



**The Role of Leadership Style on Organizational Culture: In The Case of
Zemen Bank S.co**

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Degree in Business Leadership**

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This is to certify that Balew Cheru's research project, "The role of leadership style on organizational culture: A Case Study of Zemen Bank S.co," which was submitted to Addis Ababa University School of Commerce in partial fulfillment of the requirements for a Masters of Business Leadership, complies with university policies and meets the required standard for originality and quality.

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Declaration

I, the undersigned, thus certify that this work, titled "The Role of Leadership Style on Organizational Culture: A Case Study of Zemen Bank S.co," is the result of my efforts. Additionally, I appropriately acknowledged every source of information I used in the study.

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Acronyms

ANOVA -----Analysis of Variance

MLQ -----Multifactor Leadership Questionnaire

NBE -----National Bank of Ethiopia

ZB -----Zemen Bank S.co

SPSS -----Statistical Package for the Social Science

Sig. ----- Significant

Std. Deviation --Standard deviation

Abstract

Today's corporate leaders must have the ability to change organizational culture in response to issues if they are to succeed. On the other hand, leaders actively contribute to establishing, preserving, and enhancing organizational culture through their policies and leadership style. Therefore, leaders are required to act in a manner that is compatible with the goals of the organizations that they lead. This study aims to investigate the relationship and the role of leadership style on the organizational culture of Zemen Bank S.co. Data from both primary and secondary sources were gathered in order to meet the research objectives. The available scholarly studies' material was reviewed, and a conceptual framework was developed as a result. Checklists for document evaluation and survey questionnaires were employed to gather data. The objective of the study was accomplished using a descriptive and explanatory survey design. A straightforward random sample and purposeful sampling method was used to select the study's participants. 156 employees who are working in the city of Addis Ababa were requested to complete the questionnaire, and 151 did so. Through the use of descriptive, multiple regression, and correlation analysis techniques, the study's participant data were examined. Accordingly, the study's findings showed that, at the group level, leadership style had a positive and significant influence on the bank's organizational culture. Additionally, it was shown that the leadership style most frequently used in the bank was transactional leadership. The study finds that, apart from the aforementioned leadership style, transformational leadership style has strong influence on the culture of the bank. Whereas, the widely leadership style in the bank perceived by the employees of the bank was transactional leadership style. Hence most of the bank leadership style over reliance on rewards and punishment to exert influence and mainly focus on economic and instrumental transactions in treating employees. Although transactional leadership can be functional or even vital, it is less likely than transformational leadership to create and influence the organizational culture. Thus zemen bank has recommended adopting leadership style that is more aligned to ensure its innovative organizational culture to enhance competitive advantages in this dynamic world. Furthermore, the bank has to deploy intensive and continues management development to enhance participation, purposeful interaction between leader and employees in order to avoid the laissez-faire leadership perceived by the employees of the bank.

Key words- Leadership style, Organizational culture, Transformational, Transactional, and Laissez-faire

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

A key success factor for businesses today is the leader's capacity to change organizational culture in response to problems. On the other side, by their policies and leadership style, leaders actively contribute to creating, sustaining, and improving organizational culture (Christine Kane, Urrabazo, 2006). Leaders are expected to behave in a way that is consistent with the goals of their organizations' businesses. According to research, good leadership practices increase organizational performance and effectiveness (Xu and Wang 2008). Therefore, with the proper leadership style and organizational culture, the necessary organizational success and efficiency can be attained.

Scholars and researchers have defined and conceptualized leadership and organizational culture differently across a range of fields. Main concepts on the importance of organizations have been highlighted as organizational culture and leadership style. According to Schein (1985), cultural norms determine how companies define leadership; leaders create and implement culture; and one of a leader's skills is the capacity to understand and deal with culture. The main goal of leadership is to establish values that motivate employees, provide meaning, and give them a feeling of purpose. Organizations are perceived by systems approaches as having an "identity" (Malby B., 2006). Values, traditions, symbols, rituals, and how an organization interprets or translates its surroundings are all examples of the organization's enduring nature (Gioia DA, Thomas JB, 1996). Leaders define identity, how the organization views its effort and environment, what interactions are important, what feedback is valuable, what information is available, and leadership attitudes and behaviors that are influenced by organizational norms and boundaries.

However, Mission has a direct connection to what organizations refer to as strategy. What the strategy should be for an organization to survive and prosper can be determined from the viewpoint of an outside observer of that organization. However, from the perspective of insiders, the organizational culture restricts the strategic possibilities (Schein 2004). Leadership is the capacity to build trust and support among those who are required to realize organizational objectives (DuBrin, 2012). According to Messick and Kramer (2004), a person's ability to demonstrate

leadership attributes depends not only on his personal qualities and skills but also on the situations and environment in which he finds himself. One of the important aspects in determining whether or not an organization's leadership style will increase or decrease its members' interest and commitment is that style. Bennis and Nanus (1985) identified the characteristics of a successful leader. They contend that a transformational leader is one who develops and expresses a vision for building an effective organizational culture that fosters innovation, trust, two-way communication, shared decision-making, and staff development. The necessity for a manager to identify his or her leadership style is therefore emphasized by Glantz (2002). The most prevalent aspect that might influence an employee's attitude and behavior toward an organization's values, beliefs, norms, and symbols is the leadership style that they apply. The aim of this study is to investigate the relationship and the role of leadership style on organizational culture of Zemen Bank S.co.

1.2 Statement of the problem

Leadership and organizational culture are crucial to the effectiveness of organizations in the banking industry today. Schein (1996), a pioneer in the field of cultural study, claims that a leader's ability to create, modify, and manipulate organizational culture is their most important responsibility. Schein (1996) asserts that the unique quality of leadership that sets it apart from management is its concern for culture. Organizational atmosphere and culture will be directly affected by the type of leadership behavior or style (Bass, 1985; Barker, 1990). One must be able to appropriately assess the culture of the organization and help followers do the same in order to be a great leader. These phenomena have been identified as the primary factors influencing an organization's success or failure by scholars working in a variety of fields (Schein, 2010). It is recognized that one of the variables influencing the formation of organizational culture is the traits and character of leaders that are reflected in modern corporate operations (Luthans, 2005). According to Campbell and Stonehouse (1999), workplace culture can have an impact on employee attitude as well as motivation, morale, goodwill, productivity, performance, and job quality. Furthermore, research on the cultures of high-performing organizations has shown a positive link between leadership style and organizational culture (Doris Xhelili, 2016).

Several studies have shown that organizational culture improves organizational performance by encouraging employees to adhere to the mission and core values of their organizations (Kotter, 2012). If an organization creates culture, it will perform better overall because it will act as a

control mechanism to guide employees' behavior towards from undesirable behaviors and toward desired behaviors by implementing the norms and values outlined in the culture (Schein, 2011). By enhancing cooperation among organizational members and facilitating communication and decision-making, organizational culture improves an organization's overall success (Farashahi & Molz, 2005).

The formation of a distinctive identity within the organization is a result of the organizational culture (Schermerhorn, Hunt, Osborn, Uhl-Bien, 2011). The same is true in Ethiopia banking business that differentiates from one another especially in the case of Zemen bank s.co. The pioneers of the Bank created Zemen bank to be unique in customer service, the art of technology, working environment and best salary payer from the industry. Even the bank starts its banking business with the application of blue ocean strategy by a single branch. One-branch' strategy was Zemen Bank's pillar vision for about 4 years since establishment. On 2012 the bank goes with a strategy called 'Limited-branch' with few Banking-centers in Addis Ababa and regional cities. Recently, the bank is engaged in branch expansion as result of compelling proclamations by National Bank of Ethiopia for the recent country agenda of access to finance (wubshet 2016). Zemen Bank is the first bank in Ethiopia which deploys ATM, different prepaid cards like gift card and salary card in addition to debit card, internet banking and mobile banking accessible to its customers at the time of its establishment in October 2008 (annual report 2009).

In addition to the above statement, as stated by Wubshet (2016) the bank interpreted the logo as; 'courageous' and 'risk taker'. On other hand the bank gives meaning for the 'bull' as follow,

1. Wealth (Ethiopian Tradition)
2. Productive (Bull - ኮርማ በሬ) – reflects the highest interest rate in the industry
3. Aggressiveness – Bear (Stagnant) & Bull Market in Western Financial /Industry

These are the notion of establishment of innovative organizational culture aggressively to compute the financial market in Ethiopia. Almost the last eight years onwards the bank loses its innovative culture and encounter steady growth, high customer dissatisfaction and lack of conducive working environment these might in turn affected by the leadership style adopted with in the bank during the period.

Besides, it's found minimal research made in the subject matter in Ethiopian Banking industry most of them focused on organizational performance. This research is aimed to identify the relationship and the role of leadership style on organizational culture in Ethiopian banking business specifically in the case of Zemen bank S.co.

1.3 The research questions

To what extent the leadership styles affect ZB organizational culture?

Which leadership styles are widely applied in ZB?

Is there any positive relationship between leadership styles and ZB organizational culture?

Dose the bank's leadership style have significant influence on ZB organizational culture?

1.4 The research objectives

The research will have two basic Objectives: General Objectives and Specific Objectives.

1.4.1 The General Objectives

The primary objective of the study was to identify the relationship and the role of leadership style on organizational culture in the case of Zemen bank S.co.

1.4.2 Specific objectives

To assess the dominant leadership style widely perceived in Zemen bank S.co.

To determine the relationship of leadership style and organizational culture of Zemen bank.S.co

To examine the influences of leadership style on organizational culture in zemen bank s.co.

To assess the level of influence that leadership styles affect ZB organizational culture.

1.5 The Significance of the Study

The findings of the study will be useful for banking sector, academicians, stakeholders, and researcher who are looking for the Leadership Styles-organizational culture relationships in banking sector context. Accordingly, the study will serve as an input for the companies in making decisions about identifying the key variables of leadership styles and understanding the effect of

leadership styles on organizational culture that can be used to achieve the organizational goals and objectives.

The findings of the study will give the stakeholders in the area the opportunity to gain relevant information about the role of leadership styles on the organizational culture of the banking sector as well. And ZB will benefit from the findings of the research to evaluate the level and directions of which leadership styles that affect the organization culture.

The study will also serve as a launching point for academics and practitioners who may be concentrating on related subjects and problems, notably regarding the role of leadership style on a bank's organizational culture.

Finally, the findings of the study will expected to stimulate research interests among academics, and students to further investigate in the area of leadership styles and organizational culture in banking sector.

1.6 Limitations of the study

The research was limited to in Ethiopian banking business especially in the case of ZB it will be difficult to generalize the result to other banks found in Ethiopia and will not consider other industry sectors which have different organizational culture and leadership style orientation. Furthermore, the research will not consider other mediating factors such as employee character, political and economic situations to the leadership style that may influence the culture of the organization.

1.7 Scope of the study

This research is aimed to assess the influences of leadership style on organizational culture of ZB. Even if there are other factors that influence the organizational culture, the study will focus on the three leadership styles (transformational, transactional, and Laissez-faire) as an independent variable and the organizational culture adopted from Denison's Model of Organizational Culture (adaptability, mission, consistency and involvement) as dependent variable. Furthermore, ZB has 73 banking centers all over the country. Thus to make the research manageable and cost effective the study considers only employees working in Addis Ababa.

1.8 Definitions of terms

Leadership: is a process whereby an individual influences a group of individuals to achieve a common goal (House, 2015).

Leadership style: leadership style means a kind of method and capability aimed at realizing organizational targets and further affects all organizational activities (Stogdill, 1948). According to Fiedler (1969), a leadership style is a type of interaction in which a person uses his or her power and methods to influence others to collaborate on a task.

Culture: is defined as the learned beliefs, values, rules, norms, symbols, and traditions that are common to a group of people (House, 2015).

Organizational culture: is the system of shared actions, values, and beliefs that develops within an organization and guides the behavior of its members (Schermerhorn, Hunt, Osborn, Uhl-Bien, 2011).

1.9 Organization of the study

The research comprised of the following five chapters, which include the following: Introduction, Review of Related Literatures, Research Methodology, Results and Discussions, and Summary, Conclusions and Recommendations.

Chapter One: Introduction

This chapter contains background of the study, statement of the problem, research questions, and objectives of the study, Research hypothesis, significance of the study, scope of the study, limitations of the study and definition of terms.

Chapter Two: Review of Related Literature

This chapter dealt with the literature relevant to the study. The theoretical, empirical and conceptual framework included.

Chapter Three: Research Methodology

Under this chapter, description of the study area, research approach, research design, population and sample of the study, data sources and types, data collection procedures, ethical considerations and data analysis was included.

Chapter Four: Results and Discussion

This chapter summarizes the results/findings of the study, and interprets and discusses the findings through extensive use of the literature review.

Chapter five: Summary, Conclusions and Recommendations

This chapter comprised of three sections, which include summary of findings, conclusions, and recommendations.

CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Introduction

In his chapter, the researcher tries to emphasize issues regarding leadership styles and organizational culture which provides an insight into the area of the study to be discussed. In this chapter, the theoretical, empirical and conceptual literature which focused on the research objectives was reviewed as indicated hereunder.

2.2 Theoretical Review

2.2.1 The leadership Concept

The English language just recently adopted the word "leadership." Despite the fact that the term leadership, from which it was derived, first appeared in A.D. 1300, it has only been in use for approximately 200 years (Stogdill, 1974). On the other hand, different writers define leadership differently; hence it is difficult to get a single definition for the term leadership. Richard L. Daft in his book titled "The experience leadership" clarifies the problem of defining leadership using the U.S. Supreme Court Justice Potter Stewart as we may not be able to define it but "we know it when we see it." He also noted that People can clearly see leadership but many are having a hard time seeing it in current political, business, military, and even religious leaders (Daft, 2015).

Leadership is defined as an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes (Daft, 2015). In this definition leadership involves influence among members, intentions towards change and desired outcomes, shared purposes that motivate them towards the preferred outcomes, substantive change, and followers led by the leader and members personal responsibilities to achieve the desired future.

Burns (1978) also support the daft definition by defining leadership as leaders inducing followers to act for specific goals that represent both leaders' and followers' values and motivations, wants and needs, aspirations and expectations. There are as many diverse approaches to leadership as there are qualities that set leaders apart from others.

2.2.2 Leadership Theories

Over time, both the role of leadership and its discipline have changed. The inherent ability of humans and their environment to change has resulted in this evolution. It is assumed that groups with leaders perform better than those without leaders in general. The additional benefits a follower receives from doing so may be taken into account by leaders, as well as the best person to follow in a given circumstance. This section aims to provide an overview of leadership theory and a timeline of recent developments.

2.2.3 Great Man Theory

According to the great man theory, a person must possess a certain set of natural qualities in order to be regarded as a leader. According to this notion, a leader's capacity for leadership comes naturally. The Great Men Theory is regarded as the foundation of leadership. Thomas Carlyle, a historian, was the creator of the great men theory (Allio, 2013). Because leadership was at the time predominantly seen as a masculine attribute, particularly in the military, the term "great man" was employed (Rose A., Gloria S. Ololube, 2015). Carlyle identified great people who lead in a variety of fields such as state administration, politics, and religion. Great men include Fatih Sultan Mehmed, Napoleon, Prophet Muhammad, Jesus Christ, Alexander the Great, and Winston Churchill. While big men who guide the flow of life are considered leaders, and great men have a distinct set of characteristics that set them apart from ordinary people (Carlyle, 1841). Its founding principle was that relatively few, extremely uncommon people, in every society at all time, possessed the special qualities needed to express or shape history. Although this theory might be

adequate for case studies, it cannot be used as a scientific theory because it is effectively unchallengeable (Van Wart, 2003).

2.2.4 Trait Theory

The attribute theory, which is somewhat related to the great man concept, makes the assumption that people inherit particular characteristics or features that make them suitable for leadership. Emphasizes the character traits of leaders, and as a result, the approach contends that a leader's success depends on having qualities like drive, insight, and foresight. The approach places equal emphasis on detecting certain physical traits, such as height, appearance, and level of energy. Effective leaders also exhibited features like intelligence and personality traits like extroversion, dominance, or accomplishments (Christiana, 2012). According to the theory, tall men have different anatomy, psychology, and personalities than other people. As a result, not everyone can or should aspire to be a leader because it is thought that leadership is a gift from God (Spector, 2016).

A subsequent development in trait research resulted in a shift in focus from abstract personality traits to specific attributes that can be related directly to behaviors required for effective leadership in a particular situation. As a result, the focus of modern research has shifted away from a single, one-dimensional personality trait and toward more complex patterns of leader characteristics, such as flexibility, charisma, or social intelligence (Christiana, 2012).

2.2.5 Behavioral Theories

This theory focuses on how leaders act and makes the assumption that other leaders can emulate similar traits. It suggests that leaders can be created by teachable behavior rather than being born, and is also referred to as the "style theory." The acts of a leader are highly valued in behavioral theories of leadership. According to this view, the best indicator of leadership performance is watching a leader in action. The focus of behavioral learning theory is on behaviors rather than traits. According to this theory, behavioral patterns are identified and categorized as leadership styles. Examples of leadership styles include task-oriented leadership, people-oriented leadership, country club leadership, status quo leadership, autocratic leadership, and others. In the end, this theory defines success in terms of a leader's real behaviors (Bolden et al., 2003).

2.2.6 Contingency/Situational Theories

According to situational theory, there is no one best way to lead since the leader must adjust based on the internal and external aspects of the environment. The optimum leadership style has not been thoroughly and consistently identified; suggest House and Aditya (1997). In other words, it doesn't appear like there is a single best leadership style that works in every circumstance. Different leadership styles, according to critics, are more effective in various situations (Jung & Avolio, 1999). The paradigm shift towards contingency leadership theory was definitely influenced by this. The contingency leadership theory suggests using the leadership style that is most appropriate for the situation rather than always using the same style (Jung & Avolio, 1999).

2.2.7 The Full Range Leadership Theory

The Full Range Leadership concept, which Bass and Avolio developed in 1994, suggested that leaders should implement a variety of behaviors to influence their subordinates. Three different leadership styles, namely transformational leadership, transactional leadership, and laissez-faire leadership, were incorporated in this leadership model. According to the theory, some leaders are classified as transactional leaders because they implement a task-reward system, while others are considered transformational leaders because they can inspire their followers through charisma (Bodla & Nawaz, 2010). Laissez-faire leadership, which avoids involvement, would fall into the third category. The Full Range Leadership theory admits that in practical circumstances, the leader is likely to use a wide variety of leadership styles and is one of the most thoroughly investigated models of leadership in the modern period (Kirkbride, 2006). The MLQ would be used to measure and evaluate leadership styles. The MLQ makes it possible to determine if the leader demonstrated transformational or transactional leadership styles and the degree to which the followers are happy with the leader's performance (Hughes, et al., 2022). It includes one non-transactional laissez-faire leadership, three transactional leadership components, and five transformational leadership factors.

2.2.7.1 Transformational Leadership

Transformational leadership entails the leader inspiring followers to pursue goals beyond their immediate self-interests by leveraging his idealized influence, motivating inspiration, stimulating thought, and showing them personalized consideration (Bass, 1999). According to Yukl (2008), transformational leaders encourage their followers to put the needs of the organization ahead of

their own interests by raising their awareness of the significance and worth of their work. In addition to the learning opportunities produced by encouraging followers to solve challenges, transformational leaders have great visioning and management skills. They also foster deep emotional bonds with their followers.

By inspiring, encouraging teamwork, motivating, and reinforcing positive behaviors in them, transformational leaders put their attention on the development of their followers. Such a leader frequently earns the employees' complete trust and confidence (Bass et al., 2003). Additionally, it attempted to change people's minds and hearts, expand their vision, insight, and knowledge, clarify their goals, make their behavior consistent with their beliefs, principles, or values, and bring about changes that are long-lasting, self-perpetuating, and momentum-building (Bass, 1997). The five factors of transformational leadership as explained by Bass et al. (2003) and Trottier et al. (2008) are presented below:

- I. Inspirational Motivation:** The spoken word is a powerful tool used by leaders who exhibit high levels of inspirational motivation behaviors to inspire and motivate their followers. The expectations for the performance of their followers are developed and explicitly expressed. By doing this, they "raise the bar" for their organization, establishing new criteria and objectives for the work of their followers. They involve followers in defining the ideal condition of affairs for the future, which fosters dedication to the objectives and the common vision.
- II. Individualized Consideration:** focused on the growth of their followers when evaluating a leader's personality. Individualized consideration addresses the needs of followers directly and involves a range of actions, such as coaching, mentoring, and teaching. As coaches and mentors, the leaders serve. Different viewpoints are welcomed, and two-way conversation is common. Each person's needs and wants are respected. In order to improve follower skills, they also assign various assignments..
- III. Intellectual Stimulation:** Leaders challenge followers' assumptions, procedures, and paradigms through intellectual stimulation, which forces followers to reevaluate their solutions and come up with fresh ways to difficulties. Such leaders involve their supporters in all aspects of decision-making. They encourage some risk-taking, letting subordinates test out their ideas,

and not overreacting when something doesn't work. A leader's followers will be reluctant to take risks if the leader is not willing to accept that they will occasionally fail.

- IV. **Idealized Influence (behavior):** a leadership style that causes followers to identify leaders and desire to imitate them. These typical actions demonstrate the effectiveness of transformational leadership, which is widely seen as having a favorable impact on employee attitudes about their jobs (Judge & Piccolo, 2004).
- V. **Idealized Influence (Attributes):** When followers identify with and follow those leaders who are trusted and seen as having a practical mission and vision, idealized influence (attributes) occur.

2.2.7.2 Transactional Leadership

In contrast to transformational leadership, transactional leadership does not individualize the needs of followers or place a strong emphasis on their personal growth. To advance their personal agendas and the objectives of their followers, transactional leaders swap valuables with their followers (Kuhnert, 1994). Because doing what the leader wants is in the best interest of the followers, transactional leaders are powerful (Kuhnert & Lewis, 1987).

Bass (2004) states that contingent rewards for good performance, management by exception active, and management by exception passive for poor performance are the three elements that define and quantify transactional leadership.

Contingent rewards: The first of two transactional leadership factors that entails the leader to create exchange process between leaders and followers in which effort by followers is exchanged for specified rewards. With this kind of leadership, the leader tries to obtain agreement from followers on what must be done and what the payoffs will be for the people doing it (House, 2015). According to Notgrass (2014) contingent rewards, or the leader's use of clarifying or supporting achievement behaviors, are most effective when followers feel that they have a high-quality relationship with their leader.

Management by Exception: the type of leadership that includes constructive criticism, unfavorable reviews, and unfavorable reinforcement. There are two types of management by exception: active and passive. When practicing management-by-exception actively, a leader keeps

a careful eye on subordinates for errors or contraventions of the rules before taking appropriate action. Only after expectations have not been reached or issues have occurred can a passive leader take action (House, 2015).

2.2.7.3 Laissez-faire leadership

According to the French expression, a laissez-faire leader adopts a non-transactional (hands-off, let things ride) style. This leader neglects accountability, creates out of making decisions, offers minimal feedback, and puts little effort into assisting followers in meeting their requirements. There is no interaction or effort made to enhance followers' development. This style of leadership is sometimes referred to as non leadership factors (House, 2015). Laissez-faire leadership, according to Northouse, has historically been viewed negatively. However, recent research (Yang, 2015) contends that laissez-faire leadership may not be the absence of leadership but rather a strategic behavioral choice made by the leader to acknowledge and defer to followers' abilities, reduce followers' dependence, and increase their self-determination, self-competence, and autonomy. By allowing followers to take the initiative in this situation, the leader would be purposefully exhibiting laissez-faire leadership. Surprisingly, research suggests that leaders may be most effective when they integrate transactional and laissez-faire characteristics with those of transformational leadership (Antonakis & House, 2014)

2.2.8 Leadership style theory

For the sake of this study, it is preferable to discuss the leadership style theory in addition to the full range leadership theory, which Bass and Avolio developed in 1994. In contrast to the skill approach, which concentrates on the leader's capabilities, and the trait theory, which focusses on the leader's innate character, the style approach focuses on leaders' observed conduct. Task behaviors (behaviors that support the completion of goals) and relationship behaviors are the two main types of behaviors that make up leadership (help subordinates feel comfortable with themselves, with each other, and with the situation in which they find themselves). The main goal of the style approach is to clarify how leaders combine these two types of behaviors in order to influence followers in their pursuit of a goal. A style is an individual way of acting, a distinctive or characteristic behavior. The term was first used by G.W. Allport (1937) in reference to various personality or behavioral types, and it is unique to psychology. Kurt Lewin and his associates

conducted studies at Iowa State University that focused on leadership styles in addition to G.W. Allport's psychological personality or behavior research (Lewin, et.al, 1939).

2.2.9 Organizational Culture

2.2.9.1 The concept of culture

The definition of the term "culture" has been contested by anthropologists, sociologists, and many other experts. It is challenging to define because it is an abstract concept, and various definitions have been given to it. For our purposes, culture is understood to be a collection of people's learned beliefs, norms, rules, symbols, and traditions (House, 2015). According to Schein (2004), a group's culture can now be defined as the shared basic assumptions that the group learned as it solved its problems with external adaptation and internal integration. These shared basic assumptions have proven to be effective enough to be accepted as true and, as a result, are taught to new members as the proper way to perceive, think, and feel in relation to those problems.

On the other hand, the culture of an organization is a collection of fundamental beliefs, standards, and values that are held by all of its members and communicated to newcomers as accurate. The behaviors that are deemed appropriate and desirable by a group of people are known as norms. A company's culture can be perfectly described as a set of shared assumptions and beliefs about how things should be done (Daft, 2015). Daft classified corporate culture in to three levels: the first level of the culture that can be seen at the surface level are visible artifacts, such as manner of dress, patterns of behavior, physical symbols, organizational ceremonies, and office layout—all the things one can see, hear, and observe by watching members of the organization. The second deeper levels of culture are the expressed values and beliefs, which are not observable but can be discerned from how people explain and justify what they do. These are values that members of the organization hold at a conscious level. The third so deeply embedded level in a culture that organizational members may not be consciously aware of them. These basic, underlying assumptions are the essence of the culture.

2.2.9.2 The Importance of Culture in organization

Organizational culture is one of the fundamental factors that might affect the company's future. It establishes a climate at work where each employee strives to meet the organization's predetermined goals (Jim Grieses 2000). As a result of feeling like they are a part of the process and being able

to react to changes in the business environment, employees who work for an organization with a strong and well-organized culture will feel engaged in the firm.

The two perspectives offered by E. C. Martins and F. Terblanche (2003)—the roles of organizational culture and the impact that organizational culture has on the various processes within the company—are typically the best places to start when discussing the role of organizational culture in a company.

The functions of organizational culture often take two forms: first, building employee identification and dedication to the organization; and second, developing a competitive advantage to help members (especially new members) understand proper conduct and social system stability (Martins, 2000). Management may employ corporate culture as a means of monitoring. Managers may monitor and direct employee behavior using a few chosen rituals, stories, images, and universal values. This kind of control may end up being less expensive in the long term and promote loyalty to the organization and its objectives.

Generally speaking, leaders should not undervalue the significance of organizational culture because it may be exploited as a competitive advantage throughout organizational growth and because a strong culture can provide various benefits, including there are many words that can be used to describe how people operate together, including dedication, collaboration, control, and cooperation. Cultural themes can be used to continuously quantify the culture of the organization, and as a result of several recent advancements, organizational culture is becoming more and more important.

2.2.9.3 Leadership and the Organizational Culture

An influential leader can be emulated by the company's employees. The imitation eventually develops into a permanent habit. The corporate culture changes as a result of an increase in employee attempts to emulate the leader. The development of an organizational culture is most significantly influenced by a strong leader when seen in this light.

While the organization's culture, values, policies, and philosophy are influenced by the leader, the leader's decisions, motivation, and behavior are also influenced by the organization. As a result, the organization's philosophy, strategy, and policy affect the leadership style. The organization and

the leader engage in reciprocal interactions. The organizational culture influences the leader just as the leader influences the organizational culture.

We may get the conclusion that one aspect cannot be comprehended if the other does not exist when the interaction between the leader and the culture is seen in this sense as the two sides of a coin (Schein, 2010). A good organizational culture can boost an organization's adaptability and fit with its environment, which can be a strategic asset to the organization, or it can be a liability if the culture is "wrong" and is disrupted by various paradoxes (Liviu Warter, 2019).

2.2.9.4 Organizational Culture Denison's Model

Organizational Behavior is taught by Dr. Daniel Denison at the University of Michigan Business School. The Denison model and research are based on more than two decades of research connecting culture to key performance indicators like profitability, growth, quality, innovation, and customer and employee satisfaction. His research on organizational culture and effectiveness centered on behavioral principles, was created and designed in a business environment, uses business terms to discuss business-level issues, is connected to financial performance, is quick and simple to implement, and is applicable to all levels of the organization. The involvement, consistency, adaptability, and mission are cultural attributes serve as the foundation for Denison's organizational culture model. These characteristics have all been demonstrated to have an impact on organizational performance (Denison, 2006)

Adaptability: The ability of high performing organizations to recognize and respond to the competitive environment and customers sets them apart from low performing organizations. They also redesign the behaviors and procedures that aid in their adaptation. Additionally, innovative solutions and new ideas are welcomed in high performing organizations. Employees also always look for new and better ways to meet client expectations. Given that organizations learn from both successes and failures, controlled risk-taking is recommended.

Mission: Successful organizations have a clear mission statement that explains to staff members why they are carrying out their duties and how their efforts contribute to the success of the company. Multi-year strategies and identified high priorities are at the center of strategic direction and purpose. Successful organizations have short-term goals and objectives. To help employees understand how their daily tasks fit into the organization's overall vision, specific goals are also

set. The fundamental reason a company exists and competes in a certain industry is due to its vision.

Consistency: Integrating, coordinating, and exercising control all stem from consistency. Additionally, it aids organizations in creating a set of protocols that establish an internal governance structure based on mutually beneficial assistance. In order to help employees and managers make consistent decisions, successful businesses have a clear set of values. The participants attempt to come to a consensus by openly discussing challenging issues and misunderstandings. Each employee in these organizations is conscious of the influence their work has on others as well as the impact their job has on others. Employees constantly check to see if their job is in line with the objectives and goals of the organization.

Involvement: Organizations with a high level of involvement set themselves apart from the rival companies by encouraging responsibility. This particular fosters a stronger commitment to the organization and autonomy. Employees in these organizations are aware of the decisions that are within their scope and those that are out of their scope. In other words, employees are given the authority to make decisions based on information. Teams are encouraged to work together, and employees assist one another as they pursue their professional objectives. Last but not least, high-involvement firms use coaching and training to enhance employee capability.

2.3 Empirical Review

In a study conducted in the Gaza Strip of Palestine in 2021 by Alsaqqa and Akyürek, the role of organizational culture types and its relationships to leadership styles were critically evaluated. Between June and December 2018, the researcher conducted a cross-sectional descriptive study with 400 participants from three governmental and two non-governmental hospitals. The target population included all kinds of hospital employees, such as doctors, nurses, paramedics, and administrators. The study used the multifactor leadership questionnaire to measure leadership style as indicated by Bass as well as the organizational culture assessment inventory to determine the organizational culture profile developed by Cameron and Quinn. With the exception of the laissez-faire leadership style, which is not statistically correlated with any culture type, the researcher finds that transactional leadership and transformational leadership styles are both highly correlated to organizational culture (Alsaqqa and Akyürek, 2021).

The role of transformational leadership in enhancing organizational innovation was examined by D.I.Jung et.al.(2003). The study conducted on 32 Taiwanese companies in the electronics/telecommunications industry used a multisource approach to gather survey data with hypotheses and some preliminary findings. A direct and positive relationship between transformational leadership and organizational innovation is expected, and this expectation is supported by the findings of the study based on 32 Taiwanese companies. Furthermore, they identify significant and positive relationships between transformational leadership and empowerment, as well as between support for innovation and organizational innovation. These findings support their hypothesis that transformational leadership by the top management can encourage organizational innovation both directly and indirectly by creating an environment where staff members are free to share and explore with innovative concepts and methods.

By putting a model under test, Dariush et al. (2014) examined the effect leadership styles on organizational culture. In October 2012, 93 workers from various Mapsa Company work units participated in a quantitative survey using a questionnaire. The Denison organizational culture survey and the multifactor leadership questionnaire were used as the data gathering tools. Structural equation modeling (SEM) results revealed that both transformational and transactional leadership styles could have a positive impact on organizational culture. Contrarily, laissez-faire leadership style has a negative impact on organizational culture because there is no intentional interaction between the leader and the employees, and these leaders avoid making decisions. As a result, their actions have a negative and less noticeable impact on organizational culture. Additionally, they came to the conclusion that a transformational leadership style is advised in order to balance each of the four organizational culture attributes of Denison model.

Mebratu (2021) found that leadership style had a moderate impact on organizational culture in his research on the subject at St. Mary's University. He used both a descriptive and an explanatory research methodology and found that the impact of transformational leadership on organizational culture was more moderate than that of transactional and laissez-faire leadership.

Yidnekachew (2021), in his study on the impact of leadership behaviors on organizational culture, revealed that achievement-oriented and directive leadership behavior has a positive and significant influence on organizational culture. Hanna (2021), in examining at the relationship between

leadership and organizational culture, also highlights the need for further study on organizational leadership style in establishing organizational culture.

The necessity for hybrid leadership, which goes beyond the full range leadership theory and the multifactor leadership questionnaire, is shared by Kishenjeet and Dhillon (2022). This rethink is necessary since the full range leadership model excludes important leadership philosophies that can help managers. Managerial practitioners may be more familiar with these leadership styles, such as authoritarian and democratic leadership assumptions. Another reason is that there is still a strong argument to be made that a purely specific style of leadership, such as transformational or transactional leadership, is not practical given the business landscape's rapid change. To address the difficulties of the twenty-first century, leaders may need to demonstrate both leadership styles in practice as well as a simultaneous combination style. In order to solve the limitations in both the MLQ and the full range leadership model, the idea of hybrid leadership should be considered as the next step.

2.4 Research Hypothesis

Testable predictive statement about the relationship between the leadership style and organizational culture was proposed as follows;

H1: Transformational leadership style has positive and significant influence on organizational culture.

H2: Transactional leadership style has positive and significant influence on organizational culture.

H3: Laissez-faire leadership style has positive and significant influence on organizational culture.

2.5 Conceptual Framework

The independent variables are transformational, transactional leadership and laissez-faire styles. The dependent variable is organizational culture whose main indicators are adaptability, mission, consistency and involvement. Therefore, based on the leadership styles and organizational culture under literature review, the following conceptual framework is developed hereunder for the study to be undertaken.

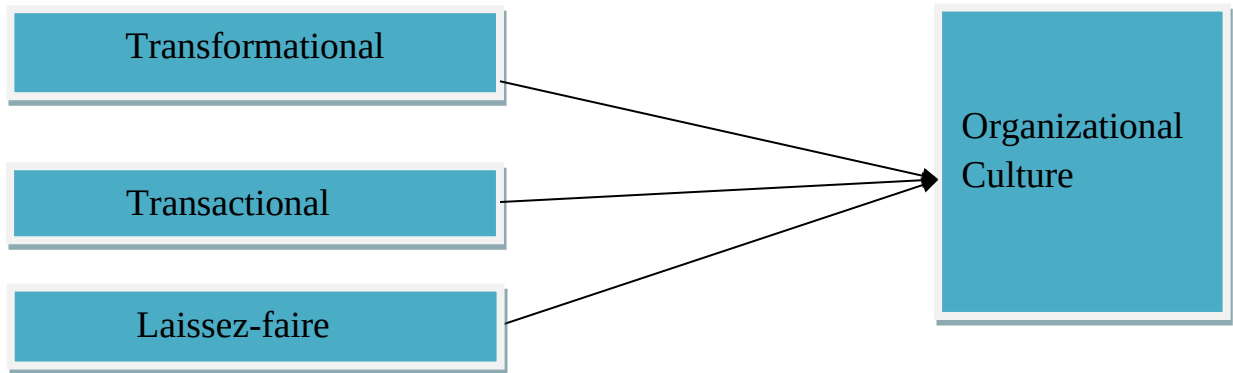


Figure 1 Conceptual framework based on literature review

CHAPTER THREE

3 RESEARCH METHODOLOGY

1.1 Introduction

The research approach that was employed is briefly reviewed in this chapter. It provides information on the study methodology, research design (type), sampling strategy, data source, data collection technique, data collection tool, data analysis technique, validity and reliability of the data, and research ethics.

1.2 Research Approach

Research approaches can be divided into three categories: mixed, qualitative, and quantitative. The post positivist worldview serves as the foundation for the quantitative research methodology. It is also reductionist because the goal is to condense the ideas into a manageable, testable set, such as the elements that make up research questions and hypotheses. Additionally, the quantitative approach incorporates methods of inquiry including surveys and experiments as well as statistical techniques to describe behavioral patterns and extrapolate results from samples to the population of interest (Creswell 2003).

Therefore, a quantitative research approach was adopted while taking the research aims and questions into account. As it is appropriate to test relationships utilizing the hypothesis and research questions, a quantitative approach was used (Zikmund et al, 2009).

1.3 Research Design/Type

The research design serves as the conceptual framework for the study and also serves as the guideline for data collecting, measurement, and analysis. Exploratory, descriptive, and explanatory research designs are the three different types of research designs (Kothari, 2004).

Descriptive and explanatory research designs were employed while keeping in mind the study's goals and nature. According to Kothari (2004), descriptive research studies are ones that focus on describing the aspects of a certain person or group of people. As a result, it was employed in this study to characterize the general and demographic information about the respondents and enterprise. While explanatory studies, as stated by Kumar (2011), explain the connection between

two features of a situation or phenomenon. Therefore, in this study the explanatory research design was chosen since it examine the role of the predictors (leadership styles) on the dependent variable (organizational culture). The study primarily utilized a cross-sectional research survey, in which data from respondents is gathered at a specific point in time.

1.4 Sampling Design

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e., the size of the sample. Sample design is determined before data are collected (Kothari, 2004). Accordingly, the target population, sampling frame, sampling technique, sample size, and sampling procedure of the study are discussed hereunder.

1.4.1 Target population

All individuals or objects (units of analysis) that share the characteristics being studied constitute a population. The unit of analysis can be any entity from which researchers want to derive scientific conclusions, including a person, an individual, a group, a nation, an object, or anything else (Kelley et.al, 2003). Accordingly, the target populations of the study were the employees of Zemen Bank S.C working in Addis Ababa City. As per the information obtained from the Zemen Bank S.C there are 256 employees are working in Addis Ababa City.

1.4.2 Sampling Frame

A comprehensive list of all the cases in the population from which the sample was selected serves as the sampling frame for any sample (Saunders et al, 2007). In view of that, the sampling frame for this study was drawn from Zemen Bank s.co employees who were working in Addis Ababa City.

1.4.3 Sampling Technique

The researcher's goal in this study is to apply both random and purposeful sampling methods. Every component of the population has an equal probability of being included in the sample when using the random sampling technique. It is, in a sense, a lottery system where individual units are randomly selected from the entire group via a mechanical process. This fact highlights the

superiority of random sampling technique over deliberate sampling technique by demonstrating that the results obtained from random sampling can be assured in terms of probability, i.e., we can measure the estimation errors or the significance of results obtained from a random sample. The law of statistical regularity, which states that if a sample is selected at random on average, the sample will have the same composition and characteristics as the population, is ensured by random sampling. This is why choosing a representative sample through random sampling is thought to be the best method (Kothari, 2004).

Purposive sampling was employed in addition to random sampling to choose the respondents from the sample. This method was required to select participants from the population for the study purposefully based on the researcher's own assessments to address research questions and/or meet research goals.

1.4.4 Sample Size

As a general rule, one can state that the sample ought to be the right size, meaning it shouldn't be too big or too little (Kothari, 2004). In a quantitative study, sample size can be calculated using a formula; in a qualitative study, sample size calculation is purely a matter of judgment; there are no predetermined guidelines (Cohen et.al, 2000).

Yamane (1967)'s finite and large population sample size formula with a 95% confidence level was therefore used to obtain a representative sample for the population.

The following sections describe the formula used to determine this sample size:

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

Where: **n** represents sample size, **N** represents total number of population size, and **e** represents sampling error/level precision

According to the information obtained from Zemen Bank, there are total of 256 employees in Addis Ababa city.

Therefore, based on the above formula the sample size of the study is 156 employees.

$$n = \frac{256}{1+256(0.05)^2} = 156.10 \approx 156$$

1.4.5 Sampling Procedure

The study is targeted at Zemen Bank workers in Addis Ababa. As a result, 156 people were chosen as the sample size out of a total of 256 workers in Addis Ababa. The researcher intended to utilize a random sampling technique to ensure that all of the different employees in the sampling frame are to be addressed. Purposive sampling, a non-probability method, was then used to choose responders from the sample based on the researcher's assessments. This sampling strategy proved helpful in capturing the employees' opinions and assessments of the leadership styles.

1.5 Data Sources and Types

Both primary and secondary sources of data are used in the investigation. The responses gathered from the Zemen Bank personnel served as the main source of data. The secondary source of the data, on the other hand, was compiled from various books, articles, journals, and Zemen Bank publications to support the original data.

1.6 Data Collection Instrument and Procedure

A questionnaire is a type of research tool that consists of a list of questions (items) designed to collect responses from participants in a consistent way (Saunders et al, 2007). The study relied on primary information that was gathered through a self-administered questionnaire. The study's objectives guide the preparation of the questionnaire, which should be divided into three parts. The purpose of the questionnaire's first section was to gather some general and demographic information about the respondents and the Bank. The second part of the article looked into Zemen Bank's leadership style components. Measurements of the organizational culture at the Bank were covered in the third section of the questionnaire. The Multifactor Leadership Questionnaire (MLQ), designed by Bass (1985) for his study "Leadership and Performance beyond Expectations," is the survey tool used to generate data. This tool is by far the most popular for

evaluating the results or consequences of various leadership philosophies or styles. It is available in numerous versions. The well-liked MLQ form 5x-Short was employed in this study. Closed-ended questions were used in the survey, and responses were rated on a Likert scale of 0 to 4, with 0 being not at all and 1 representing once in a while, Sometimes = 2, Fairly Often = 3, and frequently, if not Always = 4. The Likert scale was employed to make it simpler for respondents to reply to the questions and to enable the effective use of statistics for data interpretation.

The instrument underwent a pilot test after the advisor and internal examiner gave their approval of the questionnaire. Following the pilot testing, the questionnaire are being revised based on comments from the respondents and delivered to the selected employees working in Addis Ababa City.

1.7 Validity and Reliability

Before using the data collection instrument, the validity and reliability of the measurements must be evaluated (Hair et al., 2010). While reliability is concerned with the consistency of measurement, validity asks if an instrument can measure things accurately. Therefore, the validity and reliability of this study will be evaluated using the following methods:

1.7.1 Validity

A measure's validity refers to how well it matches its intended purpose. It is concerned with how effectively the measure defines the idea (s). Validity comes in three varieties: concept validity, prediction validity, and content validity. The assessment of the consistency between the individual items and idea is known as content validity. Validity is a criterion for measuring how well a design uses measurement techniques to collect data and answer research questions (Hair et al., 2010).

Therefore, numerous relevant literatures and various previous research questionnaires were to be used in this study in order to ensure the validity of the research instrument. The validity of the questionnaire was also carefully examined by the research advisor and the internal examiner. In order to ensure that the draft survey questionnaire is clear and unambiguous, it must also be pilot tested with at least 10 respondents.

The researcher then used the aforementioned methods and pilot testing to construct the final survey questionnaire while taking into account the respondents' input. The research instrument was then given to the respondents after passing the entire process.

1.7.2 Reliability

The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure. Cronbach's alpha is the most frequently used reliability test to measure the internal consistency of data. Coefficient alpha ranges in value from 0, meaning no consistency, to 1, meaning complete consistency (all items yield corresponding values). Generally speaking, scales with a coefficient α between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient α between 0.70 and 0.80 are considered to have good reliability, and value between 0.60 and 0.70 indicates fair reliability. When the coefficient α is below 0.6, the scale has poor reliability (Zekmund et al, 2009). In this study, the reliability of the items in the instrument is measured using Cronbach's alpha when using the Likert scale. The Cronbach's alpha result of each item used in the questionnaire is shown in the following table.

Table 1 Reliability test

Reliability Statistics		
Variables	Cronbach's Alpha	N of Items
Transformational Leadership style	0.908	12
Transactional Leadership style	0.814	6
Laissez-faire leadership style	0.743	3
Organizational Culture	0.912	13
Overall reliability	0.719	4

Source: Own Survey Result, 2022

Based on Zekmund et.al (2009) the reliability test to measure internal consistency Cronbach's Alpha shows from the table 1 above was 0.717. Scales with a coefficient α between 0.70 and 0.80 was considered to have good reliability and internally consistent. 12 items are used to measure transformational leadership style in terms of the leader idealized influence consists of 3 items, the leader inspirational motivation consists of 3 items, the leader intellectual simulation consists of 3 items, and the leader individual consideration consists of 3 items. The chronbach's alpha reliability test of transformational leadership style shows 0.908 which is a very good reliable data was

collected to measure internal consistency. 6 items are used to measure transactional leadership style in terms of contingent reward have 3 items and management by exception consists of 3 items, the chronbach's alpha shows 0.814 which is a very good reliability result. 3 items were used to measure Laissez-faire leadership style and have chronbach's alpha 0.743 which is between the ranges of 0.70 and 0.80 considered to have good reliability result. 13 items are applied to measure organizational culture in terms of adaptability 3 items, in terms of mission 3 items, in terms of involvement 4 items and in terms of consistency 3 items are used in this study. Data reliability of organizational culture chronbach's alpha shows that 0.912 which is a very good reliable data applied to measure the dependent variable organizational culture.

1.8 Data Analysis Methods

The primary data was gathered via a self-administered questionnaire, and both descriptive and inferential analyses were used to examine it. In order to do so, Statistical Package for Social Sciences (SPSS) software version 25 was employed. In order to test the reliability and validity of the instrument; factor analysis and Cronbach's alpha tests was used.

Descriptive statistics was used mainly to organize and summarize the demographic and general data of the respondents and the Bank. It was employed percentage, frequency, mean, and standard deviation.

As opposed to descriptive statistics, which only describe a single observation, inferential statistics derive conclusions about the larger population from which the sample was taken. It was applied to investigating research goals and testing hypotheses. Different kinds of inferential statistics were used in this investigation. In order to investigate the association between leadership styles and organizational culture characteristics, the Pearson Correlation was used. Similar to this, multiple regression analysis was utilized to gauge the impact of leadership styles on Zemen Bank's organizational culture. In order to make the quantitative data more clear and understandable, the data was finally presented as tables.

1.9 Ethical Consideration

Ethics in the context of research is the appropriateness of the researcher's actions in regard to the rights of the study subjects or participants (Saunders et.al, 2007). As a result, this study was guided by the general guidelines of research ethics in such a way that the respondents were asked to

contribute information on a voluntary basis, there would be previous communication about the goal of the study, and information confidentiality was assured. Finally, only participants who volunteered to receive the questionnaires were included.

CHAPTER FOUR

4 DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter's primary goal was to investigate the influence of leadership styles on Zemen Bank s.co's organizational culture by developing hypotheses using the three independent variables (transformational, transactional and laissez- faire leadership styles). The information was acquired from the primary source using a questionnaire that was given to respondents in order to fulfill the study's objective. It was then processed, presented, and evaluated in this part.

4.1 The Questionnaire Response Rate

The questionnaire was distributed to the employee of Zemen Bank working in Addis Ababa. Accordingly 156 questionnaires was prepared and distributed to the respondent to answer the research questions and to meet the objective of the research, of which 151 questionnaires were collected and analyzed using SPSS version 25.

Table 2 Response rate

Sample Size	156
Collected	151
Remain uncollected	5
Usable	151
Response Rate	96.79%

Source: Own Survey Result, 2022

As shown in the table 1 above from the total 156 questionnaires distributed to the respondents, 5 of them were not respond the questionnaire due to various reasons and results the response rate to 96.79%.

4.2 Descriptive analysis of respondent data

Under these parts of the study the respondents demographic data was analyzed and presented based on the respondents gender, age, experience, educational background and positions of the respondent.

Table 3 Demographic analysis respondents

Demographic analysis of response rate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	93	61.60	61.60	61.60
	Female	58	38.40	38.40	100.0
	Total	151	100.0	100.0	
Age	21-30 Years	74	49	49	49
	31-40 Years	67	44.4	44.4	93.4
	41-50 Years	10	6.6	6.6	100.0
	Total	151	100.0	100.0	
Educational Status	1st Degree	103	68.2	68.2	68.2
	2nd Degree and above	48	31.8	31.8	100.0
	Total	151	100.0	100.0	
Respondent Experience In the Bank	Less than 5 Years	47	31.1	31.1	31.1
	6-10 Years	60	39.7	39.7	70.9
	11-15 Years	44	29.1	29.1	100.0
	Total	151	100.0	100.0	
Respondent Position In The Bank	Customer Service Representative	2	1.3	1.3	1.3
	Customer Service Officer	36	23.8	23.8	25.2
	Internal Auditor	10	6.6	6.6	31.8
	Sr. Customer Service Officer	34	22.5	22.5	54.3
	Section Head	12	7.9	7.9	62.3
	Manager	21	13.9	13.9	76.2
	Director	4	2.6	2.6	78.8
	Other	32	21.2	21.2	100.0
	Total	151	100.0	100.0	

Source: Own Survey Result, 2022

The composition of respondent as shown from the table 3 above 61.60 percent of respondent was male and 38.40 percent of respondents are belongs to female employees of Zemen bank. In other words from the total target population 93 respondent are male and 58 respondents are female who fill and respond the questionnaire.

The table above also shows that the youngsters are involved in the study ranges from 21 to 30 years covers 49 percent from the total survey study, from 31 to 40 years range represents 44.40 percent of respondent and the rest represents 6.6 percent from 41 to 50 years of age range. Unfortunately, there is no respondent to be categorized over 50 years. These might create the bank the opportunities to mobilize the young generation for creativity and innovation in order to enhance the bank efficiency and building good organizational culture.

From the table 3 above we can see that 103 respondents are holder of 1st degree which represents 68.2 percent and the rest 48 respondent have 2nd degree and above. There is no certificate diploma and other qualification holders from the target population under this study.

39.7 percent of respondents 60 in number are working in zemen bank more than six years and fall under the range of 6 to 10 years. 47 respondents are working in the bank for less than 5 years which accounts 31.1 percent from the total target population. The rest 44 respondents that we can call them as highly experienced and who able to know the bank's leadership style highly adopted and exercised throughout their stays in the bank. The experiences of these individuals fall under the range of 11 to 15 years which have 29.1 percent coverage from the total target population.

For the purpose of this research the respondent position was categorized under nine positions currently respondent placed and available in zemen bank. Positions which are out of the knowledge of the researcher were categorized under the name called other. From the lists of nine position included in the questionnaire eight positions were selected and participated in the questionnaire. From the total number of respondent 36 were customer service officers (23.8 percent), 34 were Sr. customer service officers (22.5 percent), 32 were other positions (21.2 percent), 21 were managers (13.9 percent), 12 were section heads 7.9 percent), 10 were internal auditors (6.6 percent), 4 were directors (2.6 percent) and 2 were customer service representative(1.3 percent).

4.3 Descriptive analysis of leadership styles and organizational culture

Descriptive statistics are used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. The principal objective of descriptive statistics is to accurately describe distributions of certain variables within a specific data set (Marczyk, DeMatteo, and Festinger, 2005).

Table 4 Descriptive analysis of leadership styles and organizational culture

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership style	151	.83	3.92	2.1865	.74509
Transactional Leadership style	151	.67	4.00	2.6932	.75868
Laissez-faire leadership	151	.33	4.00	2.3157	.95047
Organizational Culture	151	.85	3.92	2.3220	0.831500
Valid N (listwise)	151				

Source: Own Survey Result, 2022

Measures of central tendency (or statistical averages) tell us the point about which items have a tendency to cluster. Such a measure is considered as the most representative figure for the entire mass of data (Kothari, 2004). From the stand points of Kothari the variable with the highest mean score can be selected as widely perceived and the most representative responses of the entire target population. These is therefore, based on the responses collected from the respondents of the questionnaire, the leadership style widely perceived and applied through zemen bank can be determined as Transactional leadership style with a mean value 2.6932. (Table 4).

4.4 The relationship between leadership styles and organizational culture

Correlation analysis is a descriptive statistics which is used to examine and describe the relationships or associations between variables. Correlations are perhaps the most basic and most useful measure of association between two or more variables. Correlations provide information about the direction of the relationship (either positive or negative) and the intensity of the relationship (−1.0 to +1.0). Furthermore, tests of correlations will provide information on whether the correlation is statistically significant (Marczyk, DeMatteo, and Festinger.2005).

For the purpose of this research, Pearson correlation is used, which is one of the most widely used a correlation which is also called the Pearson product-moment correlation.

Table 5 Pearson correlation table

Correlations					
		Transformational Leadership style	Transactional Leadership style	Laissez-faire leadership style	Organizational Culture
Transformational Leadership style	Pearson Correlation	1	.351**	.368**	.799**
	Sig. (2-tailed)		.000	.000	.000
	N	151	151	151	151
Transactional Leadership style	Pearson Correlation	.351**	1	.190*	.379**
	Sig. (2-tailed)	.000		.020	.000
	N	151	151	151	151
Laissez-faire leadership style	Pearson Correlation	.368**	.190*	1	.334**
	Sig. (2-tailed)	.000	.020		.000
	N	151	151	151	151
Organizational Culture	Pearson Correlation	.799**	.379**	.334**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	151	151	151	151
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Own Survey Result, 2022

From the Pearson correlation table Pearson correlation values indicates that the strength of relationship of the variables. The closer it gets to 1.0 (whether it is negative or positive), the stronger the relationship. According to Marczyk, DeMatteo, and Festinger (2005), the Pearson correlation value having from 0.01 to 0.30 considered to be small relationship between variables, the Pearson correlation value having from 0.30 to 0.70 considered there is moderate relationship between variables, the Pearson correlation value having from 0.70 to 0.90 considered there is large relationship between variables and Pearson correlation values having from 0.90 to 1.00 considered there is very large correlation between variables.

These is therefore, the above Pearson correlation table enable as to conclude that there is positive and significant relationship between independent variables leadership styles of zemen bank (transformational leadership style, transactional leadership style and laissez-faire leadership style)

and the dependent variable (organizational culture) of zemen bank. The first strong correlation was happening between transformational leadership style and organizational culture with a correlation value $r = 0.799$ and 99% level of significance $p \leq 0.01$. These means that transformational leadership style of zemen bank increased by a certain levels and the organizational culture of zemen bank also increase with the same direction. Whereas, there is moderate and positive relationship between transactional leadership style and organizational culture with correlation value $r = 0.379$ and 99% level of significance $p \leq 0.01$. There is also moderate and positive relationship between laissez-faire leadership style and organization culture of zemen bank with correlation value $r = 0.334$ and 99% level of significance $p \leq 0.01$.

The independent variables (transformational, transactional, and laissez-faire) leadership styles of zemen bank also positively and significantly correlated each other at moderate correlation level (transformational to transactional $r = 0.351$, $p \leq 0.01$, transformational to laissez-faire leadership style $r = 0.368$, $p \leq 0.01$). Some exceptions are goes to the correlations between the independent variables transactional leadership style and laissez-faire leadership style. These leadership styles are positively correlated with small correlation value $r = 0.190$ and 95% level of confidence significance $p \leq 0.05$.

4.5 Regression analysis of variables

Regression is the determination of a statistical relationship between two or more variables. Regression can only interpret what exists physically in which independent variable in this study case transformational, transactional and laissez-faire leadership style of zemen bank can affect dependent variable organizational culture of zemen bank. Regression analysis is a way of predicting an outcome variable from one predictor variable (simple regression) or several predictor variables (multiple regressions). Before getting into multiple regression analysis it is better to go through assumptions to regression analysis like normality, homoscedasticity, linearity, and multicollinearity should be applied before performing any multivariate analysis.

4.6 Normality test

Normality is the digree to which the distribution of the sample data corresponds to the normal distribution. Normal distribution is purely theorethical continouse probablity distribution in which the horizotal axis represent all possible values of the variable and the vertical axis represents the probablity of those occurings. Essentially, we can look for normality at values that quantify

aspects of skewness and kurtosis and compare the distribution we have to a normal distribution to see if it is different. Skewness measures the symmetry of distribution and kurtosis turns to the peakedness or flatness of the distribution relative to the normal distribution (Hair et al., 2010).

Table 6 Normality of distribution using descriptive statistics (Skewness and Kurtosis)

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Transformational Leadership style	151	.297	.197	-.409	.392
Transactional Leadership style	151	-.065	.197	-.465	.392
Laissez-faire leadership Style	151	.079	.197	-.878	.392
Organizational Culture	151	.308	.197	-1.080	.392
Valid N (listwise)	151				

Source: Own Survey Result, 2022

According to George and Mallery (2016), a kurtosis and Skewness value between ± 1.0 is considered excellent for most psychometric purposes, but a value between ± 2.0 is in many cases also acceptable. And a kurtosis value near to zero (0) indicates a shape close to normal whereas, a skewness value of zero (0) represents a symmetric or evenly balanced distribution. As indicated in the table 6 above the kurtosis and Skewness values of transformational leadership style, transactional leadership style, laissez-faire leadership style and organizational culture was with in the value of ± 1.0 which is considered excellent distributions of the data and except organizational culture which shows a kurtosis value -1.080 considered as acceptable value.

4.7 Multicollinearity analysis

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. If there is perfect collinearity between predictors it becomes impossible to obtain unique estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. One way of identifying multicollinearity is to scan a correlation matrix of all of the predictor variables through variance inflation factor (VIF) and tolerance statistic in collinearity statistics of the regression model (Field, 2009).

Tolerance statistics is the direct measure of multicollinearity which defines the amount of variability of the selected independent variable not explained by the other independent variable. Whereas, variance inflation factor (VIF) is the second measure of multicollinearity which is simply the inverse of the tolerance value (i.e. $1 \div \text{tolerance value}$) (Hair et al., 2010). Hair et al suggests that, tolerance value should be high to account for small degree of multicollinearity problem and small tolerance value denotes high collinearity. A common cutoff threshold is tolerance value of 0.10 but less than 1 and variance inflation factor (VIF) value of 10 (Hair et al., 2010).

Table 7 Collinearity statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transformational Leadership style	.782	1.278
	Transactional Leadership style	.872	1.146
	Laissez-faire leadership	.860	1.162
Dependent Variable: Organizational Culture			

Source: Own Survey Result, 2022

According to the regression model generated from SPSS version 25 shows that the collinearity Statistics of high tolerance values ranged from 0.782 to 0.872 and lower variance inflation factor (VIF) values of 1.146 to 1.278. The tolerance and variance inflation factor (VIF) statistics in table 7 above confirms us there is no collinearity problem between the independent variables (transformational leadership style, transactional leadership style and laissez-faire leadership style). Hence, the data in this research meet the minimum regression assumptions and we can go to analyzing our regression model and testing the research hypothesis.

4.7.1 Multiple regression analysis

Multiple regression analysis is a statistical technique that can be used to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables. The objectives of the multiple regression analysis is to use the independent variables (the three leadership styles in this study) whose values are known to predict the single dependent (zemen bank organizational culture) value selected in this study (Hair et al., 2010). If this is the case,

multiple linear regressions was conducted in order to determine the explanatory power of the leadership styles adopted in zemen bank s.co (transformational leadership style, transactional leadership style and laissez-faire leadership style) to identify the relationship and to determine the most dominant leadership styles that influence zemen bank s.co organizational culture at 95% confidence interval and 0.05 significance level.

Table 8 Model summary of Zemen bank s.co organizational culture

Model Summary^b									
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	
.807 ^a	.651	.644	.49604	.651	91.495	3	147	.000	1.710
a. Predictors: (Constant), Laissez-faire leadership style, Transactional Leadership style, Transformational Leadership style									
b. Dependent Variable: Organizational Culture									

Source: Own Survey Result, 2022

The above regression model tells us how much variance on organizational culture of zemen bank that would be explained by the leadership styles (predictors). Table 8.

R: indicates the correlation between the observed values of dependent variable and the values of dependent variable predicted by the multiple regression model. Therefore, large values of the R represent a large correlation between the predicted and observed values of the outcome. R of 1 represents a situation in which the model perfectly predicts the observed data (Field, 2009). From the model summary $R = .807^a$ which indicates the linear combination of the three independent variables (transformational leadership style, transactional leadership style and laissez-faire leadership style) strongly predict the dependent variable (organizational culture of zemen bank).

R²: represents the amount of variance in the outcome explained by the model relative to how much variation there was to explain in the first place. Therefore, as a percentage, it represents the percentage of the variation in the outcome that can be explained by the model (Field, 2009). Hence,

the value of R^2 is .651, which tells us that the combination of leadership styles of zemen bank can account for 65.10% of effect on organizational culture of zemen bank. The rest 34.9% variation on organizational culture of zemen bank can be explained by other variables that are not included in the regression model.

Adjusted R^2 : This adjusted value indicates the loss of predictive power or shrinkage. Which tells us how much variance in dependent variable would be accounted for if the model had been derived from the population from which the sample was taken. In other words, the adjusted R^2 gives us some idea of how well our model generalizes and ideally we would like its value to be the same, or very close to, the value of R^2 (Field, 2009). In this study, the difference for the final model is small (in fact the difference between the values is $.651 - .644 = .007$ (about 0.7%). This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 0.7% less variance in the outcome.

Table 9 ANOVA of Zemen Bank's Organizational culture

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.539	3	22.513	91.495	.000 ^b
	Residual	36.170	147	.246		
	Total	103.709	150			
a. Dependent Variable: Organizational Culture						
b. Predictors: (Constant), Laissez-faire leadership, Transactional Leadership style, Transformational Leadership style						

Source: Own Survey Result, 2022

The ANOVA table shows us whether the regression model and the overall results in a significantly good degree of prediction of the outcome variable (Field, 2009). And the ANOVA analysis provides the statistical test for the overall model fit in terms of F ratio (Hair et al., 2010).

As indicated in the table 9 above, the p-value is less < 0.001 , which indicates the variation explained by the model is not due to chance.

F-Ratio: is a measure of how much the model has improved the prediction of the outcome compared to the level of inaccuracy of the model. F ratio can be derived from by dividing the mean square of the model (MS_M) and the mean square of the residual (MS_R). If a model is good, then

we expect the improvement in prediction due to the model to be large (so, MS_M will be large) and the difference between the model and the observed data to be small (so, MS_R will be small). In short, a good model should have a large F-ratio (Field, 2009). From the table 13 above the F ratio is 91.495 which is large and significantly predict the effects in organizational culture at p-value less than .001.

4.7.2 The regression coefficient

The study aimed to identify the most contributing independent variable in the prediction of the dependent variable. Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated through standardized Beta coefficient.

The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has the more important determinant in predicting the dependent variable.

In the regression equation on the first row, labeled (constant) is the column marked B is the value for the intercept. The numbers below the column “beta” are the values for the regression coefficients for the leadership styles (transformational, transactional and laissez-faire). The Beta weight, often called the standardized regression coefficient, is not only an important concept in regression analysis but also the construct used in structural equation modeling to show the magnitude and direction of the relationships between all variables in a model. Thus Beta (β) is the unique contribution of one variable to explain another variable and the β values indicate the relative influence of the entered variables (George and Mallery, 2016).

Table 10 Regression coefficient

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.099	.174		.569	.570
	Transformational Leadership style	.834	.061	.747	13.563	.000
	Transactional Leadership style	.120	.057	.110	2.103	.037
	Laissez-faire leadership style	.033	.046	.038	.721	.472

a. Dependent Variable: Organizational Culture

Source: Own Survey Result, 2022

The above coefficient table shows the constant b value, beta value (β) and the p-value of the variables to examine the significance of the hypothesis. The significance level of each variable (P-value) is: .000, .037, .472 and their standardized coefficients are .747, .110, and .038 respectively. The p-value of all the independent variables except for laissez-faire leadership style is below 0.05. This implies that the independent variables have a significant relationship with the dependent variable (organizational culture), but, the laissez-faire leadership style is not.

Based on these results, the regression equation that predicts the influences of leadership styles on organizational culture based on the linear combination of transformational, transactional and laissez-faire is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where: Y= organizational culture (Dependent Variable)

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$, = Coefficients of the line

X_1 = Transformational leadership style

X_2 = Transactional leadership style

e = Sampling error

The result indicates, first, the intercept is .099 when all independent variables have a value of zero. Then, moving through the equation, holding the leadership styles transformational, transactional and laissez-faire, the transformational leadership style positively influence the culture of the Zemen Bank by .747 for each transformational behavior of the leadership. Since the p-value for this coefficient is .000 which is statistically significant ($p < 0.05$), meaning that transformational leadership style is a significant predictor of organizational culture. Accordingly, the finding revealed that the first hypothesis which states “Transformational leadership style has positive and significant influence on organizational culture.” is supported by the data collected on this study as ($p\text{-value} < 0.05$; $\beta = .747$) hence, the alternative hypothesis is confirmed.

Therefore, transformational leadership style is the strongest predictor or has the most positive significant effect on the organizational culture of Zemen Bank because it has the highest Beta coefficient result ($p\text{-value} < 0.05$; $\beta = .747$). The Beta Coefficient result of 0.747 signifies that for a 1 unit change in the independent variable (Transformational leadership style) the dependent variable (organizational culture) was changed by 0.747 units. That means 74.7% of the organizational culture can be explained by transformational leadership style. It is apparent from this result that, transformational leadership style is a decisive role in the creation, changing and manipulating of organizational culture of Zemen Bank. Likewise, this result is consistent with the findings revealed by (Dariush et al., 2014). The findings of this study, titled "Impact of the Leadership Style on Organizational Culture," showed that transformational leadership has a positive impact on organizational culture. Furthermore, transformational leader create room for individual consideration, motivate followers to deliver superior performance and to work extra miles. According to Howell and Avolio, (1993) transformational leaders are energetic and visionary with an inherent ability to inspire followers. Therefore, leaders can influence culture through communicating the company's goal, implementing policies, influencing the flow of information, and encouraging participation and teamwork (Peters & Waterman, 1982).

The second hypothesis which states “Transactional leadership style has positive and significant influence on organizational culture” is also supported because the P-value of transactional leadership style is .037 which is less than 0.05; ($P < 0.05$; $\beta = 0.110$). Hence, the transactional leadership style has significant relationship with the organizational performance. Hence, the alternative hypothesis is confirmed. Transactional leadership style is found to be less positive

significant effect on the organizational culture of Zemen Bank because it has the less Beta coefficient result ($p\text{-value} < 0.05$; $\beta=.110$) than transformational leadership style. It tells us only 11% of the organizational culture can be explained by transactional leadership style. This result was consistent with the findings of Dariush.et.al, (2014) and Ina Sood et.al (2019) their study shows that both transformational leadership style and Transactional leadership style have positive influence on organizational culture. When managers utilize rewards and punishment to exert influence, and when they treat employees primarily focus on economic and instrumental transactions, as well as when they exercise more control, they actually operate inside the culture that already exists (Bass, 1985). They acknowledge company culture's rituals, stories, and role models and use them to promote their beliefs (Bass, 1985). This supports earlier research's results that, while transactional leadership can be useful or even important, it is less likely than transformational leadership to establish and transform the corporate culture (Bass, 1985; Avolio & Bass, 2004).

The third hypothesis which states, “Laissez-faire leadership style has positive and significant influence on organizational culture” is not supported; because the P-value is 0.472 which is greater than 0.05 ;($P>0.05$; $\beta=0.038$) If the probability of test statistic or one more extreme having occurred by chance alone is very low (usually $p = 0.05$ or lower), then the test have statistically significant relationship. Statisticians refer to this as rejecting the null hypothesis and accepting the hypothesis. If the probability of obtaining the test statistic or one more extreme by chance alone is higher than 0.05, then we can conclude that the relationship is not statistically significant. Statisticians refer to this as accepting the null hypothesis (Kothari, 2004). Even though, there is positively significant relationship between laissez-faire leadership style and organizational culture, this relationship was statistically insignificant since $p\text{-value}$ greater than 0.05 as shown on table 14 above. That is the adoption of laissez-faire leadership style in zemen bank has no influence on the organizational culture of zemen bank. Hence, the alternative hypothesis is rejected. Laissez-faire leadership style is the least predictor of the dependent variable organizational culture with beta coefficient result ($p\text{-value} > 0.05$; $\beta=.038$) which statistically insignificant. Whereas, Dariush.et.al (2014) and Ina Sood et.al (2019) found that Laissez-faire leadership style has negative influence or relationship with the organizational culture.

Table 11 Summary of hypothesis testing

Hypothesis	Analysis Used	Findings		Result
H₁	Multiple Regression	$\beta = 0.747; p < .05$	Positive Significant	<i>Supported</i>
H₂	Multiple Regression	$\beta = 0.110; p < .05$	Positive Significant	<i>Supported</i>
H₃	Multiple Regression	$\beta = 0.038; p > .05$	Positive but, insignificant	<i>Not supported</i>

Source: Own Survey Result, 2022

CHAPTER FIVE

5 SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The aim of the study was to investigate how leadership styles affected Zemen Bank's corporate culture. The study's main conclusions, recommendations, limitations, and ideas for additional research are presented in this chapter. As a result, the study's findings were briefly summarized in the first section of this chapter, along with the conclusion that was reached. The final section of this chapter presents suggestions for further research and highlights the recommendations for the findings.

5.1 Summary of major findings

The demographic background analysis reveals that 93 respondents, or 61.60% of the total 151 respondents, were male, while 58 respondents (or 38.40%) were female. A total of 74 respondents (49%) are between the ages of 21 and 30, 67 respondents (44.4%) are between the ages of 31 and 40, and the remaining 10 respondents (6.6%) are between the ages of 41 and 50. These indicate that the bank's workforce is in its optimum. In addition, the respondent's educational level was first degree and second degree or higher, and their employment history revealed that 47 respondents, or 31.1 percent of the total, had employment histories of less than five years, 60 respondents, or 39.7 percent of the total, had employment histories of six to ten years, and 44 respondents, or 29.1 percent of the total, had employment histories of between eleven to fifteen years.. A position analysis conducted for the study showed that 2, 36, 10, 34, 12, 21, 4, and 32 employees, or 1.3, 23.8, 6.6, 22.5, 7.9, 13.9, 2.6, and 21.2 percent of the 151 respondents overall, held the positions of customer service representative, customer service officer, internal auditor, senior customer service officer, section head, manager, and director, respectively.

For transformational leadership style, transactional leadership style, and laissez-faire leadership style, respectively, the descriptive analysis carried out to ascertain the generally used leadership styles of the bank yields mean scores of 2.19, 2.69, and 2.32. Accordingly, transactional leadership style had a mean score of 2.69 and was the most generally used or practiced leadership style, followed by laissez-faire leadership style with a mean score of 2.32.

Through correlation analysis, it was determined how the independent variables of leadership style (transformational leadership style, transactional leadership style, and laissez-faire leadership style) relate to the dependent variable of organizational culture.

Accordingly, the outcome of the Pearson correlation analysis, which determined the association between the two variables in terms of strength and direction, demonstrated that all the three leadership styles have a positive relationship with the bank's organizational culture. However, in terms of relationship strength, transactional leadership style and laissez-faire leadership style have moderate relationships with organizational culture of the Zemen Bank, with coefficient scores of $r=0.379$ and 0.334 respectively, while transformational leadership style has a strong relationship with a coefficient scores of $r=0.799$.

The study used multiple regression analysis to determine the degree to which leadership style has an impact on organizational culture both as a whole and as a particular leadership behavior or style. As a result, the r square and p value derived from the model summary and the ANOVA table are 0.651 and $.000$, respectively, and this clearly indicates that the leadership style of the bank as a whole has a significant relationship with the bank's organizational culture, which accounted for 65.1% of the variance for every unit of variance in the bank's organizational culture. The remaining 34.90% of the variance on the organizational culture of the zemen bank will be accounted by other variables, which are not included in this study. Furthermore, the study assesses the level of influence at particular leadership styles, and the findings show that transformational leadership style and transactional leadership style have significant relationships with organizational culture at levels of significance $.000$ and $.05$ with values of influence 0.747 and 0.110 , respectively. However, the organizational culture of Zemen Bank has insignificant relationship with a laissez-faire leadership style.

5.2 Conclusions

Every organization's success is heavily reliant on its leadership, as well as the leadership style(s) that leader(s) choose to use. Leadership is an influence relationship between leaders and followers who want to see substantial changes and results that correspond to their common goals (Daft, 2015).

Accordingly, the study conducted a suitable scientific analysis with the aim of examining the link and influences of the leadership style(s) on the organizational culture of Zemen Bank. The following conclusions are reached in reflections of the study's findings:

The study found that the independent variables (the selected leadership style variables) have the significant effect on the organizational culture of Zemen Bank; however, the organizational culture of Zemen Bank has insignificant relationship with a laissez-faire leadership style. Each one has its unique contribution and effect to the organizational culture of Zemen Bank. This demonstrates the significance of leadership styles across all industries. The leadership philosophies used in the organization has a direct correlation with its organizational culture.

Correlation analysis was conducted to analyze the relationships between variables; the correlation matrix revealed that all coefficient of correlation of independent variables were positively correlated with the dependent variable. In terms of the strength of the relationship between the independent and dependent variables, the study's findings show that transformational leadership style has a strong relationship, followed by transactional leadership style and laissez-faire leadership style have moderate relationships with organizational culture of the Zemen Bank.

According to the study's findings, transactional leadership style is the most widely applied leadership behavior in the bank. Whereas, transformational leadership style is the strongest predictor or has the most positive significant influence on the organizational culture of Zemen Bank because it has the highest Beta coefficient result ($p\text{-value} < 0.05$; $\beta=.747$). And transactional leadership style is found to be less positive significant effect on the organizational culture of Zemen Bank because it has the less Beta coefficient result ($p\text{-value} < 0.05$; $\beta=.110$) than transformational leadership style.

The study findings shows that laissez-faire leadership style is the least predictor of the dependent variable organizational culture with beta coefficient result ($p\text{-value} > 0.05$; $\beta=.038$) which is found statistically insignificant.

5.3 Recommendations of the study

In this study transformational leadership style is the strongest predictor and has the most positive significant influence on the organizational culture. This leadership approach is preferable than transactional and laissez-faire. Leaders who exhibit transformational leadership behaviors

transform both their organization and their followers; it is based on social exchange and predicts performance and employee satisfaction. Employees under this leadership as a result have a greater awareness of what has to be done to ensure the organization's effective operation. Thus, employee become more involved in their work and are more likely to experience increased levels of commitment to their organization and that will lead to develop organizational culture that stimulate and promote innovation and creativity to gain competitive advantages.

Whereas, the widely leadership style in the bank perceived by the employees of the bank was transactional leadership style. Hence most of the bank leadership style over reliance on rewards and punishment to exert influence and mainly focus on economic and instrumental transactions in treating employees. Although transactional leadership can be functional or even vital, it is less likely than transformational leadership to create and influence the organizational culture. Thus zemen bank has to adopt leadership style that is more aligned to ensure its innovative organizational culture to enhance competitive advantages in this dynamic world.

In contrast, the results of the present study disclosed that laissez-fair leadership style was the second leadership style widely perceived by the employees of the bank. This is because of the absence of purposeful interaction between leader and employees, and also the leader avoidance in making decision. Thus the bank has to deploy intensive and continues management development to enhance participation, purposeful interaction between leader and employees in order to avoid the laissez-fairy leadership perceived by the employees of the bank.

5.4 Limitations and suggestions for future research

This study only focuses on the role of leadership style on the organizational culture. Based on the findings of the study leadership style explained only 65.1% the culture of the organization. This indicates that there are additional factors that can impact organizational culture. Therefore, it is suggested that future studies on other determinant factors should be considered to gain a deeper understanding on the influence of leadership style on organizational culture.

Furthermore, as the study only takes into account zemen bank s.co, generalizing about other banks in the country with diverse organizational cultures and leadership styles would be challenging. In order to generalize about other banks across the nation, it is suggested that future studies to scale up the scope of the study at the banking industry level.

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Appendix I: QUESTIONNAIRE
Addis Ababa University

School of Commerce

Masters of Business Leadership Graduate Program

Dear Respondent,

I am graduate student in the field of Business Leadership at Addis Ababa University School of Commerce. I would like to seek your assistance in completing the attached questionnaire which forms a basic part of MA thesis. The purpose of this research is to study “**The Role of Leadership Styles on organizational Culture in the Case of Zemen Bank S.C**”. Therefore, your genuine and honest response is very important for the success of the research and I would like to thank you for your cooperation in advance.

Kindly be assured that all information that you provide will be kept strictly confidential and used for academic purpose only. If you require any further information, want feedback on the study or unclear situation please contact through the following address;

❖ Email: bcbctrinity@gmail.com

❖ Cell phone: +251 911974396

Thank you in advance for your Space Time and Cooperation!

General Instruction:

- ❖ No need to write your name.
- ❖ Instruction is given at the beginning of each part of the questionnaire.

Part I: Demographic and General Information Question

Please put the tick “√” mark under the choice, write your opinion on the blank space

1. **Gender:** Male ☐ Female ☐

2. **Age:** 21-30 years ☐ 31-40 years ☐ 41-50 years ☐ Over 50 year ☐
3. **Educational status:** Certificate Diploma ☐ 1st Degree ☐
2nd Degree and above ☐ If others, please specify _____
4. **Your Experience in the Bank:** < 5 years ☐ 6-10 years ☐ 11-15 years ☐ over 15 ☐
6. What is your current position in the Bank?
1. **Customer Service Representative** ☐
 2. **Customer Service Officer** ☐
 3. **Internal Auditor** ☐
 4. **Sr. Customer Service Officer** ☐
 5. **Principals** ☐
 6. **Section Head** ☐
 7. **Manager** ☐
 8. **Director** ☐
 9. **Other** ☐

Part II: Leadership Styles Related Questions

This part of the questionnaire is to describe the leadership style of your managers as you perceive it. Please answer all items on this answer sheet. **0** indicates Not at all, **1** indicates once in a while, **2** indicates Sometimes, **3** indicates fairly often, and **4** indicates Frequently, if not always.

Use the following rating scale

Not at all	Once in a while	Sometimes	Fairly Often	frequently, if not always
0	1	2	3	4

No	Statements	Scale
----	------------	-------

		0	1	2	3	4
I	Transformational Leadership					
	Idealized influence (behavior & attitude)					
1	The leader makes others feel good to be around him/her					
2	Others are proud to be associated with the leader.					
3	Others have complete trust on the leader					
	Inspirational motivation					
4	The leader express with a few simple words what others could and should do					
5	The leader Provides appealing images about what others can do					
6	The leader Help others find meaning in their work					
	Intellectual simulation					
7	The leader enable others to think about old problems in new ways					
8	The leader provide others with new ways of looking at puzzling or confusing things					
9	The leader get others to rethink ideas that they had never questioned before					
	Individual consideration					
10	The leader help others develop themselves					
11	The leader let others know how he/she think they are doing					
12	The leader give personal attention to others who seem rejected					
II	Transactional Leadership					
	Statements	0	1	2	3	4
	Contingent reward					
1	The leader tell others what to do if they want to be rewarded for their work					

2	The leader provide recognition/rewards when others reach their goals					
3	The leader provide you with assistance in exchange for your effort					
	Management by exception/Active/passive					
4	As long as things are working, the leader does not try to change anything					
5	The leader satisfied when others meet agreed-upon standards					
6	The leader tell others the standards they have to know to carry out their work					
III	Laissez-faire leadership					
	Statements	0	1	2	3	4
1	The leader content to let others continue working in the same ways always					
2	Whatever others want to do is OK with the leader					
3	The leader ask no more of others than what is absolutely essential					

Part III. Organizational Culture

S/No	Organizational Culture	Scale				
	Statements	0	1	2	3	4
	Adaptability					
1	The bank responds well to the competitors actions and other changes in the business environment					
2	All parts of the organization cooperate to create change.					

3	New and better techniques of working are always being adopted					
	Mission					
1	There is a clear mission that gives meaning and direction to my work.					
2	Bank`s strategic direction is clear to me.					
3	The bank has long-term purpose and direction.					
	Involvement					
1	In Zemen Bank S.C decisions are made at the levels where the right information is available.					
2	Teamwork is used to get work done, rather than to keep the Hierarchy.					
3	Employees believe that they have a positive impact on Bank`s performance.					
4	Authority is delegated, so those employees can act by their own up to their discretion limit.					
	Consistency					
1	The approach doing business is very consistent and predictable.					
2	Leaders practice what they speak.					
3	There is a clear agreement regarding the right way and the wrong way to do things.					

Thank you for your precious time!

Appendix II: SPSS V.25 DATA OUTPUT

Reliability

Scale: Reliability Test Transformational Leadership style

Case Processing Summary			
		N	%
Cases	Valid	151	100.0
	Excluded ^a	0	.0
	Total	151	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.908	12

Item Statistics			
	Mean	Std. Deviation	N
Transformational Leadership Idealized Influence	2.34	.986	151
Transformational Leadership Idealized Influence	2.19	.983	151
Transformational Leadership Idealized Influence	2.12	1.148	151
Transformational Leadership Inspirational Motivation	2.43	.997	151
Transformational Leadership Inspirational Motivation	2.16	1.046	151

Transformational Leadership Inspirational Motivation	2.33	.914	151
Transformational Leadership Intellectual Simulation	2.13	.957	151
Transformational Leadership Intellectual Simulation	1.98	1.128	151
Transformational Leadership Intellectual Simulation	1.83	1.208	151
Transformational Leadership Individual Consideration	2.21	1.093	151
Transformational Leadership Individual Consideration	2.16	1.014	151
Transformational Leadership Individual Consideration	2.36	1.174	151

Reliability

Scale: Reliability Test Transactional Leadership style

Case Processing Summary			
		N	%
Cases	Valid	151	100.0
	Excluded ^a	0	.0
	Total	151	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.814	6

Item Statistics			
	Mean	Std. Deviation	N
Transactional Leadership Contingent reward	2.67	1.159	151
Transactional Leadership Contingent reward	2.36	1.256	151
Transactional Leadership Contingent reward	2.62	.978	151
Transactional Leadership Management by exception	2.85	1.050	151
Transactional Leadership Management by exception	2.96	.965	151
Transactional Leadership Management by exception	2.70	.870	151

Reliability

Scale: Reliability Test Laissez - faire Leadership style

Case Processing Summary			
		N	%
Cases	Valid	151	100.0
	Excluded ^a	0	.0
	Total	151	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.743	3

Item Statistics			
	Mean	Std. Deviation	N
Laissez-faire leadership	2.54	1.210	151
Laissez-faire leadership	2.13	1.220	151
Laissez-faire leadership	2.28	1.072	151

Reliability

Scale: Reliability Test overall

Case Processing Summary			
		N	%
Cases	Valid	151	100.0
	Excluded ^a	0	.0
	Total	151	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.719	4

Item Statistics			
	Mean	Std. Deviation	N
Transformational Leadership style	2.1865	.74509	151
Organizational Culture	2.3220	.83150	151
Transactional Leadership style	2.6932	.75868	151
Laissez-faire leadership	2.3157	.95047	151

Reliability

Scale: Reliability Test Organizational Culture

Case Processing Summary			
		N	%
Cases	Valid	151	100.0
	Excluded ^a	0	.0
	Total	151	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.912	13

Item Statistics			
	Mean	Std. Deviation	N
Organizational Culture adaptability	1.90	.998	151
Organizational Culture adaptability	2.01	1.061	151
Organizational Culture adaptability	2.22	1.125	151
Organizational Culture mission	2.42	1.393	151
Organizational Culture mission	2.30	1.352	151
Organizational Culture mission	3.01	.986	151
Organizational Culture involvement	2.19	1.182	151
Organizational Culture involvement	2.51	1.311	151
Organizational Culture involvement	2.64	1.174	151
Organizational Culture involvement	2.25	1.238	151
Organizational Culture consistency	2.30	1.253	151
Organizational Culture consistency	2.19	1.016	151
Organizational Culture consistency	2.25	1.296	151

Descriptives Statistics Used to Identify Widely perceived Leadership Style

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership style	151	.83	3.92	2.1865	.74509
Transactional Leadership style	151	.67	4.00	2.6932	.75868
Laissez-faire leadership	151	.33	4.00	2.3157	.95047
Valid N (listwise)	151				

The relationship between leadership styles and organizational culture

Correlations				
		Transformational Leadership style	Transactional Leadership style	Laissez-faire leadership
Transformational Leadership style	Pearson Correlation	1	.351**	.368**
	Sig. (2-tailed)		.000	.000
	N	151	151	151
Transactional Leadership style	Pearson Correlation	.351**	1	.190*
	Sig. (2-tailed)	.000		.020
	N	151	151	151
Laissez-faire leadership	Pearson Correlation	.368**	.190*	1
	Sig. (2-tailed)	.000	.020	
	N	151	151	151
Organizational Culture	Pearson Correlation	.799**	.379**	.334**
	Sig. (2-tailed)	.000	.000	.000
	N	151	151	151

Correlations		
		Organizational Culture
Transformational Leadership style	Pearson Correlation	.799**
	Sig. (2-tailed)	.000
	N	151
Transactional Leadership style	Pearson Correlation	.379**
	Sig. (2-tailed)	.000

	N	151
Laissez-faire leadership	Pearson Correlation	.334**
	Sig. (2-tailed)	.000
	N	151
Organizational Culture	Pearson Correlation	1
	Sig. (2-tailed)	
	N	151

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

* . Correlation is significant at the 0.05 level (2-tailed).

Descriptives of Skewness and Kurtosis

Descriptive Statistics						
	N	Sum	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Transformational Leadership style	151	330.17	.297	.197	-.409	.392
Transactional Leadership style	151	406.67	-.065	.197	-.465	.392
Laissez-faire leadership	151	349.67	.079	.197	-.878	.392
Organizational Culture	151	350.62	.308	.197	-1.080	.392
Valid N (listwise)	151					

REGRESSION

/DESCRIPTIVES MEAN STDDEV CORR SIG N

/MISSING LISTWISE

/STATISTICS COEFF OUTS CI(95) R ANOVA COLLIN TOL CHANGE

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT OC

/METHOD=ENTER TFL TRL LFL

/SCATTERPLOT=(*ZRESID ,*ZPRED)

/RESIDUALS DURBIN HISTOGRAM (ZRESID) NORMPROB (ZRESID).

Regression Analysis of Variables

Descriptive Statistics			
	Mean	Std. Deviation	N
Organizational Culture	2.3220	.83150	151
Transformational Leadership style	2.1865	.74509	151
Transactional Leadership style	2.6932	.75868	151
Laissez-faire leadership	2.3157	.95047	151

Correlations				
		Organizational Culture	Transformational Leadership style	Transactional Leadership style
Pearson Correlation	Organizational Culture	1.000	.799	.379
	Transformational Leadership style	.799	1.000	.351

	Transactional Leadership style	.379	.351	1.000
	Laissez-faire leadership	.334	.368	.190
Sig. (1-tailed)	Organizational Culture	.	.000	.000
	Transformational Leadership style	.000	.	.000
	Transactional Leadership style	.000	.000	.
	Laissez-faire leadership	.000	.000	.010
N	Organizational Culture	151	151	151
	Transformational Leadership style	151	151	151
	Transactional Leadership style	151	151	151
	Laissez-faire leadership	151	151	151

Correlations		
		Laissez-faire leadership
Pearson Correlation	Organizational Culture	.334
	Transformational Leadership style	.368
	Transactional Leadership style	.190
	Laissez-faire leadership	1.000
Sig. (1-tailed)	Organizational Culture	.000
	Transformational Leadership style	.000
	Transactional Leadership style	.010
	Laissez-faire leadership	.
N	Organizational Culture	151
	Transformational Leadership style	151

	Transactional Leadership style	151
	Laissez-faire leadership	151

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Laissez-faire leadership, Transactional Leadership style, Transformational Leadership style ^b	.	Enter

a. Dependent Variable: Organizational Culture

b. All requested variables entered.

Model Summary ^b							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.807 ^a	.651	.644	.49604	.651	91.495	3

Model Summary ^b			
Model	Change Statistics		
	df2	Sig. F Change	
1	147	.000	1.710

a. Predictors: (Constant), Laissez-faire leadership, Transactional Leadership style, Transformational Leadership style

b. Dependent Variable: Organizational Culture

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.539	3	22.513	91.495	.000 ^b
	Residual	36.170	147	.246		
	Total	103.709	150			

a. Dependent Variable: Organizational Culture

b. Predictors: (Constant), Laissez-faire leadership, Transactional Leadership style, Transformational Leadership style

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.099	.174		.569	.570
	Transformational Leadership style	.834	.061	.747	13.563	.000
	Transactional Leadership style	.120	.057	.110	2.103	.037
	Laissez-faire leadership	.033	.046	.038	.721	.472

Coefficients ^a						
---------------------------	--	--	--	--	--	--

Model		95.0% Confidence Interval for B		Collinearity Statistics	
		Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.245	.443		
	Transformational Leadership style	.712	.955	.782	1.278
	Transactional Leadership style	.007	.233	.872	1.146
	Laissez-faire leadership	-.058	.124	.860	1.162

a. Dependent Variable: Organizational Culture

Collinearity Diagnostics ^a						
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Transformational Leadership style	Transactional Leadership style
1	1	3.805	1.000	.00	.01	.00
	2	.099	6.204	.03	.01	.13
	3	.060	7.934	.09	.98	.15
	4	.036	10.289	.88	.00	.71

Collinearity Diagnostics ^a		
Model	Dimension	Variance Proportions
		Laissez-faire leadership
1	1	.01
	2	.89
	3	.05

	4	.04
--	---	-----

a. Dependent Variable: Organizational Culture

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.0782	3.9769	2.3220	.67101	151
Residual	-1.77697	1.60959	.00000	.49106	151
Std. Predicted Value	-1.854	2.466	.000	1.000	151
Std. Residual	-3.582	3.245	.000	.990	151

a. Dependent Variable: Organizational Culture

Charts

