



# **RELATIONSHIP BETWEEN LEADERSHIP STYLES WITH SPECIAL GRADE BRANCHES, IS THERE A MORE PREVALENT LEADERSHIP STYLE?**

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FULFILLMENT OF THE REQUIREMENT FOR DEGREE OF MASTER OF ARTS IN  
BUSINESS LEADERSHIP.

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## STATEMENT OF DECLARATION

I, hereby declare that this thesis titled "*Relationship between leadership styles with special grade branches, is there a more prevalent leadership style?*" is solely the result of my work, prepared under the guidance of Zegeye Muluye (Ph.D.). This thesis has not been presented for examination either in part or in full to any Higher Education Institution to earn any degree, meanwhile. All sources of materials used for this research have been duly acknowledged.

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**Hawi Abera**

## STATEMENT OF CERTIFICATION

This is to certify that Hawi Abera has carried out her research work on the topic entitled "*Relationship between leadership styles with special grade branches, is there a more prevalent leadership style??*" is her original work and is suitable for submission for the award of Master's Degree in Business Leadership.

**Zegeye Muluye (Ph.D.)**

**June 2022**

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Advisor

Signature

Date

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**DEPARTMENT OF BUSINESS LEADERSHIP**

**RELATIONSHIP BETWEEN LEADERSHIP STYLES WITH SPECIAL GRADE  
BRANCHES, IS THERE A MORE PREVALENT LEADERSHIP STYLE?**

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## **ACRONYMS & ABBREVIATIONS**

<b>ATM:</b>	Automatic teller machine
<b>BOD:</b>	Board of Directors
<b>CBE:</b>	Commercial bank of Ethiopia
<b>FCY:</b>	Foreign currency
<b>MLQ:</b>	Multifactor Leadership Questionnaire
<b>NBE:</b>	National Bank of Ethiopia
<b>PEHAA:</b>	Public Enterprises Holding and Administration Agency
<b>SPSS:</b>	Statistical package for the social science
<b>V/P:</b>	Vice president
<b>ANOVA:</b>	Analysis of variance

## **Abstract**

*This research aims to identify the relationship between leadership styles with CBE's special grade branches, if there is a more prevalent leadership style exercised by these special grade branches. The main objective of this research was to examine if there is a particular style more prevalent the branches are using to stand out from the rest of the branches. The specific objectives were to assess how the independent variables as transformational, transactional and laissez-faire leadership style are related with the dependent variable i.e., the performance of the special grade branches at the bank. The study used an explanatory research design. MLQ and Delaney & Huselid (1995) were used to measure the perceived leadership style and branch performance respectively. A valid and reliable 220 questionnaire were distributed in five special grade branches of CBE under Addis Ababa central district, out of this 197 of them were returned complete. Data analysis was performed using SPSS software. Descriptive statistics (frequencies means & standard deviations), correlation Pearson and regression analysis were used to analyze the data. The descriptive analysis indicated that all three leadership styles were perceived in the branches while transformational leadership style were perceived explanatory to be widely used. Correlation analysis showed that there is a significant positive relationship between leadership styles with the branch performance. At the same time regression analysis estimated the effect of variables on the dependent variable. Finally, the research recommended the Bank to encourage and strive to build up the competency of its branch managers as well as its employees in advance to use the transactional, transformational and laissez-faire leadership style by providing training and skill transfer forums as these three leadership styles are proven to have a significant positive relationship with the branches performance and effectiveness.*

# **Chapter 1: Introduction**

## **1.1 Background of the study**

Over the years, noticeably the concept of organizational performance has become a subject of study that attained substantial attention with arguable meaning. When it comes to the definition of organizational performance, a variety of definitions exists due to its subjective nature. Organizational performance is a subjective perception of reality, which explains the multitude of critical reflections on the concept and its measuring instruments (Lebas, 1995; Wholey J., 1996).

Organizational performance is defined as the actual output of a company measured against its intended output. It is a broad field that deals with what an organization does and can accomplish when it interacts with its various constituencies. The common factors that influence organizational performance are as follows the structure of an organization, leadership, environment, motivation, individual skills, organizational culture, and knowledge management (Hitesh Bhasin. 2020).

Leadership is the ability to influence, direct and motivate followers in an organization towards its established organizational objective. A good leader is ethical and self-aware; He\she has a clear vision and aspiration to accomplish, strives to create a vision for his or her unit by formulating and implementing a sound strategy, and involves team members while making decisions.

Leadership plays a significant role in clearing out uncertainties and confusion that emerges in the mind of employees concerning the organization's vision and mission. When making extraordinary things happen in organizations, leaders engage in what we call the five practices of exemplary leadership. They model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart. (Kouzes & Barry, 2012).

A good leader has the trust of their team, earns it by making the effort to create cross-cultural communication, and focuses on the development of their team by motivating them to spare no effort of their optimal potential so in the end as a team achieves organization objectives.

As the domain of leaders in the future. The leader's unique legacy is the creation of valued institutions that survive over time. The significant contribution leaders make is not simply to today's bottom line; it is to the long-term development of people and institutions so they can adapt, change, prosper, and grow (Kouzes & Barry, 2012).

There is no doubt leadership styles of managers have a direct impact on the organization's effective and efficient operation that brings forth success. If the leadership style is in-line with the organizational structure, it could set about continuous organizational improvement or it will leave the organization unfortunate if done inversely.

Leadership styles that executives employ have a remarkable effect on the success or failure of an institution. The type of leadership style has a positive or negative impact on how organizations cope with improving productivity and the strategic vision of the organization (Sougui et al, 2015).

Summarizing the above-described theories, leadership is one of the key driving forces for improving organizational performance. This study aims to identify the leadership styles used by the branch managers of best performing special Grade and to examine their impact on the performance of the branch.

Commercial Bank of Ethiopia (CBE) is a state-owned wide-reaching commercial bank in Ethiopia. It has been in the banking industry since August 1942 and makes up the nation's largest job opportunities with the current 38, 7040 active employees (2021) and 32,764 total employees on a branch.

Since its establishment, CBE has come a long way concerning economic and operational excellence and became a source of funds for most Mega projects that are being undertaken in the country. Furthermore, is prepared to go above and beyond to achieve the bank's mission of becoming a world-class commercial bank in 2025 G.C.

As organizational performance is the actual outcome of a firm that is measured contrary to the organization's set out goal. This performance is evaluated following tasks based on a set of criteria. Organizational performance is measured for different levels of hierarchy and can be

assessed for individuals, groups, and the entire organization as a whole (Knies, Jacobsen, and Tummers, 2016).

Even though there are numerous techniques to measure organizational performance, CBE with its 1700 operational branches along with 31.4 million customers has set a form of grading and scaling for each branch based on each branch's total performance result.

Particularly, CBE measures the performance of each branch based on their total deposit, the total number of customers, foreign currency, and the number of transactions they possess under their branches. From the performance measurement criteria, a total achieved deposit is the most crucial with the most point criteria.

Following this, CBE has ranked all the branches with a grading point i.e., Grade I, Grade II, Grade III, Grade IV, and finally Special Grade branches.

Grade I and Grade II is the status of newly opened branches at CBE however, for new branches to have Grade II level, a few exceptional bases are required i.e., the branch has to accommodate developed markets like industrial zones and the special needs of the banks like model and women's branches (Branch/Sub-Branch Opening, Relocation and Closure Procedure 2021, P.13).

From these grading systems, the branches that have the largest number of customers with an intense number of deposits are Grade IV, and the most exceptionally performing branches are called "Special Grade" branches.

Out of the ten Special Grade branches found in Addis Ababa under the Central region, this paper tends to perform an investigation on the five Special Grades, to assess if their effective performance is related to the leadership style of managers.

Those CBE branches with Special Grade under the Central region to be assessed are listed as follow:

1. Addis Ababa Branch
2. Arada Ghiorgis Branch
3. Arat Killo Branch
4. Airport Branch
5. Finfine Branch

While developing CBE's branch banking organizational structure, a considerably great amount of concern on the product, customer, function, and geographical is given. The new organizational structure branch level for special and Grade IV branches. The Below figure shows specifically the branch structure of special Grade branches.

**i. Special and Grade IV Branches**



**Figure 1. Special and Grade IV branch structure.**

At the branch level, the branch manager is the chief of management and has the responsibility for planning, managing, and coordinating the overall branch banking activities. Under the branch

manager, there are three significant roles allotted namely, the business manager, operation manager, and quality management and control – manager.

The responsibility of the business manager is to supervise all the business-related activities of the branch principally, preparing the annual development and implementation plan with the business team. The operation manager's responsibility is to oversee, the operational activities related to cash mainly bulk transaction processing, bonding, automated teller machine (ATM) cash supply, and logistics in the branch.

Lastly, the manager who is assigned to supervise the overall control activities in the branch particularly evaluates and assesses the internal control and quality management performance of the branch is the responsibility of the quality management & control manager.

The structure for branches like Grade III and IV, including special branches has the same structural architecture as the above figure however, the structure is slightly set off to simpler and less control of scale for Grade II and Grade I.

There are possible as many interpretations of the term organizational performance as the studies that have used the construct. Luo et al. (2012).

Most assume that the reason behind the difference in performance and effectiveness of the branches is related to the branches demographic and other institutional variables. However, when studied, even though some branches are fortunate enough to be in a better demographic location or has same demographic location with some of the best performing branch of CBE ,there were some branches who failed to fulfill the branches' expectations or had a disparity in performance from the best performing branches.



## **1.2. Statement of the Problem**

In 2013 Ethiopian fiscal year CBE has announced an annual performance report of CBE (Commercial bank of Ethiopia). Among the major challenges that the bank faced that year, the disparity in performance levels of branches and districts, particularly those with similar demographic characteristics, ranked top. One of the solutions suggested is to identify root causes of performance gaps, take corrective measures, and scale up the best practices initiated.

The report indicated that with main external factors for branch performance being similar the excellence of the special grade branches is mainly attributed to internal factors. Over the years several factors have been distinguished that contribute to bank performance. These are further categorized into two broader classes: bank-specific factors and macroeconomic factors. Under bank-specific factors, bank size, profitability, deposits, capital, ownership, and cost of funding are few to mention. However, little or no credit has been given to the effect of leadership and leadership style in certain financial organizations like CBE in Ethiopia. This is indicative of performance gap as well as knowledge gap that can reinforce or contradict the body of knowledge with a strong case study such as CBE.

Several studies have shown that the effect of leadership on organizational performance plays a key role in the development of management and sustainable competitive advantage. Leadership accounts for more variations in performance than any other variable (Northouse, 2006). One of the reasons why there is a relationship between leadership style/approach and organizational performance is that it necessitates innovation-oriented competitiveness within today's concentrated and dynamic market and the creative destruction of reduced profit and competencies. (Sahin et al, 2015).

In terms of leadership style following the homogeneity of the services provided by branches of the same bank, exceptionally performing branches, aside from the demographic factors, lie in the internal factors. Even though research has been done related to the effect of leadership style on

employees' commitment and organizational performance, fewer researches have been done on the type of leadership branches practices that contributed to the success. Thus, the purpose of this research is to examine how leadership style affects the performance of CBE's special grade branches.

The main aim of this research is to facilitate the implementation and adaptation of a specific effective leadership style on best performing or other branches to elicit better performance, reduce performance gaps and attain the goal of CBE to become a world-class commercial bank in 2025.

### **1.3 Research questions**

What are the leadership styles branch managers are practicing to become Special Grade branches?

1. What is the effect of transformational leadership style on special Grade branches?
2. What is the effect of transactional leadership style on special Grade branches?
3. What is the effect of laissez fair leadership style on special Grade branches?
4. What are the leadership styles branch managers are practicing to become special Grade branches?

### **1.4 Objective**

#### **1.4.1 General objective**

This thesis aims to examine if there is a particular style more prevalent that the branches are using to stand out from the rest of the branches regarding performance.

### **1.4.2 Specific objective**

1. To assess how transformational leadership affects the performance of special Grade branches.
2. To assess how transactional leadership affects the performance of special Grade branches.
3. To assess how laissez-faire leadership affects the performance of special Grade branches.

### **1.5 Significance of the study**

Although the total number of transactions and amount of deposit mobilization has to be the focus area of the branches as a financial sector, over-emphasis on transaction and deposits mobilization overshadowed the role of leadership style which supposedly will have a substantial impact on the overall performance of the branches as well as on the bank which is why the practice of leadership needs more attention.

The purpose of this research is to facilitate the implementation and adaptation of best leadership style on performing or other branches to elicit better performance, reduce performance gaps and attain the goal of CBE to become a world-class commercial bank in 2025 by identifying the champion leadership style that prevails on the special graded branches and its contribution.

### **1.6 Scope of the study**

The focus area of this research is not on the common branches existing at CBE rather on branches that the bank already ranked as the best-performing branches called Special Grade branches, which made the thesis distinct from previously done papers.

This study aims to shine a green light on the specific leadership style that prevails in the special Grade branches of CBE in hopes to reduce the disparity in performance levels of branches and districts by introducing champion leadership style to other branches as well.

## **1.7 Limitation of the study**

The finding of this research has to be seen in light of some limitation, primarily for the reason that the target population was bounded to Addis Ababa central district and out of the 10 existing special grade branch of CBE only top five special grade branches where the focus of the study which will raise curiosity considering the distinctive nature of market furthermore employees perception of leadership and performance. The second reason is that the study exclusively studied the on the three leadership style namely transformational, transactional and laissez-faire leadership styles.

## **1.8 Organization of the study**

The study is a construction of five chapters. The first chapter is the introduction that includes the background of the study, statement of the problem, objectives of the study, significance of the study, and scope of the study.

The second chapter demonstrates the different literature reviews done on the subject matter referring to some research. Next, the research design and methodology presents the type and design of the research; the subjects/participant of the study; the sources of your data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis.

Results and discussion points that summarize the results/findings of the study are presented in the fourth chapter. Finally, the fifth chapter illustrates the summary, conclusions, limitations of the study and recommendation are included under the last chapter.

## **Chapter 2: Literature Review**

### **2.1 Introduction**

This chapter examines different works of literature that are done about leadership and its distinctive styles that are adopted by CBE's highly rated branches. Most previous studies focus on correlating leadership and leadership style with job satisfaction of employees and total organizational performance.

This study aims to investigate the specific leadership styles that prevail in most succeeding branches of CBE. Furthermore, it tends to define the term leadership and leadership styles from prior articles and studies. It also explains CBE's performance evaluation system by enlisting the main criteria s that are applied while rating the branches' Grade.

#### **2.1.1 Organizational performance**

Performance is work results achieved by someone or a group of people in an organization, in accordance with their respective authority and responsibility to reach the organizational goal legally, without breaking laws, and in accordance with moral and ethics (Prawirosentono, 2000). The concept of organizational performance is one of the most important dependent variables of interest for researchers concerned with just about any area of management (Richard et al., 2008).

French W.L. (2007), described organizational performance in terms of Effectiveness, Efficiency, Development, and participant satisfaction.

**(a) Effectiveness:** This is the extent to which organization goals are achieved.

**(b) Efficiency:** It involves weighing a desired outcome against the resources used to achieve the outcome. It is the ratio of output to input or benefits to costs.

**(c) Development:** This is the extent to which an individual employee or organization as a whole is developing in their capacity to meet future opportunities and challenges.

(d) Participant Satisfaction: refers to employee emotional response to their jobs and work.

### **2.1.2 Leadership and Styles of Leadership**

Many researchers have defined leadership (Spectrum, 1999) as the ability to influence others to achieve specific goals and objects. Although the term has been studied to a great extent, surprisingly not a single individual seemed to come up with a specific definition. Leadership is arguably one of the most observed, yet least understood phenomena on earth (Burns, in Abbasialiya, 2010). Which is why the definition of leadership has been a conspiracy for long and has several different but often complementary meanings.

Hughes et al. define leadership as "the process of influencing others toward achieving group goals" stating that "it is not just a person or a position\*3." They perceive leadership as both a science and an art and explore its relation to concepts such as management and followership. Argue that leaders must weigh both rational and emotional considerations when attempting to influence others. (Hughes, Richard L., Robert C. Ginnett & Gordon J. Curphey 2009).

Another definition of leadership is the process of influencing a group of persons to achieve the required goals of an organization (Shachleton, 1995). Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen (Kouzes and Posner 2007).

A Number of literature has been done on the field of management pinpointing distinct leadership styles, even though most of these leadership styles are based on different approaches, in these studies, the particular leadership styles to be assessed are Transformational , Transactional , and Laissez-faire leadership styles.

### **Types of leadership**

The managerial structure of a business or organization must encompass different types of leaders. The involvement of different qualities of leaders in pertinent positions is necessary for the effective running and success of the organization. In this module these three types of leadership are being discussed: -

### **The visionary leader**

They use the power of their imagination to foresee the impact of their involvement and decision. They are influential leaders with a sense of empathy for others. They tend to focus on the future so much that they fail to address the insignificant operational need of the short term. Even

### **The managerial leader**

Realistic leaders who believes in maintaining the day-to-day operations of the business. They urge to implement a system rather than creating one. Although their existence is critical, they have to have a visionary or strategic leader superior to them because they fail to consider the long term or future.

### **Strategic leader**

Strategic leaders are leaders who seize the constructive qualities in both visionary and managerial leadership style. They are visionary, creative and proactive leaders who do not shy away from reacting in situations and taking responsibility on daily operations.

Leadership style is an approach to giving direction, motivating people, and implementing plans. As there are many leaders, there are different leadership styles. (Afnan Mohammad Mmer, 2009, P.20).

Memon (2014) defines leadership style as a leader's sort of providing direction, motivating people, and implementing plans. Leadership styles are seen as approaches that leaders use when leading organizations, departments, or groups (Mehmood&Arif, 2011) Leaders who search for the most effective leadership style may find that a mixture of designs is effective because nobody's leadership style is best (Darling &Leffel, 2010).

Leadership styles should be selected and adapted to fit organizations, situations, groups, and individuals. It is thus useful to possess a thorough understanding of the different styles as such knowledge increases the tools available to lead effectively. (Rose Ngozi Amanchukwu et al.: 2015, P.9).

Leadership styles are as many and diverse as there are definitions and concepts of leadership. Different researchers and academicians alike have come up with different leadership styles (Leparleen Cindy samaritan, 2014, P.13). Tannenbanum and Schmidt (1958) also identify four widely accepted and used leadership styles: democratic, autocratic, dictatorial, and laissez-faire leadership. One of the most prominent formats for classifying and studying leadership includes three leadership styles – laissez-faire (non -leadership), transactional (based on the reward system and punishments), and transformational (based on inspiration and behavioral charisma) (Bass and Avolio, 1993). According to Bhargavi and Yaseen (2016), in common, there are three leadership styles: Autocratic Leadership, Democratic Leadership and laissez-faire Leadership.

The common leadership styles listed below are concise explanation on the features described above and their effect on organizational performance.

### **1. Autocratic Leadership:**

The autocratic style is characterized by maximum control by the leader on the group members (Bernhard & Walsh, 1990). A leadership style is where the leader solves the problem or makes the decision by himself/herself using the information available at the time. (Richard and Robert, 2009).

This leadership style is based on the notion that enlisting people in decision-making processes encumbers the efficient running of a business. (Zowelif, 1996). A leader who exercises this type of leadership tends to pressure and oppress followers' values and opinions on followers.

Subordinates may perceive these leaders as dominating and likely to force their values and opinions on others, tell others what to do, and make decisions in an overbearing way (Nathant, 2007).

### **2. Laissez-faire Leadership:**

Laissez-faire is a French term that means "let it be" and is also referred to as "hands-off style" (Nwokocha & Iheriohanma, 2015: p. 194). It is one in which the manager provides little or no



direction and gives employees as much freedom as possible. All authority or power is given to the employees and they must determine goals, make decisions, and resolve problems on their own. (Richard and Robert, 2009)

### **3. Transactional Leadership:**

The basis of transactional leadership is a transaction or exchange process between leaders and followers. The transactional leader recognizes followers' needs and desires and then clarifies how those needs and desires will be satisfied in exchange for meeting specified objectives or performing certain duties. Thus, followers receive rewards for job performance, while leaders benefit from the completion of tasks. It requires appropriate role behavior and clear goals and appropriate instructions. (Abdurezak Mohammed, Seifu Mamo Busha Temesgen, 2014, P68)

A leadership style whereby the objectives and goals are predefined and the leader uses reward and punishment to motivate his followers is known as Transactional Leadership. It focuses on improving the current situation of the organization by framing the steps and controlling the organizational activities. The basic purpose of this type of leadership is to revamp the existing corporate culture and enhance current policies & procedures.

### **4. Transformational Leadership:**

Transformational leadership develops followers into leaders. Followers are given greater freedom to control their behavior. Transformational leadership rallies people around a mission and defines the boundaries within which followers can operate in relative freedom to accomplish organizational goals. The transformational leader arouses in followers an awareness of problems and issues and helps people look at things in new ways so that productive change can happen. (Abdurezak M., Seifu M. Busha T., 2014, P68)

Transformational leadership can be defined as the process by which leaders transform and motivate followers by raising their awareness of the followers about the values of the organization (Jacobsen, 2013[7] [8]).

As for Vashistha, Sanket. (2019) states in his studies, that the full range of leadership introduces four elements of transformational leadership:

- I. **Individualized Consideration** – the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower, and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open, and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks.
  - II. **Intellectual Stimulation** – the degree to which the leader challenges assumptions, takes risks, and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. They nurture and develop people who think independently. For such a leader, learning is a value and unexpected situations are seen as opportunities to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks.
  - III. **Inspirational Motivation** – the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act. Purpose and meaning provide the energy that drives a group forward. The visionary aspects of leadership are supported by communication skills that make the vision understandable, precise, powerful, and engaging. The followers are willing to invest more effort in their tasks, they are encouraged and optimistic about the future and believe in their abilities.
  - IV. **Idealized Influence** – Provides a role model for high ethical behavior, instills pride, and gains respect and trust.
- 5. Charismatic leadership** – The word charisma is a Greek word that means divinely inspired gift, a charismatic leader is an effective person with superior forms and characteristics in

influencing followers and individuals (Mhatre and Riggio, 2014). The characteristics of a charismatic leader are innovation, cooperation, and participation in new decisions (Paulsen, et. al., 2009).

**6. Democratic Leadership** – Also known as participator leadership or shared leadership, is a leadership style in which members of the group take a participator role in the decision-making process. This type of leadership can apply to any organization, from private businesses to schools to the government (Kendra Cherry, 2022)

Tannenbanum and Schmidt (1958) describe democratic leadership as one where decision-making is decentralized and shared by subordinates, if there are no cautions taken while decision-making and implementation, the speculation biases that everyone has coequal proficiency on the subject matter, might affect the process negatively.

The emphasis of this literature is on the three most notable leadership styles proven to be effective in the banking industry i.e., Transformational, Transactional, and Laissez-faire leadership styles, and will try to point out the leadership style that helped Special Grade branches to stand out from other branches.

### **2.1.3 Leadership Style and Organizational Performance**

Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Avolio, 1999; Lado, Boyd, and Wright, 1992; Rowe, 2001). Effective leadership style is seen as a strong source of sustainable competitive advantage and growth management (Al Khajeh, 2018). A great leader motivates his subordinates in achieving organizational goals leading to greater performance from the organization (Birasnav, 2014).

Leadership styles and organizational behavior are interwoven because the leader's commitment, willingness, selflessness, and pro activeness can stimulate the performance of an organization thereby bringing about great profit margin, effectiveness, efficiency, and greater productivity and which in turn increase the performance and productivity of employees (Simonet & Tett, 2012).

Malcolm Higgs (2006), claims that leadership behavior accounts for almost 50 percent of the difference between change success and failure.

As the study of leadership style and the relation it has with organizational performance kept increasing through time, most research shows that leadership style has a significant relation with organizational performance, and different leadership styles may have a positive correlation or negative correlation with the organizational performance, depending on the variables used by researchers (Fu-Jin et al., 2010).

The style of leadership affects performance since performance cannot be achieved in the absence of leadership that can adapt to the changes and challenges of the environment that knows how to motivate the employees, and encourages them to take more ownership of their work (Leparleen Cindy samaritan, 2014).

There is also an increase in supporting evidence that demonstrates effective leadership as an integral part of organizational effectiveness (Avolio et al, 2009; Dinh et al, 2014; Northouse, 2016). In a competitive and quickly changing business environment, effective leadership becomes one of the most critical needs and requirements (Pierce and Newstrom, 1995).

There is more evidence that it can move followers to exceed expected performance and lead to high levels of follower satisfaction and commitment to the group and organization. Research has shown that it is important in every sector & in every setting. (Abdurezak Mohammed, Seifu Mamo Busha Temesgen, 2014, P71)

Day and Antonakis (2012) explained the nature of leadership and how it influences organizational performance. Puni, Ofei, and Okoe (2014) and Tse and Chiu (2014) explained how effective leadership styles influence firm performance in some organizations. Igbaekemen and Odivwri (2015) also conducted a study on the impact of leadership styles on the performance of organizations. Bhargavi and Yaseen (2016) also analyzed the impact of democratic leadership on organizational performance. As per their findings, democratic leadership positively affects the performance of the organization as it provides opportunities for the employees to express and

implement their creative ideas and take part in the decision-making process (Alade AO. 2020. P 2). Now 30 years of research and several meta-analyses have shown that transformational and transactional leadership positively predicts a wide variety of performance outcomes including individual, group, and organizational level variables (see Bass & Bass 2008, *The Bass Handbook of Leadership: Theory, Research, and Managerial Applications*" 4th edition Free Press).

Understanding the influence of leadership on performance is also crucial because leadership is analyzed by some researchers as one of the main driving forces for enhancing a firm's performance Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, and Rezazadeh (2013). Leadership style can affect organizational commitment and work satisfaction positively and work satisfaction intern can affect organizational commitment and work performance positively Fang, Sue-Ting, and Chen (2009).

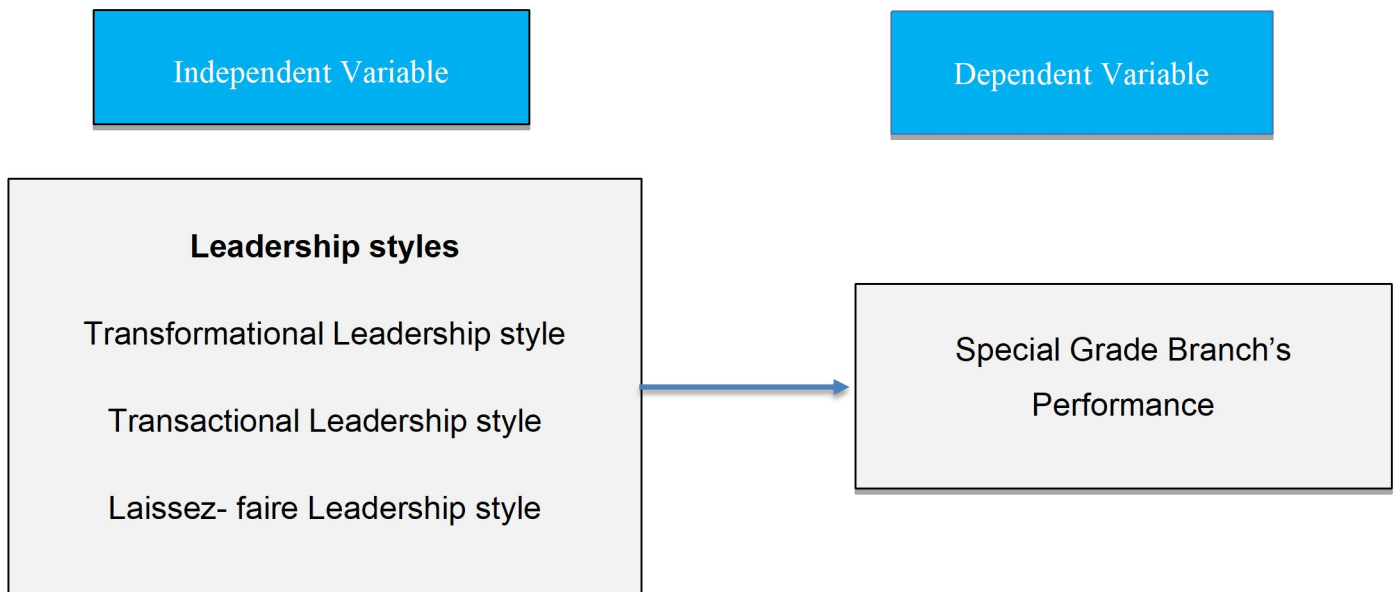
Several reasons have indicated that there should be a relationship between leadership style and organizational performance; a great leader motivates his subordinates in achieving organizational goals leading to greater performance from the organization (Birasnav, 2014).

Leparleen Cindy samaritan (2014), states that there was a strong positive relationship between managers helping their staff develop themselves, managers guiding their staff on how to do their work to be rewarded, managers being satisfied with their staff if they meet the agreed-upon targets, staff receiving recognition and rewards for performance, setting the standards of working to their staff members and managers not asking for more information than what is essentially required, thus the study concludes that leadership styles positively affects the financial performance of commercial banks in Kenya.( Leparleen cindy samaitan, 2014).

## **2.2 Conceptual framework**

This conceptual framework is designed after assessing literature and findings from different research. The study shows that the three leadership styles i.e. transformational, transactional, and laissez-faire leadership styles are related to Special Grade branch performance. Based on the above discussion the following framework is developed by the researcher, the three leadership

styles are the independent variable and special grade branch performance is the dependent variable as it is indicated in the figure below. This study assumed that each of these styles relates to branch performance in a certain way.



**Figure 2. Conceptual Framework**

## Hypothesis

The following hypotheses were developed based on the empirical and theoretical study to be tested:

**H1:** Transformational leadership style has a positive effect on branch performance.

**H2:** Transactional leadership style has a positive effect on branch performance.

**H3:** Laissez fair leadership styles has a positive effect on branches performance.

## **Chapter 3: Methodology**

### **3.1 Methodology**

In this chapter, we will delve into the overall research's methodological approach as well as the research design, methods, and tools that are applied to collect and analyze relevant data. This chapter not only explores the sources and instruments that are used for gathering the data but also identifies the population and sampling technique that will be implemented in the study.

### **3.2 Research design**

Explanatory research is defined as a research method that describes the characteristics of the population or phenomenon studied. (QuestionPro, 2022) This methodology focuses more on the "what" of the research subject and the "why" of the research subject. The researcher implements explanatory research design as it aims to accurately and systematically identify the types and relationship between the leadership styles that are common in these branches with the branch performance.

A quantitative research method attempts to collect quantifiable information for statistical analysis of the population sample. It is a popular market research tool that allows us to collect and describe the demographic segment's nature. The researcher aims to employ a quantitative research method to collect and carefully investigate quantifiable information for statistical analysis of the population.

### **3.3 Study area**

CBE applies a set of hierarchy and grading from branch to branch with its 1700 operating branches considering this scaling has been done based on each branch's performance and effectiveness as well as mobilization of resources. Even though there are different organizational performance measurement mechanisms, CBE particularly tends to measure the performance of

each branch using a total deposit, the total number of customers, FCY, and number of transactions they possess under their branches.

Following this, CBE has ranked all the branches with a grading point i.e. Grade I, Grade II, Grade III, Grade IV, and finally Special Grade. From these grading systems, the branches that have the largest number of customers and an intense number of deposits are Grade IV, and the most exceptionally performing branches are called "Special Grade" branches.

### **3.4 Population and Sample size**

This study implements a simple random sampling technique. The target population for this study is the employees, with direct banking operations responsibilities, from the specially ranked branches of CBE in Addis Ababa.

There are ten special Grade CBE branches in Addis Ababa central district region; this paper aims to perform an investigation on the five special Grade branches (Addis Ababa branch, Arada Ghiorgs branch, Arat kilo branch, Airport branch, and Finfine branch) as it focuses on accessing the top five ranked special branches among the ten to investigate if their superb performance is related with the leadership style of managers.

As of April 1, 2022, there were a total of 368 employees (128 employees from the Addis Ababa branch, 73 from the Arada Ghiorgs branch, 65 from the Arat kilo branch, 45 from the Airport branch, and 57 from the Finfine branch) under the five special graded branches; the study considers key respondents from both non-managerial and managerial professions in hopes to decrease the bias that could arise from interviewing key respondents (branch managerial position) as what they perceive to practice might differ from the leadership styles they are practicing actually.

The sample size for the study is determined using the Yamane Tore formula

$$n = N / (1 + N (e)^2)$$



**Where n** = Sample size

**N** = Population size

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

$n = 368 / (1 + (368) (0.05)^2)$

**n**= 191 employees will participate in the study.

### **3.5 Data sources, Collection, and Analysis method**

In the study, the researcher will use both primary and secondary data sources. The primary data was gathered through structured questionnaires and survey interviews for explicitly defined target populations. Relevant secondary data was also collected from various previously done related papers, articles, online journals, leadership literature, books, and from the bank's internal database and records.

The sources of these data was academic databases of research organizations, public records, and government agencies. Relevant sources will be incorporated if and only if they are from credible authors and by credible organizations or institutions. The researcher conducted standardized questionnaires and the responses are coded in standardized answer categories. The researcher aimed to use descriptive statistics to analyze the data, describe features of the data, and summarize a sample for explicitly defined target populations.

To measure the perceived leadership style exercised in the branch MLQ 5X was used with 12 survey questions for both transformational and transactional leadership questions, and for the case of laissez faire leadership style 6 questions were provided from MLQ 5X. Lastly, Delaney & Huselid (1995) was used to measure the perceived branch performance of each branch.

### 3.6 Validity and Reliability Test

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Validity explains how well the collected data covers the actual area of investigation (Ghauri and Gronhaug, 2005). Validity basically means “measure what is intended to be measured” (Field, 2005)

Bowling (2009) views reliability in quantitative research as synonymous to dependability, and consistency over time, over instruments and over groups of respondents.

Testing for reliability is important as it refers to the consistency across the parts of a measuring instrument (Huck, 2007). A scale is said to have high internal consistency reliability if the items of a scale “hang together” and measure the same construct (Huck, 2007, Robinson, 2009). One major measurement of reliability is measure of internal consistency using Cronbach’s alpha which measures whether all items in the instrument measure the same construct with consistency and coherence (Huck, 2007, Robinson, 2009).

Reliability of the instrument was measured using Cronbach’s alpha considering the use of a five-point Likert scale. Table 3.1 shows the Cronbach’s alpha value of the study is above 0.7 for all 40 items measuring the independent and dependent variables which grant the confidence that the collected data from the five special grade branches of CBE under Addis Ababa district has high reliability and consistency with the scale.

**Table 3.1** Cronbach’s Alpha for variables

<i>Scale (Reliability statistics)</i>	<i>Cronbach’s alpha</i>	<i>No of items</i>
Transformational Leadership	0.915	12
Transactional Leadership	0.941	12

Laissez-Faire Leadership	0.883	6
Perceived branch performance	0.859	10

**Source:** Own, SPSS, 26

### **3.7 Ethical consideration**

When distributing the questionnaire, all potential respondents were given a verbal and written description of the study to inform the intention of the study and that they are free to choose whether they want to participate or not on the study.

It was assured that their response are confidential and will only be used for the indented academic purpose while their identities are secured. Additionally, the study had proper citation and respondents were provided precise explanation on the purpose of the study with sensible moral act.

## Chapter 4: Data Analysis, Results, and Discussion

As discussed in the methodology part, this chapter presents the data analysis and findings from the respondents. The objective of this research is to assess the leadership styles perceived by five of CBE's special grade branches and if there exists a prevalent leadership style exercised that will help the other non-special grade branches.

The objective of the research was achieved by using relevant statistical tools hoping to indicate the relationship that may exist in between the variables. The total distributed number of questionnaires for respondents were 220 considering the probability of respondents losing it, However 197 of them were responded which gives a response rate of 89.5%.

The tables below speculate the characteristics of the respondents who participated in the study.

### 4.1 Descriptive information from Respondents

**Table 4.1** Respondents gender profile

<b>GENDER</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	113	57.4	57.4	57.4
	Female	84	42.6	42.6	100.0
	Total	197	100.0	100.0	

**Source:** Own, SPSS, 26

**The gender profile of respondents:** Table 4.1 distinguish that 113 or 57.4% of the respondents were male and 84 or 42.6% respondents were female.

This indicates that there is a moderately close distribution between the two genders nevertheless with slight majority on the male category.

**Table 4.2** Respondents Age Distribution

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	115	58.4	58.4	58.4
	31-40	72	36.5	36.5	94.9
	41-50	9	4.6	4.6	99.5
	50-Above	1	.5	.5	100.0
	Total	197	100.0	100.0	

**Source:** Own, SPSS, 26

*Age distribution of respondents:* Table 4.2 shows that the majority of respondents' age group was between 18-30 which is 58.4%, while the 31-40 and 41-50 age groups followed with 36.5% and 4.6% respectively. This shows that majority of the respondents that participated in the research were under the age thirty.

**Table 4.3** Respondents level of Education

EDUCATION					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Diploma	7	3.6	3.6	3.6
	Degree	92	46.7	46.9	50.5
	Masters	97	49.2	49.5	100.0
	Total	196	99.5	100.0	
Missing	System	1	.5		
Total		197	100.0		

**Source:** Own, SPSS, 26

**Respondents' level of Education:** Table 4.3 demonstrates the level of education of respondents at the branches, it was found that 3.6% had a Diploma, 46.7% were a degree holder and 49.2% of the respondents had a Masters degree. Even though an option for Ph.D. was provided on the survey questions, there seems no employee claiming to have one. Surprisingly the majority of respondents holding Master's degree exceeded those of respondents with B.A degree, which in return demonstrates that these branches have a better and qualified employees performing their respective task.

**Table 4.4** Respondents current position title

POSITION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business Manager	14	7.1	7.1	7.1

	Quality Manager	9	4.6	4.6	11.7
	Operational Manager	11	5.6	5.6	17.3
	Non-Managerial	163	82.7	82.7	100.0
	Total	197	100.0	100.0	

**Source:** Own, SPSS, 26

**Respondents' current position title:** Table 4.4 demonstrates that the number of respondents with the managerial position was fewer, as there is only single business, quality, and operational manager at a given branch. Which shows that the greater number of respondents lies in the non-managerial position which was 163 or 82.7%.

**Table 4.5** Respondents year of experiences in the current position

EXPERIENCE_POSITION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	103	52.3	52.3	52.3
	5-10	77	39.1	39.1	91.4
	10-15	15	7.6	7.6	99.0
	15-Above	2	1.0	1.0	100.0

	Total	197	100.0	100.0	
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Source: Own, SPSS, 26

**Respondent's year of experience in the current position:** As per Tables 4.5 103 or 52.3% of the respondents had 1-5 years of expertise in the current position they are in now, 77 or 39% had 5-10 years of experience, 15 or 7.6% of the respondents where on the span of 10-15 and finally only 2 or 1% of the respondents had the longest time range on their current position. This observation shows that many of the respondents had 1-5 years of experience in the current position they are in presently.

**Table 4.6** Respondents year of experiences working for CBE

<b>BANK_EXPERIENCE</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	59	29.9	29.9	29.9
	5-10	101	51.3	51.3	81.2
	10-15	25	12.7	12.7	93.9
	15-Above	12	6.1	6.1	100.0
	Total	197	100.0	100.0	

Source: Own, SPSS, 26



**Respondent's year of experience working for CBE:** The year of experience respondents in the range between 1-5 was 59 or 29.9%, 101 or 51.3% had 5-10 years of expertise in the bank, 25 or 12.7% was in the range of 10-15 year and lastly, 12 or 6.1% had 15 and above year of experience working at the bank, as shown in Table 4.6 respondent ranging between 1 and 5 years of experience had higher participation on the survey questionnaire.

## 4.2 Descriptive statistics

Descriptive statistics measured the mean and standard deviation of respondents' response using MLQ 5X and Delaney & Huselid (1995) standard instruments. All items of the survey question were scaled using five-point Likert rating scale, from a total of 40 items of question, 12 items of questions were given to evaluate transformational and 12 of them were transactional leadership style measuring, while six items were used to measure laissez faire leadership style.

After respondents measured the three leadership styles, the remaining 10 items of questions were provided to evaluate the perceived branch performance from Delaney & Huselid (1995).

### 4.2.1 Status of leadership styles

#### Status of Transformational leadership

**Table 4.7** Respondents perception of transformational leadership

	N	Mean	Std. Deviation
The Branch Manager makes others feel good to be around him.	197	4.0558	1.07472
I have complete faith in my branch manager	197	4.0305	1.04934
I am proud to be associated with the branch manager.	197	4.0051	1.02269
The Branch Manager expresses in simple	197	4.1421	1.00005

words what we could and should do.			
The Branch Manager provides appealing images about what we can do.	197	4.1574	1.00031
The Branch Manager helps in finding meaning to my work.	197	4.1168	1.04079
The Branch Manager enables others to think about old problems in new ways.	197	3.9543	.98610
The Branch Manager provides others new ways of looking at puzzling things.	197	3.9898	.99995
The Branch Manager gets others to rethink ideas that they have never questioned before.	197	3.8883	1.01404
The Branch Manager helps others to develop themselves.	197	3.9442	1.07946
The Branch Manager lets others how he/she thinks we are doing.	197	3.9239	1.04944
The Branch Manager gives personal attention to others who seem rejected.	197	3.7970	1.09702
<b>TRANSFORMATIONAL</b>	197	<b>4.0004</b>	<b>.80700</b>

**Source:** Own, SPSS, 26

Primarily transformational leadership style was the measured leadership style as indicated on Table 4.7, on average respondents have responded four (4.0004) for each item of the leadership style questions and the average dispersion of the response from the mean was close to zero.

This indicates that the respondent's individual values were close to the mean. However, the leadership style that is widely perceived by the branch employees was transformational

leadership style, Hence, it could be concluded that transformational leadership style is practiced by the leaders in CBE five special grade branches and that the perception of there is no much difference.

### Status of Transactional leadership

**Table 4.8** Respondents' perception of Transactional leadership style

	N	Mean	Std. Deviation
The Branch Manager tells others what to do if they want to be rewarded for their work.	197	4.0305	.99442
The Branch Manager gives rewards/recognitions to others when they reach their goals.	197	3.9695	1.12444
The Branch Manager calls attention to others what they can get for what they accomplish.	197	3.9492	1.04855
The Branch Manager is always satisfied when others meet agreed upon standards.	197	4.0660	1.01051
As long as things are working, the Branch Manager doesn't try to change anything.	197	3.8223	1.01212
The Branch Manager tells us the standards we have to know to carry out work	197	4.1168	.99055
The Branch Manager believes employees need to be supervised closely. They are not likely to do their work.	197	4.1066	1.01207
As a rule, the branch manager believes that employees must be given rewards or punishments to motivate them to achieve organizational objectives.	197	4.0305	1.01473

I feel insecure about my work and need direction.	197	3.8477	1.12810
The Branch Manager is the chief judge of the achievements of employees.	197	4.0406	1.05384
The Branch Manager gives orders and clarifies procedures.	197	4.0711	1.05706
The Branch Manager believes that most employees in the general population are lazy.	197	3.6041	1.14979
TRANSACTIONAL	197	<b>3.9712</b>	<b>.69417</b>

**Source:** Own, SPSS, 26

After measuring transformational leadership style, transactional leadership style was measured using 12 pieces of questions from the MLQ5X. As Table 4.8. indicates, the average mean is 3.9712 approximate close to four with average standard deviation of 0.69417.

This indicates that, following transformational leadership style, transactional leadership style is also pretty much exercised leadership style by the branch managers. This finding was somewhat consistent with the finding of Feven (2022) who studied the impact of leadership style on perceived organizational performance: the case of bank of Abyssinia.

### **Status of Laissez-faire leadership**

**Table 4.9** Respondents' perception of Laissez faire leadership style.

	N	Mean	Std. Deviation
In my complex situations my superior allows me to work my problems out on my own way.	197	3.9543	1.10331

The Branch Manager stays out of the way as I do my work.	197	3.9949	.99743
As a rule, The Branch Manager allows me to appraise my own work.	197	3.9442	1.04096
The Branch Manager gives me complete freedom to solve problems in my own.	197	3.8376	1.11301
In most situations I prefer little input from the Branch Manager.	197	4.2284	.93329
In general, The Branch Manager feels it is best to leave subordinates alone	197	3.9289	1.06187
LAISSZFAIRE	197	<b>3.9814</b>	<b>.79962</b>

**Source:** Own, SPSS, 26

Lastly laissez-faire leadership style was measured was using six items listed on the table below. Despite the fact that the two previously measured leadership styles where competently perceived, however the average mean (**3.9814**) and standard deviation (**0.79962**).

This stipulate that the perception of the five branch employees also favor this leadership style. This led to mean that, although the extent of perception to the three leadership styles slightly varies, all three of them are well perceived by the branch's employees. According to this result, it can be said that Branch manager of the five CBE special grade branches practice the three-leadership style circumstantially based on situations. This finding was somewhat consistent with the finding of Feven (2022).

#### 4.2.2. Status of branch performance

**Table 4.10** Respondent's perception of Branch performance

	N	Mean	Std. Deviation
Quality of products, services, and programs	197	3.8782	1.06684
Development of new products, services, or programs	197	4.0812	1.06594
Ability to attract essential employees	197	4.1371	1.05777
Ability to retain essential employees	197	4.3858	.87096
Satisfaction of customers or clients	197	4.1929	1.04654
Relationship between management and employees	197	3.8680	1.19217
Perceived market performance in terms of Marketing compared to other branches.	197	4.0812	1.12191
Perceived market performance in terms of Growth in sales compared to other branches.	197	4.1218	1.07636
Perceived market performance in terms of Profitability compared to other branches.	197	4.2284	.99673
Perceived market performance in terms of Market share compared to other branches.	197	4.1827	1.03860
<b>BRANCH_PERFORMANCE</b>	197	<b>4.1157</b>	<b>.79456</b>

**Source:** Own, SPSS, 26

Table 4.10 shows the perception of branch performance of the five CBE special grade branches. The average mean and standard deviation appears to be 4.1157 and 0.79456 respectively. This indicates that the standard deviation does not change value significantly from the mean.

This indicates that, Branch performance perceived to be excellent by the branch managers. This finding was somewhat consistent with the finding of Feven (2022).

## 4.2 Association test

**Table 4.11** Pearson Correlation Analysis

<b>Correlations</b>					
		TRANSFORMATIONAL	TRANSACTIONAL	LAISSEZFAIRE	ORG_PERFORMANCE
TRANSFORMATIONAL	Pearson Correlation	1	.774	.674	.759
	Sig. (2-tailed)		.000	.000	.000
	N	197	197	197	197
TRANSACTIONAL	Pearson Correlation	.774	1	.761	.792
	Sig. (2-tailed)	.000		.000	.000
	N	197	197	197	197
LAISSEZFAIRE	Pearson Correlation	.674	.761	1	.751

	Sig. (2-tailed)	.000	.000		.000
	N	197	197	197	197
BRANCH_PERFORMANCE	Pearson Correlation	.759	.792	.751	1
	Sig. (2-tailed)	.000	.000	.000	
	N	197	197	197	197

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

**Source:** Own, SPSS, 26

A correlational research design investigates relationships between variables without the researcher controlling or manipulating any of them and reflects the strength and/or direction of the relationship between two (or more) variables. Which the direction of a correlation can be either positive or negative. Pritha Bhandari (2021) Statistical package for the social science (SPSS) data analyzing software was used to measure the relationship between transformation, transactional and laissez-faire leadership style.

Table 4.11 imply that of all the three types of leadership styles conducted in this research, transactional leadership style had the strongest positive relationship with perceived branch performance. Following transactional, transformation and laissez-faire leadership style also had significantly strong positive relationship with the branches performance. CBE's branch employee perceive that the more transactional leadership style is practiced in the branch the highest efficiency in branch performance is achieved, Hence this results shows that there is a positive relationship between the independent and dependent variables.



## Linear relationship test

The assumption behind linear regression analysis is that there exists a linear relation between the independent and dependent variables. This research applied Anova test to measure linearity by testing the goodness of fit of the model. In this study, the researcher choose 95% confidence interval or 5% level of the significance for p-value/Sig value. The improvement in the prediction of the variable in the model is represented by F-ratio. The F-ratio value greater than 1 indicates efficient model.

**Table 4.12** Linearity assumption test

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.514	3	29.505	161.648	.000 <sup>b</sup>
	Residual	35.227	193	.183		
	Total	123.741	196			
a. Dependent Variable: _BRANCH PERFORMANCE						
b. Predictors: (Constant), LAISSEZFAIRE, TRANSFORMATIONAL, TRANSACTIONAL						

Table 4.12 indicates that there is a linear relationship between the dependent and independent variables since the Sig-value is less than 0.05.

## The regressions result

According to table 4.13, the outcome of the regression indicates that transformational leadership style has a positive and statistically significant effect on branch performance. The unstandardized coefficient for transformational leadership style indicates that a percentage increase in transformational leadership style variable will increase the branch performance by 29.8% and vice versa. Therefore, transformational leadership style has an effect on branch performance.

**Table 4.13** coefficient of regression analysis

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.242	.181		1.339	.182
	TRANSFORMATIONAL	.298	.061	.303	4.888	.000
	TRANSACTIONAL	.385	.081	.337	4.767	.000
	LAISSEZFAIRE	.289	.060	.291	4.803	.000
a. Dependent Variable: BRANCH_PERFORMANCE						

**Source:** Own, SPSS, 26

The result of the regression analysis implies that transactional leadership style also has a positive and statistically significant effect on branch performance. The unstandardized coefficient for

transformational leadership style indicates that a percentage increase in transformational leadership style variable will increase the branch performance by 38.5% and vice versa. Subsequently, transactional leadership style has an effect on branch performance.

Finally, the result shows that laissez-faire leadership style also has a positive and statistically significant effect on branch performance. The unstandardized coefficient for transformational leadership style indicates that a percentage increase in transformational leadership style variable will increase the branch performance by 28.9 % and vice versa. Therefore, transactional leadership style has an effect on branch performance.

**Table 4.14** Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846 <sup>a</sup>	.715	.711	.42723
a. Predictors: (Constant), LAISSEZFAIRE, TRANSFORMATIONAL, TRANSACTIONAL				

**Source:** Own, SPSS, 26

A regression analysis was performed to show that the independent variable explains the dependent variable. Subsequently the regression was made between the independent variables (transformational, transactional, and laissez-faire leadership styles) with the dependent variable (branch performance).

The R square value in the model summary indicates that the independent variables explained the dependent variable by 0.715 and this result suggests that 71.5% of the variance in branch performance is accounted by the independent variables ((transformational, transactional, and

laissez-faire leadership styles). Subsequently, transformational, transactional and laissez faire were explicated the branch performance by 71.5%.

## **Chapter 5: Conclusions and Recommendations**

In this chapter, the researcher gave out summary and conclusion based on chapter four finding and perhaps provide recommendation for future research. . Principally the data analysis output was the cornerstone that is in charge to answer the objectives of the study and research hypothesis or question. Conclusion to the study were obtained from the findings of the study. Recommendations for future research are bestowed taking into consideration of the limitation and gaps of the study.

### **5.1 Summary of major findings**

Demographic profile:

- There is a reasonably equal distribution of gender between female and male in the study. Similarly there is a reasonably equal distribution of masters and degree holder. The age distribution shows about 94.9% of respondents are below the age of 40.

Descriptive findings:

- The three Leadership style were perceived to be practiced in all sampled branches

Association findings:

- The Pearson correlation analysis indicated significant and positive correlation between the independent (transformational, transactional, laissez-faire leadership style) and dependent (Organizational performance) variable.

Relationship findings

- Regression analysis highlighted transactional, transformational and laissez-faire leadership styles have a significant and positive effect on branch performance, independently. The highest being transactional leadership practiced in a branch, the greater the branch performance.

## 5.2. Conclusion

The main objective of this study was to clearly assess and discover the leadership styles practiced in five special grade branches of CBE. Below is the final conclusion that are made considering the data analysis and findings of the study.

- There is an overall perception that all the three leadership styles are being implemented by the branch managers of CBE special grade branches.
- All three Leadership style have a significant positive association on perceived branch performance, where transactional leadership style has the highest association and transformational leadership style has the second highest association.
- Transactional leadership style has a dominant significant positive effect on perceived branch performance.
- Transformational leadership style has the second highest significant positive effect on perceived branch performance.
- Laissez-faire leadership style has the third highest significant positive effect on perceived branch performance.

Overall, the branches practice a mixture of the three-leadership styles and these styles have a positive and significant association and effect on branch performance.

### **5.3. Recommendation**

Gleaned from the statistical data analysis tool, Major recommendation was given for both special grade branch managers of CBE and for CBE as a company.

#### **5.3.1. Recommendation to CBE Branch managers**

Branch banking is still most preferred option by both corporate and individual customers in our country for various reasons. so that branch managers play tremendous role on driving the overall organizational performance, customer satisfaction and employee's job satisfaction. CBE branch managers as a leader should develop leadership qualities on the three leadership styles but widely practice transactional leadership style to align their overall performance to the bank's performance strategy and plans. Managers should apply these leadership styles with trust and reliance on their employees. Motivated and empowered employees will own organizations strategy and business objectives. The managers should give employees a chance to handle challenging tasks and problems in their own creative ways. Managers should focus on employees' potential and capacity than being fault finding and also help them on excelling on their profession. Also they should believe on that any employees can perform well with enough support and assistance and opportunity. Last but not least managers should inspire their employees under their branches to become successors on the organization.

Branch managers should give attention to factors that affect transactional leadership style and avoid any oppression on their employees under their branch. As a leader they should also be aware of failure to encourage employees and bossy attitude toward their employees. They should follow up their employees but not strictly and attentively give order for each and every action of the performer.

#### **5.3.2. Recommendation to CBE as a company**

As the roles of top management have a direct impact on triumphant operation and success of the organization. Starting from formulating to implementing strategy, A strategic implementation on human resource and shared know of strategic leadership has to be implemented by top

management of CBE which will expose and help the branch manager and every leader in the organization. Preparing and providing leadership training and development programme to branch manager as well as employees.

## **5.4. Research limitations and areas for further research**

### **5.4.1. Research limitation**

Some of the challenges and limitations the researcher faced while conducting the data collection and analysis process was mainly, the inability of the branch staff to properly fill the survey questionnaire due to the existing hectic environment at the branch and the unwillingness aroused due to the question they had on its confidentiality since, I also was a staff member at CBE, which led the respondents to reluctantly give their genuine response, which I had to reassure respondents that the aim of the research was strictly for academic finding.

### **5.4.1. Suggestions for Future research**

The researcher suggests for future research to study on other banking industries or different sectors in wider range while inclusively adding the rest of leadership styles so to come up with a full-bodied and vital research.



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## Appendix: Questionnaire

### QUESTIONNAIRE

Dear respondents, my name is Hawi, I am an MA student in business leadership at AAU, School of commerce. I am doing an assessment on the leadership styles exercised in best performers of CBE branches; focusing if there is a more prevalent leadership style superlative in these branches. This questionnaire is open to all Non-Branch Managerial officer of the special grade branches of Commercial Bank of Ethiopia. Please complete this 30-minute survey. Information collected will be exclusively for academic purposes and will be confidential. Your valued assistance in completing this questionnaire will be highly appreciated.

Thank you.

Sincerely, Hawi

### Section A: General information

Please tick appropriately in the spaces provided.

1. Gender  Male  Female
  
2. Age  18-30  31-40  41-50  Above  
50
  
3. Level of education  Diploma  Degree  Masters  PhD
  
4. What is the title of your position in the bank?  
 Business manager  Quality management  Operation manager

Non Managerial position

5. How many years have you been in the current position you are in?

1-5

10-15

5-10

15-above

6. For how long have you been working for this Bank?

1-5

10-15

5-10

15-above

7. What is the grade of your branches?

Grade I

Grade III

Grade II

Grade IV

Special Grade

## Section B: Multifactor Leadership Questionnaire (MLQ)

### Section B: Multifactor Leadership Questionnaire (MLQ)

Please answer all items in this answer sheet by ticking appropriately in the spaces provided. If an item is irrelevant, or you are unsure or do not know the answer, please leave it blank.

**Section B: Leadership style items (Please rate each statement in a scale of 5 where 1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree.**

No	Transformational Leadership	1	2	3	4	5
1	The Branch Manager makes others feel good to be around him.					

No .	Transformational Leadership	1	2	3	4	5
2	I have complete faith in my branch manager.					
3	I am proud to be associated with the branch manager.					
4	The Branch Manager expresses in simple words what we could and should do.					
5	The Branch Manager provides appealing images about what we can do.					
6	The Branch Manager helps in finding meaning to my work.					
7	The Branch Manager enables others to think about old problems in new ways.					
8	The Branch Manager provides others new ways of looking at puzzling things.					
9	The Branch Manager gets others to rethink ideas that they have never questioned before.					
10	The Branch Manager helps others to develop themselves.					

No .	<b>Transformational Leadership</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
11	The Branch Manager lets others know how he/she thinks we are doing.					
12	The Branch Manager gives personal attention to others who seem rejected.					
	<b>Transactional Leadership</b>					
13	The Branch Manager tells others what to do if they want to be rewarded for their work.					
14	The Branch Manager gives rewards/recognitions to others when they reach their goals.					
15	The Branch Manager calls attention to others what they can get for what they accomplish.					
16	The Branch Manager is always satisfied when others meet agreed upon standards.					
17	As long as things are working, the Branch Manager doesn't try to change anything.					

No .	<b>Transformational Leadership</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
18	The Branch Manager tells us the standards we have to know to carry out work.					
19	The Branch Manager believes employees need to be supervised closely. They are not likely to do their work.					
20	As a rule, the branch manager believes that employees must be given rewards or punishments to motivate them to achieve organizational objectives.					
21	I feel insecure about my work and need direction.					
22	The Branch Manager is the chief judge of the achievements of employees.					
23	The Branch Manager gives orders and clarifies procedures.					
24	The Branch Manager believes that most employees in the general population are lazy.					
	<b>Laissez-Faire Leadership</b>					
25	In my complex situations my superior allows me to work					



No	Transformational Leadership	1	2	3	4	5
.	my problems out on my own way.					
26	The Branch Manager stays out of the way as I do my work.					
27	As a rule, The Branch Manager allows me to appraise my own work.					
28	The Branch Manager gives me complete freedom to solve problems in my own.					
29	In most situations I prefer little input from the Branch Manager.					
30	In general, The Branch Manager feels it is best to leave subordinates alone.					

Source: Adopted from Bass and Avolio (1992)

**Part 2: perceived performance items (Please rate each statement in a scale of 5 where 1=worse 2=bad 3=neutral 4=better 5=much better**

Branch Performance	1	2	3	4	5

1	Quality of products, services, and programs					
2	Development of new products, services, or programs					
3	Ability to attract essential employees					
4	Ability to retain essential employees					
5	Satisfaction of customers or clients					
6	Relationship between management and employees					
7	Perceived market performance in terms of Marketing compared to other branches.					
8	Perceived market performance in terms of Growth in sales compared to other branches.					
9	Perceived market performance in terms of Profitability compared to other branches.					
10	Perceived market performance in terms of Market share compared to other branches.					

Source: Delaney and Huselid (1996)