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Addis Ababa University
College of Business and Economics
School of Commerce

**Effects of leadership styles on employee performance: in the case of
commercial bank of Ethiopia**

Submitted by

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**A Project Work Submitted to Addis Ababa University School of commerce in
Partial Fulfillment of the Requirements for the Award of Master's Degree in
Business Leadership**

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Addis Ababa, Ethiopia

DECLARATION

I, the undersigned, declare that this study entitled “Effects of leadership styles on employee performance: in the case of commercial bank of Ethiopia” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted either at master’s level or undergraduate in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged.

By: Binyam Melese Tefera

Date: -----

Signature: -----

STATEMENT OF CERTIFICATION

This is to certify that Binyam Melese Tefera has carried out this research on the topic entitled “Effects of leadership styles on employee performance: in the case of commercial bank of Ethiopia.” under my supervision. This work is genuine and it is sufficient for submission for the partial fulfillment for the award of Master’s Degree of Art in Business Leadership.

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Effects of leadership styles on employee performance: in the case of commercial bank of Ethiopia

By Binyam Melese Tefera

Approval Sheet

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ABBREVIATIONS

CBE commercial Bank of Ethiopia

EP employee performance

TL Transformational Leadership style

TR Transactional Leadership style

L Laissez-faire Leadership style

Abstract

Employee performance is a vital tool or mechanism that the company secures the expected outcome and the cascaded plan of the organization which has a direct connection with leadership styles. So the company overall performance and expected outcome is composed of leadership style and employee performance there should have to be a know how this tool or this two variables working together to get the utmost result of what is needed.

The purpose of this study is to identify and examine the relationship between the selected leadership style and employee performance besides the relationship of each leadership style is negative or positive towards employee performance. The data collection method is using MLQ (Multifactor Leadership Questionnaire) is given to the employees of the commercial bank of Ethiopia Boe District 1262 employees from those 261 was managerial position employees and the rest of which is 1061 non managerial. The questionnaire contains 6 questions for each three leadership style (Transformational, transactional and laissez-faire) leadership style and 18 questions regarding employee performance and most of the questionnaire was responded successfully. Based on the findings of the questionnaires' the transformational leadership style has a negative impact on employee performance and the other two transactional leadership style and laissez-faire leadership style has a positive impact on employee performance. Finally it is recommended that it is useful to use transactional leadership style that needs every day followup and using laissez-faire leadership style that needs minor follow-up.

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Introduction

Background of the Study

These days it is well recognized that globalization has affected the business world in massive and dramatic ways, a reality that brings continuous and unprecedented changes in behavior and demand of the consumer, which in turn forces business organizations to give due consideration to customer satisfaction and innovation to sustain their market share; and to attain competitive advantages. To cope with these challenges, companies have to consider employees as assets of the company who will be playing key roles in the efforts to overcome the challenges. Thus, leaders have to work for the employee satisfaction which results in a motivated employee.

Besides business leaders can have a substantial influence on their employees' work, their own responsibilities can make it difficult for them to drive high-quality performance effectively and consistently. By taking together all the best leadership styles and managing skills. For example, if something happens in the industry that the leadership and his team is associated this happening will create the leader to think of out of his team if the team is not followed the system.

Leadership is perceived as an important factor of organizational effectiveness and employee job satisfaction and plays a central role (Bass, 1990). Similarly, leadership has been defined by many scholars as a subject of debate that different styles of leadership produce different responses from followers. It is also an established fact that leadership styles have a positive or negative relationship with employee motivation. Thus the triggers that motivate employees differ from person to person, while system of motivation differs from organization to organization because of their respective leader's personal traits and beliefs and also the organization's culture.

In most service rendering companies, it is very important to have motivated employees to ensure and increase productivity and customer satisfaction. Motivating employee's entails different systems to be implemented so as to get most out of them for the better performance of the organization. As Ingvarson, (2019) states, motivation is the energy that lets individuals to strive to achieve their objectives. While there are various initiatives and schemes which can be put in

place in order to motivate employee's, leadership style is one of the factor by which employees are motivated or influenced by others to achieve organizational goals.

This study aims to examine the relationship between the leadership and the effect of employee performance. It also seeks to determine which styles have a positive relationship with improved or better employee motivation. It is hoped that the results from this study may help the organization in its consideration of which style to apply in order to better achieve the goal of organizations through motivated employees. In this case study, attempt is made to examine the relationship of leadership and employee performance with due consideration as well as to which styles among the three common styles (Transformational, Transactional and laissez fair)

1.2.1 Background of the company

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been plays a significant role in the development of the country.

CBE is the pioneer to introduce modern banking to the country. It has more than 1280 branches stretched across the country. The leading African bank with assets of 565.5 billion Birr as on June 30th 2018. Plays a catalytic role in the economic progress & development of the country. The first bank in Ethiopia to introduce ATM service for local users.

Currently, CBE has more than 18.8 million account holders and the number of Mobile and Internet Banking users also reached more than 1,736,768 as of June 30th 2018. Active ATM cardholders reached more than 4.4 million. As of June 30, 2018, 1708 ATM machine and 11,796 POS machines were available.

It has a strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank,... CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world.

CBE combines a wide capital base with more than 33,000 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and

currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money(this days the company stopped agreements with xpress money)

CBE has opened four branches in South Sudan and has been in the business since June 2009. CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world.

Vision statement of the bank

- To Be a world class bank

Mission statement of the bank

- We are committed to realize stakeholder's values through enhanced financial intermediation by deploying the best professionals and technology.

VALUES

- Core Values are the guiding principles; they reflect the attitude, behavior and character of an organization, exemplified in individual employee behavior
- Corporate Citizenship
- Customer Satisfaction
- Quality Service
- Innovation
- Teamwork
- Integrity
- Employees
- Public Confidence

1.2 Statement of the problem

Employees' relationship with the organization is closely linked to their level of performance/productivity across sectors. The same is true for the banking sector; employees would perform at a higher level if the relationship is built on trust and value (Lekić, Mandić, Rajaković-Mijailović, Lekić&Mijailović, 2020).

In the context of Ethiopia, although the sector remains underdeveloped, there has been significant progress resulting from changing regulatory guidelines, technology and clients that are becoming more demanding (Kebede & Lemi, 2020). Given the increasing number of new entrants recently, it is fundamental for established banks to have effective, engaged staff amongst others to gain customer satisfaction and loyalty (Khartabiel & Saydam, 2014). Also it is very important to have a leadership style that will make the employee performance to be exhaled, a leadership style that can make everyone on the team becomes good performer so that leadership is the main component and the main input on the effective performance of the organization.

Many researchers previously has been researched about the organization commitment and the styles of different leadership styles, influence leadership styles on organizational effectiveness but there should have been a way to understand how employee reacts towards the leadership style and their performance behavior. Some other researcher writes about the employee turnover intention and effect of leadership styles so this research will be pointing out which leadership style has the effect of good behavior towards high employee performance and engagement.

1.3 Research Objective

1.3.1 General Objective

The General objective of this research to identify and examine the effect of leadership styles which is, Transformational, Transactional and laissez-faire leadership styles towards employee performance the CBE.

1.3.2 Specific Objectives

Inorder to meet all objectives of the research

- To examine the effect of (transformational , transactional and laissez-faire leadership style on employee performance
- To identify what is the effect of the leadership styles (transformational, transactional and laissez-faire) is it negative or positive.
- Also to get the results on employee engagement effect and leadership style

1.4 Research Questions

1. What is the effect of each leadership style on employee performance (transformational, transactional and laissez-faire)?
2. What is the effect of leadership styles (transformational, transactional and laissez-faire) on employee engagement achieving a common goal?
3. Examining which leadership style has a negative effect and which leadership styles have positive effect?

1.5 Research Hypothesis

HO1 : Leadership styles has no effect with that of employee performance of CBE

H_μ1 : Leadership style has effect with that of employee performance of CBE

HO2: Transactional leadership styles has negative effects towards employee performance of CBE

H_μ2 : Transactional leadership styles has positive effects towards employee performance of CBE

HO3 : Transformational leadership styles has negative effects towards employee performance of CBE

H_μ3 : Transformational leadership styles has positive effects towards employee performance of CBE

HO4 : Laissez-faire leadership styles has negative effects towards employee performance of CBE

H_μ4 : Laissez-faire leadership styles has positive effects towards employee performance of CBE

1.6 Significance of the Study

Since commercial bank of Ethiopia has the largest market share regarding the capital and also employees, so the significance of this research at last has a great impact towards for all of the company's in great. Because f the reason that the main aim of the leaders is that to make employees of the company to work together to achieve a common goal. Besides this research will prove that employees and leadership styles should have equal contribution for the CBE's

goal. And also this research will answer how the leadership style induced and make the result great and authentic at every time.

1.7 Scope of the Study

The research scope is to find that whether there is relationship between leadership and employee motivation towards performance and also which leadership styles have a positive relationship with employee performance. Among the leadership styles, the most common three are selected to fall within the scope of the study. These are transformational, transactional; and laissez-fair. The three styles have distinguished differences that wouldn't create ambiguity to differentiate by the study participants.

This study used quantitative analysis by administrating and collecting questionnaires that are close-ended questions from the respondents. Responses were grouped to analyses and draw a conclusion. The study is restricted to employees of commercial bank of Ethiopia bole District who are in a apposition of Managerial and Non Managerial Position mostly having educational background mostly BA and above BA Degrees. The research shows descriptive and explanatory.

1.8 Limitations of the Study

As limitation of the study there is very small literature available relating leadership with impact of employee Performance, and specifically describing the relationship with the different styles of leadership. Also considering the case of our country where leadership is considered as a new theory of management, collecting the right response regarding the characteristics of their leaders from subordinate posed another limitation. The sample size was limited to only one district that is even give a questionnaire were given to only the clerical staff that has a direct effect on on day to day performance and direct leadership impacts.

CHAPTER TWO

LITERATURE REVIEW

This chapter consists of three sub-sections: theoretical literature review, empirical review, and the conceptual framework. The theoretical literature section provides an overview of the evolution of leadership style since the 20th century and key theories related to leadership style, employee engagement and employee performance. The empirical literature review presents early research findings between each leadership style with employee performance, which is followed by findings regarding leadership styles and employee engagement. Subsequently, studies related to the relationship between work engagement and employee performance are presented. Finally, the conceptual framework of the study is presented.

Effective leaders have the potential to inspire workers in an organization and in turn improve productivity. According to (Zeitchik, (2012) “Leadership is inspiring others to perform the vision of the organization within the parameters set, to the level that it becomes a shared effort, a shared vision, and a shared success.”

2.1 Theoretical Literature Review

2.1.1 Concept of Leadership

The concept of leadership continues to intrigue several researchers in different fields of study; such as, sociology, history, psychology, business studies and military science amongst others. In virtually every aspect of societal life, the issue of leadership has been an issue of discussion. Leadership is the ability of a superior to influence behavior of subordinates and persuade them to follow a particular course of action, researches on leadership are multiple, and however, it is not well understood. It is believed that there are more than two hundred differing theories on leadership that provide various definitions of the concept (McCleskey, 2014). According to Bass

(1990), there are as many definitions of leadership as there are researchers. Divergence in explanation of leadership is driven by the theoretical approach applied by scholars to discern it. It is important to note that theoretical approaches/models are, in turn, reflections of the thinking/societal construct of the era in which they were developed (Middlehurst, 2008). Bass (1990) listed key paradigms through which scholars attempted to define the different facets of leadership; namely, group process perspective, personality perspective, power relationship, transformation process and skill perspective. Bass noted that group processes perspective puts the leader as the focal agent of group change who embodies the will of the whole (Northouse, 2016). Personality perspective implies leadership as a mix of traits or attributes that certain possess to influence followers. Other defined leadership from a power relationship standpoint; leaders using their power to bring forth change envisioned in others. On the other hand, some scholars regard leadership as a process of transformation that instills motivation in followers to achieve more from the expectation. Skills perspective highlights the skill set required for effective leadership (Northouse, 2016). The early 20th century scholars defined leadership as centralization of power and domination. Conversely, Day (2012) argues that leadership does not only constitute leaders; instead it is a process of multi-level interaction amongst leaders, followers and context (situations). According to Northouse (2016), leadership can be described as a process towards the realization of a common goal through an individual's influence over a group of individuals. A similar definition was also provided by (Kouzes& Posner, 1995, p. 30) as “the art of mobilizing others to want to struggle for shared aspirations”. Similar to Kouzes and Posner's definition, Yukl (2011) views leadership in terms of influencing others to reach in on an understanding and agreement of what needs to be undertaken as well as the means to do so. Yukl stresses that it is the attainment of shared objectives through collaboration. Fiedler (1967) ascertains that defining leadership is challenging because it is “a complex interaction between the leader and the social and organizational environment”. In addition to the complexity of the process, leadership is fast evolving making consensus highly unlikely (Hunt & Lavonne, 2019). Day (2012) also states that arriving at a universally accepted definition of the concept is far-fetched due to the dynamic and multifaceted nature of leadership. On the other hand, Bogenschneider(2016) contradicts this notion by stating that the multitude of competing definitions stems from not having a consensus on the epistemology of determining leadership. Bogenschneider adds that scholars seeking to define the facets of leadership are in a way

embarking to provide a model to understand leadership. Leadership is “influencing people so that they will strive willingly towards the achievement of group goals” (Koontz, and O’Donnell, 1976)

2.1.2 Evolution of Leadership Theories

This subsection provides chronological overview of the evolution of the leadership theories from the classical theories (trait, behavioral and contingency/situational) and modern theories (post 1970 theories) charismatic/transformational, and full-range leadership model

2.1.2.1 Trait Based Theory

Trait theory emerged in the early 20th century as an extension of the Great Men Theory, which as the name implies argues that great leaders are born with innate traits that revolutionize history (Asrar-ul-Haq & Anwar, 2018). In order to determine what entails an effective leader, several physical as well as psychological traits such as appearance, self-reliance, dominance and persuasiveness were analyzed (Alemu, 2019). Historical figures such as Mohandas Gandhi, Abraham Lincoln, Winston Churchill and others were evaluated in order to identify key innate attributes that makes them special from others (Northouse, 2016). This theory is criticized for a number of reasons- impossibility of having a definitive list of leadership traits, overlooks the impact of the situation and solely focuses on leadership traits, provides weak description on how traits of leaders influence groups in the organization, and difficulty in changing traits (Uslu, 2019).

2.1.2.2 Behavioral Leadership Theory

Behavioral leadership theory, also known as style approach to leadership, emerged in the 1940s and entails examining the behavior/actions of leaders rather than their traits (Hunt&Fedynich, 2019). Behavioral leadership theory is a management philosophy that evaluates leaders according to the actions they display in the workplace. (<https://www.indeed.com/career-advice/career-development/behavioral-leadership> theory). The focus of this approach is: What is it that effective leaders do that distinguishes them from less effective leaders? The change in viewpoints from leader qualities to actions approximately led to the ascendancy of behaviorism

(Day, 2012). Studies under this approach were revolutionary as they relied on statistical methods through the use of questionnaires such as the Leadership Behaviour Questionnaire (developed by researchers from the Ohio State University). Behavioral theorists are credited for contributing to the introduction of psychometrics that permitted research to explore the reason and consequence of leaders' behavior. Personality tests were developed in an effort to assess outcomes of those considered to be leaders. The adherents of behaviorism stressed the importance of assessing observable variables as opposed to unobservable inherent forces in scientific studies (Day, 2012). Furthermore, they believed in the capability of people to learn new behaviors exhibited by naturally gifted leaders under the right circumstances and environment. Consequently, they organized training programs in order to shape managers' leadership behavior (Alalshaikh, 2017). The occurrence of major inconsistencies in research findings was one of the reasons for criticism of behaviorist theory (Northouse, 2016). The main criticism of this theory is, however, for it not taking into account the influence of situation factors on leadership outcome (Harrison, 2018). Yukl (2011) lists major environmental factors including the nature of task, organizational culture, employee cultural values and the relationship amongst leaders and followers that affect leadership.

2.1.2.3 Situational/contingency Approach

Fiedler (1967) is credited with developing the first contingency leadership theory. Building on the behavior approach and trait theory, this theory was the pioneer to examine the interaction of situational variables with a leader's personality and behaviorism. Fiedler believed that leaders modify the situation rather than their styles (Asrar-ul-Haq, 2014). The principal notion of contingency/situational approach is the dependability of leadership on the situation at hand. Accordingly, this implies the success of a leadership target is highly influenced by the situation. The overarching aim of theories under this approach is "to optimally match the source of leadership with particular aspects of the situation in order to enhance desired outcomes, such as follower satisfaction or performance". (Day, 2012, p. 12.)

2.1.2.3 Charismatic/Transformational Leadership Approach (1970s)

Charisma in Greek signifies divinely inspired gift which includes predicting future events as well as performing other forms of miraculous acts (Yukl, 2011). Max Weber is believed by most to be the first to use the term "charisma" to theoretically explain the influence of charismatic leaders on followers. Weber described leaders as individuals that arise during times of unrest or

upheaval. James V. Downton in his 1973 book entitled "Rebel Leadership" stated a theory which consisted of transactional, charismatic and inspirational leadership. Downton (1973) asserted that the foundation for a conducive work environment whereby leaders and followers have trust and strengthened relationships is built upon mutual transactional commitments.

In 1978, James MacGregor Burns published a book entitled Leadership in which two types of political leadership are mentioned; namely transactional leadership and transforming leadership. His book served as a basis for Bernard Bass who later developed the full range leadership model which includes an additional style to the mix (Antonakis& Day, 2012).

According to Burns (1978), leadership can be described as influencing followers to undertake actions that lead towards the achievement of specific goals that represent leaders and followers' aspirations as well as expectations. Furthermore, transforming leadership constitutes focusing on transcendent goals and ideals which has a higher level effect than transactional leadership. Transforming leadership elevates followers' moral and ethical awareness to make sound judgments that are not based on their self-interest for the common good (Burns, 1978). On the other hand, Burns noted that transactional leadership is driven by self-interest and, therefore, has relatively less impact. Both transactional and transforming can be used to achieve an end goal; however, Burns described both as opposing styles-mutually exclusive (Antonakis& Day,2012)

2.1.3 Full Range Leadership Model

The full range leadership model developed by Bass and Avolio (1994) is an extension of Burns' transforming and transactional leadership theory. An additional style, laissez-faire, was added to the list of styles. It is amongst the most researched leadership theories of the century (Northouse, 2016) with some crediting it for reviving interest in leadership studies. The most notable aspect of the theory is the introduction of the MultiFactor Leadership Questionnaire, which is a major reason for its popularity (Day, 2012).

2.1.3.1 Transformational Leadership

According to Bass (1997), outstanding leadership transcends the transactional form of relationship to a higher more elevated form of relationship with followers. Bass stated the four

ways in which transformative leaders achieve that: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

2.1.3.2 Transactional Leadership

Transactional leadership is also referred to as managerial leadership. Transactional leaders' power stems from their formal authority in the organization. This style of leadership can be divided into three components: contingent reward, management by exception- active, and management by exception- passive. Contingent Reward. Bass (1997) asserted that the basis for contingent reward leadership is economic and emotional exchanges upon specification of the role requirements.

Followers that accomplish the assigned task as desired are praised and receive recognition for their effort. This reward system is believed to be a constructive transaction.

2.1.3.3 Laissez-faire Leadership

Mostly explained by "You take care of the problem while I go ..." the leader leave the employees to make the decisions by their own. However, the leader takes full responsibility for the decisions that are made and consequence appending after wards. This kind of leadership style is used when employees are well educated and capable of analyzing the situation and determine what to be done and how to do it. The motto is "You cannot do everything! You must set priorities and delegate certain tasks" (Hofstede, G. (1997)).Laissez-faire, which in French signifies leaving things without interference, is the most inactive type of leadership. Leaders exhibiting a laissez-faire leadership approach avoid making decisions and are reluctant to take positions (Northouse, 2016). This type of leadership has the undesirable consequence on employee performance and overall performance of the organization.

2.1.4 Employee Performance

According to Campbell (1990), work performance is defined as the activities or behaviors that are of importance to the goals set by the organizations. Work performance is multidimensional and encompasses solely behaviors pertaining to the goals of organizations (Campbell, 1990). Campbell further stated that all measurements of work performance should be done based only on behaviors and not results. Borman and Motowidlo (1997) described job performance as the

efficacy of employees to undertake the assigned tasks contributing to the realization of an organization's vision and being rewarded accordingly. It can also be referred to as employees' capability to be creative, inspiring and willing to face challenges head-on for the overall good of the company (Walumbwa & Hartnell, 2011). Work Performance comprises multiple dimensions, which in turn are composed of measurable indicators. (Koopmans, Bernaards, Hildebrandt, Schaufeli, de Vet Henric & Van der Beek, 2011).

As per Borman and Motowidlo (1993), work performance can be classified in terms of task performance and contextual performance. Task performance, in this case, is defined as behaviors that contribute either directly or indirectly to the technical core of the organization.

2.2 Empirical Literature Review

2.2.1 Transformational Leadership and Employee Performance

Befekadu (2020), in his study entitled "The Link between Leadership Style and Leadership Effectiveness in the Public Universities of Ethiopia", indicated that transformational leadership had significant positive correlations with employees' effort, satisfaction and perceived leadership effectiveness. Furthermore, the findings revealed that transactional leadership had moderate and significant relationship with employees' extra effort. Bass, Avolio, Jung and Berson (2003) conducted a study in 72 light infantry rifle platoons in the US military with the aim to examine how leadership styles predicted performance in times of challenge/uncertainty. In doing so, Bass et al. (2003) collected leadership style ratings before the commencement of a two week military simulation exercise using the MLQ Form 5x. The result showed that transformational had a significant positive relation with performance both directly and indirectly through the mediating variables, units' potency and cohesion, while passive transactional leadership had the contrary.

A key aspect to note from the study of Bass et al. (2003) is the issue of correlation that may exist between transformational leadership and contingent reward transactions, which at times overlap. In order to avoid multicollinearity between the two, some researchers such as Lai, Tang, Lu, Lee & Lin (2020) controlled transactional leadership in their study that involved the assessment of the effect of transformational leadership on job performance through the mediating factor, work engagement. In addition to transactional leadership, mediating factors such as leader member exchange and self-efficacy were also controlled with the aim to improve the predictive ability of

work engagement alone. The survey was administered to 507 nurses working in 44 teams. Their research finding demonstrated the positive direct effect of transformational leadership style on employee performance. The researchers implemented a multi-temporal and multisource design, which is beneficial to avoid the same source bias that was noted by Lowe, Kroeck, and Sivasubramaniam (1996).

2.2.2 Transactional Leadership and Employee Performance

Effective leadership in an organization is very important for continued existence of commercial banks. The banking industry in Kenya has witnessed tremendous changes brought about by globalization, liberalization, intense competition among rivals, changing regulatory guidelines, technology, and more demanding customers. These changes and dynamic business environment requires leadership that can enable both the people and the organization to adapt and be successful.(George Kay Kabiru 2020)

Bass et al. (2003) asserted that transactional contingent reward leadership style lies on the opposite spectrum closer to transformational leadership style in comparison to the other transactional leadership styles. They also assert that transactional style serves as a foundation for transformational leadership, and as such both styles go hand in hand. Their study of 72 light infantry rifle platoons in the US military confirmed the significant positive relationship of transformational leadership and transformational contingent reward with performance.

Other researchers argues about that has established contains a questionable picture appears with respect to administration by special case (dynamic or inactive), different creators have demonstrated that value-based unexpected compensate fashion, and transformational authority are not commonly elite, but instep have coordinate positive impact on employee performance. A transactional leader that is goal oriented and recognizes the achievement of followers may bring forth a workforce that is motivated to excel in terms of performance (Gemeda & Lee, 2020).

2.2.3 Laissez-faire leadership style and employee performance

Leaders who employ a laissez-faire approach exhibit indifference and overlook key milestones as well as posing threats. As such, group members are given minimal to no direction by the leader-

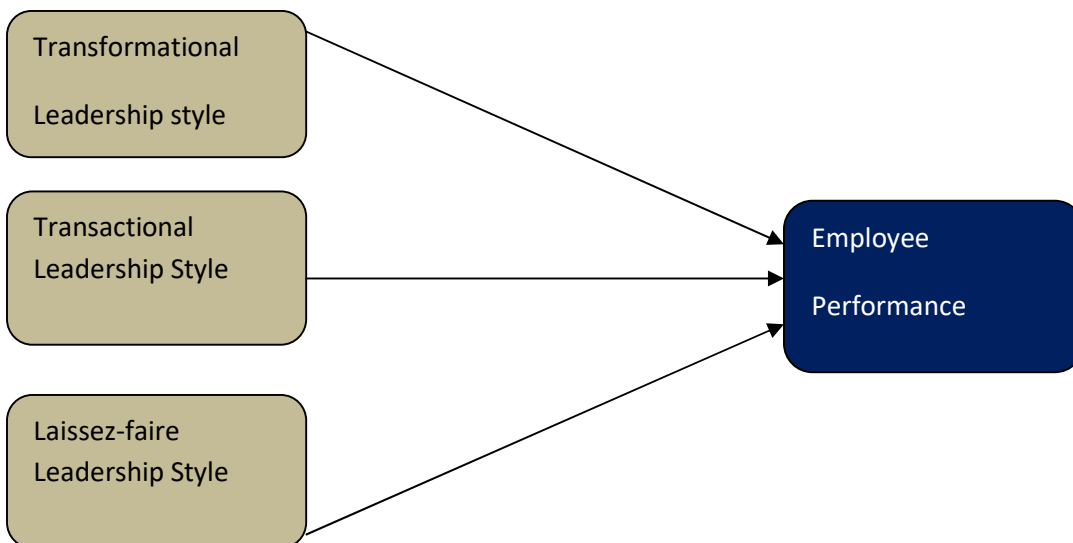
they usually make their own decisions (Gemedo & Lee, 2019). Unless the group is composed of highly skilled members who are autonomous, their performance will be compromised. Findings of the study revealed that: laissez-faire leadership style has negative impact on subordinates' job performance because it results in lowest employees' productivity. Based on the above findings, it was recommended that academic library managers should be supervised and closely monitored by the institutions' management to ensure that laissez-faire ones among them are checked. It is further recommended that laissez-faire kind of leadership can be used by heads of academic libraries in some units of the library like the technical section where creativity is highly encouraged

2.2.4 Conceptual Framework

The conceptual framework has been tried to show the questionnaire with regard to the variables that has been implemented or used for showing the effect of leadership styles (Transformational, Transactional and Laissez-faire) leadership styles which is independent variables and Employee performance which is dependent variable .

Independent Variables

Dependent Variable



CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the methods used for the study. It is arranged sequentially in the following order: research setting, research approach, research design, population and sample, data type and source, data collection instrument, data distribution and collection procedure, ethical consideration and methods of analysis.

3.1 Research Setting

The research study included CBE branches that are under the BOLE DISTRICT, which are located around bole which is nearly 56 branches.

3.2 Research Design

Research designs can be classified broadly into three based on the purpose as exploratory, descriptive and explanatory research designs. Exploratory research design refers to an exploration of a new phenomenon and its overarching aim is to formulate hypotheses and problems; this typically involves conducting focus group interviews. Descriptive research seeks to describe population, situation, or observations of a phenomenon using sampling techniques (Sue and Ritter, 2012). This research typically answers the how, what, when, and where questions. Explanatory research design, specifically correlational design, is used for the purpose of determining the extent to which multiple variables co-vary (Creswell, 2012). It typically answers the why questions. Since the study's purpose is to examine the effect of the direct and indirect effect of the predictor variable, leadership styles, on employee performance, explanatory correlational research design was best suited.

3.3 Research Approach

The researcher adopted a quantitative research approach. Quantitative research approach is used as an instrument in describing trends and uses as determining the relationship of various variables. Researchers conduct this inquiry approach by specifying research questions or developing instruments as well as analyzing data gathered from research instruments employing statistics (Creswell, 2012). The main reason behind selecting this approach is linked to the availability of reliable questionnaires that have been developed and validated by several researchers who studied leadership styles and its effects. In addition, it is beneficial to reach an objective, conclusive response through the range of statistical techniques to numerically measure and analyze the variables (Ketema and W/Selassie, 2020).

There are many reasons to choose the research design that needs to be followed for the entire research programs in which everyone should follow. Research is a dynamic activity that travels a long and winding trail from start to finish. It is not a single event; rather the act of doing research is a process.(Anderson, 1998, p. 27) so everyone should think of from the start the scratch thought the conclusion part also. According to Shona McCombes, the aim of descriptive research is to describe a population data, by calculating the frequency, mean and standard deviation of respondent situation or phenomenon in a systematic and accurate way in determining cause and effect. It is an appropriate method to employ whenever the research aims in identifying the characteristics, frequencies, trends correlations and categories. And the Inferential analysis will be of help in making conclusions from the data that have been obtained from one experimental study to more general populations. A survey questionnaire is the best instrument for this kind of research design. Primary data were collected from the staff of the CBE Bole District staffs Data collected on dependent variable is employees' motivation to work. But, data collected on independent variables are on the three styles of leadership i.e. autocratic leadership style, democratic leadership style and Laissez faire leadership style.

3.4 Data Type and Source

This research, survey questionnaire is chosen to be the best method of collecting data. it was not possible to do that. Hence the questionnaire is the primary source of primary data for the study. Therefore, a standard questionnaire, consisting of 30 questions grouped into two sections was designed. The questions are close-ended questions and formulated according to the Likert-type scale with five degrees of intensity. Respondents select a single response and what they

select is assumed most appropriately express their choices for the intended question. First section describes the demographic information of the respondents to use for the descriptive analysis purpose; the second section assesses the employee perception about the leader’s characteristics or leadership style the managers follow by the respondents. These questions are standard questions of Multifactor Leadership Questions (MLQ) which encompass 18 questions referring three leadership styles with each consisting of 6 questions, and the third section consists of 12 questions which evaluate the performance regarding the engagement in the CBE.

3.4 Population and Sample

This section discusses the research population, consideration for the sample size and outlines the sampling techniques to be employed.

3.4.1 Population of the Study

The study involved CBE employees working in Addis Ababa; specifically the BOLE DISTRICT. This District was selected as it is the largest district in the city with over 56 branches and 1262 clerical employees. Clerical employees, in the case of the bank, include both managers and non-managerial clerical employees such as branch business officers. The study did not include directors and other more senior position holders. Besides, non-clerical employees such as janitors, securities and messengers were not part of the study. The target population was categorized into managerial position and non-managerial clerical position officers who number 201 and 1061 respectively. Managerial staffs included under are district directors/managers, operational managers, support managers, Business Managers, Branch Managers, customer Service Managers and internal control managers.

no	POSITION	NO OF EMPLOYEES	WEIGHT	SSAMPLE
1	MANAGERIAL POSITION	201	16%	
2	NON MANAGERIAL POSITION	1061	84%	
		1262	100.00%	

Table 1.1 employee distribution according to their level of position

3.4.2 Sample Size Determination

According to the employee data presented in table 1.1, according to the data the total employees of the CBE Bole District employees 1262. Out of which 187 of the employees position is managerial the rest of the employee which is 1061 are non managerial employees. Based on our research study our main effort of the research is to find the the effect of leadership style and employee performance level which is productive enough for the district as well as the company

In order to determine the sample size of the target population with 95% confidence with degree of freedom 1 and 5% margin of error, the researcher used the statistical formula developed by Krejcie and Morgan (1970).

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

n= required sample size

χ^2 = table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N= Population size

P=the population proportion (assumed to be .50 in order to provide the maximum sample size)

e= Margin of error

$$n = \frac{3.841 \times 1262 \times 0.5(1-0.5)}{0.05^2 \times (1262-1) + 3.841 \times 0.5(1-0.5)}$$

And the result for sample size becomes 295

A proportional stratified sampling technique was used in order to avoid sampling bias and to have a better representative sample. The population was divided into two strata based on an important component of the study, i.e position. The author also used a probabilistic sampling method as it is the most rigorous (Creswell, 2012) and reduces bias (Taherdoost, 2016), which is beneficial to make generalizations to the population.

3.4.3 Sample Distribution Plan

As per the banks rules and regulation regarding information and publicity the questionnaire will be distributed to some branches and the rest will be forwarded through bole district human resource department.

no	POSITION	NO OF EMPLOYEES	WEIGHT	SSAMPLE
1	MANAGERIAL POSITION	201	16%	47
2	NON MANAGERIAL POSITION	1061	84%	248
		1262	100.00%	295

Table 2 sample data distribution

3.6 Reliability and Validity

Reliability and validity in scientific study explain the characteristics of the dependent variable and their operational definition (Linda L. Wright & David A. Lake, 2015). In this case the employee motivation as a dependent variable should have a specific measure to check that the research does really identify and show the motivation. This evaluates the questions in the questionnaire used in this study are designed to measure the reliability and validity for the study.

3.6.1 Reliability

An instrument of measurement in these case questions of questionnaire is said to be reliable if it yields consistent results when repeated measurements are taken and also when variables are comprehensively defined to reduce misunderstanding. In the questionnaire, triangulation of responses is implemented to check the perception of the employee to their leader's style.

Cronbach's Alpha is frequently used to measure the degree of similarity of the whole fields of the questionnaire. The normal range of Cronbach's coefficient alpha (α) value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency (George and Mallery, 2003). Depending on the theoretical knowledge of the scale in question and using standard questions, the α coefficient of this study is 0.799, which compiles that the study is reliable enough since with specified range of α many methodologists recommended that the minimum requirement of α coefficient be 0.65.

3.6.2 Validity

Validity is another property or characteristic of the dependent variable that describes the measuring tool (questionnaire) is described as being valid when it measures what it is supposed to measure. This study has already considered one factor that is reliability. When a measure has good reliability it is said that the data represents what it is supposed to represent. In addition to that, by face validity the data respondents give on their perception regarding their leader's style and their performance level on its face measures the construct of interest. Also checking the Content validity the questionnaire covers most visible characteristics of the leadership styles and employee performance to prove the construct's interest.

3.7 Method of Data Analysis

Descriptive and inferential data analysis techniques are used to process and analyze the collected data. Using these techniques, the presentation and organization of findings will be easy to comprehend and draw conclusions based on the findings. The data is analyzed by setting responses from respondents and computing the responses with respect to the study objectives. The data obtained from the questionnaire will be analyzed using the software SPSS and will be presented on chapter 4.

3.8 Ethical Consideration

It is equally important to give due considerations to ethics when conducting the research as much as the importance of selecting an appropriate research methodology and methods. This helps to gain the confidence of the respondents who in turn will give the right answers in the questionnaire. In response to the society's expectation of greater accountability, the ethical expectation of undertaking a research has been increased in a broader way (Haggerty, 2004; Held, 2006; Zegwaard, Campbell, & Pretti, 2017). The other main concern of ethical research is 'informed consent' (Denzin & Lincoln, 2011). Participants are fully informed of what will be asked of them, how the data will be used, and what will be the purpose of the study. Most importantly the identity of respondent is kept confidential and assurances and also this will include the avoidance of using self-identifying statements and information.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The main finding of this research is to point out the direct effect leadership style on employee performance the objective of this study is to examine the direct effect of leadership style on employee performance .To empirically test the research hypothesis 295 questionnaires were distributed to sample respondents, out of which 290 were returned. However, out of the returned questionnaires, 11 had to be discarded due to incomplete information. This brings the valid responses to 279, which accounts for 96% of the total questionnaire administered.

This chapter deals with the data analysis and interpretation process. The first subsection includes the presentation of demographic information. The next subsection outlines the descriptive analysis results, which includes item analysis for each variable and Pearson correlation analysis results. The third sub-section deals with inferential statics and includes the regression analysis results.

4.1 Demographic and personal Information of the Respondents

Table4.1 Demographic and personal information of the respondents'

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	9	3.2	3.2	3.2
	26-35	160	57.3	57.3	60.6
	36-45	110	39.4	39.4	100.0
	Total	279	100.0	100.0	
GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	189	67.7	67.7	67.7

	FEMALE	90	32.3	32.3	100.0
	Total	279	100.0	100.0	
MARITAL STATUS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SINGLE	109	39.1	39.1	39.1
	MARRIED	170	60.9	60.9	100.0
	Total	279	100.0	100.0	
EDUCATIONAL LEVEL					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BA/BSC	169	60.6	60.6	60.6
	MASTERS	110	39.4	39.4	100.0
	Total	279	100.0	100.0	
WORKING POSITION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MANAGERIAL	50	17.9	17.9	17.9
	NON MANAGERIAL	229	82.1	82.1	100.0
	Total	279	100.0	100.0	
WORKING EXPERIENCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	10	3.6	3.6	3.6
	3-5	20	7.2	7.2	10.8
	5-8	179	64.2	64.2	64.2
	8 AND ABOVE	70	25.1	25.1	25.1

Total	279	100.0	100.0
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According to the table 4.1 shows age group category of the respondents' accounts which is 18-25 age category accounts 3.2% which is the smallest of the other age groups next age category is 26-35 accounts 57.3 % this makes the larger portion all other age groups which shows the youths group and the last one is the age group of 36-45 showing 39.4% this shows most of the employees are between 26-35 showing that there is a great promotion rate the company implies.

In regarding to the gender category the data on the table shows 67.7 % are male and the rest of which is 32.3 % is female employees which is showing almost half of the male employees.

The next data on the table is marital status of the employees which is showing singles are accounted for 39.10% and the married ones are 60.9%.

The educational level of the respondents on the table 4.1 above shows that 60.6% of the respondents are in the degree level, and the rest of which is 39.4% are masters level degree this is showing that after joining the company also they tries to elevate their educational level besides the working condition.

The working position of the respondents on the above table shows on managerial level accounts for 17.9% and the rest 82.10% is Non Managerial level.

In terms of year of working experience the data shows that between 1-3 years is 3.6%, between 3-5 years of experience is 7.2%, between 5-8 years of experience is 64.2% and above 8 years is 25.1% this implies that the majority of the respondents are above 5 years' experience so the respondents will give a noted questionnaire responding during the data collection.

4.2. Descriptive Analysis Result

This section presents the descriptive analysis of respondents' ratings of items under each scale. The sub-sections include analysis of response regarding employees' self-perceived performance, transformational leadership, transaction leadership, laissez-faire leadership and employee engagement respectively.

4.2.1 Descriptive analysis of Transformational Leadership

	no	Minimum	Maximum	Mean	Std. Deviation
TL1	279	4.00	5.00	4.8961	0.30573
TL2	279	1.00	5.00	4.5735	1.05299
TL3	279	1.00	5.00	4.5986	1.05093
TL4	279	4.00	5.00	4.5341	0.49974

TL5	279	4.00	5.00	4.3333	0.47225
TL6	279	4.00	5.00	4.3441	0.47592
	279				

Table 4.2 frequency table of transformational leadership question answers

The transformational leadership question which is MLQ which has 6 different question that involves varies result from different respondents of the sample; the greatest score of all is the first question which says “Leaders Emphasizes the importance of having a collective sense of mission.” 4.89 mean value and 0.30 standard deviation, followed by the minimum score is the item no 5 which says “Closely monitors me to ensure I am performing my job correctly” scoring 4.33 mean value and 0.47 standard deviation shows that in order to meet the overall objective of the company there should be a sense of showing what is expected from every one by making every one is sensing the situation with this regard.

4.2.2 Descriptive analysis of Transactional Leadership

Descriptive Statistics of transactional leadership

	N0	Minimum	Maximum	Mean	Std. Deviation
TR1	279	1.00	5.00	3.9498	0.93551
TR2	279	4.00	5.00	4.7419	0.43836
TR3	279	1.00	5.00	3.9247	0.88436
TR4	279	1.00	5.00	4.3620	1.36824
TR5	279	1.00	5.00	3.7061	1.28340
TR6	279	1.00	5.00	4.2867	1.49467
	279				

The transactional leadership style question is different question that has been recorded and responded by the from all of the six questions the greater score of the all questions is the 2nd one which is “Leader ask me for ideas and input on upcoming plans and projects” with the mean value of 4.7 and deviation of 0.43 that most of the respondents responded that they will participate in planning and project and the minimum score of the question is no 5th “Fails to interfere until problems become serious” resulting 3.70 mean value and deviation 1.283 responded that leaders will not wait until the problems becoming serious.

4.2.3 Descriptive analysis for Laissez-faire leadership style

Descriptive Statistics of laissez-faire leadership style

	N	Minimum	Maximum	Mean	Std. Deviation
L1	279	4.00	5.00	4.2903	0.45473

L2	279	4.00	5.00	4.6237	0.48534
L3	279	1.00	5.00	4.1470	0.65419
L4	279	3.00	5.00	4.3047	0.55329
L5	279	3.00	5.00	4.3118	0.55578
L6	279	1.00	5.00	4.2509	0.81892
total	279				

Table 4.3 Laissez fair Leadership style

The respondents in the laissez fair leadership style responds for the 1st question “L1” “Leader gives delegation to me to make decision by myself” with the mean value of 4.29 and standard deviation of 0.45 most of the respondents agree and the rest strongly agrees on this question , on the 2nd question “Leader make major decision by approval of the majority” with a mean value of 4.6 and deviation 0.48 and on the 3rd question “Get information out, sends memos or mail so that everyone will act upon the information” with a mean value of 4.14 and deviation 0.65 , the question for 4th “Allow team members to determine what needs to be done and how to do it.” With a mean value of 4.30 and deviation of 0.55. the respond for question no 5th “Each individual is responsible for defining his/her job” responded by the respondents’ with a mean value 4.31 and deviation 0.55 and the last question of the respondents response question 6th “Delay occur when responding a situation” with the mean value of 4.25 and deviation 0.81 accordingly.

4.2.4 Descriptive Statistics employee performance

Descriptive Statistics employee performance

	N	Minimum	Maximum	Mean	Std. Deviation
EP1	279	4.00	5.00	4.8710	0.33584
EP2	279	3.00	5.00	4.8566	0.51686
EP3	279	4.00	5.00	4.9140	0.28090
EP4	279	4.00	5.00	4.9355	0.24611
EP5	279	4.00	5.00	4.9068	0.29122
EP6	279	4.00	5.00	4.8065	0.39579
EP7	279	4.00	5.00	4.9462	0.22596
EP8	279	4.00	5.00	4.7778	0.41649

EP9	279	4.00	5.00	4.9749	0.15668
EP10	279	4.00	5.00	4.7885	0.40908
EP11	279	4.00	5.00	4.8853	0.31923
EP12	279	4.00	5.00	4.5986	0.49107
EP13	279	1.00	5.00	4.6595	0.78349
EP14	279	1.00	5.00	1.8996	1.37709
EP15	279	1.00	5.00	1.6595	1.35000
EP16	279	1.00	4.00	1.1900	0.62597
EP17	279	1.00	5.00	1.4588	1.18940
EP18	279	1.00	5.00	1.4194	1.08279
Valid N (listwise)	279				

Table 4.4 employee performance results of respondents

The respondents' responded each of the 18 question accordingly the 1st question "I was able to plan my work so that I finished it on time" with the mean value 4.87 and Deviation of 0.33 , the 2nd question "I kept in mind the work result I needed to achieve." With the mean value of 4.85 and s.deviation of 0.51, the 3rd question "I was able to carry out my work efficiently" with the mean value of 4.91 and standard deviation of 0.28, the 4th question is "I was able to carry out my work efficiently" with the mean value of 4.93 and deviation 0.24 , the 5th question "I managed my time well" with the mean value of 4.90 and deviation of 0.29, the 6th question "On my own initiative, I started new tasks when my old tasks were Completed" with the mean value of 4.80 and deviation of 0.39, the 7th question "I took on challenging tasks when they were available" with the mean value of 4.94 and deviation of 0.22, the 8th question "I worked on keeping my job-related knowledge up-to date" with the mean value of 4.77 and deviation of 0.41, the 9th question "I worked keeping my work skills up-to-date" with the mean value of 4.97 and deviation of 0.15 , the 10th question "I came up with creative solutions for new problems" with the mean value of 4.78 and deviation of 0.40 the 11th questions "I took on extra responsibilities" with the mean value of 4.88 and deviation of 3.11, the 12th question "I continually sought new challenges in my work." With the mean value of 4.59 and the deviation of 0.49, the 13 the question "I actively participated in meetings and/or consultations" with the mean value of 4.65 and deviation of 0.78 , the 14th question "I complained about minor work-related issues at work" with the mean value of 1.89 and deviation of 1.37, the 15th question "I made problems at work bigger than they were" with the mean value of 1.69 and deviation 1.35, the 16th question "I focused on the negative aspects of situation at work instead of the positive aspect" with the mean value of 1.19 and

deviation of 0.62, the 17th question “I talked to colleagues about the negative aspects of my work” with the mean value of 1.45 and deviation 1.18, and the 18th questions “I talked to people outside the organization about the negative aspects of my work” with the mean value of 1.41 and deviation of 1.08 .

4.3 Inferential Analysis

Inferential statistics, unlike descriptive statistics which directly summarize the data, is to make conclusions from the data that have been obtained from one experimental study to more general populations. Inferential analysis uses statistical tests to see whether the outcome observed is due to chance or due to the data collected or intervention effects. Research often uses inferential analysis to define if there is a relationship between the proposed hypothesis and an outcome as well as the strength of that relationship. So inferential statistics is all about statistical procedures and it is the end to reach on conclusion about associations between the interests variables of the study (Botti M, Endacott R., 2008).

4.3.1 The Relationship between Leadership Styles and Employee performance

Bearing in mind the Pearson’s correlation coefficient, r , can take a range of values from -1 to +1, a value of 0 indicates that there is no relation between the two variables. Value > 0 indicates a positive relation; that is, as the value of one variable increases, so does the value of the other variable. Value < 0 indicates a negative association; that is, as the value of one variable increases, associates a value of the other variable decreases. Pearson’s correlation coefficient, r , get closer to either +1 or -1 when the relationship becomes stronger between the two variables, depending on whether the relationship is positive or negative, respectively (Laerd statistics Friedman Test in SPSS).

Pearson’s correlation coefficient, r value guidelines Table 4.5

Strength of Association	Coefficient, r	
	Positive	Negative
Weak	.1 to .3	-0.1 to -0.3
Medium	.3 to .5	-0.3 to -0.5
Strong	.5 to 1.0	-0.5 to -1.0

Source: Laerd statistics

Table 4.6 relationship between leadership styles and employee performance

		TL	TR	L	EP
TL	Pearson Correlation	1	.497**	-0.044	.180**
TR	Pearson Correlation	.497**	1	-.699**	.124*
L	Pearson Correlation	-0.044	-.699**	1	.197**
EP	Pearson Correlation	.180**	.124*	.197**	1

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

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

4.3.1.1 The relationship between Transformational Leadership Style and Employee performance

According to table 4.6 the relationship between Transformational Leadership(Charismatic) leadership style is positive and very strong this is because of the reason that in some of the areas that is not in need of a day to day follow-up and control the transformational leadership style is very good to achieve what is expected.

Transformational Leaders are trying to make greater connection and a greater outcome of achievement of their employees as team through various mechanism like a greater emphasis on employees to have a sense of belongingness of the company, having a confidence by showing what is to be done and expressing their confidence how and when it is to be achieved.

4.3.1.2 The relationship between transactional Leadership Style and Employee performance

According to table 4.6 the relationship between transactional leadership style and employee performance shows a weak positive relationship this is because of the reason that most of the questionnaires' has been prepared based on the survey that has to be collected by assuming the

branch performance so that most of the respondents agreed that transactional leadership would be effective for solving some kind of problems.

But sometimes due to achieving such a particular kind of performance to go up make an outstanding result by trying to make change in leadership style and change some of the employees managing styles.

4.3.1.3 The relationship between laissez-faire Leadership Style and Employee performance

As a discussion of the above table 4.6 the relationship between laissez-faire leadership style and employee performance has a strong positive impact on employee performance. But this kind of leadership is very helpful when the employees are highly educated or matured enough to sense what the organization is needed.

In this study the chosen regression type is linear regression analysis given that the number of determinant /independent variables to predict the dependent variables are three (3) specifically (Transformational, Transactional and Laissez-faire leadership styles) whereas the dependent variable is one (1) that is Employee performance.

The multiple regression models consist of a table that provides the R, the R-square, the Adjusted R-square and the standard of error of the estimate, which can be used to define how well a regression model fits the data to support the research objective. The multiple correlation coefficient, r, is also considered to be one measure of the quality of the prediction of the dependent variable. The R² value (also called the coefficient of determination) is the proportion of variance in the dependent variable that can be explained by the independent variables.

Table 4.7 Model summary

Model Summary of regression analysis				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.421 ^a	0.177	0.168	0.19270
a. Predictors: (Constant), Leadership				

The coefficient of determination denoted by R² (R Square) is a key output of regression analysis. An R² of 0 means that the dependent variable cannot be projected from or influenced

by the independent variable. An R^2 of 1 means the dependent variable can be projected from or influenced by without error from the independent variable. An R^2 between 0 and 1 indicates the extent to which the dependent variable is predictable.

The adjusted R square explain that 17.7% change in performance can be predicted by the combination of the three leadership styles

Table 4.8 Coefficient of regression analysis

Coefficients Regression Analysis						
Model		unstandardized B	Unstandardized Coefficients	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.969	0.263		7.496	0.000
	TL	-0.055	0.045	-0.087	-1.206	0.229
	TR	0.152	0.026	0.591	5.860	0.000
	L	0.362	0.052	0.606	6.916	0.000
a. Dependent Variable: Employment Performance						

The output shows that Transformational Leadership style is negatively related to employee's while Transactional leadership style and Laissez fair leadership style is positively related to employee's performance. As shown in the significance part the Transformational Leadership style relation is insignificant that means it doesn't have the right relation either positive or negative on the employee performance. The unit improvement in Transactional Leadership style would lead to about 0.15 increases in employee's performance which in this case of Laisse fair leadership a unit improvement would lead to 0.362 increases in employee performance that is not the right or desired relationship in the light of what the study intends to attain. Whereas the Transformational leadership style is insignificant, the fangs suggested that CBE leaders to consider implementing Transactional Leadership style and Laissez Fair because their characters increase employee's motivation and it is found to be significant .it is good to choose to use both the transactional Leadership style and Laissez fair leadership style , this is because of the reason that there is no need to choose both Transactional leadership style for the place that needs day to day controlling and monitoring for achieving such a particular objective and Laissez Faire

leadership style for the place that is needed less controlling and less monitoring but the performance that is needed is very crucial for the organization.

Table 4.9 ANOVA Regression analysis

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.199	3	0.733	19.736	.000 ^b
	Residual	10.212	275	0.037		
	Total	12.411	278			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), leadership						

ANOVA is a data analysis technique that is used to determine whether there are substantial differences between two or more groups or samples at a selected probability level. (Mugenda, 2013). An independent variable is said to be a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value. In this study, the significance value is .000 which is less than 0.05 thus the model is statistically significant in relation to the performance of employee's with leadership styles.

The F-ratio in the ANOVA table describes whether the overall regression model is a good fit for the data. In the above table the results for ANOVA reveal that F is 19.736 with a p-value of 0.000 implying that there is a significant influence of value-based leadership on employee's performance. The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$, the model is significant. This indicates that the variation explained by the model is not due to chance. This test effectively measures how significant the interaction is between variables; they analyze the variance. These tests start by creating a null hypothesis (H_0), which states that there is no significant difference between the variables being measured.

4.4 Hypothesis Testing

Hypothesis testing is a form of statistical inference that uses data from a sample to draw conclusions about a population parameter or a population probability distribution. First, a tentative assumption is made about the parameter or distribution. This assumption is called the null hypothesis and is denoted by H_0 . Statistical analysts test a hypothesis by measuring and examining a random sample of the population being analyzed. All analysts use a random population sample to test two different hypotheses: the null hypothesis and the alternative hypothesis.

Hypothesis 1: Null Hypothesis H_{01} “Leadership styles has no effect with that of employee performance of CBE” is accepted due to the correlation coefficient calculated in Table 4.9 $H_{\mu 1}$ “Leadership style has effect with that of employee performance of CBE” was rejected. Even though the relationship is either positive or negative with respect to the style there is a significant relationship.

Hypotheses 2: Null hypothesis 2 H_{02} “Transactional leadership styles has negative effects towards employee performance of CBE” is rejected because as discussed in the Pearson’s correlation coefficient on table 4.6 shows r value of 0.699 with 1% significance level (level of confidence 0.01) (2-tailed). These results were consistent with the hypotheses therefore the alternative **Hypotheses 2** $H_{\mu 2}$: “Transactional leadership styles have positive effects towards employee performance of CBE” is accepted and supported by values in Table 4.8. The Beta (β) value for this leadership style shows a 0.591 which proves that for every 1-unit increase in the independent variable, the dependent variable will increase by the beta coefficient value with significant level of 1% (level of confidence 0.01) (2-tailed).

Hypotheses 3: Null hypothesis 3 H_{03} “Transformational leadership styles has negative effects towards employee performance of CBE” is accepted because as discussed in the Pearson’s correlation on table 4.9 shows r value of -0.892 with 1% significance level (level of confidence 0.01) (2-tailed). Since the beta value for this increase or decrease is very minor that it should be neglected.

Hypotheses 4: Null hypothesis 4 H_{04} “Laissez-faire leadership styles has negative effects towards employee performance of CBE” is rejected because as discussed in the Pearson’s correlation on table 4.6 shows r value of 0.197 with 5% significance level (level of confidence 0.05) (2-tailed) Even if the relation is strong it has a positive correlation. That shows alternative

Hypotheses 4 $H_{\mu 4}$: “Laissez-faire leadership styles has positive effects towards employee performance of CBE ” is accepted ported. Because the Beta (β) value for this leadership style under table 4.8 shows 0.606 significant level with two(2) tailed.

CHAPTER FIVE

Summary of findings, Conclusion and Recommendations

The researched tries to discuss the preceding chapters about the three leadership style in connection with the employee performance about their relationship, is negative or positive. As we all know the main aim of this research is examine and find out the exact relationship of the three leadership style transactional, transformational and laissez-faire leadership style against their effect on employee of commercial bank of Ethiopia Bole district. The questioner was also MLQ and responded effectively and also the finding would be used for future research.

5.1 Summary of findings

By evaluating the leading leadership style of CBE , it has been possible to understand how the employees view their managers as a leaders and which kind of style are prevalent in leading employees in the organization; and to measure the level of employees' performance, determine the relationship between leadership style and employee's performance and also to examine the direction of relationship in light of the different leadership styles (Transactional, Transformational and Laissez-faire) with employee performance.

Descriptive analysis was used to clarify the percentage to analyze the respondents' demographic characteristics. Mean and standard deviation was also used to be able to identify what kind of leaders CBE has from the employee's point of view as the objectives of the study thought to differentiate the kind of leaders that employee believes that their leaders are in the company evaluating their behavior. Employee performance level was also measured by the mean and standard deviation. Inferential statistical analysis including correlation analysis was used to show the relationship between the three leadership styles (Independents Variables) and Employee Performance (Dependent Variable) of this study.

The demographic analysis in this study showed that the majority of the employees who participated in this study were male (67.7%), and this is not as such unique to the case company;

rather it is a manufacturing sector wide reality. The majority of employees are male while female respondents (32.3%) are mostly working in the office and support area. Moreover, the majority of the employee were in the age of 26 -35 that covers 57.3% of the population followed by the age of 36 - 45 scores 39.4% and the last 18-25 age scores about 3.2%. The majority of the participant was with the education level of BA/BSC 60.6% of the population which is working mostly on front line at the branch level on day to day operational level, they are working in the front line officers .Next was the descriptive analysis and the mean that was used to identify the dominant leadership style was Transformational leadership style with the mean score of 4.54 and standard deviation of 0.337.

The means on the employee level of performance shows, employees performance were scored with the mean score of 3.91 and a standard deviation of 0.211 . The results of Person's correlation coefficient revealed that significant positive relationship exist between Transactional and Laissez Faire Leadership style and employee performance. While Transformational Leadership style is founded to be significant with negative relationship. Showing that employees working in CBE favored Transactional and Laissez-faire leadership, where even if the Transformational leadership is more chosen by the researcher and employees but it is insignificant style Beta values that it is insignificant with employee performance.

5.2 CONCLUSION

In the banking industry or on the other industry that needs leadership intervention for various works that needs higher purpose. As per the findings of the research the CBE leadership style better fits with transactional leadership style and has a positive effect on day to day operational and work experience effectiveness.

In respect of transactional leadership style the bank having that method are more motivated then those having transformational; leadership style. So the workers are more motivated in those banks where transaction leadership style is used, however in transactional leadership style banks want to improve management by exception trait and try to be moderate in other traits of transactional leadership aspects. Motivation level in respect of performance behaviour is high in respect of transactional method of leadership and low rate if turnover under this method. And on the basis of our study we can rank it first in respect of leadership styles beneficial for

management of banks. But the motivational level in respect of Laissez Faire is low because of not interference of management. Laissez Faire also have positive relation but due to insignificance relation it indicates that Laissez Faire style is not an important style that boost the motivation level of workers as compare to other leadership styles. So it is important for banking sector to focus and adopt that method which is beneficial and healthy for their workers.

Accordingly, the finding of the study suggests to a conclusion that there is a significant relationship between leadership style and employee performance and the direction of the relationship differs from style to style. Also, there is a significant strong positive relationship between Transactional Leadership and Laissez-faire styles in by making the employees performing better the employees of CBE while there is a strong significant negative relationship with the Transformational Leadership style.

5.3 Recommendations

In light of these research findings the researcher forwards some of the recommendations for those entities leaders

- Trainings should be given to various supervisory areas of which helps them in exploiting how and when to make the employee performance better using transactional leadership style,
- Also it is very important to notice employee performance is the one element that is needed in the organization so try to appreciate the positive effect of transactional leadership style to make it very effective and efficient
- For future study the researcher recommends that it is very important to make various research's by various variables regardless of leadership style about how to motivate employees to increase their performance behaviors

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Appendix
Questionnaire

Dear Respondent,

Thank you in advance for your time and dedication in completing this questionnaire.

I am a postgraduate student at Addis Ababa University, School of Commerce in the field of Business Leadership. I am currently conducting a research entitled the effect of leadership style on employee performance conducted at Commercial Bank of Ethiopia Bole District.

The purpose of the research is to find out the leadership style has an effect on employee performance is it negative or positive.

Believing that your participation in the study to identify the contributing factors, you are hereby required to provide the best option that fits your choice by marking in the space provided. Writing your name is not required at all.

Finally, I hereby kindly confirm that the information that you share will be kept confidential and only used for the academic purpose. No individual responses will be identified and will not be disclosed in anyway.

Sincerely,

Binyam Melese

Part I – Demographic Information (Please indicate your choice by putting (X)

- Age 18-25 26- 35 36 -45
 46 – 55 56 and above
- Gender M F
- Marital status Single Married Widowed Divorced
- Educational level Diploma BA/BSC Masters
- Occupational Status Management Level non managerial
- Years of experience in CBE 1-3 Years 3 – 5 Years 5 - 8 years 8 years & above

Part II - Leadership style Survey

The research questionnaire is designed like Likert scale model of five-point scale as “Strongly Agree”, “Agree”, “Undecided”, “Disagree, & “Strongly Disagree”

(Please indicate your choice by putting (X)

- Leadership Style – This part of the questionnaire is to describe the leadership style of your managers as you perceive it. Please answer all items on this answer sheet. If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank. Please answer this questionnaire anonymously.

No	Questions	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
Transformational						
1.	Leaders Emphasizes the importance of having a collective sense of mission.					

2	Leaders Displays a sense of power and confidence					
3	The leader tells me what to be done and how to do it					
4	Spends time teaching and coaching					
5	Closely monitors me to ensure I am performing my job correctly					
6	Expresses confidence that goals will be achieved					
Transactional leadership						
1	Focuses attention on mistakes and deviations from standards.					
2	Leader ask me for ideas and input on upcoming plans and projects					
3	When having problem I am called for a meeting to give my opinion					
4	Concentrates his/her full attention on dealing with mistakes, complaints, and failures.					
5	Fails to interfere until problems become serious					
6	Leader use his/her leadership power to help team members grow					
Laissez fair leadership style						

1	Leader gives delegation to me to make decision by myself					
2	Leader make major decision by approval of the majority					
3	Get information out, sends memos or mail so that everyone will act upon the information					
4	Allow team members to determine what needs to be done and how to do it.					
5	Each individual is responsible for defining his/her job					
6	Delay occur when responding a situation					

- Employee performance survey – the below standard questions of Multidimensional Work employee performance overview is taken to assess the employees performance because the reason that their involvement of their leaders leadership styles

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No	Questions	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	I was able to plan my work so that I finished it on time					
2	I kept in mind the work result I needed to achieve.					
3	I was able to set priorities					
4	I was able to carry out my					

	work efficiently					
5	I managed my time well					
6	On my own initiative, I started new tasks when my old tasks were Completed					
7	I took on challenging tasks when they were available					
8	I worked on keeping my job-related knowledge up-to date					
9	I worked keeping my work skills up-to-date					
10	I came up with creative solutions for new problems					
11	I took on extra responsibilities					
12	I continually sought new challenges in my work.					
13	I actively participated in meetings and/or consultations					
14	I complained about minor work-related issues at work					
15	I made problems at work bigger than they were					
16	I focused on the negative aspects of situation at work instead of the positive aspect					
17	I talked to colleagues about the negative aspects of my work					
18	I talked to people outside the organization about the					

	negative aspects of my work					
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