



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
COLLEGE OF BUSSINESS AND ECONOMICS
POST GRADUATE PROGRAM**

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE'S JOB
SATISFACTION: THE CASE OF COMMERCIAL BANK OF
ETHIOPIA**

**A Research Project Submitted to Addis Ababa University, School of
Commerce in Partial Fulfillment of the Requirements for Master's
Degree of Business Leadership**

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Ethiopia

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BY: Rahel H/yesus

Approved by Board of Examiners:

----- Advisor	----- Signature	----- Date
----- Internal Examiner	----- Signature	----- Date
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DECLARATIONS

I Rahel H/yesus, do hereby declare that this project is my original work and that it has not been submitted partially; or in full, by any other person for an award of a degree in any other university/institution and I conducted under the guidance of Dr. Adane.A and all the sources of materials used in the manuscript have been duly acknowledged.

Declared by:

.....

.....

.....

Name

Signature

Date

Statement of certification

This is to certify that this study paper titled " **The Effect of leadership Style On Employee Job Satisfaction:** the case of Commercial Bank of Ethiopia (CBE) "undertaken by **Rahel H/yesus** for the partial fulfillment for degree of Masters in Business Leadership (MBL) from Addis Ababa University school of post graduate program is an original work and fit for partial fulfillment for degree of Masters in Business Leadership

Research advisor

Signature

Date

ACKNOWLEDGMENT

First and for most I would like to thank Almighty God for everything that I have achieved. Next I would like to express my deepest gratitude to MY Advisor Dr. Adane.A for his unconditioned advice and unreserved follow up, and constructive comments.

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ABSTRACT

The main objective of the study was to examine effects of leadership style on employee job satisfaction in CBE. A total of 246 questionnaires were sent to 246 non managerial employees through CBE and 234 respondents completed the MLQ and JSS questionnaires. The collected data was analyzed through SPSS version 25. Descriptive statistics analyzed through frequencies, mean and standard deviation to identify the dominant leadership style and level of job satisfaction and correlation and regression analysis were also used to identify the relationship between variables and the effect of leadership style on employee job satisfaction. The descriptive result indicates that transactional leadership style was the most frequently used by the leaders of CBE. The result of correlation analysis indicated that there is strong correlation between transactional leadership style and job satisfaction. In addition regression analysis revealed that the three leadership styles has an effect on job satisfaction and the regression model used was found a good fit for the data. It is concluded that transactional leadership style is most dominantly exercised so it is recommended that CBE should update its leadership development program enhance the knowledge and skills of their branch managers and supervisors to adopt transformational leadership style in addition to transactional leadership style in order to improve job satisfaction and organizational outcomes.

Keywords: Transformational Leadership, Transactional Leadership, Laissez-faire leadership, Job Satisfaction

ACRONYMS

• CBE	Commercial Bank of Ethiopia
• ANOVA	Analysis of variance
• SPSS	Statistical Package for the Social Sciences
• ATM	Automated Teller Machine
• JSS	Job Satisfaction Survey
• MLQ	Multifactor Leadership Questioner

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

An organization is a place where people are socially bound, and human resources are vitally important to the effectiveness and efficiency of the organization. Effective leaders and staff members are those who greatly aid any organization in achieving its aim and objectives. Their individual efforts and dedication to the organization are what make it successful. Numerous studies, academic papers, and circles have concluded that leadership has a significant impact on any employee's job satisfaction.

The ways that people view their work, their level of contentment, and their productivity at work are all more strongly influenced by leadership. In modern companies, the position of the leader has evolved, and the effectiveness of every company depends on its leadership. The majority of leaders adapt their styles of leadership to the needs and working conditions of a company.

Employees with a high level of job satisfaction are better able to perform effectively and advance the interests of the business because good leaders provide appropriate guidance and guide followers toward reaching the desired goals (Sarwar, et al, 2015).

Employees that are satisfied are more likely to be dedicated to their companies and employment. Numerous researches have looked into the connection between the two factors and found that leadership has a major impact on employees' job happiness (Valentine et al., 2011).

High levels of employee job satisfaction reduce the organizational costs associated with unexpected absenteeism, turnover intention, and actual turnover (Chen et al, 2011; Jung 2014a). Previous studies have suggested an extensive list of individual and organizational factors that can influence levels of employee job satisfaction, such as interpersonal relationships with colleagues and leaders; leadership; recognition; feedback; job security; goal ambiguity; organizational environments; or culture and utility gaps in past and expected future jobs (Johansson 2011, and Muterera et al. 2015). In the present context, however, the roles of leaders can be considered as one of the most important determinants of job satisfaction, not only because

positive interactions between leaders and employees can directly enhance job satisfaction (Madlock 2008, 65).

Two elements seen as essential to organizational performance are effective leadership and employee job satisfaction. A capable leader provides direction for the organization and leads followers towards achieving their desired goals. In a similar vein, employees with high job satisfaction are likely to exert more effort on their assigned tasks and pursue organizational interests. An organization that fosters high employee job satisfaction is also more capable of retaining and attracting employees with the skills that it needs. Mosadegh Rad (2006)

1.2 Background of the Organization

The Commercial Bank of Ethiopia is one of the leading state-owned commercial banks in Ethiopia. It was established in 1942 and was the first to introduce modern banking to the country. It has 2000 branches stretched across the country as of November, 2021. Besides, it has opened two branches in South Sudan and has been in business since June 2009 and is one of the leading banks in East Africa with total assets of 1.13 trillion birr as of June 30, 2021. It plays a major role in the economic progress and development of the country. Moreover, the first bank in Ethiopia to introduce ATM service for local users and a pioneer in introducing Western Union Money Transfer Services in Ethiopia in the early 1990s is currently working with another 20 money transfer agents.

Furthermore, it has a strong correspondent relationship with more than 50 renowned foreign banks and a SWIFT bilateral arrangement with more than 700 other banks across the world. It also has a total of 37,894 employees and currently has more than 30 million account holders. Its vision is to become a world-class commercial bank and its mission is committed to best realizing stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. (<http://www.combanketh.et/>, as of October 20, 2021)

1.3 Statement of the problem

Leadership style is perhaps the biggest driver of organizational job satisfaction. Employees' job satisfaction is related to organizational commitment and, consequently, increased productivity

and organizational effectiveness or success. The organization cannot achieve its aims and objectives without having satisfied employees. Therefore, it is very important to study the effect of leadership style on employee job satisfaction as this is a key factor in providing quality service for customer and organizational success. Furthermore, it would provide information for the management on which leadership style is best for employee job satisfaction and productivity for the achievement of organizational objectives.

Generally, the study created a good understanding of the current impact of leadership style on employee job satisfaction. The information obtained from this study would help CBE leaders develop or employ leadership styles that are more conducive to increasing job satisfaction and employee commitment.

1.4 The Objective of the Study

1.4.1 General Objective

The main objective of this study is to investigate the effect of leadership styles on employees' job satisfaction at the Commercial Bank of Ethiopia.

1.4.2 Specific Objectives

The following specific objectives are drawn from the overall objective of the research.

1. To identify the dominant leadership style practiced at CBE
2. To examine the effect of a transformational leadership style on employees' job satisfaction.
3. To examine the effect of transactional leadership style on employees' job satisfaction.
4. To examine the effect of laissez fair leadership style on employees' job satisfaction.
5. To determine employee job satisfaction levels at work related to their leader's style

1.5 Research Questions and Hypotheses

Research Questions

For the research objective to be achieved, the following research questions need to be answered:

1. Which type of leadership style is dominant in CBE?

2. What is the effect of transformational leadership style on job satisfaction in CBE?
3. What is the effect of transactional leadership style on job satisfaction in CBE?
4. What is the effect of laissez-faire leadership style on job satisfaction in CBE?
5. How leadership style affect on perception of employee job satisfaction?

Hypotheses

The hypotheses are derived from previous studies and the research questions. The researcher was guessing and testing for either acceptance or rejection.

H₁: Transformational leadership style has a positive effect on employee job satisfaction at CBE.

H₂: Transactional leadership style has a positive effect on employee job satisfaction at CBE.

H₃: Laissez-faire leadership style has a positive effect on employee job satisfaction at CBE.

1.6 Significance of the study

A leader's leadership style is perhaps the biggest driver of employees' job satisfaction. It is leadership styles related to organizational commitment that consequently increases productivity and organizational effectiveness. The organization cannot achieve its aims and objectives without having well-satisfied employees.

Therefore, it is very important to study the effects of leadership styles on employee job satisfaction as this is a key factor for organizational success. Furthermore, it would help the bank to give better attention to the leadership style it's currently using and further investigate which leadership style is best for job satisfaction. The results of this study would help CBE to improve banking performance and promote it by adopting an effective leadership style by increasing employee job satisfaction, which would lead to a leading financial position. It is also helpful to research and development to come up with a new product as a competitive edge in the financial sector through showing explicitly gaps in rating satisfaction. The study's potential input for policy makers and modelling the sector as CBE is a giant financial institution which comprises one-third of the economy. Generally, the bank could use the study to craft the information gained from this study. It would also prove useful in the development of leadership training programs for CBE leaders.

1.7 Scope and limitation of the Study

1.7.1 Scope of the study

Employees' job satisfaction can easily be affected by different factors in the organization; leadership style is one of the most important ones. Theme wise, this study aimed to show the relationship between leadership style and job satisfaction and how leadership style effects on employees' job satisfaction.

The scope of this study is limited only to the professional employees of the Commercial Bank of Ethiopia's ten special branches. This is due to the difficulties of covering all branches of the bank throughout the country with limited time and scarce resources as well as demographic variation.

The researcher used employee job satisfaction as the dependent variable beside the independent variables would transformational leadership, transactional leadership and laissez-faire leadership style and the researcher distributed for 246 respondents of the bank employees.

1.7.2 Limitations

Limitations are the potential weaknesses in the study and are generally out of the researchers' control. Although this study made a lot of contributions, it also had some limitations, such as:

- First, this research is being conducted on only ten branches in Addis Ababa, so its scope is limited and generalization of findings might not be worthwhile.
- Second, only the employees of selected branches were the respondents. Therefore, results could differ for employees of other branches.
- Third, time, resources, and demographic differences may have an effect on the conclusion of the research.
- Finally, inaccuracy in data may arise due to non-responsive respondents. The researcher has made certain adjustments to the study's output to make it permanently representative. The districts and special branches are thirty one out of ten of them, significantly and demographically gathered and representative of all their kind. Other respondents' default and void responses were replaced.

1.8 Definition of key Terms

Terms used in the study are defined as follows:

- **A leader** is someone who uses their leadership knowledge and skills to carry out the leadership process.
- **Leadership** is a process whereby leaders interact with their followers and influence the followers to achieve most desired organizational outcomes or objectives. According to Cojocar (2008) defined leadership as the capacity of a person to exert influence over and provide opportunities for others to make contributions to the effectiveness and success of the organizations in which they participate.
- **Leadership style** is the pattern of interactions between leaders and subordinates that includes planning, controlling, directing all techniques and methods used by leaders to motivate subordinates to follow their instructions job procedures. The approach a leader adopts while interacting with subordinates to influence the achievement of corporate goals is known as leadership style (Lin,2003)
- **Transformational leadership** is a people-centered leadership style that motivates staff to achieve above and beyond expectations for the benefit of the organization, its goals, and organizational philosophies, as well as the national economy. Emotional bonds are formed between the leader and followers during this process (Mester Visser and Roodt, 2005:74).
- **A transactional leadership style** is one that wins support by rewarding followers, giving them praise, making promises, and providing various forms of incentives and compensation that would meet their immediate requirements and improve their performance right now (Northouse, 2010).
- **Laissez-Faire leadership** it is a passive style that is reflected by high levels of avoidance, indecisiveness, and indifference (McColl-Kennedy and Anderson, 2005:116).
- **Job Satisfaction:** refers to the general behavior shown by a person about his or her job that reflects the appropriateness of what is earned and what is believed to be earned. Job satisfaction is essential to performing one's duties since it serves as a link between the

managerial team and the workforce, which in turn decides the advantages for workers (Yudiawan, 2017).

1.9 Organization of the Study

The paper was organized into five chapters; the first chapter is an introduction to the study, which introduces the overall study. This part consists of the introduction or background of the study; problem statement; objectives; significance; scope and limitations of the study.

The second chapter was a review of literature in which previous studies were consulted. In this chapter, general concepts and definitions were basic issues and empirical evidence of the effects of motivation on an employee's performance was discussed in detail. The major areas and results of previous studies have also been presented.

The third chapter, research design and methodology, emphasizes the design of the study and the methodologies used, including In this chapter, the source of data, data collection, sample size and sampling techniques, and selection of study organizations are discussed.

The fourth chapter will be devoted to data presentation, analysis, and interpretation in which the collected primary data will be analyzed and organized in a meaningful manner so as to meet the objectives of the study. The analysis will be facilitated by SPSS version 25.0.

The fifth and last chapter deals with summary, conclusion, and recommendations. Here the findings of the study will be summarized, conclusions will be clearly presented, and recommendations will be provided for the findings of the study.

CHAPTER TWO

REVIEW LITERATURE

2.1 Introduction

This chapter consists of a comprehensive review of the published and unpublished information from secondary sources of data that are available on the concepts of leadership styles, job satisfaction, and the impact of leadership styles on employee job satisfaction. Three leadership styles, transformational, transactional, and laissez-faire, provide the framework for this study. The chapter is classified mainly into theoretical and empirical reviews. The theoretical review includes an overview of leadership, leadership styles, job satisfaction, and their relationships. On the other hand, the relationship between job satisfaction and the three different leadership styles was demonstrated by an empirical review conducted by various researchers. The chapter also provides the conceptual framework that shows the relationship between the variables under study.

2.2 Concept of Leadership

The definition of leadership in various literatures is given from different perspective. Therefore it is difficult to find a concise definition. Leadership is about dream and perceptions of the big pictures and change (David 2009). According to Yukl (2006), leadership is a practice in which someone on purpose put an impact on a group of people in company. Leadership, as defined by Gharibvand (2012) is giving the right direction, motivating and coaching employees, and the way of communication.

2.3 Theories of Leadership

Several schools are considered in chronological order in this part.

- I. **The Trait School:** According to Turner and Muller (2005), this school of thought was well-liked prior to the 1940s. It makes the erroneous assumption that leaders are innately gifted and do not acquire these qualities over time.

- II. **The Behavioural or Style School:** This school of thought was well-liked from the 1940s to the 1960s, as Turner and Muller (2005) noted. It's based on the idea that good leaders can be created. Anyone can be trained to be a leader.
- III. **The Contingency School:** According to this view, a leader's effectiveness is dependent on the circumstances. The Path goal hypothesis, a contingency theory that specifies four leadership behaviours—directive leaders, supporting leaders, participatory leaders, and achievement-oriented leaders—was mentioned by House (1971).
- IV. **The Visionary or Charismatic School:** The visionary or charismatic school of thought was popular during the 1980's and 1990's (Turner & Muller, 2005). Under this school of thought, Burns (1978) mentioned the transactional and transformational leadership styles.
- V. **The Emotional Intelligence School:** According to the emotional intelligence school of thought, Goleman et al. (2002) identified six leadership philosophies: visionary, coaching, affiliative, democratic, pace-setting, and domineering. In the late 1990s, this school of thinking was widely accepted.
- VI. **The Competency School:** This school of thinking is comparable to the trait school in that it places a strong emphasis on identifying the skills necessary for successful leadership. According to Dulewicz and Higgs (2003), three categories of competence—intellectual and managerial skills, as well as emotional competencies that can be translated into leadership styles explain the majority of managerial performance.

2.4 Leadership styles

Leadership style represents a fundamental aspect of leadership and refers to the manner in which decisions are made in the organization (Yousef 1998). According to Goleman (2000), different leadership styles used by individual leaders appear to have a direct and unique impact on the working atmosphere of an organization, division, or team.

Before classifying leadership styles, it is important to define the term itself. Different writers have defined the term differently. According to Northouse (2013), “leadership style consists of the behaviour pattern of a person who attempts to influence others.” Other writers who tried to define leadership style are Hersey and Blanchard. They defined leadership style as “a repetition of manner that leader’s show when they work with others” (Hersey & Blanchard, 1993). Most leaders adapt their leadership style in accordance with the demand and working environment of

an organization (Zahari & Shuragi, 2012). This shows that the leadership style chosen by the leader is likely to be dependent on the nature of the task to be performed and the needs of the employees. Effective use of leadership style is critically an important characteristic for an individual to succeed in leadership positions within organizations.

There are a variety of leadership styles, including authoritarian, transactional, democratic, laissez-faire, and transformational (Riedle, 2015). Even though various leadership styles are available, in order to narrow the research the present study will focus on three leadership styles: transformational leadership, transactional leadership and laissez-faire leadership styles. Therefore, each style will discuss below:-

2.4.1 Transformational Leadership style

A transformational leadership style is a leadership style that motivates followers to rise to a higher level of performance and moral values. It is inspirational, challenging, charismatic, stimulating and always develops the capabilities of the employees. As a result, employees are willingly working towards their full potential, inspired by transformational leaders (Bass, 1985). People are motivated to accomplish unexpected or spectacular achievements via transformational leadership. After training, it offers employees autonomy over certain tasks and the power to make judgments (Spahr, 2016). Transformational leaders are proactive: they seek to optimize individual, group, and organizational development and innovation, not just achieve performance expectations. They convince their associates to strive for higher levels of potential as well as higher levels of moral and ethical standards. Transformational leaders are perceived to be instrumental in helping followers achieve remarkable levels of performance (Denhardt and Campbell, 2006). The followers feel trust, admiration, loyalty, and respect towards the leader and are motivated to do more than they originally were expected to do (Straydom, 2008).

According to (Jong and Hartog 2007); and (Kent, Crotts and Aziz 2001), transformational leaders can inspire followers to view issues from new approaches and support the development of their full potential, which boosts their subordinates' creative thinking. As listed below, this leadership has four characteristics.

A. Idealized Influence

Idealized Influence (Attributed)

The leader exhibits great behaviours that let the followers identify with him or her. Usually, charismatic leaders show their convictions, take positions, and elicit an emotional response from their followers. These leaders are idealized by their followers because they serve as role models, give people a sense of direction, appear strong and confident, and take the moral and ethical ramifications of their actions into account.

Idealized Influence (Behaviour)

Leaders typically exhibit higher moral standards and a strong sense of purpose. Leaders share risks with followers and act in a way that is consistent with their core morals, values, and ideals. Gives direction and a feeling of purpose, inspires pride and earns people's respect and trust (Bass & Avolio, 1990)

B. Intellectual Stimulation

This area represents the degree to which the leader examines presumptions, takes big risks, and requests input from followers. Additionally, leaders that are intellectually stimulated can inspire and support their followers' innovation. (Bass & Avolio, 1990) went on to say that intellectual stimulation has a profound impact on how followers conceptualize, understand, and perceive the nature of the problems they face, as well as how they approach finding answers. People are motivated and committed to attaining the objectives at hand because they are involved in the problem-solving process.

C. Inspirational Motivation

This section outlines the extent to which the leader presents an inspiring and thought-provoking vision to followers. According to (Bass & Avolio, 1990), inspirational leadership is when a leader inspires and motivates followers to accomplish challenging goals that at one point may have looked impossible. Inspirational motivation involves sharing a compelling vision and directing subordinate work using symbols (Bass & Avolio, 1990)

D. Individualized Consideration

According to Bass & Avolio (1990) stated that a leader using individualized consideration provides socio-emotional support to followers and is anxious with developing followers to their highest level of potential and empowering them. The leader during this instance gives individualized attention and a developmental or mentoring orientation toward followers. This outcome is achieved by coaching and counselling followers, maintaining frequent contact with them, and helping them to self-actualize. Individualized consideration includes providing support: encouragement and coaching to followers (Yuki, 2010). Leaders believe to use this kind of leadership styles when leaders want members to be an active part of the organization and have ownership to it. Leaders are building a sense of purpose and when the organization has a long term plan and need to be motivated.

Considering all facets of transformational leadership, listed the following characteristics of a good transformational leader: (Northouse, 2001).

- Encourages people to take action that is beneficial for the company.
- Is a powerful role model with strong values,
- Listens to various points of view to create a cooperative attitude,
- Develops a vision using the resources of the organization,
- Acts as a change agent within the company by leading by example in terms of initiating and putting change into practice.
- Supports the organization by encouraging others to give back to it.

2.4.2 Transactional Leadership

Transactional Leadership, also called managerial leadership, is an exchange of valued things between the leaders and subordinates in order to achieve an outcome. It is a method of getting subordinates to achieve job requirements by reinforcing towards rewards or punishment (Avery, 2004., Bass, 1985). It is conceptualized as the exchange relationship between leaders and their followers. The exchange aspect of transactional leaders will therefore identify, define and communicate what needs to be done and how the instruction will be carried out.

Burns (1978) referred transactional leadership as to one focuses on the changes that happen leaders and their followers. This leadership style focuses on meeting the targets of the given job. The fundamental concept of transactional leadership is that the understanding of the relationship between effort and reward, the receptivity to exhibit the issues, the use of incentive, reward, punishment, the motivation of goal setting and rewarding of performance, and the use of power to subject followers to complete the tasks (Burns, 1978).

There are three dimensions of transactional leadership such as contingent rewards, management by exception (active), and management by exception (passive): (Bass and Avolio,1995).

A) **Contingent Reward:** Promising incentives in exchange for work, success, and good performance. Employees will receive prizes for their efforts.

B) **Management-by-exception (Active):** This approach involves identifying deviation from the norm, monitoring it, and taking corrective action. Any violation from the norms and regulations is noted by management, and if it occurs, a correction action is taken. Management but expectation happens whenever there is a violation of the laws and regulations, and corrective measures are also done. When working on the mission, the leader follows followers and doesn't become involved unless objectives aren't being met on schedule and within budget. Leadership that relies heavily on social behavior exchanges for maximum gain at minimal expense is referred to as transactional leadership.

C) **Management-By-Exception (Passive):** This suggests that the relationship between leaders and followers under this leadership style is based on reward and punishment, reciprocity, exchanges (economic, emotional, and physical), and also following the rule and regulation, which will suggest that the leaders are rigid. This implies a focus on task completion and positive employee relations in exchange for rewarding outcomes. When and only when expectations are not met, the leader intercedes. By clearly defining performance standards, the three transactional leadership components assist transactional leaders reduce risk and increase efficiency (Epitropaki & Martin, 2013).

2.4.3 Laissez –faire Leadership

A leader who avoids or doesnot interfere with the work assignments or may entirely avoid responsibilities and doesnot guide or support the followers can be considered as Laissez-faire style of leader. According to Cherry (2017), “ Laissez-faire leadership, also known as delegative leadership, is a type of leadership style in which leaders are hands-off and allow group members to make the decisions”. Laissez-faire leadership style is an inactive kind of leadership where the exchange between the leader and the follower is absent (Hamidifar,2009).In this kind of leadership style the necessary decisions are avoided, the satisfaction of the followers is given less attention, the responsibility is totally left for the followers or employees.

Researchers found that laissez-faire leadership is a passive kind of leadership style. It is also being interpreted as a non-transactional kind of leadership style. Based on this, laissez-faire leadership is considered as the most powerless and lazy administration structure (Yukl, 2006). Thus, laissez-faire leadership style is compared with dissatisfaction, unproductiveness, and ineffectiveness (Limsila & Ogunlana, 2008). The leader only responds to questions and provides information or gives support to the groups.

2.5 Job Satisfaction

Job satisfaction has been defined by many scholars at different times, but the largest part of them has similar proof that it is how employees feel about their jobs.

According to Aziri (2011), job satisfaction is seen as a favourable emotional state from the perspective of a job or work experience. It explains that employees develop an attitude towards their jobs considering their behaviours, beliefs, and emotions. It has been found that employees are perceived to be satisfied with their jobs if they consider their jobs to be fulfilling and rewarding. Employee satisfaction is widely regarded as an essential component of organizational success (Javed et al., 2014).

Another definition of job satisfaction is an emotional response to one's duties and working environment, as well as how much one's expectations are met (Kreitner & Kinicki, 2009). This demonstrates that job satisfaction is a crucial component for motivating employees and encouraging them to perform better.

Two categories of factors can be used to classify the factors that influence employee happiness, according to Sageer, Rafat, and Agarwal (2012). They are both personal and organizational variables. Personal characteristics include personality, goals, age, education, and gender distinctions. An employee's perceptions, attitudes, and learning have a significant impact on their level of job satisfaction. The writers also emphasize the employee's expectations as another personal aspect. Employees who receive more than they anticipated, for instance, are quite satisfied. Employee satisfaction is also influenced by age. As a result, younger employees are satisfied than older ones since they are more energetic. The researchers also found that women in the same employment are more likely to be satisfied than men to be.

Organizational variables include compensation and benefit policies, promotion and career development, job security, working environment and conditions, relationship with supervisor, work group, and leadership styles. Employees are likely to be satisfied when their salaries are equitable to those of outsiders who are in the same industry. Employees who have a lower probability of losing their jobs are more likely to be satisfied with them. The environment and working conditions are listed as additional factors. Employee satisfaction is higher when working conditions are favourable.

Relationships with co-workers and the supervisor have an impact on job satisfaction of employees at work. As a result, when employees get along well with their managers and co-workers, they are more likely to be content with their jobs. Job satisfaction is also impacted by leadership styles. Employee satisfaction is higher in organizations when leaders adopt democratic and transformational leadership approaches (Sageer, Rafat&Agarwal, 2012; Rajasekar&Bhuvanewari, 2014; Singh & Jain, 2013).

Spector identified nine aspects of job satisfaction that affect workers' job satisfaction the nine factors are: pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, co-workers, nature of work, and communication make up the nine variables (Lumley, Coetzee, Tladinyane& Ferreira, 2011; Bateh&Heyliger, 2013; Hamidifar, 2009). According to Spector, a component of job satisfaction is any circumstance that elicits both satisfaction and dissatisfaction. Below is a more detailed discussion of each of the nine aspects of job satisfaction.

1. **Pay:** This aspect of job satisfaction is connected to an employee's pay or pay increase. Although people have a certain affinity for money, possessing enough does not always imply that a person is satisfied. However, the outcomes of numerous researches demonstrate that salary can have a considerable impact on employees' total job satisfaction (Lumley et al., 2011; Ali, Ahmad & Maitlo, 2012). Despite the fact that many people use money as a motivator, some experts still believe that unequal compensation causes unhappiness and poor performance. For instance, it is stated that one factor influencing job satisfaction is compensation and wages (Rajasekar & Bhuvaneshwari, 2014). However, not everyone needs money to work. A sense of justice is what workers require in terms of compensation (Dugguh & Dennis, 2014; Kumari, 2011). Employees are more likely to be satisfied when they believe that their pay is reasonable and fair (Singh & Jain, 2013).
2. **Promotion:** the term "promotion" refers to the opportunities for advancement provided to subordinates inside a company. According to literature, promotions present opportunities for social advancement, higher responsibility, and personal development (Lumley et al., 2011). According to Singh and Jain (2013), the opportunity for promotion determines the degree of employee satisfaction. This shows how crucial promotions are to employee satisfaction.
3. **Supervision:** This refers to the notion that job satisfaction is more likely to rise when the immediate supervisor is approachable, compliments subordinates, pays attention to employees' opinions, and shows more interest in their subordinates (Lumley et al., 2011). Rajasekar and Bhuvaneshwari (2014) assert that supervisors' treatment of their subordinates has a significant impact on how satisfied those subordinates are at work.
4. **Fringe Benefits:** Monitoring and non-monitoring perks that an organization is prepared to provide to its employees are referred to as fringe benefits. Fringe advantages might be intrinsic or extrinsic. Offering employees fringe benefits they value will boost their dedication and performance, according to organizations (Lumley et al. 2011).
5. **Contingent Rewards:** Appreciating, acknowledging, and rewarding subordinates for appropriate work is referred to as contingent rewards. Employee dissatisfaction increases the likelihood that they won't put out as much effort as they are paid for, which lowers commitment and, in turn, lowers productivity (Lumley et al., 2011).

6. **Working Conditions:** In the literature, the terms "working conditions" and "operational conditions" have been used interchangeably. The term refers to the policies and procedures followed by an organization. When flexibility is required, some techniques could be so rigid that it is impossible. Employee dissatisfaction could result from this (Lumley et al., 2011). When they feel appreciated or wanted, employees are satisfied (Kumari, 2011). The conditions in which workers are employed are frequently referred to as the "working circumstances." It instils a sense of security, comfort, and motivation in the workforce (Singh and Jain, 2013).
7. **Co-worker** Co-workers are those with who one works and who are kind and helpful to one another. Such co-workers make the subordinates satisfaction to be there. If such co-workers do not exist, the opposite will be true (Lumley et al., 2011).
8. **Nature of Work:** The type of work done is referred to as the nature of the work When employees are mentally challenged by their work, provided with a variety of tasks and freedom and opportunity to develop their skills and abilities, and given feedback, they are more likely to be satisfied with their job (Lumley et al., 2011).
9. **Communication:** Both formal and informal communication inside the company is included in this definition of communication. An organization's effectiveness fosters commitment and motivation, which elevates job satisfaction (Lumley et al., 2011). At the personal and organizational levels, communication and satisfaction are intertwined. Lack of good communication hinders an organization's capacity to accomplish its goals (Kumari, 2011).

2.6 Review of Empirical Studies

A overview of the literature on the relation between leadership style and job satisfaction The relationship between leadership style and job satisfaction is very strong (Sang. L and Yean. T, 2011). Numerous studies show that transformative leadership has a major impact on employees' job satisfaction (Wiratmadja, 2008; Griffith, 2004; Avolio and Bass, 2004; Antonakis, 2003; Bass and Avolio, 1994).

The results of the study, which focused on Malaysian senior professionals in the public sector, revealed a higher connection between a transformational leadership style and job satisfaction (Voon et al., 2011).Bank employees in Lahore, Pakistan, were the subjects of an investigation

into the relationship between transformational leadership style and job satisfaction. The findings indicated that transformational had a favorable impact on overall job satisfaction (Bushra, Usman, and Naveed, 2011).

Ethiopia has also conducted a significant amount of research on the connection between leadership and job satisfaction. According to research on the relationship between leadership style and employee job satisfaction, transformational leadership had the relatively greatest impact on total job satisfaction. The degree to which Panafric Global employees are satisfied with their jobs is not significantly impacted by transactional or laissez-faire leadership styles (Helina Mesfin, 2020).

Researchers from an Ethiopian public institution who conducted another study found that a transformational leadership style had a significant impact on job satisfaction. Additionally, transformational leadership style greatly and positively influence job satisfaction. The laissez-faire leadership style and transactional leadership style, however, have negligible effects on job satisfaction (Alemu and Getnet, 2017).

All five dimensions (work activities, use of skills and abilities, salary pay and promotion, interpersonal relations, and general working conditions), which were the subject of a different study on the relationship between transformational leadership style and job satisfaction, showed a significant improvement. The findings showed that both intrinsic and extrinsic job satisfaction are statistically significant and connected with transformational leadership (Nebiat N. and Asresash D., 2012).

2.6.1 The Relationship between Leadership styles and Job satisfaction

Leadership style is a basic determinant of worker job satisfaction. Various studies have been conducted to investigate the relationship between leadership styles and job satisfaction. The results of most studies and the literature show that there exist a relationship between leadership styles and job satisfaction.

2.6.1.1 Transformational Leadership Style and Job Satisfaction

Previous research has shown that leadership style has a major impact on job satisfaction (Barling et al., 2002). To increase job satisfaction, the transformational leadership style is quite beneficial

(Lok & Crawford, 2004; Medley & Larochelle, 1995). According to research, transformational leadership also increases employee engagement to and perception of the organization (Ojokuku, Odetayo, & Sajuyigbe, 2012). A positive, significant correlation between transformational leadership and job satisfaction was found by (Walumba et al. in their 2005 study.)

2.6.1.2 Transactional Leadership Style and Job Satisfaction

Transactional leadership style involves rewards and punishments. The transactional leader rewards workers that have achieved the desired targets (Saleem, 2015). On the contrary, workers that underperform are punished. Rewards can be in the form of promotion and salary increments. Punishments may be in the form of termination and a cut in salary increments (Jansen, Vera, & Crossan, 2009). Past research has argued this leadership may not be effective in all situations (Bryant, 2003). Therefore, transactional leadership will adversely affect job satisfaction in the long run (Hartog, Muijen, & Koopman, 1997)

According to Lok and Crawford (2004), both transformational and transactional leadership affect the satisfaction level of employees. However, transformational leadership has a greater impact on job satisfaction as compared to transactional leadership (Awamleh & Al-Dmour, 2004)

2.6.1.3 Laissez-Faire Leadership Style and Job Satisfaction

Followers in Laissez-faire leadership are afforded the opportunity to make decisions in order to shape their work environment to satisfy individual needs. Cilliers et al. (2008) also agree that laissez-faire leadership affords followers the opportunity for self-management. They view the process of avoidance by the leader as an opportunity for followers to work unsupervised and become leaders in their own way, through self-development. Madlock (2008) argues that inadequate supervision, as in the case of the laissez-faire leader, could lead to weak interpersonal relationships, resulting in low employee satisfaction and productivity levels.

Several studies revealed findings that laissez-faire leadership style had no significant relationship with job satisfaction (Bass, 2009; Chaudhry & Husnain, 2012; Ghorbanian, et al. 2012; Sadeghi & Pihlie, 2012).

2.7 Conceptual Frame work

The framework shown in figure 2.1 shows how the transformational, transactional and laissez-faire leadership styles relate with job satisfaction. The literature has been used to support the conceptual framework for the study. In this model, independent variable is leadership styles while dependent variable involves job satisfaction.

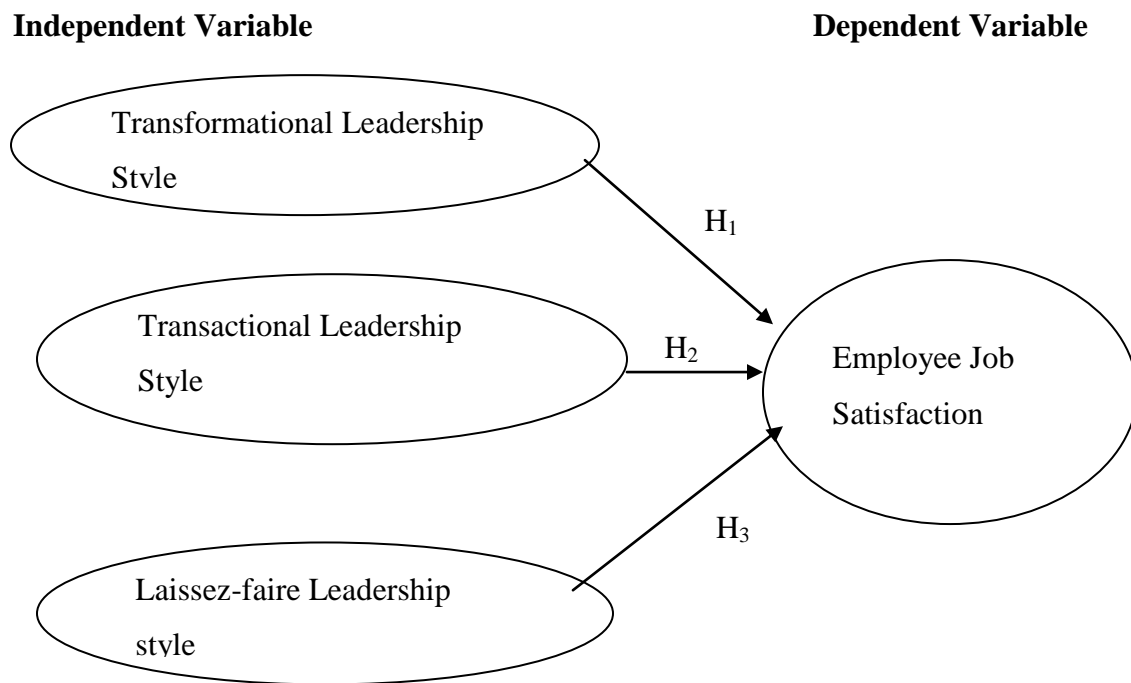


Fig .1 Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The total set of actions conducted to address a specific issue constitutes the research process. How a researcher gathers information to address his or her research questions is referred to as research methodology. As a result, when selecting study methodology, researchers should use caution. When conducting research, a variety of research designs and procedures are employed, but the nature or context of the research questions and objectives call for a particular kind of research design and strategy to be used.

An outline of the research methods used in the study is provided in this chapter. The chapter is divided into subsections that include topics including the research methodology, research design, study site, demographic, sample size, and sampling procedures. Additionally, it covered the research tools and the methods for gathering both primary and secondary data. The chapter concludes by describing the techniques used to analyse and present the data that was gathered.

3.2 Research Approach and Research Design

Research Approach

The impact of leadership style on workers' job satisfaction at CBE was investigated in this study. The research used both quantitative and qualitative research methods, depending on the type of data used. The quantitative research approach was suitable for the problem being investigated since the researcher sought to quantify the relationship between the independent variable, leadership style, and the dependent variable, job satisfaction, by putting a numerical value on each variable. Using a measure of central tendency or another qualitative metric, a qualitative technique is used to describe the qualitative properties of independent variables and dependent variables.

Research design

Kotzar et al. (2005) defined research design as the framework for conducting an inquiry and the method by which studies are put together. Research designs assist researchers in gathering

information that can address research questions or accomplish research goals. Descriptive, correlational, causal, experimental, and other sorts of research designs are available depending on the types of data that the researcher wants to gather and analyze. However, this study used a quantitative approach to correlation and explanatory research survey design. The study's goal was to characterize and interpret the diverse effects of leadership styles on workers' job satisfaction. It was explanatory study. Correlation quantitative studies examine the relationship between two variables and established that relationship as either positive or negative (Gray et al, 2013). So, design's choice was due to a descriptive nature and determining relation between the variables.

3.3 Population, Sample Size and Sampling Techniques

Babie & Hally, 2010 define target population as the entire aggregation of respondents that met the designed set of criteria within a study.

The study's sample included ten special CBE branches in Addis Ababa. Under these branches, 639 non-supervisory employees made up the target group for this study. Because non-supervisory employees are immediately impacted by leadership behaviour, the study focused on them in an effort to reduce respondents' prejudicial responses to questions about leadership. The researcher uses random sampling procedures to choose responders from branches that were chosen on purpose.

3.4 Sampling Technique and Sample size

Sampling Technique

Purposive sampling techniques and simple random selection were used in this study to select research participants in order to identify those who would help the researcher effectively address the study's research questions and objectives.

Purposive sampling techniques refer to a process whereby the researcher selects a sample to participate in the survey based on their own judgment. The purposive method was applied when selecting these branches because they were highly transactional and had broad deposit mobilization. Additionally, the researcher believed that the most important leadership styles were

applied within the bank and that leadership decisions made in the selected areas were more pronounced in the other branches.

A random sampling technique is a process of selecting a sample that allows all members of the population to have an equal and independent opportunity of being selected for the sample. A random sampling technique was employed when selecting the employees at each branch. This was done to avoid bias.

Sample size

A sample is a subset of components drawn from a population and deemed to be typical of the population. 639 employees made up the research's target population size. Since it was practically impossible to research the complete population, a sample from that population had to be taken. With a 95 % confidence level, Taro Yamane's (1973) formula was used to determine the sample size for this study. Yamane reasoned that as long as the sample is accurately representative, generalizations about the total population can be made from the results.

The calculation formula of Taro Yamane is presented as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where n = the sample size to be determined

N = the population under study

e = the margin error which is 0.05 for this study.

Substitute numbers in formula we have:

$$n = \frac{639}{1 + 639(0.05)^2}$$

In order to maintain a 95% confidence level from the responses of the respondents above, the sample size of 246 employees were used.

Accordingly, using a convenient sampling technique (In order to obtain reliable of data), the above sample respondents select from each selected branch shown in the table below.

Table 1 selected branchis with corisponding sample size

No	Branch	Number of qualified employees	Samle size
1.	Addis Ababa Branch	132	51
2.	Arada Ghiorgis Branch	75	29
3.	Arat Kilo Branch	71	27
4.	Airport Branch	46	18
5.	SilasseBranch	50	19
6.	Finfine Branch	60	23
7.	Gofasefer Branch	48	18
8.	Sengatera Branch	49	19
9.	Gullele Branch	57	22
10.	Nefassilk Branch	51	20
Total		639	246

3.5 Data sources and instruments

Any research study must have reliable data sources. Because incorrect findings may be produced by erroneous data. In the research for this paper, the researcher used both primary and secondary data. Primary data came from questionnaires given to respondents. A questionnaire is a research tool made up of a number of questions and other prompts used to collect data from respondents (Sir Francis Galton, 1997). Accordingly, two surveys were created: the Job Satisfaction Survey (JSS), which measures employee satisfaction with their jobs, and the Multifactor Leadership Questionnaire (MLQ), which assesses leadership style (Bass and Avolio, 1997).

All MLQ questions were scored along a 5-point Likert scale (1 = Not at all; 2 = Once in a while; 3 = Sometimes; 4 = Fairly often; 5 = Frequently, if not always). To be as comprehensive as

possible, this study used the full range of leadership styles: transactional, transformational, and laissez-faire. The JSS questions used to indicate how satisfied or dissatisfied respondents were with jobs by asking the respondents to rate themselves on 22 questions using 5-point scale varying from 1 (strongly disagree) to 5 (strongly agree). Also secondary data from different documents: books, published journal, HR department of the bank, website (internet), review of related literature, and other available sources used to support the findings.

3.6 Methods of data analysis

Since variables were measured with numeric indicators, quantitative analysis method were employed. The data that obtained from respondent employees through questionnaires assessed and analyzed using The Statistical Package for Social Science (SPSS version 25) to code and analyze so as to reach on meaningful findings. Furthermore, the researcher used a descriptive statistical analysis (in the form of frequencies, percentage, mean and standard deviations) and inferential statistics (correlation and regression) were adopted for analysis of data from questionnaire responses of respondents. This helped the researcher to critically analyze and interpret each question in order to arrive at meaningful results as compared to the current literature.

The descriptive statistics shows which leadership style is the dominant factor and also in job satisfaction survey states whether employees are satisfied, or dissatisfied. Furthermore, the regression analysis conducted to determine by how much percent the independent variable (leadership style) explains the dependent variable (job satisfaction) and to test the significant level.

Pearson Correlation analysis also used to know and understand the relationship between leadership style and job satisfaction. Pearson Correlation also was employed to examine the effect of independent variable (Leadership style) on dependent variable (Job satisfaction). To allow for prediction of dependent variable, simple linear regression used as an analysis technique. In simple regression, the researcher attempted to predict the dependent variable with a single variable.

The researcher can predict the dependent variable with a single independent variable by the regression equation

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

Where Y is the dependent variable (employee job satisfaction), β_0 is constant, β_1 , β_2 and β_3 are coefficients of independent variables that use to measure the sensitivity of the dependent variable to unit change in the predictor variables. X_1 , X_2 and X_3 are the independent variables, transformational, transactional and laissez-faire leadership styles respectively and ε is the undetermined variations or error of predictions in the model.

Employee job satisfaction = $\beta_0 + \beta_1$ transformational leadership style + β_2 transactional leadership style + β_3 laissez-faire leadership styles

3.7 Reliability and Validity

According to Creswell (2014), reliability in qualitative studies indicates the researcher is verifying accuracy of the study through various strategies and validity in qualitative studies stresses the researcher's approach is consistent with those conducted by other researchers and different studies. For this reason, the researcher developed the following approaches in order to successfully address both reliability and validity within the study.

Reliability

Yin (2014, p.240) provided a definition of reliability which indicates the study should demonstrate "consistency" and "repeatability". Creswell (2014) discussed the idea reliability is generally more applicable to quantitative studies, but qualitative researchers should strive to ensure their approach is consistent with other researchers and with an emphasis on the results. Yin (2014) further informed readers as the research design links the data and conclusions back to the original research questions.

The researcher felt it was important to ensure fellow researchers see this study as acceptable, reliable and repeatable. As such, the researcher fully documented and stored all results. Additionally, in order to improve accuracy and reduce bias, the researcher utilized member checking in an effort to ensure her accurately capture the views of participants. In order to improve the reliability of the instruments, the researcher tied all instrument questions back to the paper. Reliability test will be done through Cronbach's alpha. It is a technique that helps to

determine the reality of survey instrument and the internal consistency of the average correlation of variables in the survey (Joseph A. Gliem, Rosemary R. Gliem, 2003).

Table 2: Rules of Thumb about Reliability Test

Coefficient alpha (α) value	Reliability
0.80 – 0.95	Very good reliability
0.70 – 0.80	Good reliability
0.60 – 0.70	Fair reliability
Below 0.60	Poor reliability

Source: Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). Business research methods (8th ed.). New York: South-Western/Cengage Learning.

As illustrated in Table 3.1 above, the reliability of questionnaire is considered as very good reliability if the coefficient alpha value is ranged from 0.80 to 0.95. On the other hand, the coefficient alpha value of 0.70 to 0.80 is considered to have good reliability. For the coefficient alpha which ranged from 0.60 to 0.70, the level of reliability is considered as fair reliable. However, the level of reliability is considered poor when coefficient alpha falls below 0.60.

Table 3. Cronbach’s Alpha (Reliability analysis)

Variables	Cronbach's Alpha	No of Items
Transformational leadership styles	0.835	7
Transactional leadership styles	0.806	7
Laissez fair leadership styles	0.729	7
Job satisfaction	0.911	22
The average mean	0.820	43

Source: survey result (2025)

Cronbach Alpha coefficient can be between 0 and 1. As a number approach to 1 the internal consistency of the items gets stronger implying that all items measure the same variable (quality

and satisfaction). Further supporting this statement, Bass and Avolio (1993) confirm that the instruments can be accepted as a reliable when reliability coefficient is greater than 0.5.

Accordingly, the overall mean reliability of the scale is acceptable as its coefficient (0.820) is greater than 0.5. Moreover, the scale consistency of each variable are also acceptable for the reliability coefficient of Transformational leadership styles, Transactional leadership styles, Laissez fair leadership styles and Job satisfaction are value .835, .806, .729, and .911 respectively which are more than 0.5 and closer to 1.

It is therefore reasonable to conclude that the reliability of the measure is acceptable.

Validity

As the goal of qualitative research is to understand participants' experiences in their own context (Stake, 2010), stressing validity is crucial in ensuring trustworthiness and credibility from the perspective of the researcher and the reader (Creswell, 2014).

In order to ensure validity of this study, the researcher viewed data collection and analysis within the study to constructs of the study including the literature review, research questions, and conceptual frame work. The researcher also developed multi factor leadership standard questionnaires to measure leadership styles which was developed by (Bass, 1997) and job satisfaction survey (JSS) developed by (Spector, 1994), that were used by other researchers to measure employee job satisfaction for validity.

3.8 Ethical Consideration

While conducting this study, ethical considerations were taken into account. At most effort adequate care was taken to select the appropriate time to distribute questionnaires. The data collected from those who were willing to fill the questionnaire without any forceful action. Any thing against the will and dignity of the respondents will avoid throughout the study. The results of the study used strictly for academic reason and responses of the participants kept confidential and analyzed in aggregate without any change by the researcher. In addition, the researcher respects the work of previous study and cite appropriately those works that have been taken as a basis.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents a detailed analysis of data collected from a field survey via the administration of the questionnaire. It aims to present the findings from the data collected and align towards the research objectives, questions, and hypothesis.

The data obtained from respondents were analyzed with the help of Statistical Package for Social Science (SPSS version 25). Analysis of the data entailed the use of descriptive statistics in the form of frequency distribution tables and percentages. The hypotheses for this study were evaluated using inferential statistics in the form of the correlation and regression analysis. Multiple regression analysis was used to ascertain the strongest relationship between variables that were measured.

4.2 General Response Rate

A total of 246 questionnaires were distributed to the sample respondents of employees that are working at the ten special branches of the Commercial Bank of Ethiopia. Out of these 246 questionnaires, 234 were collected.

Table 4. Respondents Response Rate

Sample size	Expected Response	Actual Response	Percentage
246	246	234	95.12

4.3 Demographic Profile of Respondents

This section shows the demographic information of the respondents: gender, age group, marital status, educational background, and work experience at the Commercial Bank of Ethiopia.

Table 5. Demographic Profiles of the Respondents

Demographic Variables		Frequency	Percent
Gender	Male	128	54.7
	Female	106	45.3
	Total	234	100.0
Age group	below25	18	7.7
	26-30	80	34.2
	31 – 35	84	35.9
	36 – 40	46	19.7
	41 and above	6	2.6
	Total	234	100.0
Marital status	Single	74	31.6
	Married	153	65.4
	Divorced	3	1.3
	Widowed	4	1.7
	Total	234	100.0
Educational background	Diploma	34	14.5
	First degree	123	52.6
	Master’s degree	77	32.9
	Above Master’s degree	0	0
	Total	234	100.0
Work experience	1–5 years	41	17.5
	6 –10 years	113	48.3
	11– 15 years	70	29.9
	above 15 years	10	4.3
	Total	234	100.0

Male respondents made up the majority of the desired sample size, with a total of 128 respondents, or 54.7 %, of the 234 respondents shown in the above table, while female respondents made up 106 respondents, or 45.3 %. This suggests that there are more men than women working for the commercial bank of Ethiopia.

In terms of age, 7.7%, which represents 18 respondents, are within the age group of below 25 years. This implies that the bank recruits fresh university graduates. Followed by those in the age group of 26–30 years at 34.2%, which represents 80 respondents. The other age group, 31–35 years, is 35.9%, which represents 84 respondents, and that of the 36–40 age group is 19.7%, which represents 46 respondents. The last age group who were over 41 years old was at 2.6 %, which represents 6 respondents.

In terms of marital status, 153 respondents, or 65.4 %, were married; 74 respondents, or 31.6 %, were single; 4 respondents, or 1.7 %, were widowed; and 3 respondents, or 1.3 %, were divorced.

The educational backgrounds of the responders range from a diploma to a master's degree. A first degree is held by the majority 52.6 %, which represents 123 of the respondents; a master's degree is held by 32.9 %, which represents 77 respondents; and a diploma is held by 14.5 %, which only represents 34 respondents. It is therefore possible to infer from the above table that CBE has a variety of degrees of qualified staff to assist in managing the bank's daily operations.

In terms of experience, 17.5% of respondents had 1-5 years of experience, 48.3% had 6-10 years of experience, 29.9% had 11-15 years of experience, and 4.3% had more than 15 years of experience. It is clear to understand from this data that the highest respondents of the study had 6–15 years of working experience that is 78.2%. This indicates that these respondents might have been measured by existing leadership styles several times and considered as they had gained greater insight into the system since they have worked in the organizations for a long period of time.

4.4 Descriptive statistics of the variables

To discover the dominant leadership style that CBE leaders frequently used, respondents were asked to rate their awareness, knowledge, attitude, level of agreement and their feeling. Close ended questionnaires were distributed to respondents which consist of 21 statements related to leadership styles: namely; Transformational, Transactional, and Laissez-Faire leadership styles. And also 22 items for employees' job satisfaction.

The mean, or average, is a measure of central tendency that offers a general picture of the data without unnecessarily covering one with each of the observations in the data set. The mean score of respondents in each dimension indicates to what extent the sample group averagely agrees or does not agree with the different statements or scales. According to Marczyk et al. (2005), the lower the mean, the more the respondents disagree with the statements; the higher the mean, the more the respondents agree with the statements.

Based on the mean score of a five-point likert scale survey questionnaire, the statistical values for items assumed that the mean (M) score was up from less than the midpoint of 3.0 as a low average, the mean score from 3.01 to 4.0 was considered as moderate, and the mean score of 4.01 and above was considered as high by comparison.

4.4.1 Dominant leadership style

To indicate the most dominant leadership style used by the managers of CBE in ten special branches the following Table 6 presents the mean scores of the three dimensions of leadership styles along with the corresponding standard deviations.

Table 6 leadership styles

Leadership styles	N	Mean	Std. Deviation
Transformational leadership styles	234	3.55	0.946
Transactional leadership styles	234	3.59	0.895
Laissez-Faire leadership styles	234	2.26	0.883

As it is seen in the above table.6 it is easily can be observed that a mean score of 3.59 and .895 standard deviation, showed that transactional leadership style has the highest mean score from the three-leadership styles of transformational leadership style with a mean score of 3.55 and .946 standard deviation, and, the least mean score of 2.26 and .883 standard deviation of Laissez-faire leadership style. As the descriptive statistics showed transactional leadership style is the most dominant leadership style in CBE.

4.4.2 Extent of Job Satisfaction

The following Table.7 shows the extent to which employees of CBE are satisfied with the current leadership style used by the leaders of CBE.

Table 7 Extent of job satisfaction

	N	Mean	Std. Deviation
Employee's job satisfaction	234	2.83	0.77

As depicts in the above table.7 descriptive statistics shown that the mean score and standard deviation for overall job satisfaction. Based on the result the mean and standard deviation obtained ($M = 2.83$ and $SD = 0.77$), which are below moderate. This means that employees of the studied institution were not satisfied with the current leadership style which is used by the CBE leaders.

Inferential Statistics

In this part, the researcher used inferential statistics to investigate the impact of leadership style on workers' job satisfaction. So that the purpose of the study's objective can be evaluated by computing the Pearson correlation coefficient and completing multiple regression analysis and examined using the information gathered from the respondents who were CBE workers.

4.5 Correlation Analysis

In this study, the researchers carried out a correlation analysis to measure the relationship between the dependent and the independent variables. The dependent variables are the employees' job satisfaction and the independent variables are transformational, transactional, and laissez-faire leadership styles. The researcher used a person's correlation coefficient. A person's

correlation coefficient is a measure of linear association between two variables. The values of the correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense; a correlation coefficient of -1 indicates that the two variables are perfectly related in a negative linear sense; and a correlation coefficient of 0 indicates that the two variables have no linear relationship. A correlation coefficient of 1 means that for every positive increase in one variable, there is a positive increase of a fixed proportion in the other variable. A correlation coefficient of -1 means that for every positive increase in one variable, there is a negative decrease of a fixed proportion in the other variable. Zero (0) means that for every increase, there isn't a positive or negative increase. Therefore the findings of this correlation analysis are shown below:-

Table 8 Correlation of Leadership Style and Job Satisfaction

		Correlations			
		transformational leadership	transactional leadership	laissez faire leadership	job satisfaction
transformational leadership	Pearson Correlation	1	.449**	.043	.530**
	Sig. (2-tailed)		.000	.516	.000
	N	234	234	234	234
transactional leadership	Pearson Correlation	.449**	1	-.017	.600**
	Sig. (2-tailed)	.000		.799	.000
	N	234	234	234	234
laissez faire leadership	Pearson Correlation	.043	-.017	1	.123
	Sig. (2-tailed)	.516	.799		.060
	N	234	234	234	234
job satisfaction	Pearson Correlation	.530**	.600**	.123	1
	Sig. (2-tailed)	.000	.000	.060	
	N	234	234	234	234

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

As table 8 the correlation is given along with the significance of Pearson correlation figure shown ($r=.530$, $r=.600$) $P < 0.05$ for transformational leadership style and transactional leadership style there is a positive and significant correlation with job satisfaction. However, laissez-faire

leadership style shows ($r=0.123$) $p > 0.05$ has positive but has no significant relation with job satisfaction.

4.6 Regression Analysis

The researcher had employed employee job satisfaction as a dependent variable and transformational, transactional, and laissez-faire leadership styles as independent variables in order to assess the impact of leadership styles on employee job satisfaction at Commercial Bank of Ethiopia. The researcher also performed multiple regression analysis in this part to determine the degree to which the independent variable explains the dependent variable. It is frequently used to determine the degree to which transformational, transactional, and laissez-faire leadership styles influence the dependent variable, or job satisfaction. In order to forecast and clarify the correlations between the dependent and independent variables, regression analysis is also performed.

This study has conducted the assumption test of multi-collinearity, normality, linearity, homoscedasticity, and no autocorrelation assumption. The result was presented as follows.

4.6.1 Multi- co Linearity

In this research, multi-co-linearity was checked with tolerance and VIF statistics.

Table 9 Result of Multi co Linearity Test

Model	Co linearity Statistics	
	Tolerance	VIF
Transformational	.796	1.256
Transactional	.797	1.254
Laissez-Faire	.997	1.003

Dependent Variable: Job Satisfaction

Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula $1 - R$ squared for each variable. If this value is very small (less than .10) it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other

value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance).

VIF values above 10 would be a concern here, indicating multicollinearity. Multicollinearity can be detected with the tolerance values and variance inflation factor (VIF). As table 9 shows the tolerance values of all independent variables (0.796, 0.797 and 0.997) are above 0.1 and the VIF values (1.256, 1.254 and 1.003) are below 10 which indicate there is no Multicollinearity problem.

4.6.2 Normality test

Various statistical techniques applied to analyses the data in research. Different parametric and non-parametric tests are available to test the data. One can apply parametric test if population normally distributed in terms of the variable characteristics understudy which means distribution of population should be symmetrical. According to Kim, H.Y (2013) , interpretation of normality is based on the absolute value of skewness and substantial non-normality is referred for absolute value of skewness larger than 2 and absolute value of 34 kurtosis larger than 7. Thus, based on the result of the table below (table 10), the normality of the distribution is satisfied for this data.

Table10 Descriptive Statistics

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
job satisfaction	234	-.223	.159	-.755	.317
transformational leadership	234	-.749	.159	.030	.317
transactional leadership	234	-.242	.159	-.773	.317
laissez faire leadership	234	.723	.159	.128	.317
Valid N (listwise)	234				

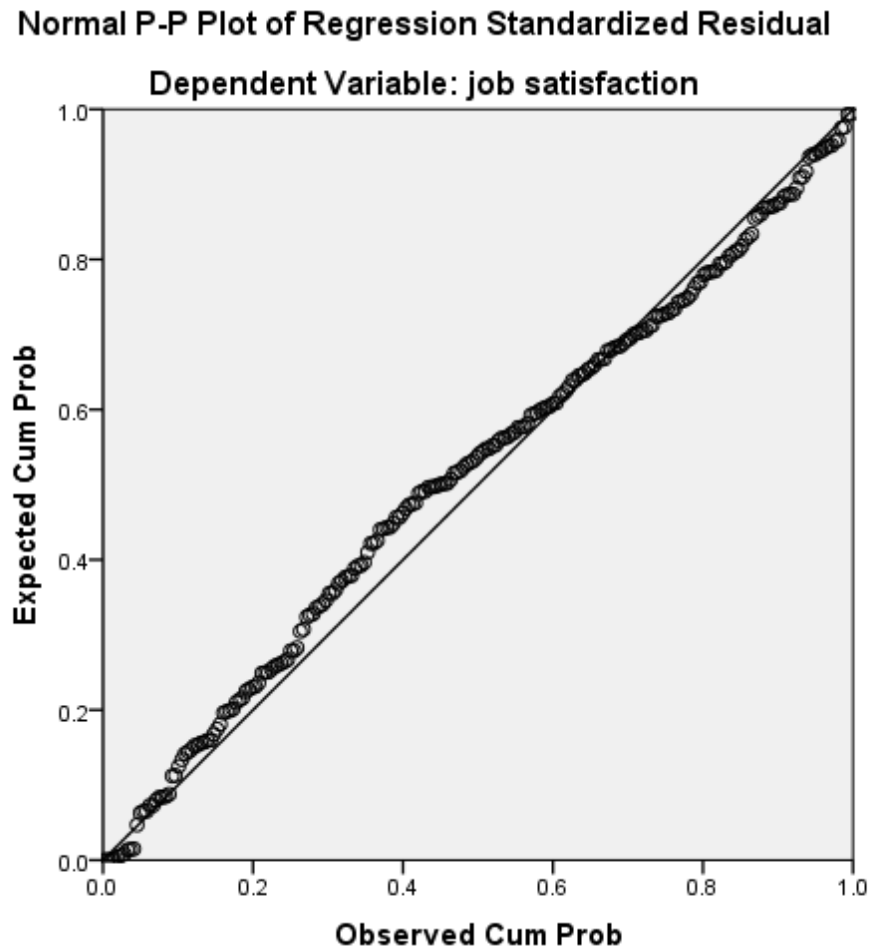
Source: survey data 2025

4.6.3 Linearity Assumption

The study applied normal P-P Plot of regression Standardized Residua to test linearity seen in figure1. Since the points were symmetrically distributed around diagonal line, linearity pattern was

observed. In the normal probability plot it will be expected that points relatively straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. Therefore, the straight-line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

Figure 2: Normal Point Plot of Standardized Residual

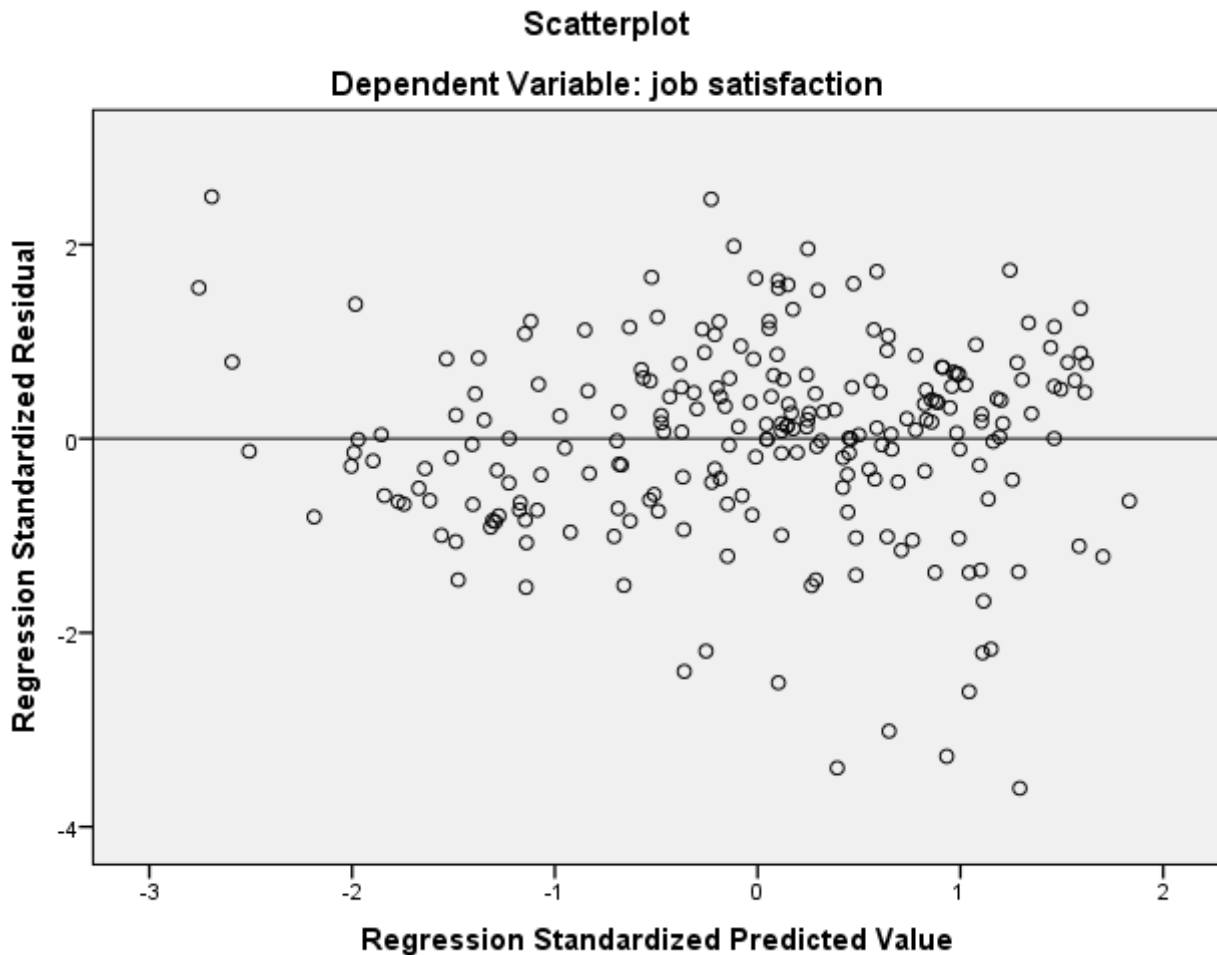


4.6.4 Homoscedasticity Assumption

Homoscedasticity help as to check for the relationship under investigation is the same for the entire range of the dependent variable and lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range, which can be seen on the scatter plot (Garson, 2012) It is suggested that it should plot the standardized residuals, or errors (Field ,2009). So based on standard resual (Dependent) on the X axis and the standardized predicted values of the dependent

variable based on the model (ZRESID) on the Y axis to get the homoscedasticity result. As it is shown figure 2, the points in the plot they fall on roughly a straight line, which indicates that there is a linear relationship between x and y. Therefore, it can be concluded that the assumptions of standard residual there is homoscedasticity.

Figure 3: Scatter Plot of Standardized Residual



4.6.5 Auto correlated assumption

To determine the autocorrelation between observations Durbin – Watson test was used. As per (Brooks,2008) lagged the value is simply the value that the variable took during a previous period. A value of DW test result of 2 mean there is no autocorrelation detected.

Whereas a value between 0 and 2 indicate positive autocorrelation and a value between 2 and 4 indicates negative autocorrelation.

Table11 Descriptive Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.677 ^a	.458	.451	.592	1.543

a. Predictors: (Constant), laissez faire leadership, transactional leadership, transformational leadership

b. Dependent Variable: job satisfaction

From the above table.11 indicate that the value Durbin Watson statistic result is 1.543. Thus, this study has tested for assumption of Autocorrelation and as it can be seen there is positive auto correlation from the above result. Hence, the Auto correlation assumption is fulfilled.

4.7 Multiple Regression Analysis

Multiple regression analyses were conducted to measure the impacts between the independent variables and the dependent variable. The regression results are shown in the table.

Table .12 Variables Entered/Removed ^a

Model	Variables Entered	Variables Removed	Method
1	laissez faire leadership, transactional leadership, transformational leadership ^b	.	Enter

a. Dependent Variable: job satisfaction

b. All requested variables entered.

Table .13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 ^a	.458	.451	.592

a. Predictors: (Constant), laissez faire leadership, transactional leadership, transformational leadership

As can be seen in the table.13 above, the value of R, which expresses the correlation between the actual and predicted values of the dependent variable, employee job satisfaction, is 0.677. And it

implies that there is a strong positive relationship between employee job satisfaction and transformational, transactional, and laissez-faire leadership styles.

While *R square* indicates the proportion of variance in the outcome that can be accounted for by the predictor, thus, the result implies that 45.8% of the variation in employees' job satisfaction was explained by the nature of leadership styles in CBE. This means that of existing employees' level of job satisfaction, 45.8% was explained by the combinations of leadership styles. The remaining 54.2% difference in changes in employees' job satisfaction is explained by other factors that are not explained in this study. From the above results, we can say that there is a high degree of dependence of employees' job satisfaction on existing leadership styles.

4.8 ANOVA Analysis

Table 14 Analysis of Anova

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.243	3	22.748	64.857	.000 ^b
	Residual	80.670	230	.351		
	Total	148.913	233			

a. Dependent Variable: job satisfaction

b. Predictors: (Constant), laissez faire leadership, transactional leadership, transformational leadership

Table 14 above summarizes the information about the variation of the dependent variable explained by the existing model used for this study and the residual that indicates the variation of the dependent variable that are not captured by the model. It is observed that the independent variables give a significant effect on the dependent variable, where F-value is 64.857 with a p-value of less than 0.05 (i.e. p value 0.000) indicating that, over all, the model used for the study is significantly good enough in explaining the variation on the dependent variable. To ensure the statistical adequacy of the model, the goodness of fit can also be measured by the square of the correlation coefficient also called R^2 .

Coefficient Analysis

Table .15 Result of Multiple Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.268	.206		1.302	.194
	transformational leadership	.269	.046	.319	5.863	.000
	transactional leadership	.409	.049	.458	8.436	.000
	Laissez-faire leadership	.106	.044	.117	2.409	.017

a. Dependent Variable: Employees job satisfaction

The following conclusion can be drawn from the above table:

Table.15 indicates that the standard coefficient (B=.269) indicates that transformational leadership style positively affected employees' job satisfaction. This means that a one unit increase in transformational leadership leads to a 26.9 increase in employees' job satisfaction. And has a p-value of 0.000, which is less than the acceptable value of 0.05, which indicates that it has a significant effect on job satisfaction.

Transactional leadership style has a standard coefficient (B=.409) indicates that transactional leadership style positively affected employees' job satisfaction. This means that a one unit increase in transactional leadership leads to a 40.9 increase in employees' job satisfaction. And has a p-value of 0.000, which is less than the acceptable value of 0.05, which indicates that it has a significant effect on job satisfaction.

Laissez-faire leadership style has a standard coefficient(B=.106) indicates that Laissez-faire leadership style positively affected employees' job satisfaction. This means that a one unit increase in Laissez-faire leadership style leads to a 10.6 increase in employees' job satisfaction.

And has a p-value of 0.017, which is less than the acceptable value of 0.05, which indicates that it has a significant effect on job satisfaction.

4.9 Hypothesis Testing

Hypothesis Testing Result

H1: Transformational Leadership style has a positive significant effect Job Satisfaction.

As presented in table 15 above, transformational leadership has a positive effect on Job satisfaction of CBE employees with Beta = 0.269, at p=0.000, (p <0.05). Therefore, the researcher accepts the hypothesis.

H2: Transactional Leadership style has a positive significant effect Job Satisfaction. As presented in table 15 above, revealed that transactional leadership has a positive effect on Job satisfaction of CBE employees with Beta = 0.409, at p=0.000, (p <0.05). Therefore, the researcher accepts the hypothesis.

H3: Laissez faire Leadership style has a positive significant effect Job Satisfaction. As presented in table 15 above, revealed that : Laissez faire Leadership has a positive effect on Job satisfaction of CBE employees with Beta = 0.106, at p=0.017, (p <0.05). Therefore, the researcher accepts the hypothesis.

4.10 Analysis of variance

The regression coefficients presented in Table 4.9 show the significance at which each leader's styles affects satisfaction. From the table of coefficients, the regression model was derived as follow;

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

$$\text{Job satisfaction} = \beta_0 + \beta_1 \text{Transformational leadership style} + \beta_2 \text{Transactional leadership style} + \beta_3 \text{Laissez faire leadership style} + \varepsilon$$

$$\text{Job satisfaction} = 0.268 + 0.269 \text{Transformational leadership style} + 0.409 \text{Transactional leadership style} + 0.106 \text{Laissez faire leadership style} + \varepsilon$$

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents a summary of the research findings, conclusion, and presents recommendation based on the analyzed data. The main objective of this research was to explain the effect of leadership style on employees' job satisfaction in commercial bank of Ethiopia.

5.1 Summary and conclusion

Overall this study was aimed at examining the impact of leadership styles on employees' job satisfaction considering commercial bank of Ethiopia as a study setting. Specifically, the study was intended to identify the dominant leadership style that frequently used by the leaders of the bank, to identify extent of employees' job satisfaction, to assess the relationship between the three leadership styles (transformational, transactional and laissez-faire) and employees' job satisfaction, and to examine how the three leadership styles (transformational, transactional and laissez-faire) influence employees' job satisfaction.

According to the study

- Descriptive statistics of leadership style shown that the result of highest mean has transactional leadership style. This implicates that the transactional leadership style is the dominant leadership style of commercial bank of Ethiopia.
- The extent of employees' job satisfaction, the finding indicated that employees were not satisfied with overall job satisfaction as well as facets of job satisfaction (fringe benefit, working conditions, supervision, contingent rewards and communication, worker, nature of work, pay and promotion.)
- The result of the Pearson correlation shown that there is a positive and significant relationship between leadership style and job satisfaction.
- Regression results shown Transactional leadership style with standard beta 0.409 and $p=0.000$, $p<0.05$ has a positive and significant effect on job satisfaction of CBE employees.

- Transformational leadership style with standard beta 0.269 and $p=0.000$, $p<0.05$, has a positive and significant effect on job satisfaction of CBE employees.
- Laissez-faire leadership style with standard beta 0.106 and $p=0.017$, $p<0.05$ has positive and significant relation on job satisfaction of CBE employees.

The overall study result has shown that Transactional and transformational leadership style had the relatively highest effect on overall job satisfaction. laissez-faire leadership styles have an significant effect on the job satisfaction of commercial bank of Ethiopia.

5.2 Recommendation

Based on the findings and conclusions of this study, the researcher suggested the following recommendations which they possibly be considered by senior management of CBE to augment employee job satisfaction within the organization.

- CBE recommended to updating the leadership development program to enhance the knowledge and skills of their branch managers and supervisors to adopt transformational leadership style in addition to the transactional leadership widely exercised as long as it has been proved that transformational leadership style was not frequently used by them.
- Leaders of CBE recommended adopting the transformational leadership style if they want to improve and increase organization outcomes such as employee job satisfaction and organizational commitment of employees within the organization. Hence transformational leadership is superior about motivating and raising the morals of both the leader and the followers. Such leaders pay great attention to the need and interest of those whom they lead. They strive to support their followers to reach their fullest potential (Bass, 1997; Northouse, 2013; Bass and Riggio, 2006).

It is recommended to organize continuous capacity building programs, like training, seminars, workshops and panel discussion need to be prepared to improve the competence level of the branch managers and supervisors about skills of leadership as a management function.

In addition CBE should conduct job satisfaction surveys from time to time and take counteractive actions on areas that need improvement.

5.3 .Limitation and Direction for Further Study

This study seen only the impact of leadership styles on employee job satisfaction on Commercial Bank of Ethiopia. However, there could be some other relevant outcomes those were excluded from this study that may be perceived as significant. Therefore, other researchers need to consider various outcomes. Moreover, the study considering only employees as a study participant. Therefore, it was recommended that other consider management in order to get detail information.

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APPENDICES

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS LEADERSHIP

Survey Questionnaire for the Effect of Leadership Styles on Employees' Job Satisfaction in CBE

Questionnaire Designed for Employees

Dear respondents,

My name is Rahel H/yesusGebeyehu, and I am a master's student at Addis Ababa University, School of Commerce. I am conducting a study to identify the effect of leadership style on employees' job satisfaction in case of CBE. I prepared a completion of the Multifactor Leadership Questionnaire (MLQ) and the Job Satisfaction Survey (JSS) Questionnaire. The purpose of these questionnaires is to collect relevant raw data for the study. The outcomes of the study will be used in order to suggest possible solutions for problems identified while conducting the study. All information collected through the questionnaire will be used only for the purpose of the study and will be kept confidential.

Your assistance with this study will be greatly appreciated. Thank you for your assistance in this study. The contribution of your time is greatly appreciated.

Section I : Demographic Information

Please kindly answer by putting a tick mark “√” to the following questions of your response in the bracket provided.

1.1. Gender:

Male [] Female []

1.2. Age Group:

Below 25 [] 26 – 30 [] 31 – 35 [] 35 – 40 [] 41 and above []

1.3.Marital Status:

Single [] Married [] Divorced [] Widowed []

1.4. Educational Background:

Diploma [] First degree [] Master's degree []
 Above Master's degree []

1.5. Working experience in CBE:

1–5 years [] 6 –10 years [] 11– 15 years [] Above 15 years []

Section II: Leadership styles Questionnaire

This part of the questionnaire provides a description of your managers' leadership style.

Please judge how each of the descriptive statements listed in the table below fits with him/her as per the given rating scale.

1 = not at all 2 = once in a while 3 = sometimes 4 = fairly often
 5 = frequently, if not always

S.N	Statements	Scales				
		1	2	3	4	5
	Transformational Leadership Style					
1	My manager make others feel good to be around him/her.					
2	My manager express with a few simple words what we could or should do.					
3	My manager help others to find meaning in there work.					
4	My manager spends time to teach and coach his assistants.					
5	My manager appreciates for the quality of my efforts.					
6	My manager gives me with insightful suggestions on what I can do to improve.					

7	My manager is efficient in reaching company's requirements.					
	Transactional leadership style					
1	My manager tells me what to do if I am to be rewarded for my work.					
2	My manager is calls attention to what I ger for what I accomplish					
3	My manager tells me the standards to carry out my work.					
4	My manager appreciate / reinforce other who fulfil their mandate					
5	My manger freely allow other to conventionally attend to daily duties.					
6	My manager will take action before problem are chronic					
7	my manager notify employees the requisite level of skill before they attend to his /her assignment					
	Laissez-faire leadership style					
1	My manager allow employees to determine what needs to be done and how to do it.					
2	My manager stays out of the way as I do my work					
3	I am allowed to appraise my own work as a rule by my manager.					
4	In complex situations my manager allow the employees to apply own creativity around issues.					
5	Lawfully, my manager permit workers to evaluate own progress.					
6	There is no intervention from my manager when I am working on my own.					

7	My manager give room for employees personal initiative to generate solutions.					
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Section III: Job Satisfaction Questionnaire

This section wants to evaluate the employees' job satisfaction. The statements given below are aimed to assess your job satisfaction in your job at CBE. You are request to rating yourself against each statement to indicate your level of agreement with what the statement is suggesting. The rating scales are defined in the following way. 1 = strongly disagree , 2 = disagree, 3 = Neither agree nor disagree, 4 = agree, 5 = strongly agree. Put a tick “√” in the box that indicate the extent to which you agree with the statements in table below.

S.N	Job Satisfaction Questionnaire	Scales				
		1	2	3	4	5
1	My job is enjoyable.					
2	I am given the opportunity to do different things					
3	I feel a sense of pride in doing my job.					
4	I feel I am being paid a fair amount for the work I do.					
5	I feel satisfied with my chances for salary increases.					
6	My job gives me a feeling of personal accomplishment					
7	My supervisor visibly demonstrates a commitment to quality					
8	The benefits we receive are as good as most other organizations offer.					
9	My job gives me the opportunity to learn					
10	My leader is competent in making decision					
11	Those who do well on the job stand a fair chance of being promoted.					
12	I am satisfied with my chances for promotion.					
13	I receive the right amount of recognition for my work.					
14	I know my work is really effective in achieving the goals					

	of the organization					
15	The amount of work expected of me is reasonable.					
16	Employees get ahead as fast here as they do in other organizations.					
17	Employees in my department communicate sufficiently with one another.					
18	The work associated with my position allows me to make contribution					
19	My supervisor is quite competent in doing his or her job.					
20	My supervisor is acts in a way that builds my respect					
21	My supervisor treats me as individual rather than just as member of a group					
22	I like my supervisor.					