-indirect and formal-informal category. When decision making follows a formal path, then there are usually set rules to abide to. In the case where informal approach is exercised, there are no set guidelines or rules. On the other hand, direct decision making requires physical appearance while in indirect decision making one can act in representation capacity. Choudhary *et al.* (2013) categorized employee participation in decision making into several levels namely informal, short term, consultative, employee ownership and work decision participation. Sahin, Çubuk and Uslu (2014) outlined consultative participation as one where employees provide their advice to the management upon which such advice is considered and an independent conclusion is arrived at by the management. In substantive participation the employees' advice must be considered in the final decision arrived at. Various studies show that there is a positive relationship between employee involvement in decision making and organizational performance.

The input of workers in the overall decision making of the organization is of great importance since it helps the workers to become more committed towards the organization. Means that it established that when employees are actively involved in decision making they become more satisfied and their morale increases, this leads to high performance at an individual level. Also, because of adopting suggestions and information from the employees the organization grows in production and also in market control. Being part of the decision-making process gives the employees a sense of ownership to the organization, which basically translates to more trust and responsible behavior. The cost of learning the organization is generally lower when the

employees are part of the decision making process. This is because maximum supervision is not required hence less human labor required. Also, there is a high yield in terms of the organization performance when employees are part of the decision-making process.

In the Ethiopia context, public organization should be improve the conducive environment for creativity and innovation is created when workers become part of the decision-making process. This makes the employees identify themselves with the organization hence they aspire to positively influence its production. In addition, leadership more cooperation and cohesion in the organization hierarchy when workers are involved in decision making.

2.3.7.5. Inspirational Motivation and Organizational Performance

Inspirational motivation refers to the ways leaders take to inspire the followers to achieve both personal and organizational goals. The leader may do that by looking at the future optimistically and enthusiastically by providing a realizable and acceptable vision with clear communication and by presenting followers ways to reach them. In return, leaders create meaning, challenge and motivation in the followers work (Avolio and Bass, 2004). Inspirational motivation describes the role of creating and communicating the purpose and the vision of an organization in order to energize and unify followers.

Avolio, (2004) explored the concept of visionary leadership and concluded that truly inspirational motivation requires a leader to have keen insight into the deeply held hopes and values of her/his followers. In order to mobilize positive action, the leader's vision must resonate with the private earnings of others. This refers to the way in which transformational leaders energize their followers by articulating a compelling vision of the future thus creating enthusiastic excitement, raising followers' expectations and communicating confidence that followers can achieve ambitious goals (Bass and Avolio, 2000). Inspirational Motivation pertains to the ability of the transformational. leader to create an inspiring, motivating, convincing and attractive future vision. By the use of symbols and the display of optimism and power, leaders are able to encourage followers' belief in their ability to perform. This is achieved by using symbolic actions and persuasive language. It also refers to leaders with a strong vision for the future based on values and ideals.

When a leader is motivated inspirationally, he or she is able to exhibit confidence, respond positively to his or her follower's thoughts and ideas and he or she is also able to motivate the followers (De Jong & Bruch, 2013). A transformational leader comes up with a vision that is clear, meets the group expectations and is also committed to meeting the laid out group objectives. Transformational leaders have quality communication skills since they are expected to communicate in an accurate and powerful manner. Additional leadership characteristics that are important include eagerness, enthusiasm and the ability to articulate organization goals and vision (Sahin *et al.*, 2014).

Inspirational motivation suggests that leaders need to communicate their high expectations to their followers. They should also motivate and inspire them by giving

them meaning and challenging them to come up with a shared vision for the firm. Additionally, transformational leader's inspirational appeal encourages the followers to put in their best effort in terms of good work, harmony and charity in their tasks. According to Abbasi and Zamani-Miandashti (2013), the followers are encouraged by their leader to have a teamwork spirit which makes them eager and cheerful when articulating their firm's goals. Li *et al.* (2016) notes that relating organization goals to personal goals makes it attractive to followers to achieve their organization goals so as to achieve their individual goals. The leaders see problems and threats as opportunities for both achieving individual goals and also as learning opportunities. Such leaders often use appealing symbols and words. For example, Martin Luther King's words "I have a dream...", John F Kennedy's words "Ask not what your country can do for you ... ask what you can do for your country" and Winston Churchill's words "We will fight them on the beaches". The use of such inspirational words motivates people to add in extra efforts in their work. This enables the staff of any organization to work hard to achieve not only their personal goals but also their organization goals.

Employee Motivation: Any firm's or enterprise's success depends largely on the motivation of its employees. Human resource is important for any firm to prosper, perform or be productive (Asim, 2013). Motivated employees achieve their optimal performance since they enjoy the environment they are working in. Employees are different and each one of them has different incentives that motivate them to work hard. While some prefer cash incentives, others are motivated by recognition. The employer should seek to understand and further provide

incentives so as to promote employee productivity (Thamrin, 2015). Incentive programs provided to employees motivate them. This is because they feel cared for, appreciated and that their efforts are recognized. This can help motivate the employees regardless of their different motivational preferences. Such programs are mostly individualized suiting the employee's needs and wants. Motivation encourages workers to be more productive and more importantly shows that the firm cares for them. The most important impact that employee motivation has is that it leads to increased employee performance or productivity (Mutahar *et al.*, 2015).

When employees are motivated, their performance increases and the workplace harmony is boosted. This is an important ingredient to the long term benefit of the firm. Motivated employees also increase retention and loyalty of staff to the firm, which leads to short term development and growth of the firm. According to Khan *et al.* (2009), the motivation of employees is important for the development, growth and the success of the enterprise. In the business world, employees should be the most cherished and valued resource. Employees that are motivated are not only happy, but also committed and productive in their work.

In the Ethiopia public organization, there is no clear employees motivational rules and regulation but the only permanent non-financial pension. It established that factors such as provision of equipment, teamwork and supervision that is as a result of transformational leadership affects employee's motivation and productivity. Other critical factors include goal identification, communication, opportunity provided to undertake challenging tasks and a sense of being loved and belonging.

Similarly, observed that there exists a relationship between the motivation of employees and organizational performance. He further observed that intrinsic motivation provided to the employees increases their performance also found that there exists a positive relationship between the motivation of employees and the effectiveness of organizations. If the employees are empowered and recognized, they will be more motivated to work, which will eventually increase their accomplishments and their performance in the organization. In a similar manner, when employees are dissatisfied, due to pressure from customers or due to monotonous jobs, they can decrease their overall performance in the organization. This can further result in increased absenteeism and employees might move to other firms which offer higher incentives and a better

working environment. Employees are different and diverse strategies should be used to motivate them.

2.3.7.6. Individualized Consideration and Organizational Performance

This dimension refers to treating followers as individuals and not just members of a group (Bass, 1990; 1997). The leaders satisfy their followers by advising, supporting and paying attention to their individual needs and motivate them to develop themselves. The goal of the leaders here is not only about recognizing and satisfying the needs of the followers, but also mentor and coach them to reach their full potential. To reach this goal, leaders also make sure that they redefine the organizational climate to a supportive one that promotes new learning opportunities for followers. In addition to creating a vision and challenging others to think critically about their work, transformational leaders recognize each follower as an individual and provide recognition and support for the development of each person's full potential. A combination of mentoring and coaching helps individual employees to understand how their needs and goals relate to and support the organization's mission.

As a result, followers of transformational leaders are often more satisfied and more willing to exert extra efforts in pursuit of agency goal (Bass, 1995;). Individualized consideration is displayed when leaders pay attention to the developmental needs of followers, support and coach them. The leaders delegate assignments as opportunities for growth. According to Bass and Avolio (2000), individualized consideration could also refer to the leadership behavior that contributes to follower satisfaction by paying close attention to the individual needs of followers, acting as a mentor or coach and enabling them to develop and self-actualize. It is also a trait whereby the leader gives personal attention to his followers, taking into consideration their individual differences. The leader is continuously involved in a process of coaching and getting feedback linking the followers' needs to the organizational mission, providing opportunities for self-actualization and personal growth. Thus, individualized consideration behaviors including developmental, supportive and nurturing elements which focus on each individual follower's needs and growth potential are likely to convey the leader's concern about the welfare of the subordinates. This may lead to the activation of followers' relational-self and is likely to be reciprocated by the subordinates, resulting in a high level of connection and personal identification with the leader.

Leaders who welcome change always listen to the opinion of their subjects and advise them accordingly. They also make sure those issues troubling their subjects are well tackled, hence endearing themselves more to those being led. Such leaders are keen listeners, because they understand that it is through listening, they are able to learn new ideas and also develop themselves and their followers intellectually. According to Okechukwu and Godday (2015), this aspect is a good example of leaders who give a listening ear to their followers and support them accordingly. Leaders who are champions of change also take the responsibility of teaching their followers hence helping them to come into reality with matters of importance.

Acknowledging and Attending to Employee Needs and Concerns: Members of any organization have different needs and demands. While some are motivated by money there are those who simply get driven by the urge to do things differently, in the same case there are those who are motivated by the fun of being in an organization. It is therefore up to the leaders to identify all these needs and demands of their employees and make sure they have been fulfilled in the best way possible (Kalkavan & Katrinli, 2014). Intelligent leaders are always keeping a close ear so as to understand what their followers are saying and things they would like done differently. For them to come up with the correct judgment, they may be required to have interactive sessions with the subject. Asking questions and getting feedback would play a key role in extending understanding (Neupane, 2015). Leaders of this nature are always ready to be challenged and to be corrected. This further helps them to develop intellectually.

It is of essence to understand that employees also have a private life which is completely unrelated to their job. Finding the perfect balance between work and their private life is of high importance to every employee. Therefore it is important that an employer provides allowances for employees to plan their time effectively to accommodate both responsibilities where possible. Such arrangements may not be applicable in all work environments, but when done they go a long way in motivating employees. However, when such arrangements are being made all employees should be considered, to make sure there is fairness during scheduling of work (Latif *et al.*, 2013).

If leaders do not meet the needs of their subjects, it may lead to lack of motivation and fulfillment among employees, which can significantly affect the organization. Unsatisfied employees negatively affect the performance of the organization. When people lack fulfillment

in their workplaces they are compelled to come up with ways to change their situation (Mafini & Poee, 2013). The need for change during such hard times cannot be controlled, since it comes instinctively not only in condition of work but anywhere else in life. In cases where workers lack satisfaction in their job, their behaviors show a clear indication that they need to quit or change their work environment. Cases of lateness or failure to report to work may be common in such situations, which eventually leads to resignation or forced changed in management.

Naseem and Sheikh (2011) also indicate that satisfaction of workers translates to customer fulfillment which effectively leads to a profitable organization. It therefore goes without saying that when employees find fulfillment in their work, they get more satisfied, which eventually translates to customer satisfaction (ElKordy, 2013). Fulfillment of employees not only leads to increase in yield but also better quality of work or services. An organization has to ensure that employee feelings and desires are taken care of while also finding ways to improve their commitment. When the commitment of employees is elevated the business yield also increases which eventually leads to sustainable business model (Erkutlu, 2008).

Individual Coaching and Mentoring of Followers: Nowadays, training and counseling are considered the most important aspects of human resource management. This is mainly because they help employees to elevate their devotion thus leading to increased profits and quality of products (Abasilim, 2014). Employees being the fundamental part of the organization are in the best position to positively change the fortunes of the organization if only the right motivation is instilled in them. Hence training and counseling are often used by the organization to help employees reach their potential. Specifically, a large body of research considers coaching and mentoring to be a key determinant of employee performance (Erkutlu, 2008; Abasilim, 2014). Counseling and mentoring of employees helps to sharpen individual skills in a way that traditional ways of training cannot achieve. These aspects are vital in establishing the weakness of each and every employee and subsequently creating a system in which each individual can be guided to the required level of performance

Coaching: has been labeled by many researchers as an instrument normally used for problem solving in executive capacity (Kalkavan & Katrinli, 2014). It is a method used to rectify the behavior of executive officials who may be out of track Naseem and Sheikh (2011). On the other

hand, look at coaching on a very different angle, they define the method as one which can be successfully used to create new capabilities and also promote new awareness among employees. This method can be used to tackle physical challenges normally experienced in workplaces. Latif *et al.* (2013), also points out to the fact that coaching is done to help individuals improve their skills in a physical dimension. The method can be applied at an individual level where a private tutor is used or when it is in a workplace level it can be combined with counseling (Mafini & Poee, 2013). In addition, coaching can sometimes help identify various weaknesses in an individual development as far as expertise is concerned. This can help point out a specific program which can be used to help that individual gain the necessary skills and knowledge (ElKordy, 2013).

In a study conducted by Kalkavan and Katrinli (2014), they argued that coaching can positively influence the employee in realizing their role in the organization, devotion to work and also their job satisfaction. In addition, it influences employee understanding, their commitment, career wise and their overall input to the organization. Career devotion can also be triggered by an individual awareness of her/his role in the organization.

Mentoring: Mentoring is when an individual with immense experience in a particular field or skills spends time with an amateur in that field and tries to develop those skills to him/her. Eventually this will lead to a better skilled and knowledgeable individual (Trmal *et al.*, 2015). Normally, mentoring will take a long period of time, where the mentor spends time with the learner willingly, thereby teaching him/her skills or simply advising him/her. This method helps to develop important skills and moral values in an individual.

Tharnpas and Boon-Sakun (2015), describe mentoring as a kind of help where one individual assists another in gaining knowledge in form of mental or physical skills. This type of help is extended through regular contact for a particular period of time. It usually involves two people with the same interest. On the other hand, Abasilim (2014) describes mentoring as a process where the learner seeks knowledge from an expertise for a prolonged period of time. Unlike coaching, here the learner is in control of both the method used and the achievement. The learner regularly gives his/her thoughts and using that, the mentor can respond by providing insight to the pressing issue.

2.3.8. Leadership and Communication

Effectiveness of leadership is partially determined by the adequacy and Clarity of communication. The leader exercises his leadership role through communication with members of the organization. (Justi, 2006) defined Communication as both transmission and reception of a message. Through communication the manager explains the nature of an assignment to his subordinate while the subordinate reports work progress to the superior. Feelings and attitudes are also expressed in the process of communication. Any type of organized activity demands communication.

Chester Barnard (1983) in viewed communication as the means by which people are linked together in an organization to achieve a common goal (Prasad 2004). The purpose of communication in an organization is to affect change to influence action towards the welfare of the organization. Specifically, communication is needed to establish and disseminate goals of an enterprise, to develop, plans for their achievement, to organize human resources in the most effective and efficient way; to select, develop, to lead, direct, motivate, and create climate in which people want to contribute and finally to control performance.

2.3.9. Qualities of Good Leadership

Those who hold leadership positions in organizations are usually those that have been found to possess certain characteristics and qualities. The leader might not necessarily be the most senior person in all situation but by virtue of having certain qualities, these is believe that he/she will perform most effectively given the necessary resources and supported with good policies. The qualities found in the person are expected to help carry out some defined functions and goals every administrator wants peace to reign in the work milieu (environment) but the only way to achieve peace is to deliver the administrative services efficiently in order to meet the expectations of the workers and the management board. A leader must be tactful in dealing with his or her colleagues, he possess a sense of modesty, sense of judgment, foresight ability to delegate, understanding and Consideration, feasibility and a wide range of initiative, imagination and perseverance. Other attributes associate with the sense of imagination, skills and perseverance includes:-

Visionary skills: people are willing to follow leaders because of their visionary skills. The led become committed to leader's vision which involves and goals.

Communication skills: The visionary skills clearly provide leaders to have skill to this compelling vision that evokes enthusiasm and commitment.

Sensitivity skills: Effective leaders are both powerful and sensitive to the needs of others and thus they allow their follower to share in developing goals and the satisfactions derived from reading these goals.

Self-awareness skills: Effective leaders welcome feedback on their performance and continuity take an inventory of themselves.

Ability to understand human behavior: leader should be able to understand employees' needs and problems so as to make them work with willingness and enthusiasm.

Social skill : An effective leader should know the strengths and weakness of people working with him/her . If he/she is helpful, friendly, encourages others to succeed, and appreciates the group members' viewpoints, people will certainly cooperate with him/her and work their best towards the achievement of the organizational goals.

Teaching ability (being model): The best way to lead is guiding practically. A leader should not be in a position to push his subordinates from behind.

Readiness to accept responsibility/criticisms and to take appropriate corrective measures. An effective leader should understand that error is human but to repeat is a mistake. Whatsoever a leader tries to be systematic, mistakes are created but he/she should be able to take remedial measure and take control over the situation.

Emotional stability and fairness: Effective leader pose resolutions indiscriminately after gathering sufficient information and investigating the possible causes. Moreover, he/she is relatively free from bias and prejudice and takes consistent actions.

According to Podsakoff, P. M. et al (1998), the manager or administrator should be endowed with delicate and sensitive Perception so that he can understand the changing needs of the organization. He should have courage and faith. The leader of administrator must be able to

define clearly the objectives of the Organization and then direct the activities of organization the attainment. Broad familiarity with technology being used by the organization, being able to work with people, time management, concentration, practical approach to issues, being able to attempt the impossible, being action oriented, integrity and being able to calculate costs and benefits. Effective should be able to inspire and motive employees take ownership within organizations.

2.4. Leadership and Organizational Performance

Assuming “the essence of leadership is influence”, leadership could broadly be defined as “the art of mobilizing others to want to struggle for shared aspirations” (Reger, 2001). However, it could be argued this “influence, mobilization and struggle” is of little value in an organizational context unless it ultimately yields an outcome in line with the “shared aspiration” for leadership to be deemed successful.

Creating results in today’s ever changing and increasingly competitive world requires a very different kind of leadership from what was studied in the past. While leaders in the past managed perhaps complex organizations, this was in a world of relative stability and predictability. In today’s globalized world, with organizations coping with rapidly changing environments, leaders face a new reality. Working in flexible contexts and connected by real-time electronic communication, increasingly mobile employees have themselves become the critical resource of their organizations (Reger, 2001). What is now needed are leaders who simultaneously can be agents of change and centers of gravity, keep internal focus and enable people and organization to adapt and be successful, while at the same time never letting go of the customer focus and external perspective (Alimo Metcalfe, 1998).

Reger, 2001 assert that the appropriate measurement outcome from leadership quality is effectiveness (reflecting the leader’s efficacy in achieving organizational outcomes, objectives, goals and subordinates needs in their job). Thus, the measure of organizational performance in the current study represented the degree to which a company achieved its business objectives. This shows that Effective leadership style is seen as a potent source of management development and sustained competitive advantage, leadership style helps organization to achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done. Broadly speaking, leadership

performance is identical with organizational performance. Business management attributes their successes to leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance (Reger, 2001).

2.4.1. Transactional Leadership and Organizational Performance

Robbins (2003) stated that transactional leaders are seen as those “who guide or motivate their followers in the direction of established goals by clarifying role and tasks requirements”. Transactional leadership is created based on the basis of exchange between leaders and followers. Followers are stimulated with rewards in an exchanged based relationship. The relationship expires as stated in the terms of the contract or will be invalidated if promised rewards are delayed or not accomplished.

Lewis, (1987) stated that transactional leadership believed reward system is necessary between leaders and followers for the objective of advancing their personal goals. Avolio (1999) finds that transactional leadership is the elementary factor to organizational success at both team and individual level and that transactional leadership behavior has vital relation with group and individual performance factors.

2.4.2. Transformational Leadership and Organizational Performance

According to Burns (1978), transformational leaders form a vision that inspires and motivates the target audience. Transformational leaders attempt to elevate both followers and leaders to perform better with a higher level of consciousness. In transformational leadership, the employees are empowered and feel compelled and dedicated to assist in accomplishing the goals and objectives of the organization. Also Studies by Lewis, (1987) has shown that, there is strong correlation between transformational leadership with organizational performance. This strong correlation has been proven by Avolio (1999) and Bass (1998) with numerous different measures.

Such researches have correlated the transformational leadership with supervisory assessments of managerial performance, promotion, innovation and achievement. Elenkov (2002) who studied the relationship of transformational leadership on organizational performance in Russian companies found that transformational leadership directly and positively link to better

performance. This shows that transformational leadership was positively linked to organizational performances and the chief executive officers hold a vital role in the firm's success.

2.4.3. Organizational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs, set goals and objectives. According to Richard *et al.*, (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment); product market performance (sales, market share); and shareholder return (total shareholder return, economic value added). In today's economy, it's critical for an organization to get the most productivity from every employee. For an organization to perform well against the preset standards, they must be certain that everyone performs to the best of their ability and delivers significant value to the organization (Drath, 2009).

Avery (2008) observes that the quality of Leadership competencies directly and greatly influences an organization's performance leading to increasing interest in various Leadership competencies models such as transactional, transformational, servant and situational. Performance leading to increasing interest in various Leadership competencies models such as transactional, transformational, servant and situational.

Yulk (2006) posits that there is a fundamental and definitional link between Leadership competencies and performance as it involves communicating to people their worth and potential. Day (2009) states that leadership competencies enables organization achieve specific goals through team building by creating, and maintaining a sense of vision, culture and interpersonal relationships. The core functions of leadership competencies include valuing, visioning, coaching, empowering, team building, promoting quality and listening to the grievances raised by the team members.

According to Nave (2006), the success or failure of the business depends on the self-awareness leadership competencies employed by the leaders. Van Wart (2006) states that all organizations need Leadership competencies to guide organizational operations. Organizations require efficient leaders who are capable of steering people in the right direction to achieve its mission, vision, and to remain faithful to the philosophy and values of the organization. According to Bolman&

Deal (2003), DeClerk (2008) and Scott & Davis (2015), there is no general agreement in the literature on the standards to be used in measuring the organizational performance. However, there are dominant approaches:

Goal Approach. People create organizations for a specific purpose which is determined by the stakeholders. The organizational performance is the ability of the organization to achieve its goals.

The System resource approach. This approach discovers the relation between the organization and the environment. As said by Cutler et al. (2003) an organization is effective when it takes advantage of its environment in the attainment of high value and different resources to approve its operations.

Constituency Approach- According to Agle, et. al. (2006), an organization is effective when various stakeholders perceive the organization as effective. The organizations with more control over resources are likely to have the most influence on the performance (Scott, Davis, 2007).

2.4.4. How to Measure Organizational Performance

According to (Scherbaum et al 2006) in Avery 2008 how to measure organizational performance has been a persistent source of debate and critique. They said that previous researches have been heavily criticized for the measures of performance used. Such performance measures according to Hoogh et al (2004) & (Avery 2008) includes: knowledge of prior performance, self- reports of commitment to organizational goals, employees Satisfaction with the leader and perceived leader effectiveness. Other researchers such as Stogdill et. al., (1974); in (Avery, 2008) are of the opinion that organizational performance can be done through the use of net profit margin, business unit sales and percentage of goals met regarding business unit percentage of goals met .. In their view, the above performance method can only be applied to organizations that are profit oriented and that non-profit making organizations can rely on performance measures using such methods as environmental constraints which may reflect forces outside the control of the leader.

Measuring organizational performance is a multi-dimensional concept. Effectiveness and efficiency are the two fundamental dimensions of performance. This is emphasized by Abasilim (2014) in the argument that effectiveness refers to the extent to which stakeholders“

requirements are met, while efficiency is a measure of how economically the firm's resources are utilized when providing a given level of stakeholder satisfaction. To attain superior relative-performance, an organization must achieve its expected objective with greater efficiency and effectiveness than its competitors (Abbasi & Zamani-Miandashti, 2013).

2.4.5. Organization Structure

Organization structure is the arrangement that facilitate how the leadership, functional relationships, business competence, tangible and intangible resources are directed towards achieving organizational goals (Nahm, 2013). The measurements for organization structure were considered as reporting structure, autonomy, rules and regulations. In this study, the moderating variable was organization structure. The objective formalization of the order of managing operations in a corporate entity is what Burns and Stalker (1961) described as organization structure. They explained that various organizations may adopt and restructure their formalized way of operations from time to time. This, they say often is aligned with what their mission and broad objectives state, which ultimately is aimed at improving performance. The world of work is quite fluid, and as such, organizations will restructure as need arises. However, the important consideration to make in any restructuring is enhancing the consistency in outcome delivery from the structure adopted.

The need for organizational structures, which promote leveraging of knowledge, cannot be overemphasized. Some of the critical components of organization structure, some of which are the focus of this study include but not limited to reporting structure, autonomy/delegation, and rules and regulations (Zheng, Yang & Mclean, 2010). Developing and enforcing adequate reporting mechanisms, delegation and guiding rules and regulations enhances decisions and increases performance projections. Organizational reporting structures help in developing company culture of recognition, transparency, and openness. It allows a business enterprise to maximize the long-term value of the employees and harness all the organizational resources towards the most important goals.

2.5. Public service Leadership

Ethiopia is a country of long independent history. The long bureaucratic history of the country also has its own contribution on the establishment of modern civil service. The Civil Service was

established formally during the reign of Menelik II in 1907, with the aim of ensuring orderly and efficient arrangements for the workings of government. Under a 'western-inspired' administrative system, the 'formal framework' of government brought Ethiopia into the twentieth century, but Menelik's subsequent illness until his death in 1913. At the end leadership weak and inefficient.

Later on, Emperor Haileselassie undertook a series of institutionalization and restructuring measures in the hope of bringing about an effective and efficient civil service governed by specified rules and procedures of a uniform nature and feudal bureaucratic. However, because of factors emanating from the very nature of the regime and among other things, due to the high regard given to political loyalty in assigning civil service posts and the level of political interference affecting standard operating procedures. The systems show a lack of flexibility and initiative and high levels of adherence to rules and formalities. The imperial period was finally replaced by the Dergue in 1974.

Derguesocialist system ideology, which favored central economic planning and banned private ownership. The nationalization measures, along with the proliferation of new government institutions and corporations led to a tremendous expansion of the public sector. Therefore, described the regime as a military/bureaucratic dictatorship and centralization of administration. Encouraged the proliferation of parallel structures by appointing party functionaries to key decision-making civil service positions. Such leader usually shows high concern for the task, low concern for the employees, and highly conscious of his/her position. The civil service lacked autonomy, while accountability to citizens was weak. The regime public service lacked visionary leadership, and public organizations operated under very poor conditions for many years. Lack of relationship between government and public service providers has not been clarified. The public organizations' performance a number of implementation deficiencies in terms of effectiveness, efficiency and a leadership practice has not been up to expectations.

Dergu regime overthrow by the current government in may 1991 and started reforming political decentralization and economic liberalization and change the structure and political system adjust the civil service with the new governmental arrangements. Essentially, the changes effected in the structure, processes, and systems of the Ethiopian public service reflect many of the NPM principles. The NPM approach was co-opted to align the Ethiopian public service with the global

change that affected the way in which the public service functions and is structured towards greater efficiency and effectiveness since the approach is associated with the best practice borrowed from the private sector or market economy. “This model was believed to encapsulate a vision and mission of a transformed, integrated and equitable public service, based on the following principles: new forms of managerial leadership, decentralization of decision-making power, democratization of internal work procedures, inclusion of civil society organizations in the governance process and development of an appropriate professional culture.

Among the broad areas of civil service reforms: the top-management reform sub program was designed. The major objective was to enhance the capacity of members of civil service leadership and to improve the effectiveness of leadership in strategic planning and management as well as to make appropriate policy decisions. Improving the performance of public organizations leaders’ in formulating institutional vision, mission, policy, and strategic plans (MOCB 2004). These initiatives aimed to radically transform the public service system into modern, effective and efficient system that allows government to attain the vision and policy strategies. Some tangible results in improving structures, in organizational competencies, and in improving service delivery have been registered due to these reform programs. However, the reform projects designed under the top management and sub-component were not show higher expected in the speed.

Many writers argue that in Ethiopia the civil servant seems pessimistic about the whole change process (Getachew and Richard, 2006). The organizational performances in delivering public services are very poor which resulted from absence of well developed leadership system. All these are because of lack of implementing the whole concepts or programs and projects of the CSRP and lack of implementing capacity programs in public service organizations.

A new paradigm of leadership theory has conceptualized that a transformational leadership is effective and important in every sector and in every setting (Avolio and Yammarino, 2002; Bass and Riggio, 2006)). They have demonstrated that transformational leaders are those who stimulate and inspire followers to achieve extraordinary outcomes. More importantly transformational leaders help followers grow and develop in to leaders by responding to individual followers’ needs by empowering them and by aligning the objectives and goals of the

individual followers, the leader, the group, and the larger organization (Bass 2006; and Avolio & Yammarino 2002).

2.6. Conceptual Framework of the Study

The conceptual framework envisions a relation between the independent variables (Transformational leadership, Transactional leadership style and Laissez-faire leadership) and dependent variables (Organizational Performance). These concepts are applied to explain the relationship between leadership styles and organizational performance, given the unit of study in Ministry of Finance, Ethiopia. Organizational performance is measured in terms of efficiency, effectiveness, quality service, productivity and timeliness. Where efficiency is the ability to produce the desired outcomes by using as minimal resources as possible, effectiveness is the ability of the organization to meet the desired objectives or targets. In public organization the major goal good service to the public. In Productivity is expressed as a ratio of output to that of input and quality is the characteristic of products or services that bear an ability to satisfy the stated or implied needs. Organization performance is the efficiency that is derived by an organization in terms of delivery of service i.e. customer satisfaction, efficiency, improvement of work flows and procedures. Daft (2000) said that organizational performance is the organization's capability to accomplish its goals effectively and efficiently using resources. Richardo (2001) said that achieving organizational goals and objectives is known as organizational performance. demonstrated that the single most important factor in successful organizational change is knowledgeable leadership. Leaders or top management provide the highest leverage point for changes to arise because they are critical to establishing the strategic direction of the organization as well as in creating and maintaining its culture. More importantly, scholars have emphasized that leadership and performance are two important and interrelated variables contributing to organizational performance, and thus there is a critical need to examine this relationship. The conceptual framework of this study followed the objectives of the study and developed integrating variables from theories and empirical researches on leadership and organizational performance. In this study, an administrative leadership style is assumed to be an independent variable. The administration is considered to be the agent of organizational performance, influencing directly or indirectly the performance of the organization as the final outcome. Subsequently, the dependent variable is general performance of the organization.

Based on the empirical studies and the literatures, a research model for this study is developed (see figure 1)

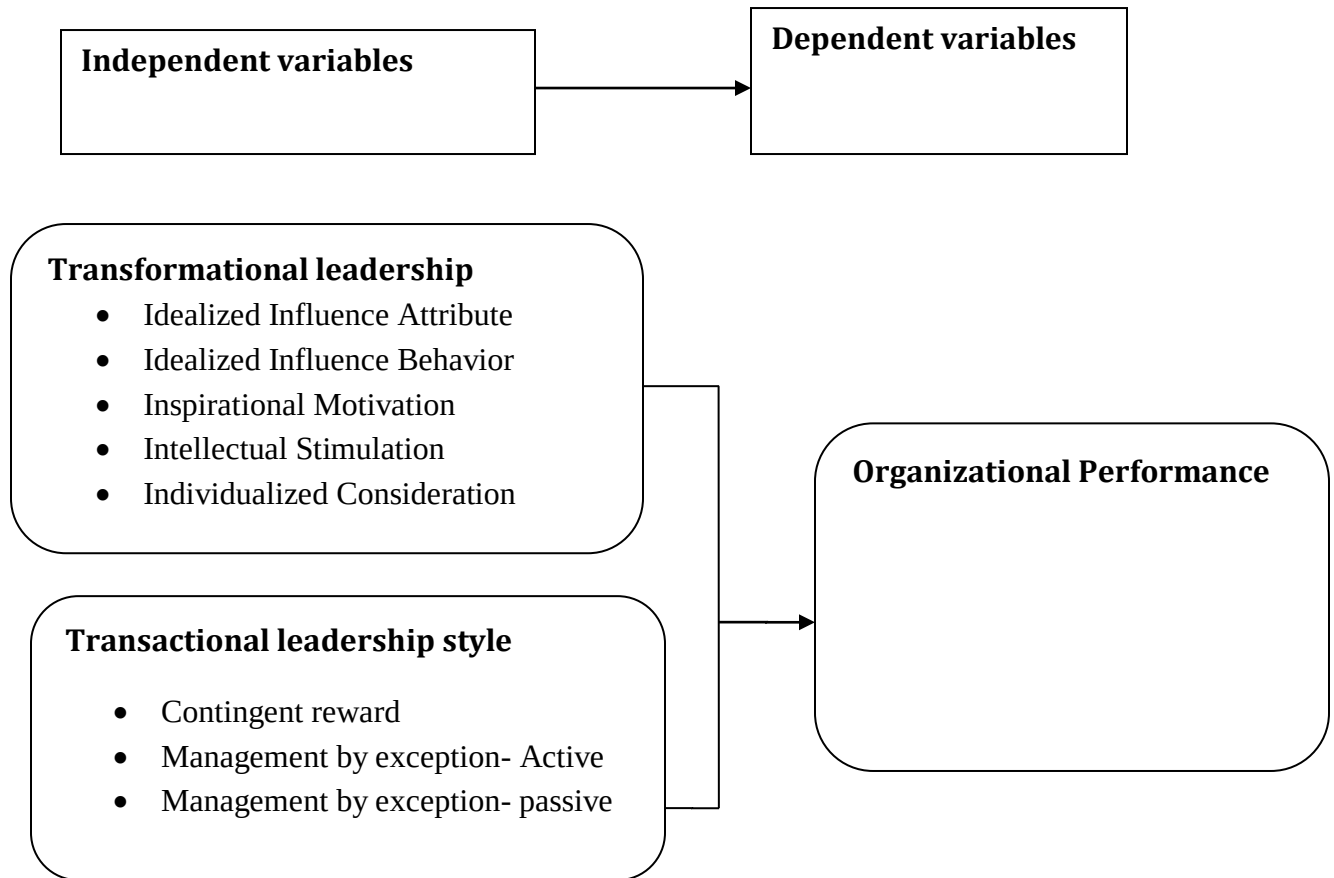


Fig.1.1 Conceptual Framework

Source: (Adapted from Cherry (2010),) and modified by the researcher.

Therefore, the conceptual framework portrays the relationship between leadership styles (IV) and organizational performance (DV) in figure 1.1 above. In organizational performance is measured in terms of results that organizations ‘achieve in relation to its target’. In principle, it can be measured at the output, outcome or impact level. Performance should therefore be measured by the results (output/outcomes) that an organizational that accomplish object. The three leadership styles were chosen because they were seen to be the in Ministry of Finance. It is believed that public organization bureaucratic and long time inflexibility these styles have a significant impact on employees’ performance at work. The other types of leadership, that is, transformational, and laissez faire leadership styles were minimally applied.

CHAPTER THREE

Research Design and Methodology

3.1. Introduction

This chapter explains the research methodology that was used to conduct this study. These include the research design, study area, study population, sampling and sampling techniques, data collection instruments, validity and reliability of research instruments, procedure for conducting the study, data analysis techniques, ethical considerations and limitations of the study and the chapter summary.

3.2. Research Design

Research design as the scheme, outline or plan that is used to generate answers to the research problem. This study was descriptive research design. Descriptive research design includes case study, survey and correlation. Under the descriptive design, both qualitative and quantitative approaches were used to adequately establish the contribution of organizational effectiveness. The main objective of causal research is to obtain information regarding cause and effect relationships. In this study, leadership styles are independent variables and organizational performance is the dependent variable.

The study used descriptive describe phenomena associated with a subject population or to estimate proportions of the population that have certain characteristics.

Descriptive research involves obtaining information about a current status of a phenomenon in order to describe „what exists“ in relation to conditions and variables in a situation without making changes in the variables (Bryman, 2005). It helps in the understanding of the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation. It also offers idea for further probe and research and helps in making certain simple decisions.

Correlative used to determine whether the relationship between two variables is positive, negative, or neutral. Regression analyze is the relative influences of these independent, or predictor, variables on the dependent. Regression analyze was well suited for identifying and explaining the type of relationship between the components of transformational leadership

(predictors/independent variables) and the performance of the organization staff (dependent/response variable).

3.3. Study Population

The study was carried in Ministry of Finance. The population included total of 728 permanent employees, Ministry of Finance. These were as follows; one minister and four deputy minister, 33 directors(24male and 9 Female), 39 team leader(31 male and 8 Female), 304 senior expert, 196 expert and 88 Junior as well as 140 support staff all totaling to 728. The respondents were chosen because they were believed to be representative of the entire target population of the study and were directly influenced by the practiced leadership styles; thus they would provide relevant information for the study. The respondents were chosen because they were believed to be representative of the entire target population of the study and were directly influenced by the practiced leadership styles; thus they would provide relevant information for the study.

3.4. Determination of Sample Size and Sampling Techniques

3.4.1 Sample Size

The source of data that was use by the researcher is a primary source of data. The staff of Ministry of Finance was directly participating on the questioners'. According to the data available the total number of employees Ministry of Finance Ethiopia are total of 728 employees level top Management group (55 Male and 17 Female) , non –management employees out of this 470 were female. In this study, 140 employees excluded such as cleaners, massagers, drivers, and security guard. Using the formula

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

Where n = Sample size

N = Population size

E = Level of precision or acceptable sampling error (0.05)

$$n = \frac{588}{1 + 588(.05)^2}$$

$$n = 238$$

Source: Yemane Tore (1973)n= 186 number of employees where participant on this research, 16 of the participant didn't return the questioner so the researcher used 164 number of employees respond.

3.4.2 Sampling Design

Sampling design is the technical plan laid down so that the picking of a subset of population for purposes of collecting data is done procedurally (Creswell, 2013). For this study, sampling design included the plan for determining sample frame, sampling technique and sample size.

3.4.3 Sampling Frame

Sampling frame is the portion of the population that is determined to facilitate picking samples (Cooper & Schindler, 2014). The sampling frame for this study comprised of top management position and non-management permanent staff, but one minister, four Deputy minister, three general director and also messengers, cleaners, driver and security guard which is total 140excluded from the sample. The list was obtained from human resource department.

Table 3.1: Sample Frame

Category	Ministry of Finance Permanent employees	Sampling technique
Director	33	Purposive sampling
Team leader	39	Purposive sampling
Senior expert	355	Simple random sampling
Expert	126	Simple random sampling
Massagers, Cleaners	132	Simple random sampling
Drivers Security guard	43	Simple random sampling
Total	728	

Source: Ministry of Finance HRM Department

3.4.4 Sampling Techniques

Research studies are distinct events that involve particular groups of participants. Thus to ensure representativeness, respondents must be picked through an appropriate sampling technique.

A sampling technique is the specific process used to select study participants or respondents (Saunders, Lewis & Thornhill, 2016). Types of sampling techniques fall into two categories. These two categories are probability and non-probability sampling techniques. Interview used for director of general service director and team leader human resource from the top management level taken.

3.5. Source of Data and Types

Combinations of primary and secondary data sources were applied to get sufficient information in the area of the study.

3.5.1. Primary Sources

Primary data was collected to analyze the relationship between public service leadership and organizational performance. This firsthand information, gathered from selected public organization in Ministry of Finance top management and non-management staffs.

- i. **Questionnaires:** This formed the major source of primary data used in the study. The data collected from this source was obtained.
- ii. **Interview:** Apart from use of questionnaires, a structured interview was conducted for unit heads or supervisors directly in charge of administrative activities for the organization. For instance in a situation where the question administered through the questionnaire requires to be clarified or elaborated upon, oral interviews were conducted. Interview was also conducted to solicit issues not in the questionnaire but could be of immense assistance in this study.

3.5.2. Secondary Source

The Ministry of Finance activities and achievement, Federal public service Agency, Plans, different electronics sources, Journals, Research papers from different collections and others relevant secondary related data source literature was revised.

3.6. Data Collection Methods

Data collection method is the systematic gathering of information from a sample population so as to accurately answer a question in a given area of interest. The study used structured questionnaires to collect data from the respondents. The study developed standardized data collection instrument that precisely taps a single reality.

For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. Two separate instruments, namely multifactor leadership questionnaire (MLQ) and organizational performance questionnaire (OPQ), were used in this research to obtain quantitative information on leadership styles and organizational performance respectively.

3.6.1. Multifactor Leadership Questionnaire (MLQ Form 5X)

Prior to selecting the Multifactor Leadership Questionnaire (MLQ Form 5X) for this research, several other instruments such as Managerial Grid, Situational Leadership Questionnaire, and Least Preferred Coworker (LPC) were considered as possible measurements of leadership behaviors. Though these instruments measure transformational and transactional leadership behaviors, the subscales and items do not focus on a separation or differentiation of these behaviors. Instead, their emphasis is on identifying the types of leadership behaviors that are most appropriate for the situation (Bass *et al.*, 2003; Avolio *et al.*, 2004). For these reasons, none of them was considered appropriate for this research.

It has been, and is still being used in leadership studies globally (Bass & Riggio, 2010). The questions in MLQ are used to evaluate leadership style. The MLQ is provided in both self and Rater structures. The Self structure measures self-perception of leadership behaviors. The Rater structure is used to measure leadership influence organizational performance. The rating scale for MLQ questions are meant to enable thinking about the leadership styles and organizational performance. The rating scale for MLQ are as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly agree.

The questionnaire for this study was developed using the MLQ structure. It was organized into 3 sections. Section A was the first section, and it included five questions that captured the demographic characteristics of the respondents. The section (B) was divided into two parts. Part (a), the Self structure was used to examine management level staff's perception of leadership behaviors of the directors and team leaders. Part (b), the Rater structure was used to help non-managerial level rate the influence of leadership styles of directors and team leaders on their organizational performance.

The actual questions for each variable were measured using 5 Point Likert-type statements from Bass and Avolio (2006) with the following descriptions: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly agree. This was to maintain consistency in five-scale measurement. This also allowed for the collection of standardized information that can be expressed numerically and allow for correlational analysis. In addition, the questionnaire contained statements relating to the moderating influence of organizational performance of on the non-managerial staff.

3.6.2. Organizational Performance Questionnaire (OPQ)

Although there is another identically-named Organizational Performance Questionnaire (OPQ) developed. This Organizational Performance Questionnaire consists of five dimensions as “Features of performance in your organization, Working Environment and human resource, Communication, Commitment and motivation”.

This Organizational Performance Questionnaire consists of six dimensions as “Features of performance in your organization, Working Environment and human resource, Communication, Commitment and motivation”. The selected OPQ is a self-scoring questionnaire and the responses to each of the 29 items (minimum 5 items for each dimension) are rated using a 5-point Likert scale labeled as 0 = strongly disagree, 1 = disagree, 2 = neither agree nor disagree, 3 = agree, 4 = strongly agree.

3.7. Research Procedures

Data collection is a process in research because it allows for the dissemination of accurate information and development of meaningful program. Thus, it is necessary to have a

determination of the procedures that can enhance the reliability of the process and data collected. In this study, the procedures included seeking for permission, conducting a pilot study, testing for reliability of instruments, assessing reliability results, validation of the instruments, administration of the instrument and ethical considerations.

3.7.1. Permission

Every research study requires authorization from relevant institutions. For this study, permission was granted from Ministry of Finance by signed the letter of Addis Ababa University program.

3.7.2 Pilot Study

Pilot study is a small-scale preliminary study aimed at evaluating the feasibility of a research project in terms of cost, time and tools. The findings of which are used to refine the research design prior to conducting. In this study, pilot study was conducted to help determine the reliability and accuracy of the research instruments. The pilot study was the first step in understanding the public service leadership style and organizational performance measurement or evaluation technique . The pilot study was done with the aim of detecting possible flaws in measurement procedures and in the operationalization of independent variables, identifying unclear or ambiguous items in the questionnaire and to weed out/restructure unclear statements, determine time limits and clarify instructions. In total, 10 have formed from (one director, 5 team leader and 4 senior expert). In relation to this, Gay and others (2009) stated having three or four individuals complete the questionnaire will help to identify problems in pilot-testing.

The data collection for the pre-testing was administered personally by the researcher. It helped to collect all the three questionnaires and suggestion was gathered from participants on the content of the questionnaires. The correction includes old department head title change by team leader position, some questionnaires changed based on ambiguous items and clarities. The final questionnaires were therefore typed to include the suggestions offered from pre-test.

3.8. Data Quality Control

This section was important in assuring the validity and reliability of the instruments and thus controlling data generated through questionnaires and interviews.

3.8.1 Validity of Instruments

Validity is referred as the credibility or believability of the particular study (Joppe, 2000). Validity refers to the question whether there is evidence to support the assertion that the methods are really measuring the abstract concepts that they are intended to measure. Another aspect of validity concerns the quality of the researcher's evidence regarding the effect of the independent variable on the dependent variable.

3.8.1.1. Internal Validity of Instruments

Internal validity refers to the extent to which the findings of a study are a true reflection of reality, rather than the result of irrelevant variables (Burns, 2005). The following efforts were made to reduce the impact of possible irrelevant variables in the study and by so doing increase internal validity. The use of random sampling techniques, the homogeneity of the selected group of women and men making up the sample and blocking of some of the possible irrelevant variables by including and measuring them (such as demographic characteristics of respondents). Picking respondents from all department which are distributed from almost all department.

3.8.1.2. External Validity of Instruments

External validity refers to the extent to which the results of a study can be generalized to other settings or groups (Kothari 2004). A study was externally valid to the extent that the sample was representative of the broader population, and the study setting and experimental arrangements were representative of other environments. In this study, efforts to enhance external validity included the random selection of a large sample, which made it more representatives, and the comparison of the findings with other studies found in the literature.

3.9. Reliability

A comprehensive questionnaire and interview guide was self-written and revised. They were then presented for supervisor review and comments on content, appropriateness and of content and format to ensure validity and reliability. To ensure reliability of research instrument, the researcher piloted it using a similar category of respondents, that is, director, team leader , senior staff, support staff of public service to determine the consistency of the instrument. The

reliability was determined by computing the alpha as in the case of validity and an alpha of CVI of 0.7 was considered the instrument to ensure reliability of the data.

Table 3.2 Summery Measurements

Variable	Cronbach's Alpha	ITEM
organizational performance	0.79	27
Leadership Style	0.85	32

Source: Field Data(2020)

Table 3.2 above shows that the overall reliability coefficient of the questionnaire was organizational performance 0.79 and leadership 0.85 had the most reliable items, though all items in the questionnaire were reliable which implies that the instrument was reliable for use in data collection. If the CVI was greater than the recommended 0.7 validity for an instrument, it would mean the questionnaire was considered valid for the study. Thus since the CVI was 0.78 which is higher than the recommended 0.7, the researcher deemed the instruments valid for this study.

3.10. Ethical Consideration

The study considered that there was voluntary participation of respondents without force; we sought permission from the respondents and the respondents were sufficiently given information on the aim of the research by the researcher before being interviewed. Lastly there was privacy to questionnaires so as to keep confidentiality of the information given by respondents.

3.11. Measurement of Independent and Dependent Variables of the Study Variables

Leadership styles was the independent variable while performance of an organization was the dependent variable. Leadership styles (transformational, transactional and laissez-Faire) were measured by the extent of influence they have on organizational performance. transformational leadership style elements was measured participation in decision-making, staff meetings and delegation of duties using attributes (Bass and Avolio, 1995). Like Stimulates followers to view the world from new perspectives; encourages problem solving, critical thinking, and creativity, instills pride and builds trust and emphasizes collective sense of mission, and talks about values

and beliefs. expresses enthusiasm, optimism, and confidence independent decision-making and more input from subordinates.

Transactional Leadership Elements was based on attributes like: Clarifies what needs to be done and exchanges psychic and material rewards for services rendered, Monitor follower performance and takes immediate action when deviations occur. And Only intervenes when standards are not met ; while describe the laissez-faire leader as an extreme passive leader who is reluctant to influence subordinates' considerable freedom, to the point of handing over his/her responsibilities. In a sense, this extremely passive type of leadership indicates the absence of leadership. All attributes were measured using a 5-point Liker scale. The Variables those are used in measuring Full Range Leadership behaviors were considered separately as independent variables. The subscales for these variables are contained in the Multifactor Leadership Questionnaire (MLQ Form 5X). On the other hand, five separate measures of organizational performance were used as dependent variables.

Table 3.3 lists the variables as follows.

Independent variable Measures		
Instrument	Variables	Scale/Subscale
Multifactor Leadership Questionnaire(MLQ Form 5X)	Transformational Leadership	Idealized Influence (Attributed) Idealized Influence (Behavior) Inspirational Motivation Intellectual Stimulation Individual Consideration
	Transactional Leadership	Contingent Reward Management-by-Exception (Active) Management-by-Exception (Passive)
	Laissez-Faire	Laissez-Faire
Dependent variable Measures		
Organizational Performance Questionnaire(OCQ)	Working plan Working condition Human resource condition	“Features of performance in your organization, Working Environment and human resource, Communication, Training and coaching and Commitment and motivation
	Communication Flow Employee commitment and motivation system	“Features of performance in your organization, Working Environment and human resource, Communication, Training and coaching and Commitment and motivation

3.12. Data Analysis

The researcher did both quantitative and qualitative data analysis. The data got through semi-structured and structured questionnaires, interviews, documentary review and observation was categorized, interpreted and analyzed under their respective themes, in order to corroborate findings obtained through quantitative data analysis technique. It was organized according to themes identified from research questions and analyzed using content analysis. Data from interview group discussions was recorded, organized, interpreted, presented and discussed. Descriptive statistics and Pearson Correlation were used to analyze quantitative data.

CHAPTER FOUR

Presentation, Analysis and Interpretation of Findings

4.1. Introduction

The study examined the public service leadership and organizational performance of in public organization in Ministry of Finance in the case of Ministry of Finance. This chapter presents and discusses the findings of the study. The chapter also presents the analysis and interpretation of results. The presentations are done according to the specific objectives and hypotheses. The first section presents the response rates. The second section presents the background information of the respondents.

The third section data was analyzed at two levels using both descriptive and inferential analysis techniques. The results have been presented according to the research questions.

A total of 186 questionnaires were administered in Ministry of Finance permanent staff . At the close of the data collection exercise, 164 in Ministry of Finance staffs had filled their questionnaires, representing response rate of 88.2%.

4.2. Demographic Characteristics of the Participants

Response rate (also known as completion rate or return rate in survey research) refers to the number of people who answered the survey divided by the number of people in the sample. It is usually expressed in the form of a percentage. A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and /or outcome.

In this study, the sample size was 164 respondents who participate members, top management, and non-management position staff. as shown in the breakdown in Table4.1 below.

According to Mugenda (2003); Cooper and Schindler (2014), 50% response rate is adequate for analysis, while 60% is good and 70% excellent response rate for analysis. Therefore, the research's response rate of 88.2% which is excellent to proceed with data analysis.

Table 4.1 Demographics

S/N	Factors	Category	Frequency	percent
1	Gender	Male	67	40.9
		Female	97	59.1
		Total	164	100
2	Age	18-30	16	9.8
		31-40	72	43.9
		41-50	62	37.8
		Above 51	14	8.5
		Total	164	100
3	Level of Education	BA/BSC Degree	137	83.5
		MBA/MBSC Degree	27	16.5
		Total	164	100
4	Occupational title	Director	10	6.1
		Team leader	14	8.5
		Senior Expert	92	56.1
		Expert	48	29.3
		Total	164	100
5	Service years	1-10	24	14.6
		11-20	44	26.8
		21-30	86	52.4
		Above 31	10	6.1
		Total	164	100

Source: Field Data(2020)

Table.4.1 The results in the table also show that an overwhelming majority of 97 (59.1%) of the study respondents were females whereas 67 (40.9%) were males. Gender information of respondents was very essential part in this study because it helped to provide the picture, reality and ratio of the number of employees between males and females in Ministry of Finance, has higher number of female employees compared to male employees.

Table 4.1 presents the results of the respondent's age. It is clear that the majority of respondents, 72 (43.9%) were in the age range of 31-40 years, this was followed by 62 (37.8%) age in the range of 41-50, then 16(9.8%) in the age range of 18- 30 years. The least age range was 14(8.5%) in the age range of above 51. This meant that the majority of respondents (who took part in the study) were aged 31-40 years. This also show more experienced and knowledge.

Age is an important characteristic in understanding the views of respondents concerning the study. Large age mostly indicates level of maturity of individuals; in that case age. Therefore Ministry of Finance Ethiopia has higher number of young employees.

Table 4.1 presents the results of the sample distribution by education level. In examining education level , the highest qualification of respondents possessed first degree .Results show that the majority of respondents 137 (83.5%) were bachelors degree holders while masters holders were represented with only 27 (16.4%) representation. This implies that most respondents were in a position to give a very fair assessment of their performance as well as that of the leadership style of the immediate supervisor equipping different profession staff in higher level education.

As shown in the table 4.1, 86 (52.4%) respondents have a work experience of between 21 to 30 years, 44(26.8%) respondents have worked between 11 to 20 years, 24(14.6%) respondents have worked between 1 to 10 years, 10(6.1%) respondents have worked above 31 years. service is known to be a significant determinant for the responses of an employee towards leadership and organizational parameters.

4.3. The Practice of Leadership Styles in Ministry of Finance

According to Akmaliah (2009), mean score measurement can be used while interpreting the data. As he further specified, if the mean score is greater than 3.79, it will be considered as high; if it is between 3.40 and 3.79, it will be considered as moderate; and if the mean score is below 3.40, it will be considered as low.

Table 4:2 Perceptions on Transformational Leadership Style

Variable	N	Min	Max	Mean	St. Deviation	St. Error mean
Idealized Influence (attributed)	164	3	4.75	3.862	.30625	.02391
Idealized Influence (behavior)	164	3.25	5.00	3.7119	.32127	.02509
Inspirational Motivation	164	2.25	4.00	3.2073	.41962	.03277
Intellectual Stimulation	164	2.5	4.50	3.7927	.35313	.02757
Individualized Consideration	164	2.75	4.25	3.6677	.32308	.02523
Transformational Leadership aggregate	164	3.10	4.20	3.6485	.20726	.01618

Source: Field Data (2020)

As shown below on Table 4.2, the mean score for overall perception of employees towards their Transformational leadership style is $M = 3.6485$, $SD = .30625$. This implies that the Transformational leadership style in Ministry of Finance is moderate. According to Bass and Avolio (2000), individualized consideration refers to the leadership behavior that contributes to follower satisfaction by paying close attention to the individual needs of followers, acting as a mentor or coach and enabling them to develop and self-actualize. The leader is continuously involved in a process of coaching and getting feedback linking the followers' needs to the organizational mission, providing opportunities for self-actualization and personal growth.

Table 4:3 Perceptions on Transactional Leadership Style

Variable	N	Min	Max	Mean	St. Deviation	St. Error mean
Contingent Reward	164	1.75	3.50	2.6037	.587	.0458
Management-by-Exception (Active)	164	1.00	3.75	2.677	.6191	.0485
Management-by-Exception (Passive)	164	1.00	3.75	2.6677	.83955	.0655
Transactional Leadership aggregate	164	1.58	3.83	2.860	.5245	.04696

Source: Field Data(2020)

As shown below on Table 4.3, the mean score for overall perception of employees towards their Transactional Leadership Style is $M = 2.860$, $SD = .5245$. This implies that Transactional leadership style practice in Ministry of Finance is low. A leader who waits for mistakes, then moves in to take corrective action is said to be using management-by-exception in a passive manner. Bass and Avolio (1994) also described management-by-exception (passive) as a putting-out-fires approach or a reactive management approach. This relationship is not positive in nature as the follower only receives feedback from the leader when mistakes are present (Barbuto & Brown, 2000).

Table 4:4. Perceptions on Laissez-Fair Leadership style

Laissez-Fair aggregate	164	1.43	3.57	2.770	.44115	.03445
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Source: Field Dat (2020)

Note: N=164

As shown below on Table 4.4 the mean score for overall perception of employees towards their Laissez-fair leadership style is $M=2.770$, $SD= .441$ This implies that the Laissez-faire leadership style practice of in Ministry of Finance is low. Researchers have consistently reported that laissez-faire leadership is the least satisfying and least effective style of leadership. That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, little sense of group unity, and followers do.

Delegation implies the leader's active direction of a subordinate to take responsibility for some role or task. The leader who practices management by exception allows the subordinate to continue on paths that the subordinate and the leader agreed on until problems arise or standards are not meet which time the leader intervenes to make corrections.

Table: 4.5 Perception on organizational performance.

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Work Environment aggregate	164	1.33	3.3	3.291	.379
Human resource aggregate	164	2.33	4.33	4.08	.297
Communication aggregate	164	1.16	3.5	2.673	.633
Commitment and Motivation aggregate	164	1.83	4	3.39	.511
Organizational performance aggregate	164	1.6	3.7	3.36	.455

Source: own survey (2020)

When we evaluate the overall perceptions of respondents towards Organizational Performance, the aggregate mean score shows $M=3.362$, $SD = .455$. Accordingly, the overall perceptions of the respondents seem to be moderate ; because the aggregate mean score is 3.36.

Individual consideration has a positive and significant influence on organizational performance in the . In addition, the study found that leaders at the act as coaches and advisors to individuals, mentor the junior staff to improve personal and professional growth and support a flexible work schedule. However, the leaders were not keen to acknowledge and attend to employee needs and concern. In addition, leaders in the organization do not listen fully to understand the perceptions of followers. Also the study found that there was no coaching program in the organization to enhance personal skills. The relationship between the staff and the leaders was considered good; employees in the organization were involved in problem solving and participated in decision-

making. However, the study also found that the organization does not provide creativity-relevant activities, leaders do not support critical thinking and leaders do not appreciate creativity and innovation. Also, the found that the leaders develop team spirit in employees and align individual and organizational goals. However, the study found that the employees in the organization were not motivated through incentives and hence employee motivation in the organization did not promote workplace harmony.

Table 4:6 Perceptions on working environment

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Office facilities and resources are sufficient to exercise the work effectively.	164	1	3	2.66	.780
The physical layout is comfortable and convenient to perform the work .	164	1	3	2.79	.814
There is a value of cooperation between or among employees.	164	1	3	3.56	.743
Manuals and procedures of the Ministry of Finance are attractive to perform day to day duties.	164	1	3	3.35	.716
The leader provides all possible supports and try to safe the working environment	164	1	3	3.39	.672
The organizational culture is suitable for performing in good manner.	164	3	5	4.04	.231
Work Environment aggregate		1.33	3.3	3.291	.679

Source: Field Data(2020)

When we evaluate the overall perceptions of respondents towards work environment, the aggregate mean score shows 3.29, SD .679. Accordingly, the overall perceptions of the respondents seem to be low; because the aggregate mean score is 3.29. Individual factors scored that The organizational culture is suitable for performing in good manner mean scored 4.04 ,SD=.677. Transformational leaders strive to create an environment of trust, admiration, loyalty and respect, and they are also involved in the work process and focus on helping all individuals in the workplace to succeed

Table 4:7. Perceptions on Human resource Descriptive Statistics

	N	Mini	Max	Mean	Std. Deviation
I am informed about the strategy of human resource management in MOF	164	3	5	4.04	.231
Staff selection and recruitment is conducted in accordance with the needs of MOF	164	3	5	4.04	.256
During the selection process, I was adequately informed about all the relevant information regarding the organization and job.	164	3	5	4.04	.231
I believe that people are the most important resource of the organization	164	1	3	4.25	.116
I believe that right person is assigned for right job .	164	1	3	4.07	.672
Staff selection and recruitment is conducted in accordance with the needs of MOF	164	3	5	4.04	.256
Human resource aggregate	164	2.33	4.33	4.08	.297

Source: Field Data (2020)

The respondents in this study were asked concerning the presence of human resource system process helps from manager to lead employees towards organizational performance; people are the most important resource of the organization mean scored 4.08 ,SD=.297 which was high . Staff selection and recruitment is conducted in accordance with the needs of MOF mean scored also in this group mean scored 4.04 ,SD=.256 .The respondents confirmed that leadership were encouraged to use the standard procedures. Staff building in any organization is very important part towards accomplishing goals within an organization .leaders provide great support for human resource development and training were also provided to employees. HR to a great extent, controls organization factors that merit promotion, pay and loyalty through HRM policies. The other factors which affect employee motivation are health benefit, base pay and life/ work balance, autonomy, growth, esteem, belongingness, career opportunities and climate.

Table 4:8 Perceptions on Communication

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev
MOF leader clearly defined vision, strategy and change are continually communicated with all staff.	164	1	3	2.35	.716
I initiate relationships with others and works effectively with others who are different from me.	164	1	3	2.09	.672
I prioritize successful resolution of conflict with others.	164	1	3	2.65	.702
MOF leader uses multiple communication methods to keep the employees informed.	164	2	5	4.11	.400
The messaging about the organization is clear concise and consistent flow up and down.	164	1	3	2.01	.557
Employees have the opportunity to vote in decision-making when it comes to changes in the working environment.	164	1	4	2.85	.753
Communication aggregate	164	1.16	3.5	2.673	.633

Source: Field Data (2020)

When we evaluate the overall perceptions of respondents towards Communication, the aggregate mean score shows 2.67, SD .633. Accordingly, the overall perceptions of the respondents seem to be low; because the aggregate mean score is 2.67. The results in this part revealed that the mean scored 4.11, SD=.400 employees confirmed the presence of uses multiple communication methods to keep the employees informed high degree of initiatives

Table 4:9 Perceptions on Commitment and Motivation

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
I reward performance and provide constructive feedback.	164	1	3	2.65	.513
I feel a strong sense of belonging to this organization.	164	4	5	4.50	.302
I feel emotionally attached to this organization.	164	1	3	2.62	.659
This organization has a great deal of personal meaning for me.	164	2	5	3.76	.575
I feel like part of the family at this organization.	164	4	5	4.40	.391
My leader maintains definite standards of organizational performance.	164	1	3	2.43	.630
Commitment and Motivation aggregate	164	1.83	4	3.39	.511

Source: own survey (2020)

The results concerning commitment and motivation towards accomplishing task. Aggregate mean scored 3.39 ,SD=.511 which was low .Mean scored 4.5 , SD= of the respondents confirmed high strong sense of belonging to this organization and feel like part of the family at this organization mean scored 4.4 ,SD=.391. On the side of rewards for their performance results showed that, mean scored 2.65 SD=.513 reward performance and provide constructive feedback which was low. Commitment related attitudes and commitment-related behaviors. Low employee commitment: (1) less acceptance of the organization's goals and values, (2) A low willingness to exert a considerable effort on behalf of the organization and (3) low intent or desire to remain with the organization. Within this approach, the factors associated with commitment include positive work experiences; personal characteristics and job characteristics while the outcomes include decreased performance, increased absenteeism and employee turnover.

4.4. The Relationship between Leadership Style and Organizational Performance

To examine the presence of any link between leadership styles and organizational performance, MLQ (5X-Short) version and organizational performance questioners (OPQ) were used. To display the direction and significance of relationship between leadership styles and organizational performance, Pearson correlation was applied. Correlation is a statistical method used to determine whether a relationship between variables exists and to determine whether two or more variables are related and to determine the strength of the relationship between or among the variables are used Allan, (2009). If the correlation result lies between -1 and 0, the two variables are negatively related. But if the correlation result of the two variables lies between 0 and 1, the two variables are positively related.

Furthermore, according to Field (2005) general guidelines correlations of 0.1–0.29 are considered small, correlations of 0.30–0.49 are considered moderate and correlations above = > 0.5 are considered large. When we come to this study, the research would identify the relationship between leadership style and perceived organizational performance. Based on the questionnaires that were filled by the staff of the Ministry of Finance on leadership style and

organizational performance, the result of the correlation analysis between those variables is listed in the table below.

Correlations Analysis

The study conducted Pearson correlation analysis to establish the nature and strength of relationship between independent variables themselves, and with the dependent variable. Result for this analysis is depicted in Table 4.10

Table 4.10 Pearson Correlation Analysis Results

Variable		Transformational leadership	Transactional leadership	Laissez-Faire leadership
Organizational performance	Pearson Correlation	.510**	.409**	.367**
	Sig. (2-tailed)	.000	.000	.000
	N	164	164	164

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

Source: Field Data (2020)

As shown in the Table 4:10 the correlation index for the relationship between Transformational Leadership Style and organizational Performance is 0.51 high, which is above 0.5. The correlation index for the relationship between Transactional Leadership style and Organizational Performance is moderate 0.409, which is between 0.30-0.49. The correlation index for the relationship between Laissez-Faire Leadership style and Organizational Performance is 0.367, which is between 0.3-0.49. The results from these analyses indicate that the independent variables are transformational Leadership Style strong correlate and significant relationship with the dependant variable and also transactional Leadership style and Laissez-Faire Leadership style moderately correlate relationship.

4.5. Multiple Regression Analysis

According to Pallant (2005), multiple regressions is not just one technique but a family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of independent variables or predictors (usually continuous). And so, critical information can be obtained from Multiple Linear Regression; such as the overall significance of the model, the variance in the dependent variable that comes from the set of

independent variables in the model, the statistical significance of each individual independent variable (controlling for the others), the direct effect (the direction of the effect) of each independent variable on the dependent variable and the relevant strength of the independent variable. However, before the actual regression analysis is made, it is necessary to make multicollinearity diagnosis and to test normal distribution of data.

4.6. The Effect of Leadership Style and Organizational Performance

Regression analysis shows that independent variables explain the dependent variable, a regression analysis was performed. The regression was made between the independent variables which are the three different dimensions of Leadership style (Transformational, Transactional and laissez-faire leadership style) with Organizational Performance.

The multiple regression models are the Model Summary table. This table provides the R, R square (R²) adjusted R square (R²), and the standard error of the estimate, which can be used to determine how well a regression model fits the data Tsigu and Rao (2012) and Gimuguni et al (2014). The multiple correlation coefficients, R, can be considered to be one measure of the quality of the prediction of the dependent variable. The R square value (also called the coefficient of determination) is the proportion of variance in the dependent variable that can be explained by the independent variables.

The other table of the multiple regressions is the ANOVA (Analysis of Variance) table. The F-ratio in the ANOVA (Analysis of Variance) table tests whether the overall regression model is a good fit for the data.

In regression, an interaction effect exists when the effect of an independent variable on a dependent variable changes, depending on the value(s) of one or more other independent variables. Thus, in a regression equation, an interaction effect is represented as follows: The general form of the multiple regression equation with k independent variables is

$$Y = b_0 + b_1X_1 + b_2X_2 + \dots + b_kX_k + \epsilon$$

Where Y = the Predicted Variable (Organizational Performance)

b_0 = Constant b_1 , b_2 and b_n unstandardized regression coefficients X_1 , X_2 and x_n are the explanatory variables and the error term ε (the Greek letter epsilon) is a random variable. Source: (bluman, 2007)

Multiple Regression Analysis

In order to establish the contribution of a unit factor change in independent variables, that is leadership style component (transformational, Transactional and) on dependent variable (organizational performance), the study conducted multiple regression analysis. Result for R^2 (R square) depicted in Table 4.13, and reveal R^2 value of 0.571. This implies that only 57.1% of public organizational performance can be influenced or attributed to leadership style.

Table 4:11 model summary of regression

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.756 ^a	.571	.563	.13027	.571	70.962	3	160	.000	.825

a: Predictors: (Constant), Laissez-Faire, Transactional , Transformational leadership

b :Dependent Variable: Organizational performance

Note: $p < 0.05$, $p < 0.01$, $p < 0.001$

Table 4.11 The R square value as indicated is 0.571 which clearly suggests that there is a strong relationship between leadership and Organization performance in public organization in ministry of Finance, Ethiopia. This indicates that leadership explain 57.1% of the organization performance in public organization in ministry of Finance, Ethiopia.

Results revealed that presents a summary of the model in which the item of interest is the adjusted R^2 statistics, which is .563. R value as .563 shows ($F=70.962$, $p < 0.05$) relationship between. This suggests leadership styles accounts for 56.3% of the variation in employees' performance. The remaining 43.7% is the unexplained variability. The R square (R^2) of model summary explains that 56.3% Organizational Performance can be predicted by the transformational leadership styles.

Analysis of Variance (ANOVA) result is depicted in Table 1.12, and indicates that sum of squares for regression is 0.064 while that of residual is residual value of residual 5.146 The higher value of F calculated ($F=46.104$ $p=0.02$) is above the minimum threshold value of $F=3$ for an ideal model. The p value is also less than 0.05 denoting its significant fir for the model. Thus, this model was fitting for the study.

Table 4.12 Analysis of Variance (ANOVA)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.449	3	1.483	46.104	.000 ^b
	Residual	5.146	160	.032		
	Total	9.595	163			

a:Dependent Variable: Organizational performance

b :Predictors: (Constant), Laissez-Faire, Transformational, Transactional

Source: Field Data(2020)

The ANOVA (Analysis of Variance) table shows that the overall significance/acceptability of the model from a statistical perspective. As the significance value of $F(3,160)=46.104$ statistics shows a value (.000), which is less than $p<0.05$, the model is significant. This indicates that the variation explained by the model is not due to chance.

Beta coefficient results obtained from the analysis for each variable is depicted in Table 4.13. The results show a constant value of 2.04, beta coefficient value of $\beta=.032$ for transactional leadership, $\beta=0.032$ for laissez-faire leadership, $\beta=0.357$ for transformational leadership. These results reveals that 2.04 of organizational performance is constant and does not dependent on any competency analyzed. In addition, a unit factor change in transactional leadership, 0.032 would result to 0.032 positive change on organizational performance, a unit factor change in laissez-faire leadership would result to 0.032 positive change in organizational institutions performance, and, a unit factor change in transformational leadership would result to 0.357positive change on institutions performance.

Table 4.13A Beta Coefficient Results

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.040	.236		8.644	.000
	Transactional leadership	.032	.035	.092	.893	.373
	Laissez –Faire leadership	.032	.039	.078	.828	.409
	Transformational leadership	.357	.079	.407	4.503	.000

a:Dependent Variable: Organizational Performance

Source: Field Data(2020)

As shown on Table 4.13, the regression model points out that the relationship between independent and dependent variable. The model coefficient table reported that the coefficients of Transformational Leadership style helps to enhance organizational performance significantly. But Transactional leadership style and Laissez–fair Leadership style input to the organizational performance is not significant in the Ministry of Finance. A low significance value of less than 0.05 (Transformational Leadership style) are strongly affecting performance organization. Transformational Leader variable to variable Organizational Performance amounted to .357Transformational Leader increase of 1 unit, then Organizational Performance will increase by constant = 2.040.Organizational Performance (dependent variable) were explained by the unstandardized Beta coefficient is.407 .

Generally, multiple regression examined whether leadership has effect on organizational performance. The overall model explained 57.1% of variance in overall organizational performance, which was revealed to be statistically significant, $p < .005$. An inspection on individual predictor revealed that organizational performance with Transformational leadership style ($= .407$, $p < .005$) .Higher organizational performance with transformational leadership.

4.7. Implication for Future Research

The researcher only focuses on the effect (impact) of leadership style on the organizational performance. Based on the findings of the researcher's leadership style accounts only 56.3% of the performance of the organization. This means that there are other determinant factors for organizational performance with this study as a basis for future research; the researchers suggested that future studies on other determinant factors should be considered.

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CHAPTER FIVE

Summary, Conclusion and Recommendation

5.1. Introduction

This chapter illustrates summary, conclusion and recommendation of the study. These discussions are made based on the review of related literature, results of statistical analysis and discussions of findings from chapter four. The objective of this research was to examine the effects of leadership style on organizational performance in case of public organization in Ministry of Finance. According to the results of analysis and discussion of the study, conclusions are made on the nature and relationship of leadership styles and Organizational Performance. In order to clarify the given objectives descriptive analysis expressed by the percentage and frequency to analyze the respondents demographic parts while using the mean and standard deviation score were able to identify the Practice of leadership style in Ministry of Finance and also levels of organizational performance measured. Inferential statistical analysis includes the correlation and regression analyses were used to show the relationship between variables and the effect of leadership style (Independents Variables) on Organizational Performance (Dependent Variable) of this study.

5.2. Summary of Major Findings

The relationships between the answers of the majority on the five demographic items are logically accepted. The demographic analysis regarding the gender 76.7% were of the male gender 59.1% and age group in the organization, the majority respondents' age group was between 31 to 40 years old which 43.9% is followed by those 41 to 50 years old which is 37.8 %. One of the important inputs of this study to educational levels of the respondents all most of the participants are Bachelor's Degree 137 (83.5%), and 27(16.5%) master's Degree.

Most of the total employees have worked from 21 to 30 years 86(5.4%) and majority senior experienced more experienced, sharing knowledge as well as responsible to under current leader (73.7%). The majority of leaders have worked more than 31 years as the minimum requirement was 10 years, for their current organization (55%). As this result indicates majority of the

participants are more experienced employees who had a great deal of time to comprehend and evaluate existing leadership practice against different theoretical characteristics of leadership.

- ❖ As discussed above, the mean scores can also be used to identify the practice of leadership Style in Ministry of Finance. Accordingly, the overall dimensions of respondents (mean score) of leadership styles were computed in order to identify the practice of leadership style in Ministry of Finance. Thus, based on the findings of the study, mean score of transformational Leadership style was calculated to be 3.64, which is included in high range, mean score, transactional Leadership style was computed to be 2.86, which is included in moderate range and also, the mean score of Laissez-Faire Leadership style was calculated to be 2.77 which is included in low range.
- ❖ Based on the participants' response, the mean score on the organizational performance shows that the level of organizational performance in Ministry of Finance is 3.36 which is higher than transactional and laissez-faire leadership style.
- ❖ The result of Pearson correlation revealed that significant and positive relationship is found between Leadership style and Organizational Performance which is transformational leadership was seen to have a positive effect on the significant subscales of organizational performance by .510** at p value=.000.
- ❖ Transactional leadership also had a positive effect on the significant subscales of organizational performance by .409** at p value=.000 and Laissez-faire leadership had a positive effect on the significant subscales of organizational performance by .367** at p value=.000. The entire leadership dimension has a positive and significant relationship between the three dimensions of leadership style and Organizational Performance.
- ❖ The result of the linear and multi regression analysis shows that the model that was used good fit for the data which is the R square (R^2) explain that 56.3% change in Organizational Performance can be predicted by the transformational leadership styles. With respect to the coefficients of regression analysis, Organizational Performance can be predicted by transformational leadership. 56.3% of the variation in overall organizational performance can be explained by independent variables transformational leadership in the model. The result indicate that 56.3% of the variance of organizational performance was explained by transformational leadership styles. The rest 43.7% of variance of

organizational performance could be explained by other variables (personal life of subordinates, political interference factors, and others).

- ❖ With regard to recognizing to what extent leadership styles can affect organizational performance, regression analysis was made. Generally, the fact that there is a strong positive and significant relationship between leadership and organizational performance.. Therefore, the combinations of the three dimensions (Transformational leadership style, Transactional leadership style and Laissez-faire leadership style) are playing their own role in enhancing organizational. Based on the analysis, the R square (R^2) explains that 57.1% change in Organizational Performance can be predicted by the transformational leadership styles

5.3. Conclusion

Based on the findings of this study the following conclusions are drawn in line with the research objectives.

- ❖ The practices of leadership style in Ministry of Finance to assess by the mean score of the dimensions of leadership styles were computed. The mean score of Transformational Leadership style was 3.64 which are considered as moderate range, whereas the mean score of Transactional Leadership style was 2.8 and the mean score of Laissez-Faire Leadership style was 2.7 which are categorized as blow the range. Therefore, the practice of leadership style in Ministry of Finance is transformational leadership style, as it is found in the range which is considered as moderate.
- ❖ The overall perceptions of respondents towards Organizational Performance were assessed in order to evaluate the levels of organizational performance in public organization in Ministry of Finance, Ethiopia. Then the findings show that the aggregate mean score of organizational performance of Ministry of Finance, Ethiopia was 3.36 which indicates that the organizational performance level in Ministry of Finance, Ethiopia is moderate. Therefore, the majority of the respondents are not happy with the overall Performance of the Ministry of Finance, Ethiopia.
- ❖ The relationship between leadership style and organizational performance was examined by using Pearson correlation coefficient. As a result, Transformational leadership style

was seen to have a positive effect on the significant subscales of organizational performance by .510** at $p=.000$. Transactional leadership style also had a positive effect on the significant subscales of organizational performance by .409** at $p=.000$ and also Laissez-faire leadership style had a positive effect on the significant subscales of organizational performance by .367** at $p=.000$. Therefore, all the three leadership styles have positive and significant relationship with Organizational Performance.

- ❖ With regard to recognizing to what extent leadership styles can affect organizational performance, regression analysis was made. Based on the analysis, the R square (R^2) explains that 57.1% change in Organizational Performance can be predicted by the combination of the three leadership styles. Therefore, the combinations of the three dimensions (Transformational leadership style, Transactional leadership style and Laissez-faire leadership style) are playing their own role in enhancing organizational performance. Therefore, Transformational leadership styles in Ministry of Finance will bring more influence on organizational performance.

5.4. Recommendation

Based on the major findings and the conclusions made, the following recommendations are forwarded:

- ❖ Transformational leadership should be known by all people at all levels of organization to have a positive impact on the overall accomplishments.
- ❖ Since the practice of leadership style is found to be Transformational Leadership style, Therefore, the top management of Ministry of Finance committed and globally competent and also taking as a model to other public organization, but need to focus on engaging employees in decision making process, the leaders have to communicate their juniors positively and be supportive to them as much as possible, they have to provide responsibility to their subordinates, trainings have to be given to the leaders in order to make aware about the characteristics of transformational leader.
- ❖ Since the level of Ministry of Finance performance is moderate, the researcher also recommends that Ministry of Finance to improvement more this train the management team members , non-management senior expert and staff members for the purpose of

enhancing the level of their performance at the end will be translated to bringing best performance of the Ministry of Finance. This was also further recommended by the respondents, the researcher also echo other recommendation given by the respondents and suggests introduction of a consistent and progressive leadership style, empowering leaders at all level to develop in to leadership roles and expand organizational structure for opportunity promotion , motivation communication in strategic planning with more capable senior staff.

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APPENDIX A:
Multifactor Leadership Questionnaire (MLQ)
For Top Management Bodies

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT
MANAGEMENT

Research Title: Public Service Leadership and Organizational performance in Public organization.

Dear Respondents!

This questionnaire is aimed to examine the leadership styles of top management bodies at public organization in Ministry of Finance as perceived by the top management bodies themselves. The questionnaire has four sections. Section I deals with demographic characteristics. Whereas section II, III, IV and V deal with transformational, transactional, laissez-faire leadership behaviors and organizational performance respectively.

Please note that:

- No need of writing your name;
 - Please read each statement carefully and answer all questions as much as you can;
 - For descriptive statements, please respond in accordance with the five point Likert-scales provided under each section, put your answer circling in the corresponding boxes; and
- The questionnaire is purely for academic purpose and you are assured that your response will be treated with utmost confidentiality.

Thank you in advance for your cooperation

Asnake Yeshanew

Section I. Demographic data

1. **Sex :** Male ☐ Female ☐
2. **Age:** 18-30 ☐ 31-40 ☐ 41-50 ☐ Above 51 ☐
3. **Level of Education** BA/BSC Degree ☐ MBA/MBSC Degree ☐ PHD ☐
4. **Occupational Title:** Director ☐ Team Leader ☐
5. **Service Years in Ministry of Finance:**
1-10 ☐ 11-20 ☐ 21-30 ☐ Above 31 ☐

Section II: Transformational Leadership Behaviors

This section descriptive statements that will help you to rate how frequent the leader manifest trans-formational leadership behaviors. The behaviors are idealized influence-attributed, idealized influence behavior, inspirational motivation, intellectual stimulation and individualized consideration. Please judge how frequent each statement fits you using the following 5 point Likert-scale. **1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree.** Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

	Idealized Influence-Attributed	Rating scale				
		1	2	3	4	5
1	I instill pride in employees for being associated with me					
2	I go beyond self-interest for the good of employees'					
3	I act in ways that build employees' respect for me					
4	I display a sense of power and confidence					
	Idealized Influence-Behavior					
5	I emphasize the importance of having a collective sense of mission					
6	I talk about my most important values and beliefs					
7	I specify the importance of having a strong sense of purpose					
8	I consider the moral and ethical consequences of my decisions					
	Inspirational Motivation					
9	I express confidence that goals will be achieved					
10	I articulate a compelling vision of the future					
11	I talk optimistically about the future					
12	I talk enthusiastically about what needs to be accomplished					
	Intellectual Stimulation					
13	I seek differing perspectives from when solving problems					
14	I get employees to look at problems from many different angles					
15	I re-examine critical assumptions to question whether they are approach Before making decisions.					
16	I suggest new ways of looking how to compete assignment.					
	Individualized Consideration					
17	I spend time in administering and coaching employees					
18	I help subordinates to develop their strengths					
19	I treat subordinates as individuals rather than just as a member of a group					
20	I consider each employee as having different needs, abilities, and aspirations from his/her colleagues					

Source: Adopted from Bass and Avolio (1992)

Section III: Transactional Leadership Behaviors

This section 12 descriptive statements that will help you to rate how frequent the top management bodies manifest transactional leadership behaviors. The behaviors are contingent reward, management by exception-active and management by exception-passive. Please judge how frequent each statement fits you using the following 5 point Likert-scale.=**1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree**. Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of agreement

		Rating Scales				
	Contingent Rewards	1	2	3	4	5
1	I discuss in specific terms who is responsible for achieving performance tar-gets					
2	I provide employees with assistance in exchange for their efforts					
3	I make clear what employees can expect to receive when performance goals are achieved					
4	I express satisfaction when employees meet expectations					
	Management-by-Exception-Active	Rating Scales				
5	I concentrate my full attention on dealing with mistakes, complaints and failures					
6	I focus attention on irregularities, mistakes, exceptions and deviations from standards					
7	I direct my attention toward failures to meet standards					
8	I keep track of all mistakes					
	Management-by-Exception-Passive	Rating Scales				
9	I show that I am a firm believer in “If it isn’t broke, don’t fix it.”					
10	I wait for things to go wrong before taking action .					
11	I fail to interfere until problems become serious .					
12	I demonstrate that problems must become chronic before I take action.					

Source: Adopted from Bass and Avolio (1992)

Section IV: Laissez Faire Leadership Behaviors

This questionnaire is designed to investigate “public service leadership and organizational Performance Ministry of Finance in Ethiopia”. The researcher kindly reminds the respondents that the response given by them will be used only as an input for the research work. In addition the researcher would like to be grateful to the respondents the sacrifices they paid in completing this questionnaire.**1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree**

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

S/N	Laissez-Faire	Rating Scales				
		1	2	3	4	5
1	In complex situations my supervisor allows me to work my problems out on my own way					
2	My supervisor stays out of the way as I do my work					
3	As a rule, my supervisor allows me to appraise my own work					
4	My supervisor gives me complete freedom to solve problems on my own.					
5	In most situations I prefer little input from my supervisor					
6	In general my supervisor feels it's best to leave subordinates alone					

Source: Adopted from Bass and Avolio (1992)

Section V: Organizational Performance

The sets of statements aimed at helping you assess your organizational performance at your job in the organization. You are requested to rate yourself against each statement to indicate your self-assessment of your own working environment, human resource system promotion, transfer, motivation, job satisfaction, communication about strategic plan ,Mission achievement/target and performance, where the following ratings are:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of performance rating.

	Working Environment	Rating scale				
		1	2	3	4	5
1	Office facilities and resources are sufficient to exercise the work effectively.					
2	The physical layout is comfortable and convenient to perform the work.					
3	There is a value of cooperation between or among employees					
4	Manuals and procedures of the Ministry of Finance are attractive to perform day to day duties.					
5	The leader provides all possible supports and try to safe the working environment.					
6	The organizational culture is suitable for performing in good manner					
	Human Resource					
7	I am informed about the Strategy of Human Resource Management in MOF.					
8	Staff selection and recruitment is conducted in accordance with the needs of MOF					

9	During the selection process I was adequately informed about all relevant information regarding the organization and job.					
10	I believe that people are the most important resource of the organization					
11	I believe that right person is assigned for right job in					
12	Skills and knowledge needed for transition have been identified					
13	All employees have an equal opportunity for training and development					
	Communication					
		1	2	3	4	5
14	MOF has a clearly defined vision and strategy and changes are continually communicated with all stakeholders.					
15	MOF institution uses multiple communication methods to keep stakeholders informed					
16	Messaging about the decision-making, policy and implementation is clear, concise and consistent .					
17	My leader is friendly and approachable					
	Commitment					
18	I feel a strong sense of belonging to this organization.					
19	I feel emotionally attached to this organization					
20	This organization has a great deal of personal meaning for me					
21	I feel like part of the family at this organization.					
20	My leader maintains definite standards of organizational performance.					
	Motivation					
22	recognizes and reinforces skills and behaviors required for the change effort					
23	I feel appreciated by my supervisor for what I contribute to the organization					
24	In this organization, a person's work is valued more than their title					
25	I receive encouragement and affirmation from those <i>above</i> me in the organization					
26	Motivation of employees rely on their performance results.					
27	The Ministry of Finance provides recognition for hard working employees.					

Semi-Structured Interview Guide For Top Management

Please provide answers to this interview to the best of your understanding about various practices of your organization. This information will be used only for academic purposes only.

1. Awareness of the type of leadership one practices in organization.

- I. How do you manage decision making in your organization/department?
- II. How do you leader reward to your staff?
- III. How do you delegate duties?
- IV. How do you lead organizational performance of employees?

2. Awareness on organizational performance of employee.

- I. How do employees corporate in executing their duties?

- II. What do you say about standard of duties performed by employees?
- III. To what extent are employees motivated in your organization?
- IV. How is the attitude/behavior of the employees when assigned duties? Do they submit in time?

3. What type of leadership does your organization practice among these?

- I. Laissez fair leadership style.
- II. Transformation leadership style.
- III. Transactional leadership style.

Thank you very much for your cooperation

APPENDIX B:
Multifactor Leadership Questionnaire (MLQ)
For support staff opinion Survey

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT
MANAGEMENT

Research Title: Public Service Leadership and Organizational performance in Public organization.

Dear Respondents!

This questionnaire is aimed to examine the leadership styles of support staff at public organization in Ministry of Finance as perceived by the support staff . The questionnaire has four sections. Section I deals with demographic characteristics. Whereas section II, III and IV, deal with transformational, transactional, laissez-faire leadership behaviors and V organizational performance respectively.

Please note that:

- No need of writing your name;
- Please read each statement carefully and answer all questions as much as you can;
- For descriptive statements, please respond in accordance with the five point Likert-scales provided under each section, put your answer tick (√) in the corresponding boxes; and

The questionnaire is purely for academic purpose and you are assured that your response will be treated with utmost confidentiality.

Thank you in advance for your cooperation

AsnakeYeshanew

Section I. Demographic Data

1. **Sex :** Male ☐ Female ☐
2. **Age:** 18-30 ☐ 31-40 ☐ 41-50 ☐
A above 51 ☐
3. **Level of Education:** College Diploma ☐ BA/BSC Degree ☐
MBA/MBSC Degree ☐ PHD ☐
4. **Occupational Title:** senior expert ☐ expert ☐ Junior Officer ☐
5. **Service Years in Ministry of Finance:**
1-10 ☐ 11-20 ☐ 21-30 ☐ Above 31 ☐

Section II: Transformational Leadership Behaviors

This section 20 descriptive statements that will help you to rate how frequent the leader manifest transformational leadership behaviors. The behaviors are idealized influence-attributed, idealized influence behavior, inspirational motivation, intellectual stimulation and individualized consideration. Please judge how frequent each statement fits you using the following 5 point Likert-scale.

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

	Idealized Influence-Attributed	Rating scale				
		1	2	3	4	5
1	I perform my duties effectively because I am happy to be associated with the Administrator Officer's commitment to his/her work.					
2	I put extra effort at work because I have complete faith in the					
3	I am satisfied with my work because the Administrator Officer acts in ways that make me feel happy.					
4	I am display a sense of power and confidence					
	Idealized Influence-Behavior					
5	Emphasize the importance of having a collective sense of mission					
6	I specify the importance of having a strong sense of purpose					
7	My boss consider the moral and ethical consequences of their decisions					
8	Top management staffs talk about their most important values and beliefs					
	Inspirational Motivation					
9	I perform my duties effectively because my boss informs me about the tasks requiring completion in an encouraging manner.					
10	I put extra effort in my work because my boss is optimistic that tasks and goals will be achieved					
11	I am articulate a compelling vision of the future					
12	I express confidentially that goals will be achieved					
	Intellectual Stimulation					
13	I Re-examine critical assumptions to question whether they are appropriate before making decisions					
14	I Seek differing perspectives from trainers when solving problems					
15	I Get employees to look at problems from many different angles					
16	I suggest new ways of looking at how to complete assignments					
	Individualized Consideration					
17	I Spend time in administering and coaching employees					
18	I put extra effort in my work because the leader appreciates my individual effort.					
19	I am satisfied with my job, because the boss consider each employee as having different needs, abilities and aspirations from other employees					
20	I perform my work effectively because my boss helps me in developing my competence.					

Section III: Transactional Leadership Behaviors

This section includes 12 descriptive statements that will help you to rate how frequent the top management bodies manifest transactional leadership behaviors. The behaviors are contingent reward, management by exception-active and management by exception-passive. Please judge how frequent each statement fits you using the following 5 point Likert-scale.

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

	Contingent Reward					
		1	2	3	4	5
1	I provide employees with assistance in exchange for their efforts					
2	I discuss in specific terms who is responsible for achieving performance targets					
3	I make clear what employees can expect to receive when performance goals are achieved					
4	I express satisfaction when employees meet expectations					
	Management-by-Active					
5	I focus attention on irregularities, mistakes, exceptions and deviations from standards					
6	I concentrate their full attention on dealing with ,mistakes, complaints, and failures					
7	I keep track of all mistakes					
8	I direct their attention toward failures to meet standards					
	Management –by-Passive					
9	I fail to interfere until problem become serious					
10	I wait for things to go wrong before taking action					
11	I show that they are firm believers in “If it isn’t broke, don’t fix it.”					
12	I demonstrate that problems must become chronic before they take action					

Source: Adopted from Bass and Avolio (1992)

Section IV: Laissez-Faire Leadership Behaviors

This section includes 7 descriptive statements that will help you to rate how frequent the top management bodies manifest laissez-faire leadership behaviors. Please judge how frequent each statement fits you using the following 5 point Likert-scale.

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

	Laissez-Faire Leadership Behaviors	Rating scale				
		1	2	3	4	5
1	My leader is not made necessary decisions.					
2	My leader is not caring about others issues					
3	My leader is ignored Leadership responsibilities and authority unused.					
4	My leader gives us complete freedom in decision making and problem solving					
5	My leader trusts us in exercising good judgment					
6	My leader will assign us task, and then let us handle it					
7	My leader permits us to set our own ways of doing things					

Source: Adopted from Bass and Avolio (1992)

Section V: Organizational Performance

The sets of statements aimed at helping you assess your organizational performance at your job in the organization. You are requested to rate yourself against each statement to indicate your self-assessment of your own working environment, human resource system promotion, transfer, motivation, job satisfaction, communication about strategic plan ,Mission achievement/target and performance, where the following ratings are:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please place a tick (✓) or a mark (x) in the box (cell) that represents your appropriate level of performance rating.

	Working Environment	Rating scale				
		1	2	3	4	5
1	Office facilities and resources are sufficient to exercise the work effectively.					
2	The physical layout is comfortable and convenient to perform the work.					
3	There is a value of cooperation between or among employees					
4	Manuals and procedures of the Ministry of Finance are attractive to perform day to day duties.					
5	The leader provides all possible supports and try to safe the working environment.					
6	The organizational culture is suitable for performing in good manner					
	Human Resource					

7	I am informed about the Strategy of Human Resource Management in MOF.					
8	Staff selection and recruitment is conducted in accordance with the needs of MOF					
9	During the selection process I was adequately informed about all relevant information regarding the organization and job.					
10	I believe that people are the most important resource of the organization					
11	I believe that right person is assigned for right job in					
12	Skills and knowledge needed for transition have been identified					
13	All employees have an equal opportunity for training and development					

	Communication					
		1	2	3	4	5
14	MOF has a clearly defined vision and strategy and changes are continually communicated with all stakeholders.					
15	MOF institution uses multiple communication methods to keep stakeholders informed					
16	Messaging about the decision-making, policy and implementation is clear, concise and consistent .					
17	My leader is friendly and approachable					
	Commitment					
		1	2	3	4	5
18	I feel a strong sense of belonging to this organization.					
19	I feel emotionally attached to this organization					
20	This organization has a great deal of personal meaning for me					
21	I feel like part of the family at this organization.					
20	My leader maintains definite standards of organizational performance.					
	Motivation					
		1	2	3	4	5
22	recognizes and reinforces skills and behaviors required for the change effort					
23	I feel appreciated by my supervisor for what I contribute to the organization					
24	In this organization, a person's work is valued more than their title					
25	I receive encouragement and affirmation from those <i>above</i> me in the organization					
26	Motivation of employees rely on their performance results.					
27	The Ministry of Finance provides recognition for hard working employees.					

===== **Thank you for your cooperation!!**=====

Appendix C:

Reliability Analysis

I. Internal Consistency for Modified MLQ

Leadership Styles	Items	Chronbach's Alpha
Transformational l	1-20	0.85
Transactional	21-32	0.81

II. Item-total Reliability for Modified MLQ

Leadership	ITEMS	
Leadership style		0.85

III. Internal Consistency for Modified OPQ

Organizational performance	ITEMS	Chronbach's Alpha
Working Environments	39-46	0.78
Human resource	47-52	0.76
Communication	53-58	0.73
Commitment	59-64	0.74
Motivation	65-68	0.79

IV. Item-total Reliability for Modified OPQ

Organizational performance	ITEMS	Chronbach's Alpha
Organizational performance	28	.79

Appendix E: Correlations between Transformational Leadership Styles and Organizational Performance Dimensio

		TFLI A	TFLIB	TFLIM	TFLI S	TFL IC	OEG W	OEGHR	OEGCO M	OEGC M	OEG MO
TFLIA Idealize Attribute	Pearson Correlation	1	.121	.193*	-.133	-.106	.169*	-.144	-.070	.041	.135
	Sig. (2-tailed)		.122	.013	.089	.177	.031	.066	.372	.599	.085
TFLIB Idealize Behavior	Pearson Correlation	.121	1	.805**	.314**	.014	.842**	.669**	.510**	.184	.490**
	Sig. (2-tailed)	.122		.000	.000	.864	.000	.000	.000	.018	.000
TFL Im Inspiration Motivation	Pearson Correlation	.193*	.805**	1	.235**	-.080	.821**	.332**	.412**	.186	.451**
	Sig. (2-tailed)	.013	.000		.002	.311	.000	.000	.000	.017	.000
TFLIS Inspiration Stimulatio n	Pearson Correlation	-.133	.314**	.235**	1	.089	.187*	.381**	.366**	.166	-.025
	Sig. (2-tailed)	.089	.000	.002		.256	.016	.000	.000	.034	.746
TFLIC Individual considerati on	Pearson Correlation	-.106	.014	-.080	.089	1	-.060	.258**	.052	-.058	.032
	Sig. (2-tailed)	.177	.864	.311	.256		.442	.001	.511	.461	.680
OEGW	Pearson Correlation	.169*	.842**	.821**	.187*	-.060	1	.493**	.315**	.038	.484**
	Sig. (2-tailed)	.031	.000	.000	.016	.442		.000	.000	.625	.000
OEGHR	Pearson Correlation	-.144	.669**	.332**	.381**	.258*	.493**	1	.330**	.082	.409**
	Sig. (2-tailed)	.066	.000	.000	.000	.001	.000		.000	.299	.000
OEGCOM	Pearson Correlation	-.070	.510**	.412**	.366**	.052	.315**	.330**	1	-.109	.046
	Sig. (2-tailed)	.372	.000	.000	.000	.511	.000	.000		.165	.559
OEGCM	Pearson Correlation	.041	.184*	.186*	.166*	-.058	.038	.082	-.109	1	-.101
	Sig. (2-tailed)	.599	.018	.017	.034	.461	.625	.299	.165		.198
OEGMO	Pearson Correlation	.135	.490**	.451**	-.025	.032	.484**	.409**	.046	-.101	1
	Sig. (2-tailed)	.085	.000	.000	.746	.680	.000	.000	.559	.198	