



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSSINESS AND ECONOMICS
SCHOOL OF COMMERCE

**EFFECT OF LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE: THE CASE OF
COMMERCIAL BANK OF ETHIOPIA (CBE)**

BY: GEBREHIWET REGAWI

August, 2021

ADDIS ABABA, ETHIOPIA

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**A RESEARCH PROJECT SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF
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THE AWARD OF MASTER OF ARTS IN BUSINESS LEADERSHIP**

ADVISOR

DAKITO ALEMU (PHD)

August, 2021

ADDIS ABABA, ETHIOPI

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Dakito A. This thesis has not been presented for earning any degree either in part or in full to any other higher learning institutions (University) and that all sources of material used have been appropriately acknowledged

Name: Gebrehiwet Aregawi

Signature_____

Addis Ababa University School of Commerce

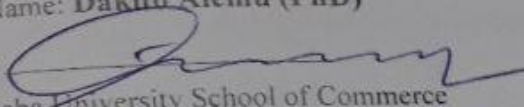
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ENDORSEMENT

I, the undersigned, have been supervising this thesis. I declare that this paper is original and has not been presented for a degree in any other university. All source of materials used have been properly recognized.

Advisor Name: **Dakito Alemu (PhD)**

Signature


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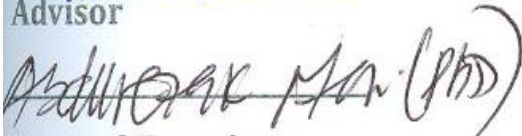
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Approved by:

ዶ/ር ልብ ልብ አለሙ
አካውንቲንግና ፊናንስ
Dr. Dakito Alemu
Accounting & Finance

Advisor

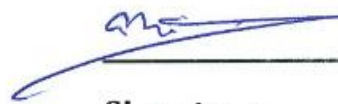

Internal Examiner


Azime Ader (PhD)

External Examiner


Signature


Signature

 Sep 27, 2021
Signature

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Abstract

The study targeted to access the impact of leadership styles on employee performance at commercial bank of Ethiopia. Leadership styles (transformational, transformational, laissez-faire and authoritative) practices and its effect on employee performance was the main objectives. Random sampling technique used to select research participants. 149 structured questionnaires were distributed and 140 usable responses were collected. Multifactor leadership questionnaire (MLQ form 5X) was used to measure leadership style practices and customer satisfaction, team work and achieve organizational goal was used to measure employee performance. Descriptive statistics and scale analysis were used to analyze data using SPSS .23 and Microsoft Excel 2016. Pearson correlation analysis and regression analysis were used to predict the relationship between leadership styles and employee performance. The finding shows that, transactional leadership is most practiced leadership style followed by authoritative, transformational and laissez-faire leadership respectively. Transactional, transformational and laissez-faire found to be positively correlated with employee performance but authoritative leadership found negatively correlated. The results recommend that leaders in CBE must practice transactional and transformational leadership behaviors but not authoritative leadership behavior.

Key words: Transformational leadership, Transactional leadership, Authoritative leadership, laissez fare leadership, employee performance.

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CHAPTER ONE

1. Introduction

Companies are exerting efforts to enrich their organizational vision; maintain their success and achieve organizational goals. To achieve organizational goals resources are allocated, it can be financial and non-financial. Utilizing the allocated resources efficiently and effectively is the concern of many leaders and managers. One of the organization critical resources is human capital, in which the performance employees directly affect the performance of the organization in general. In addition Anyago (2015) explains employee performance, the success and failure of an organization is highly dependent on the effectiveness of leaders at all levels of the organization. Leadership is a critical factor for improving the performance of many organizations if not all.

Individuals are appointed, recruited or elected to perform the roles and responsibilities to lead an organization. Leadership is practiced in different business forms, from governmental to NGOs, small and medium business to corporations, in service and manufacturing sector, in every business activity including military and public sectors at all levels of the organizational structure. The main goal of a leader is promote unity among the society and bring harmony, prosperity and strength among members of an organization. Today's uncertain business environment have put many organizations to face challenges and struggling for survival and compete in the local and global markets. Leadership provided by managers is the most important organizational resources to enable strategic change and to survive stiff competition. Leaders inspire others to achieve individual and company goals and by boosting employee's performance.

Similarly, Barghi et al (2013) described the significance of leadership in companies and particularly on human resources who are seemingly the biggest resources of any organization; "The main enablers of organizations are usually employees, they give success to the organizations and provide goals and achieve organizational vision". To get the best performance from employees it's important to provide employees with achievable targets and psychological satisfaction. Leaders articulate the achievable target to be fulfilled by its subordinates, set employee moral and empower employee's satisfaction. In addition Barghi et al (2013) described that leadership is very critical for all organizations in realizing their set of objectives as leadership is a key element for enlightening the performance of many business organizations. The success or failure of an organization directly

depends on the success of leadership at all levels of the organizational hierarchy. In support of the above definition Paracha et al (2012) stated that leaders and leadership have decisive role in organizational goals achievement and employee performance improvement by nourishing them with their profession. One of the potential variables that have huge impact on employee performance is leadership and it is perhaps the most thoroughly researched organizational variable Cummings and Schwab (1973). The decision made by leaders is vital issue because organization failure or success is highly dependent on managers or leaders decision making effectiveness. Remarkably, it has been widely understood that effective organizations requires effective management and that employee outcomes and organizational outcomes will prosper or suffer in direct proportion Fiedler and House (1988).

Employee performance is crucial to an organization's success. Employee performance is defined as actions of collaboration, consideration, and assistance that help coworker performance and job commitment. It encompasses motivated behaviors like working hard, taking initiative, and adhering to regulations in order to promote organizational goals. A competent leader may help here by recognizing the significance and taking action. It must be understood that an organization's goal cannot be achieved only via the efforts of one or two individuals. As a result, inspiring and coordinating personnel, as well as obtaining participation and a joint effort, will assist the company achieve its objectives. Furthermore, Noormala and Syed (2009) claimed that good leader-follower interactions influenced employee performance. Employee performance, organizational dedication, delegation, empowerment, and work happiness were all said to be influenced by high-quality leader-follower interactions. As a result, adopting an effective leadership style may be a critical component of increasing organizational success. The major goal is to assess the influence of leaders' behavior on staff performance.

The history of the Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942 and CBE merged with the then privately held Addis Ababa Bank in 1974 after being officially incorporated as a share company in 1963. (CBE PORTAL, 2019). In addition, the webpage states that the bank has played an important part in the country's growth as a financial intermediary. It was mainly established to perform major banking services such as, Accepting

saving, demand and time deposits; Providing short, medium and long term loans; Buying and selling foreign exchanges; Buying and selling negotiable instruments and securities issued by the government, private organizations or any other person; and Engaging in other banking activities customarily carried out by commercial banks.

As per the definition of Cindy (2014) a bank is an institution that provides financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creating of credit. Commercial banks are financial intermediaries that serve as financial resource mobilization points in the global economy. The role of banks in an economy is paramount because they execute monetary policy and provide means for facilitating payment for goods and services in the domestic and international trade (Cindy 2014).

A company's road map is its vision, indicating both what the company wants to become and guiding transformational initiatives by setting a defined direction for the company's growth. During the life of a business Vision statements undergo minimal changes, unlike operational goals which may be updated from year-to-year depending on yearly performance of the bank and government policy changes. Commercial Bank of Ethiopia has vision to become international standard bank by the year 2025. To achieve its world class bank vision bank employee and leadership are critical enablers.

Before the emergence of the internet and core banking systems in Ethiopia the commercial banks perform their day to day operations paper based and human intensive, nowadays the banking service highly dependent on the information technology infrastructures and highly intelligent banking applications.

According Cepheus (2019) research and analysis CBE is dominant market position is seen across all key financial metrics, with its share as high as 66 percent for loans, 62 percent for deposits, 50 percent capital, and just under percent for profits. Looking at trends over time, CBE has over the past five year expanded its market share in capital and foreign exchange, but at the same time experienced a reduction in market share in profit, deposits and loans. Profit market shares across the industry, private banks have (collectively) surpassed CBE for the first time ever last year, registering Birr 10.5bn in aggregate profits versus CBE's Birr 10.3bn Cepheus (2019). To maintain its market share and overcome stiff competition from the current and future competitors the bank leadership and employees performance is critical.

Statement of the Problem

Daft (2000) defined that performance is an organization's capacity to achieve its objectives through the efficient and effective use of resources available to it. Performance is the achievement of organizations goals in pursuit of organizations vision and business strategies that lead to sustainable competitive advantages (Mitonga-Monga, et al., 2011). It is therefore, evident that the success of an organization is interpreted in terms of profit, revenue, growth, development and expansion of the firm.

Organizational achievement is so much dependent on individual Employees performance. The performance of the employee is what leads to the success and survival of the organization (Tandoh, 2011). Employee performance may also be defined as working hard, taking initiative and according to organizational regulations in order to achieve corporate goals. The performance of employees is highly affected by coworker's cooperation, dedication and helpful acts. Teamwork is essential for achieving organizational goals; yet, it must be understood that organizations cannot fulfill their goals by relying solely on the efforts of one or two individuals. As a result, a competent leader plays a very important role in recognizing the values and efforts of employees in accomplishing the organization's goals. According to Paracha et al. (2012), leaders play a critical role in achieving goals and increasing staff performance through pleasing people with their roles. For organizational success the importance of effective leaders is critical. Leaders have different behaviors and skills in which it affects their performance both positively and negatively; hence leadership style practiced by leaders has significant effect on employee performance, in general organizational performance. Among the important factors that could influence employees performance in an organization is the type of authority and control relationship within the organization. The style of leadership affects performance since performance cannot be achieved in the absence of a leadership that can adapt to the changes and challenges of the environment, that knows how to motivate the employees and that encourages them to take more ownership for their work Anyango(2015). As a result, the purpose of this study is to look at the impact of a leader's leadership style on organizational performance.

The Ethiopian academic literature and business setting lacks information on the impact of leadership styles on organizational success and employee performance; as a result there is a need for

researchers to perform reliable and rigorous research to examine the relationship in between them. CBE is a retail banking company that provides banking services to its clients through its branches and various consumer channels.

Leadership styles were used as the independent variable in this study since it was said that leadership is defined as the capacity to influence others to achieve a common objective. This phrase expresses how leaders collaborate with others to achieve corporate objectives. This is a source of concern for the researcher; therefore he decided to conduct research on the issue. The goal is to evaluate employee performance and see if it is influenced by employees' perceptions of their immediate supervisor's leadership style. In a banking context, the study looked at whether a leader's leadership style had an influence on employee performance. Furthermore, from the perspective of employees, the study highlighted managerial/supervisory leadership qualities.

Research Question

- What kind of leadership style do the organization's (CBE) leaders frequently practice?
- What is the relationship between transactional leadership and employee performance of CBE?
- What is the relationship between transformational leadership and employee performance of CBE?
- What is the relationship between laissez-faire leadership and employee performance of CBE?
- What is the relationship between laissez-faire leadership and employee performance of CBE?

Research Objective

1.3.1 General Objective

The main goal of this research project is to investigate the impact of leadership styles on employee performance in the context of commercial bank of Ethiopia.

1.3.2 Specific Objectives

The study focused on the following detailed objectives:

- To evaluate the leadership styles adopted by leaders in commercial Bank of Ethiopia

- In CBE, evaluate the relationship between transformative leadership style and employee performance.
- In CBE, determine the relationship between transactional leadership style and employee performance.
- To determine the impact of laissez-faire leadership style on staff performance in CBE.
- To evaluate the relationship between authoritative leadership style with employee performance in CBE

Research Hypothesis

H1: Transformational leadership style affects employee performance in Commercial Bank of Ethiopia positively

H2: Transactional leadership style affects employee performance in Commercial Bank of Ethiopia positively

H3: Autocratic leadership style affects employee performance in Commercial Bank of Ethiopia positively

H4: Laissez-Faire leadership style affects employee performance in Commercial Bank of Ethiopia positively

Significance of the study

This research aimed to examine and realize the effect of diverse leadership approaches (transformational, transactional and laissez-faire, authoritative) and their impacts on employee performance in the bank. In addition the research was significant to detect which leadership style is good for employees in terms of motivation for the achievement of their jobs and achieving the organization's vision. The research can provide information to CBE on how their leadership style is affecting employees and can be of help to identify which leadership style will be appropriate to be effective for employee performance for the bank.

It's also beneficial for leaders of organization to understand which types of leadership style impacts employee's motivation and satisfaction for a better performance and how employees can also be influenced through proper leadership. It helps as a reference to similar companies in identifying appropriate leadership styles that can boost employee performance of the bank and transform the

bank to success and achieve organizational targets. Implementation of the suitable style of leadership will help bring employee loyalty and trust for the bank.

1.6 Scope of the Study

The purpose of this study is to look at the impact of leadership approach (style) on employee performance in the case of Commercial Bank of Ethiopia. A limited sample size was used in this study because CBE has large number of employees and branches. Due to the large number of staffs and scattered throughout Ethiopia, the research was focused on head office staffs located in Addis Ababa. The tasks performed at head office vary from department to department. However the study is to examine the impact of adopted leadership behavior on performance of employee; performance is limited to Non-financial performance only. Because financial perspective study needs the respondents to have actual data at hand, so it is difficult to assess based on employee subjective response.

1.7 Limitation of the study

The study is conducted on the banks head office staffs and further extending the sample population will help to generalize the result. Considering we were in the middle of the coronavirus pandemic the researcher used email questionnaire to collect primary data from respondents, future researchers should include other method of data collection methods to validate the result of this project. In addition to the pandemic time and budget limitation encountered. With these factors the researcher was unable to include all branches of the bank in the study rather obliged to conduct the research on representative way using head office staffs.

1.8 Paper organization

This paper is divided into five chapters. The study's background, explanation of the problem, general and particular objectives, research questions and hypothesis, importance and scope of the research, limitation and structure of the research, and definition of terminology are all included in the first

chapter. The available literatures relating to the study issue were reviewed in the second chapter, and the conceptual framework was developed. The research technique utilized in this study is presented in the third chapter. The data presentation, analysis, and commentary were presented in the fourth chapter. Finally, Chapter five ends the research project with summary of the findings and conclusions.

CHAPTER TWO

2 Review of Related Literature

2.1.1 Leadership

Scholars looked at Leadership defined as a social influence process in which one person actively exerts influence on others in order to organize behaviors and relationships within a group or organization. According to Yuki (1994) lectures that the specific construct of leadership vary considerably. For instance, over the past decades, leadership has been defined in terms of personal traits, individual behavior, interpersonal influence, situational factors and a combination of these.

The concept of leadership is an evolving science and most widely studied topics due to its ever changing influence on the productivity and hence profitability of companies. Thus, different theories and approaches have been emerged ranging from the very classic trait theory to the most recent ones, transformational and transaction theories. For example, the work by Avolio (1993) and Babatunde (2012) advocated the relative importance of transactional leadership style in influencing workers for a better performance while Bass & Avolio (1994) and Kotter (1988) stand in sharp contrast with the above authors dictating transformational leadership style will lead employees and their organization to a better performance. However, this research papers emphasized only on the four styles of leadership described as: transformational, transactional, autocratic and laissez-faire leadership style and their respective relationship and effect on employees perceived performance (Billig, 2015).

Leadership has been given different definitions by different authors and it is believed leadership exists. Kotter (1988) views it as the process of influencing people to strive willingly to achieve individual and organizational goals. The goals or movement in a particular direction should be in the long term interest of the group being led. Kouzes and Posner (1997) as cited in Chipunza (2006) described leadership is the art of organizing others to support the struggle for organizational common goal (target). Chipunza (2006) defined both these definitions observe that there is an important interpersonal process that takes place between leaders and individual and groups of individuals toward the purposeful pursuance of objectives. The above conceptualization of

leadership style indicates the importance of developing leadership that promotes cooperation, trust and commitment between the followers and the leaders in organization.

In addition to the above definition Somaye(2015) leadership continuously contributes an significant role in the development and performance of an organization. Changes in organizational structure, vision and leadership are inevitable in any institution. A leader's leadership style differentiates him or her from others, and this tremendous force is what motivates an employee or workers to execute a job that yields the best outcomes to the organization. (Somaye, 2015).

According to Wammy & Swammy (2014) understood leadership as a process of social influence for which the leader (formal or informal) demands the willing participation from its subordinates in an effort to achieve individual and organizational goal and therefore a leader is an individual person who delegates or influences other members of the organization to perform and to carry out specified objectives. In addition, Memon (2014) defined that leadership as a process in which an individual affects others' ideas, attitudes, and behaviors by assuming responsibility for defining the firm's strategy and vision, allowing others to comprehend and picture what lies ahead, as well as how to accomplish the target. A lot of scholars has been defined Leadership in many different ways, but most definitions share the assumption that it involves an influence process concerned with facilitating the performance of a collective task and common goal (Yalk, 2002).

2.1.2 Leadership Styles

The research by Marjorine (2017) defines leadership behavior, traits and styles have been of typical importance in many organizations due to the ever changing nature of technologies as well as the growth of globalization which has transformed the expectations and behaviors of people within an organization. Naturally leading followers demand different behaviors or leadership styles from their immediate supervisors. It is defined leadership style is a consistent set of behaviors practiced by leaders and they divided in to task oriented and relation oriented. Memon (2014) and Cuadrado et al (2007) described style of leadership by the direction they provide, employee and coworker's motivation and individual and team plans realization. Leaders' methods of managing their organizations, departments, teams, or groups are referred to as leadership styles. (Arif & Mehmood ,

2011). Leaders may use combination of leadership style or behaviors to effectively lead the organization are because there is no specific leadership style is best (Darling & Leffel, 2010).

In the research by Mosadeghrad (2003) titled the role of participative management in hospital effectiveness and efficiency, there are different styles of leadership such as transformational, bureaucratic, free enterprise, engaging, participative, dictatorial, transactional, and situational leadership. Not everybody concurs that a specific style of leadership will bring about the best type of hierarchical conduct. Unique approaches of leadership were essential for different situations and each supervisor expected to know how and when to show a particular style. No specific leadership style is faultless for every situation, because a supervisor may have knowledge and skills to perform clearly in one circumstance yet may not develop as successfully in an alternate circumstance. In addition the manner and style of providing strategy, executing plans, and inspiring employees is called leadership style. Bass (1990) described three known leadership styles in one of the categories of leadership as transactional (contingent reward and management by exception), laissez-faire and transformational leadership styles.

2.1.3 Transactional leadership

Marjory (2017) defined that Transactional leadership, often known as management leadership, is concerned with the social interactions and transactions that occur between leaders and followers. and the research also added that transactional leadership focuses on organization, supervision, and team performance. When a leader champions compliance of its followers via reward and punishment such type leadership style resembles to transactional leadership.

According to Bass (1985) observed that the transactional approach as cost benefit process between leaders and followers. Transactional leadership transpires when the leader depends on the correctness of the behavior or performance of the follower to either punish or reward him. The transactional leadership has three components, comprising of management by exception (active and passive) and contingent reward.

1. **Contingent Reward.** Achieving end results is the main focus leaders and managers who resemble the style of contingent reward. If employees get tangible material rewards in exchange

for their efforts and the leader surfaced contingent reward leadership behavior. Manager and leaders who use this type of leadership style are expected to show job to be performed and behaviors to behave by employees. In summary, monetary rewards, direction setting, reciprocity, and team confidence building are important indications of contingent compensation for meeting performance demands (Kahan and Nawaz 2016).

2. **Management by Exception (Active)**

Such leadership is described as laissez faire, and management by exception (active) is not considered leadership ownership. Managers or leaders that use management by exception (active) have a strong belief in their staff ability to do their tasks to a high quality. Management by exception(active) leadership style does not inspire employees to achieve beyond planned outcomes if the business continues as usual achieving its planned target which means the system has worked and stakeholders are satisfied(Bass & Avolio, 2004). The appetite for risk taking is too small and new perspectives are not welcomed by leaders who practice management by exception behaviors. Need driven change culture dominates management by exception (active) and involves lack of confidence in organizational workers, ineffective communication, maintaining the status quo, and lack of confidence.

3. Management by Exception (Passive). Leaders who behave like management my exception failure to establish objectives and criteria for employees to meet in which the leaders avoid specifying agreement and Sometimes the leader waits until something goes wrong before acting on the incident. (Bass & Avolio, 2004)

2.1. 4 Transformational

Transformative leadership style concentrates on the development of followers as well as their needs. Transformational also known as, theories Relationship theories focus on the connections formed between leaders and followers. Relationship theories are frequently related to charismatic leadership theories, in which leaders with particular characteristics, such as confidence, extroversion, and clearly expressed ideals, are seen to be the most effective at motivating followers (Lamb, 2013). Similarly, interpersonal or transformational leaders inspire and encourage employees by assisting team members in comprehending the job or project's importance and eventual goal. Such leader's

main target is on the performance of team members, but also on each individual employee in accomplishing their potential. Managers or executives who use this method of leadership frequently have high ethical and moral standards. (Charry, 2012)

1. Inspirational motivation

Inspirational motivation refers to the ability of leaders to create team spirit to attain organizational objectives, as well as to increase performance (Bass, 2000). Within the first dimension, the leader inspires, motivates his or her subordinates, and involves them in creating an ambitious vision. For success a team spirit is vital, the leader induces commitment in team members. Transformational leaders can articulate a vision to followers. These leaders are also able to help the followers experience the same passion and motivation to fulfill the goals.

2. Idealized influence or behavior

As highlighted by Bass (2000), the second dimension involves employees taking up or copying the ways of administration and leaders management. Idealized influence refers to a situation in which leaders involve their subordinates in the process of determining the organization's vision and mission. Idealized influence refers to the leader being a role model, one who an employee respects, trusts, and admires (Bass, 2000). In addition, the leader tends to consider the needs of others instead of his or her need. The leader models integrity and consistency. Many times, employees who respect their supervisor try to follow him or her and are willing to incorporate their goals.

3. Individualized consideration

The third dimension Bass (2000) outlined, whereby leaders must consider the needs of every one of their employees and meet their expectations. Every employee needs a different environment to perform. Leaders use this style to ensure that they have maximum touch with their workers. Transformational leaders lead team members who demonstrate aspirations and motivation.

The leader accepts Individual differences, He or she acts as a coach in supporting all team members to develop and succeed in achieving more (Bass, 2000). Such leadership also involves offering support and encouragement to individual followers. A transformational leader creates a supportive relationship by keeping the communication open, so that the employees feel free to express ideas

(Bass, 2000). Individualized consideration means creating a suitable environment that is supportive and includes individual differences, needs, and values the thoughts of subordinates.

4. Intellectual stimulation

Bass (2000) stated that the fourth dimension is the art of leaders encouraging their employees to seek solutions to problems using current methods. Innovation and creativity are the keys to success, and transformational leaders encourage their team to generate creative solutions to problems and take risks (Bass, 2000). The mistakes that may happen from this process become opportunities from which to learn. Transformational leaders not only question the existing quo, but they also foster creativity. The leader inspires followers to try new things and take advantage of fresh learning chances.

2.1.5 Laissez-faire

Ukaidi (2016) stated that, Laissez faire leader has no confidence in his leadership ability. He does not set goals for the group, and decision-making is delegated to anyone is ready to take it. Productivity is typically low and work is shoddy under laissez faire leadership. The group is uninterested in improving their work morale and teamwork, both of which are typically low. According to Bass (1990) described Laissez faire leadership style resembles neither transformational nor transactional approach have inactive behavior. It can be defined there is lack of leadership because laissez faire leadership is more related to management by exception (passive). In addition Laissez faire leaders demonstrate handoff approach which contracts the things to be happened. Leaders who adopt laissez fair leadership approach delay decision making and avoid duties. In laissez-faire leadership style there is now to collect feedback and leaders do not support subordinate development. As a result, subordinates under this laissez fair style look for instruction, coaching or supporting from their team mates, peers or other organizational members (Bass, 1990).

As per Egri and Herman (2011) on their research titled leadership in the North American environment sector: values, leadership styles and context of leaders and their leaders described laissez faire leadership may be compelling in instances when team members are exceptionally skilled, motivated, and capable of working independently without the tight supervision of their

immediate superiors. As the term usually suggests laissez faire style are totally hands off approach type of leadership, though several leaders use this leadership approach during conferences to collect feedback and stay open and accessible to group members. It's important to note that laissez faire leadership isn't perfect in conditions where team members do not have required experience and information to make decisions and perform assignments.

2.1.6 Autocratic leadership

Do as I say best describe authoritative (autocratic) type of leaders. Usually, autocratic leaders lack experience on managing people. All decision making rights are retained by autocratic leaders themselves. Organizations can be damaged irreparably because employees are enforced to perform strategies in a very narrow direction based subjective idea of what the organizational achievement looks like. Organization vision is not shared between members and leaders as a result there is little motivation and high coercion. When leaders practice autocratic behavior the level of employee creativity, innovation and commitment are low or eliminated totally. Generally, most personnel under autocratic leaders may be regarded as waiting their turn, waiting for the inevitable failure that authoritarian leadership generates and the subsequent departure of the boss. (Michael, 2010).

In autocratic leadership the power is centered at the leader and the employee involvement in decision making is minimal. Autocratic leader can be described as manager who holds decision making rights and retain power as much as possible in the organization (Khan, et al. 2015). Akor (2014) sighted the work of Melling & Little expressed that autocratic leaders show no regard for others and they are at the center of each action and all authority originated from them and ends with them. In addition Iqbal characterized autocratic leaders by their 'I tell you' philosophy because leaders of this type tell employees what to do Iqbal, et al (2015). Similarly Nwankwo (1999) indicated autocratic leaders make decisions solely and the productivity of the organization emphasizes at the expense of human consideration (as cited in Akor, 2014).

Leaders also play an important role in establishing a culture that respect knowledge, reinforces its sharing, retains its people, and builds loyalty to the organization (J.-T.Yang, 2007) but autocratic leadership basically decreases commitment, creativity and innovation. In most situations the

followers of autocratic leaders feel not responsible for the failure of the organization and simply wait for the inevitable failure which this leadership is creating.

In reverse to the above findings Longe (2015) argued that autocratic leadership might be helpful in cases of emergency, where there is a homogeneous workforce included, in which the leader is smart, rational, and has a significant understanding of the followers. Special initiative might be required in these situations to avoid a potential incident. Among many of the weaknesses of autocratic leadership is the unwillingness of the subordinates to cultivate the satisfaction of achievement, rejection of individual development and self-actualization gratification, as well as antagonizing people and wiping the organization of lifelong allegiance and cooperation. Nevertheless, in some cases, an autocratic approach is acceptable. It is important when the organization faces a crisis or if there is an urgent issue that requires an instant response (Bhargavi & Yaseen, 2016). In addition to bullying, there is no common goal and hardly any encouragement.

2.2 Employee Performance

The execution of a particular activity assessed against predefined recognized standards of accuracy, completeness, cost, and time is referred to as performance. Employee's performance is the contribution of employees for the achievement of organization objective. Employees expected to perform acceptable level of the standard and managers follow up, and evaluate the performance of employees to attain the stated objective of an organization (Armstrong Michael, 2009). According to Cooke (2000) performance can be measured by level accuracy, task completeness, cost and speed of the planned task and measured against predetermined standard of performance. In an employment contract, performance is deemed to be the accomplishment of a commitment in such a manner that releases the performer from all liabilities laid down under the contract.

In one research Kaithen (2002) defined performance is organizational ability in producing something related to desired targets. 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).

In another study by Richard et al (2008) Defined the concept of organizational performance is one of the most important dependent variable of interests for researchers concerned with just about any area of management. Although the notion of organizational performance is widely used in academic literature, defining it is challenging due to its numerous interpretations by different academicians. For this reason, there isn't a universally accepted definition of this concept. Similarly in the 1950s organizational performance was defined as the extent to which organizations, viewed as a social system fulfilled their objectives (Tannenbaum, 1957). Performance evaluation during this time was focused on work, people and organizational structure. Managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency). As a result, organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by the limited resources (Lusthaus & Adrien, 1998 after Campbell, 1970). In this context, profit became one of the many indicators of performance.

2.2.1 Leadership Style and Employee Performance

The style of leadership affects performance since performance cannot be achieved in the absence of a leadership that can adapt to the changes and challenges of the environment, that knows how to motivate the employees and that encourages them to take more ownership for their work Anyango (2015).

Transformational and employee performance

Transformational leadership approach emphasizes on developing employees and considering individual employee's needs. The development of overall value based system that helps employee moral development, skill and motivation of followers is the main focus of transformational leadership style. Bass and Avolio (1994) concluded higher performance is achieved when leaders adopt transformational leadership. According to Bass and Avolio (1994) stated that transformational leadership occurs when the leaders broaden or elevate the interest of the employees. Leaders who encourage followers to look beyond their self-interest practice more of transformational leadership behaviors. In so many situations transformational leaders are effective due to several reasons such as the leaders may be charismatic in terms of inspiring the followers and transformational leaders may

meet the emotional demand of the employees or they could inspire the employees intellectually (Bass & Avolio, 1994).

Wang et al (2011) stated that there is positive relationship between individual levels of performance and transformational leadership practice. In addition the study shown that there is positive correlation between transformational leadership style and group performance. Xu and Wang (2010) stated that employee performance is the output of skills and knowledge, abilities and motivation in which directed toward to the expected behavior. In addition the study also indicated that overall development of employees (followers) can be enhanced when leaders adopt transformational leadership behaviors. The behavioral charisma and idealized influence of transformational leaders motivates the employees to associate and follow the leader (Jyoti & Bhau, 2015). Follower leader association is self-defining and satisfying relationship for the individual and the team or in the organization.

Transformational leader develops personalized relationship with its followers and employees feel happily motivated as a result overall performance increased. It can be defined that transformational leadership and organizational performance are positively interlinked (Jyoti & Bhau, 2015). Sofi and Devanadhen (2015) indicated that there is significant impact on organizational performance upon adoption of transformational leadership practices. The above research was conducted on the banking sector and the result showed that transformational leadership style has direct and positive impact on the organizational performance.

Yitawok (2020) cited Suharto (2005) described frequent implementation of transformational leadership will have significant positive impact on enhancing psychological empowerment of followers and motivate employees to achieve targets. Similarly leaders with transformational leadership behavior give attention to individual employee needs. Providing motivational support and creating innovative and smart ways to achieve effective implementation of goals.

Transactional and employee performance

As other leadership styles, transactional leadership styles can also impact the job performance either positively or negatively. It depends on employee assessment. Transactional leadership will have both negative and positive effect on employee performance depending on the perception of employees

and level of loyalty, honesty and transparency of leaders (Yitawok, 2020). When leaders are loyal and transparent to their agreement leadership will have positive impact and there reverse will affect employee performance negatively. Transactional leaders link job performance to valued rewards helps organizations achieve organizations current and future objectives by ensuring employees have access to resources needed (Zhu, Chew and Spengler, 2005).

Laissez-faire and employee performance

Tamerat (2019) on his study project titled "The Impact of Leadership Styles on Employee Performance at the Sheraton Addis Hotel" found that laissez-faire leadership style had no significant effects on employee's performance. Abdul and Javed (2012) suggested laissez faire leadership have positive relation to employee motivation but the relationship is not significant to show that laissez-faire leadership is not important to boost employee motivation level compared to other leadership style. Many researchers researched that laissez faire style is associated with employee dissatisfaction, unproductiveness and ineffectiveness. In fact it is debatable and it can't be concluded because there are favorable environments for this leadership style. In laissez-faire leadership style decision making is performed voluntarily by employee who is willing to accept the leadership role.

Autocratic and employee performance

Joseph (2018) conducted study; Autocratic leadership may be advantageous in some situations, such as when decisions must be taken rapidly without consulting a large number of people. Autocratic leadership could lead to higher productivity but in the long run, lack of initiative and institutional squabble are common. The increase in productivity experienced in an autocratic situation is as a result of the leader's use of performance recognition and sanction nothing meaningful can be effectively achieved when a certain type of leadership style is used. However, Maqsood, Bilal and Baig (2013) argued that during military conflicts, group members may actually prefer an autocratic style. This style allows staff to focus on performing specific tasks without worrying about making complex decisions and to become highly skilled at performing certain duties, which can be beneficial to the organization.

Similarly (Armstrong, 2012) autocratic leadership may be useful in emergency situations where there is a homogeneous workforce and when leaders are fair and wise there will be good understanding with his followers. Practically in some cases it is appropriate to act autocratically. It is critical when the company is facing a crisis or an urgent problem requiring an immediate response (Bhargavi & Yaseen, 2016).

Organizational performance has become a major indication for organizations in the achievement of their objectives or goals in both developed and emerging economies in the globalized world, in small and medium enterprises as well as in big organizations and manufacturing and service sector businesses. Richard et al (2009), defined organizational performance is a factor that determines how well an organization achieves its objective.

According to Armstrong (2009) defined developing performance of teams and individuals will help to improve overall organizational performance and it is a systematic process. Individual performance is linked with organizational missions and goals by developing performance system which includes identification, measurement and associating with organizational performance (Aguinis, 2009). Meeting productivity targets and achievement of mission and goal will be realized via higher performance of each individual employee. Managerial decisions play crucial role to improve employee performance in organizations and among such determinants is the leadership style practiced has significant contribution.

Employee performance may be measured using a variety of objectives such as productivity, motivation, profit margin, market share, teamwork spirit, innovation, skill development, and capabilities (H.Erkutlu, 2008). The assumption to select certain leadership style is that employees are more willing to work effective and productive for their managers who practice the leadership style than alternative styles (Mullins, 2007). Similarly, Irvine et al. (1995) characterized employee performance as being dependent on the amount of job satisfaction, which may be impacted by the emotional link between different aspects of an employee's work conditions, including leaders' social lives at the workplace. Employee performance and productivity is positively affected by the leader or manager behavior or style and similarly employee morale is also affected. Employee turnover ratio will also decrease as a result organizational operating cost decrease (Lee and Ahmad, 2009). Pattern of actions carried out to fulfill targeted objectives set to known standards will define

employee performance. Employee performance is a collection of behaviors which include openly measurable actions of a worker, plus mental activities or products can be decisions and answers, which result in organizational accomplishment of planned goals.

Finally Tandoh (2011) concluded that, the performance of the employee is what leads to the survival and success of the organization. The study adopted Multifactor leadership Questionnaire (5X) and non-financial employee performance measurement mainly team work, achieve organizational goal, and customer satisfaction (Liya, 2018).

2.3 Empirical Literature Reviews

Tamerat (2019) on his study showed that Authoritative leadership style had a positive significant outcome on performance of workers however Lessize-faire leadership style had no significant relationship on workers performance. Haimanot (2019) conducted research titled "the influence of leadership styles on employee performance: the case of Carter Center Ethiopia and Orbis International." Ethiopia discovered that managers' leadership styles had an impact on staff performance, either favorably or adversely. Accordingly, laissez-faire leadership style positively affects employees' performance.

Liya (2018) on her descriptive research impact of leadership style on workforces performance at Wegagen bank and her findings showed that The leadership style practiced by leaders of the bank is a collection of the three major leadership styles and pointed out that leadership styles have significant contribution on employee performance. Managers used to behave both transactional and transformational leadership styles in Wegagen bank though sometimes there are tendency laissez-faire leadership practices. In addition the study finding showed that mixed leadership practices were observed. Joseph (2018) also concluded that autocratic leadership style prevents the use of creative ideas to problem solving; therefore leaders should learn to exercise restraint in the use of the style in the running of their institutions

Marjorine and muturi (2017) on their study titled “Effect of leadership styles the performance of microfinance institutions in Nairobi, Kenya” found that, the democratic leader was the most favorite leadership style. The style did not increase employee turnover and but it increased employee productivity. Transformational leadership also did not increase employee turnover but Laissez-faire leadership increased employee turnover. Transactional leadership affected employee productivity. A majority of the respondents believed that leadership style played a role performance of the organization. The study, therefore, concluded that leadership styles have an effect on performance at microfinance institution. This study recommends that most managers in the micro-finance institutions should adopt transformational leadership in order to ensure staff retention, enhanced employee satisfaction and increased performance of employee.

Aishat and et al (2015) on their study “ Leadership styles of managers and employees job performance in the banking sector” revealed that transformational leadership behavior has a positive correlation with job performance and it is the most commonly leadership styles used by managers in the baking sectors. The findings of the study have therefore brought the researchers to summarize that transformational leadership style is the greatest type of leadership that improves better worker job commitment within the organization, signifying that practicing an effective leadership style within the banking sector improve employee’s job performance and overall job performance within the employees in the banking sector in Nigeria. Similarly Faisal and et al (2015) researched the relationship between leadership behaviors of leaders and organizational performance had positive effect and transformational and transactional leadership styles had positive effect on employee performance.

Getu and et al (2019) showed transformational and transactional leadership styles were found to be strongly correlated with employee performance but laissez-faire had a weak correlation with employee performance. In addition there was strong relationship between overall leadership styles and employee performance. From the regression analysis 48.8% of employee performance is affected by three of the leadership styles. Basically the regression analysis showed that, employee performance is predicted more by transformational leadership style and followed by transactional leadership style. But laissez-faire leadership was found to be negatively accounted to predict employee performance. Woineshet (2019) reported findings from her study titled “The Effect of

Leadership Style on Employee Performance in Some Selected Non-Governmental Organizations: Orbis International Ethiopia, Family Guidance Association, and Fred Hollows Foundation.” Laissez-faire leadership style positively affects employees’ performance and autocratic leadership behavior affects employee performance insignificantly and negatively.

Tariku and et al (2020) researched the effect of leadership styles Ethiopian banking industry performance as a result transformational leadership affects the workplace through encouraging and motivating subordinates to make changes, create new things, and innovate. and to go beyond what they actually agreed to perform and transactional leadership style that reward employees and make recognition in exchange for employees job performance, giving close directions and guidance to employees have positive and significant effect in promoting banks performance.

2.4 Research Gap

The result from the review showed that leadership styles adopted by supervisors have impact on employee performance. On the literature it is understood there is an agreement that transformational and transactional leadership styles have positive impact on employee performance Anyago(2015), Liya(2018). Contrary to popular belief, there is no conclusive proof that laissez-faire and autocratic leadership styles have a negative influence on follower performance, and literature indicates that they have both a good and negative impact on employee performance. Among those who have contributed to this work are Abdul B. et al. (2018), Anyago (2015), and Inju (2015). Anyago specifically demonstrated that authoritarian leadership styles had a detrimental long-term negative impact on employee performance.

The literature review revealed that leadership behavior impacts employee performance and it can be observed at organizational level in the form of productivity, effectiveness or service Excellency. Even though there is agreement of on the leadership behaviors impact on follower performance there is difference based on economic sectors, countries, organizational cultures and situations. It is additionally apparent that it is important to investigate in an Ethiopian business context. As a result, the researcher is interested to commence this study to add empirical evidence for the banking service sector and the commercial bank of Ethiopia in particular.

2.5 Theoretical Framework (Model)

Theoretical or conceptual framework shows the critical process in which it is helpful to demonstrate the direction of the study. The leader must actively collaborate with employees to guarantee that all work is completed in line with the principles of the science that has been created. As a result, the leader is responsible for designing work methods based on scientific principles, while workers are accountable for carrying out work and motivating employees. Leadership is, in general, the heart and soul of management in any company. Based on the aforementioned theoretical leadership viewpoint, this study will examine the link between leadership styles and employee performance in Commercial Banks of Ethiopia.

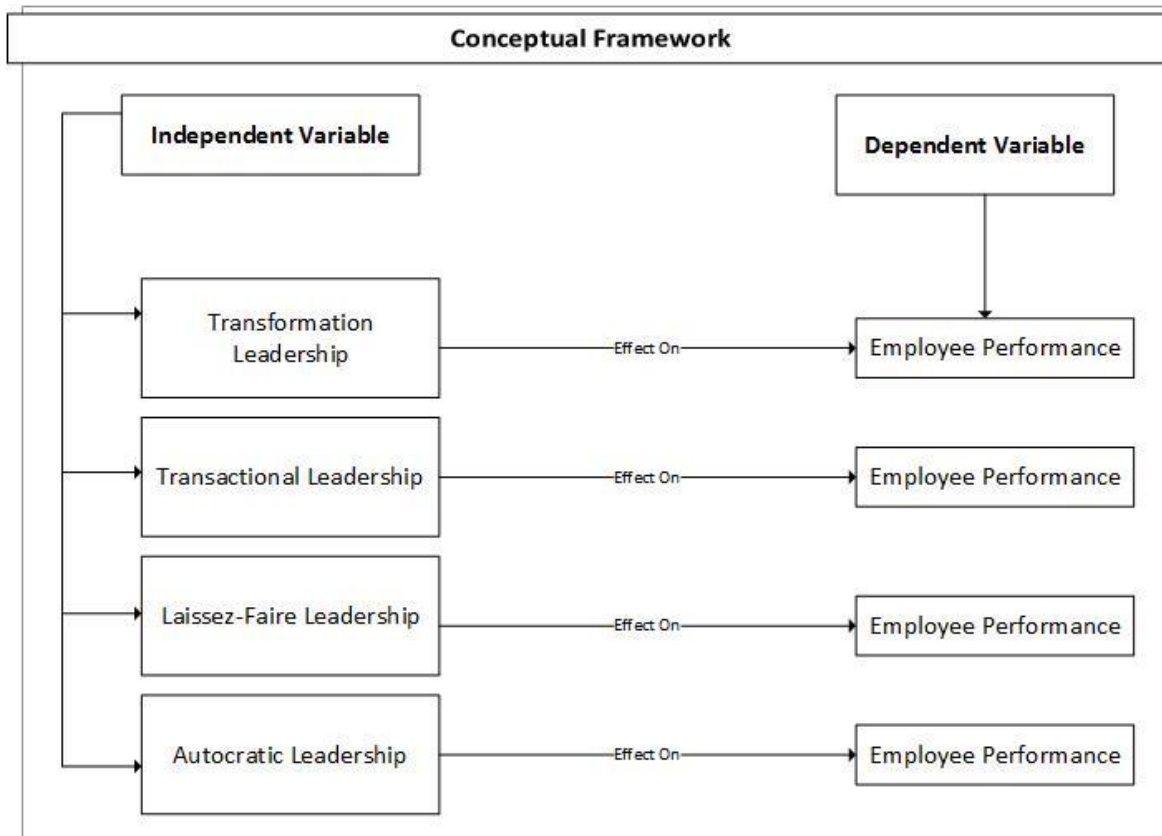


Fig: 2.4.1. Conceptual framework of the research

The influence of the four leadership styles (Laissez-Faire, Autocratic, Transformational, and Transactional) on employee performance at the bank is examined in this study. The survey also looks at the relationship between the leadership approaches and employee performance for the bank. In addition it also looks the magnitude of the relationship in between the variables.

CHAPTER THREE

3. Research Methodology

This chapter mainly consists of research methodology applied for the study specifically, on the research design, target population, sampling design, source of data, data collection methods, reliability and validity of the research, method of data analysis and at the end some ethical issues have been explained. In this study a questionnaires have been used to collect data.

3.1. Research Design

Creswell (2012) describes research design as set of distinguishing features that you can use to collect, analyze, and interpret data using quantitative and qualitative research methodologies. The book adds that research design and approach is a scheme which describes what research approach to follow, the target population, sample size and method, and tools of data collection and analysis used to answer the research questions specified in chapter one research questions section. As per the book, there are three types of research approaches: Quantitative, Qualitative and Mixed method (qualitative and quantitative).

This research project was descriptive and a mixed method of research design, which means qualitative and quantitative data collection techniques and analysis procedures, was applied in the research design. Accordingly, mixed (qualitative and quantitative) approach with a high emphasis on the quantitative approach (questionnaire) was employed.

This research has been carried out in the Commercial Bank of Ethiopia's head office departments in Addis Abeba. A quantitative method to data collection was employed in this project effort, which facilitates in the analysis. The analysis will include both the findings of data collection and the presentation of theory. The data will be evaluated, and hypotheses will be put in place as a result. The study is structured as a cross-sectional survey for the quantitative study, which was utilized to collect relevant and applicable information about the relationship between leadership style and employee performance. The study strategy for this project work comprises of four fundamental steps: selecting the best sample size from the accessible population, selecting the suitable questionnaire, interpreting and analyzing the results.

3.2. Description of the Study Variables

Commercial Bank of Ethiopia head office staffs will be the study population for this research. The research have independent and dependent variable. The independent variables are the leadership styles (Transformational, transactional, laissez faire and autocratic) adopted by leaders of the bank and they will be measured by multi factor questionnaire (MLQ 5X) and the dependent variable is employee performance as measured by customer satisfaction, achievement of organizational goal and team work sprit. Accordingly, the data will be collected from the bank employees residing in head office using structured questionnaire designed for this research.

3.3. Sampling Size design

Population of the study was CBE head office staffs and the researcher selected sample which represents whole population from staff inventory. According to Leary (2004), sample size is the method by which a researcher selects a sample of study participants from a population of interest. List of participants selected from the given population is called sample size. A sample size is a segment of the study's population that is chosen from the whole population in such a manner that any distinct likely sample of the requested size has the same probability of being nominated (Peck, Olsen, & Devore, 2009).

Random or incident sampling technique was used to collect the questionnaire response data from the survey population. Due to time and budgetary constraints, as well as the nature of the population, a sample of 149 workers from various head office departments was chosen using the sample determination technique devised by Carvalho (1984), as mentioned by Elsabet (2016). As a result, nearly 5% of each of the head office personnel is chosen at random while the questionnaire is distributed to each business unit.

Table 3.1: **Sample Size Determination**

Population size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80

501-1200	32	80	125
1201-3200	50	125	200
3201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: Carvalho (1984) as cited on Elsabet (2016)

3.4 Types, sources of data and Research Instruments

Both primary and secondary data sources were used to collect data. During data collection process both data sources were practiced. The research used close ended questionnaire to measure dependent and independent variables. Administration of close ended questionnaire is less costly and distributed to the selected sample simultaneously. In addition it takes less time than any other measuring instruments. To get quantitative data of the leadership styles multifactor leadership questionnaire (MLQ form 5X) were used and to measure dependent variable used employee performance questionnaire.

The questionnaires distributed to the sample population were collected from the respondents, using a Google form, online web based interface, and an email containing a link to the Google form and instructions was sent to be filled by respondents. Respondents open the Google form, fill their responses and submitted their responses. Online surveys are becoming increasingly popular, presumably as a result of their ease, convenience, and low cost of data gathering. The population to which online surveys are dispersed cannot be defined, and respondents with biases may choose themselves into the sample (Andrade, 2020). Upon submission of the questionnaire by respondents summarized result was ready for download and analysis. Then exported data was imported to the data analysis tools (SPSS v.23, MS Excel Sheet) for interpretation and analysis.

3.4.1 Multifactor Leadership Questionnaire (MLQ form 5X)

Researchers can use different instruments to measure possible instruments. Leadership approaches can be instrumented using least preferred coworker (LPC), managerial rid and situational leadership questionnaire. However, because the subscales and items do not focus on differentiation of these behaviors, these instruments cannot evaluate transactional and transformational leadership

approaches. Most of the time above instruments is desirable to measure leadership behaviors for a selected situation (Bass *et al.*, 2003). As a result none of the above instruments were considered appropriate for this project work. Multifactor leadership questionnaire (MLQ form 5X) was used to measure leadership styles practices for this research. Different researchers studied MLQ and have been developed and tested ever since 1985 which result that many versions. Full range of leadership models was formulated for transformational, transactional, laissez-faire and authoritative leadership behaviors.

Participants were chosen at random and asked to rate the extent to which their leader engaged in certain behaviors as evaluated by the MLQ. The MLQ form 5X is self-scoring and contains 30 items, with the exception of elements that measure leadership styles, which are beyond the scope of this study project. Measurement tools would be assessed on a 5-point linkert scale, with 1 being Strongly Disagree and 5 being Strongly Agree. 2= Disagreement 3=Neutral 4= I agree 5=absolutely agree. A high agreement score indicates high application of leadership practices perceived, whereas a high disagreement score indicates low implementation on the scale. Each style of leadership has its own set of scales: transformational leadership (12 instruments), transactional leadership scales (6 instruments), laissez-faire leadership (6 instruments) scales and autocratic leadership (6 instruments).

3.4.2 Employee Performance questionnaire

Employee performance was measured using three dimensions: customer satisfaction (2 instruments), achieve organizational goal (3 instruments) and team work (3 instruments). Each employee performance dimensions had instruments to measure and in total 8 instruments were identified and these statements were graded on a 5-point Linkert scale, with 1 indicating strong disagreement and 2 indicating disagreement. 3=Neutral 4= I agree 5= Absolutely agree.

3.5 Validity and Reliability

The tendency toward consistency found in repeated measurements is referred to as validity. The validity of data was checked in relation to different researches on leadership styles which is

multifactor leadership questionnaire (MLQ) developed by Bass & Avolio (1995) and employee performance practices including the questionnaires. The reliability of quantitative data has been checked by using different methods like Cronbach's alpha reliability test by using SPSS (Statistical Package for the Social Sciences V 23). Conferring the Cronbach's alpha test result indication from 0.7 to 0.8 is considered as good, from 0.8 to 0.9 very good and above 0.9 is considered as more reliable data but doesn't show diversity.

Table 3.2 Cronbach's Alpha (reliability test)

No	Variable	Cronbach's Alpha
1	Transformational leadership	0.92
2	Transactional leadership	0.79
3	Authoritative leadership	0.72
4	Laissez Faire leadership	0.89
5	Customer Satisfaction	0.73
6	Achieve organizational goal	0.71
7	Team work	0.75
8	Employee Performance	0.83

Cronbach's alpha values range from 0.71 to 0.92, as seen in table 3.2. When the value of the alpha coefficient is greater than 0.7, the result for each subscale utilized in the study has shown adequate internal consistency and is therefore trustworthy to measure what was meant to measure.

3.6 Data Analysis Method

The book titled 'Educational Research' written by John W. Creswell describes data analyses as a process converting raw data to meaningful result (knowledge) that consists of breaking down the data into parts to answer the research questions. In the process, quantitative data analysis, you analyze the data using mathematical procedures, called statistics.

Data analysis is the process of coding, classifying and tabulating information required to perform quantitative or qualitative analysis according to the research design and appropriate to the data Mosby (2009). Collected data was examined to detect errors and omissions and to correct these when possible and assigned numerals (Likert scale) to answers that enable to put responses into a limited number of categories. Data analysis for this research was done using descriptive and inferential statistical techniques using Statistical Package for Social Sciences 23 (SPSS) and Microsoft Excel version 2016. Results obtained from the analysis were drawn in graphs and tables as a result based on these findings, tangible conclusions and recommendations are going to be presented.

Frequency tables were used to sum up the respondent's profile in the form of rate of recurrence and percentages (percent), whereas descriptive figures such as average and standard deviation of employees' answers to leadership styles and employee performance scales were analyzed to learn about employee perception of leadership practices and organizational employee performance. To investigate the relationship between leadership style and employee performance correlation and regression analysis was used. The correlation analysis assisted in establishing the shape and degree of the association between leadership style and staff performance in the bank.

3.7 Collection Methods

Both primary and secondary data was used for this research project. The secondary data was collected from various documents, Journals, Articles and internet sources. Primary data was collected by using self-administered structured questionnaire from CBE staffs working in different head office business units. The questionnaire was distributed and administered to the respondents.

3.8 Ethical Issue

To preserve confidentiality of information about the organization and respondents of the questionnaire, ethical consideration was important. Furthermore, the gathered data were only used for this research, not to be used for other aim, or not transferred to third party, to be limited its use between the researcher and the respondents.

CHAPTER FOUR

4. Data Analysis, Presentation and Discussion

This chapter focuses on the presentation and analysis of the data, questionnaire, collected via web based forms called Google forms. Five scale questionnaire was developed and it ranges from one to five; where 1 stands for strongly disagree, 2 stands for disagree, 3 stands for Neutral, 4 stands for agree, 5 represents strongly agree, and. This method of data collection is suitable if respondents have an access to internet and have knowhow of computing skills. The data was downloaded and exported from the application and fed to Microsoft Excel and SPSS 23 for further analysis. The outcomes from the research are mainly presented in the form of frequency, mean and standard deviation table. To analyze the effect of independent variable on dependent variable correlation and regression analysis was applied in addition to the descriptive statistics. For the purpose of the study, 149 questionnaires were disseminated to employees and 140 (94%) questionnaire were collected and valid used for analysis.

4.1 Respondents' Demographic Background

To describe demographic variables response of respondent's descriptive statistics were used respondents. Individual profile of the research participants was analyzed based on their gender status, age level, and highest levels of educational accomplishment and years of organizational experience.

Table 4.1: Respondents' Demographic Background

		Frequency	Percent
Age	21-30	80	57.1
	31-40	56	40
	41-50	4	2.9
	Total	140	100
Gender	Female	32	22.9
	Male	108	77.1
	Total	140	100
Experience in CBE	2-5 Years	56	40

	5-7 Years	20	14.3
	7-10 Years	20	14.3
	Above 10 years	12	8.6
	below 2 years	32	22.9
	Total	140	100
Qualification Level(Highest)	BA/BSC degree	84	60
	Master's Degree	56	40
	Total	140	100

Source: questionnaire data, 2021

As per the above table of general demographic profile of the respondents four characteristics; age, gender, educational status, and experience in the bank have been identified. Describing the demographic characteristics of the respondents helps analysis to be more meaningful for readers.

Therefore results from the above table showed that 149 total respondents in which 140 have responded valid result and have been asked demographic questions, and 108 (77.1 percent) of the participants are male, while the remaining 32 (22.9 percent) are female. Only 22.9% female participation implies that the study organization has lack of gender diversity. Large number of female participants has participated in the study and can be concluded from data above table that most of the respondents are male, though the number of female respondents is significant in the sample and it concluded that proportional sample of both genders participated in the research.

The data of participants were described in table 4.1 above. Put simply, the majority of respondents (80(57.1 percent) were between the ages of 21 and 30; 56(40 percent) were between the ages of 31 and 40; and 4(2.9 percent) were between the ages of 41 and 50. According to the figures above, the majority of respondents who took part in the research were between the ages of 21 and 30.

The respondents' experience was separated into five categories, with less than two years of experience accounting for 22.9 percent (32), two to five years of experience accounting for 40 percent (56), and 5-7 years of experience accounting for 14.3 percent (20). Respondents with 7-10 year experience and more than 10 year experience represent 14.3 percent (20) and 8.6 percent (12) of the experience ranges, respectively. The majority of the employees have prior banking expertise,

which has a beneficial influence on analyzing leadership styles and their impact on employee performance.

Meanwhile, the educational background of the respondents is limited only to Masters MSc/MA and Bachelor degree (BSc/BA). Then respondents with Master’s degree and Bachelor degree are 56(40%) and 84(60%) respectively. All the research respondents have a minimum bachelor degree and this reflects that most respondents were in a position to measure and give reasonable assessment of their personal performance in addition to leadership styles practiced by his/her immediate supervisor. In general demographic characteristic of the respondent’s shows that somewhat almost all of respondents can obviously define evaluate and examine the practice of leadership style of the bank and measure their performance in CBE.

4.2 Transformational Leadership

To determine the respondents' judgment of the extent to which their immediate supervisors use transformational leadership styles, the mean and standard deviation (S.D.) of the 12 statements that measure transformational leadership styles were computed. The statements were graded on a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to 5-strongly agree. Table 4.2 displays the descriptive statistics of the findings.

Table 4.2 Transformational Leadership Statistics

Questions		SD		D		N	A				SA		\bar{x}	SD
		N	%	N	%	N	%	N	%	N	%			
1	The presence of a leader helps people feel good.	5	3.57	8	5.71	28	20.00	64	45.71	35	25.00	3.83	0.99	
2	I have total confidence in my leader	3	2.14	41	29.29	29	20.71	51	36.43	16	11.43	3.26	1.07	
3	I am delighted to be associated with him.	4	2.86	23	16.43	49	35.00	37	26.43	27	19.29	3.43	1.07	
4	My leader explains in simple terms what we want to achieve	15	10.71	21	15.00	33	23.57	47	33.57	24	17.14	3.31	1.23	
5	my boss provides attractive visuals of what we intend to do.	4	2.86	35	25.00	31	22.14	45	32.14	25	17.86	3.37	1.13	
6	Leader helps me to discover meaning in my work	2	1.43	30	21.43	32	22.86	52	37.14	24	17.14	3.47	1.06	
7	Leader inspires people to think about and solve old	0	0.00	35	25.00	44	31.43	41	29.29	20	14.29	3.33	1.01	

	issues in novel ways.												
8	The leader provides people with better ways to look at challenging situations.	3	2.14	48	34.29	44	31.43	25	17.86	20	14.29	3.08	1.09
9	The leader persuades people to reconsider ideas they had never explored before.	16	11.43	32	22.86	32	22.86	48	34.29	12	8.57	3.06	1.17
10	Leader helps others develop and make difference themselves	4	2.86	28	20.00	32	22.86	56	40.00	20	14.29	3.43	1.05
11	Leader lets others how he/she think we are doing	0	0.00	21	15.00	37	26.43	61	43.57	21	15.00	3.59	0.92
12	Leader gives individual consideration who believe rejected	3	2.14	36	25.71	49	35.00	32	22.86	20	14.29	3.21	1.05
Average												3.36	1.07

N=frequency, \bar{x} =Mean, SD=standard deviation

The first question asked to assess transformational leadership was if the leader makes others feel great to be around him and Then 5.7% of the research participants response was disagreed, 45.7% agreed, 3.5% strongly disagreed, 25% agreed and the rest 20% uncertain about that. The question that requests participants to rate their agreement concerning the degree to which the research participants full confidence in their leader and 2.1% of the study participants had rate their response as strongly disagreed, 29.3 percent of participants disagreed, 20.7 percent of research participants rated neutral, 36.2 percent of study participants agreed, and the remaining 11.4 percent of sample participants ranked their agreement as highly agreed. As described in the same chart above, study respondents were asked to assess their level of agreement with the statement "I am pleased to be associated with my boss," and 2.9 percent of workers ranked their level of disagreement as "strongly disagreed", 16.4% of the research respondents selected disagreed response, 35% of participants have not decided and remained neutral, 26.4% of the respondents rated their agreement to the statement and the remaining 19.3% of the participants of the research have strongly agreed.

Questions four to six were designed to measure the level of inspirational motivation supervisors practice as a result, respondents were requested to rate the question My leader communicates in simple words what we plan and ought to do and 10.7% of the sample participants rate their level of disagreement with the statement and selected strongly disagreed, 15% of the respondents rated their level of disagreement and selected disagreed, 23.6% of the respondents have not decided yet and their response was neutral, 33.6% of the study participants showed their agreement by rating agreed

and the rest 17.1% of the respondents had rated their level of agreement by choosing strongly agreed. Respondents were also requested to rate the question my boss gives appealing images what we are going to do as a result 2.8% of the employees had rated their disagreement by choosing strongly disagreed to the statement, plus 25% of employees chosen disagreed and rated their disagreement with the statement, 22.1% of employees not decided yet and rated their response as neutral, 32.1% of employees who participated in the study have agreed and the remaining 17.8% of the participants had strongly agreed. In addition study participants were requested to rate the question my supervisor helps me find meaning in my work as a result 1.4% of employees in the sample rate their level of disagreement by selecting strongly disagreed, 21.4% of the respondents have disagreed, 22.9% of the respondents have remained to be neutral, 37.1% of the respondents have agreed and the remaining 17.1% of the respondents have strongly agreed.

Questions six to nine were designed to measure the level of intellectual stimulation supervisors practice as a result, respondents were requested to rate the question leader helps others develop and make employees to solve problems themselves therefore 25% participants of the research rated their response was disagreed, 31.4% employee had not decided and rated neutral, 29.3% of the sample employees have agreed and the remaining 14.3% of the participants of the research had strongly agreed. Again research participants asked to rate the question my leader helps others to develop and make difference themselves then 2.1% participants had strongly disagreed, 34.3% of the followers showed their disagreement by rating their response disagreed, followers who had not yet decided and rated neutral accounts 31.4%, employee who agreed account 17.9% of the total respondents and the leftover 14.3% of the study participants showed their agreement by rating strongly agreed. Similarly followers were asked to rate the question leader gets others to reconsider thoughts that they had never addressed some time recently and strongly disagreed were rated by 11.4% of the employees and 22.9% of employees disagree by selecting disagreed, 22.9% of the followers have remained to be neutral, 34.3% of the sample participants have agreed and the rest employees 8.6% had rated their response strongly agreed.

Finally questions ten to twelve were designed to measure the level of intellectual stimulation supervisors practice as a result, respondents were requested to rate the question our leader assists coworkers improve themselves then employees who showed strong disagreement totals 2.9% sample

employees and 20% disagreed employees, employees who selected neutral accounts for 22.9%, 40% of the followers have agreed and rest of employees strongly agreed account 14.3%. Similarly employees were requested to rate the question leader allows others know how he/she think employees are performing and no respondents rated their strong disagreement and 15% of the sample employees rated disagreed, 26.43% of sample employees not decided and remain neutral, 43.6% of the sample participants have rated agreed and the leftover 15% employees showed their agreement strongly. Employees were also requested to respond the question my leader gives individualized consideration to others who feel abandoned then 2.1% of the sample employees had strongly disagreed rating and 25.7% rated their disagreement, from the sample 35% rated neutral, 22.8% of the employees agreed rating besides the rest 14.3% of the study participants rate strongly agreed.

To generalize, the mean score for the transformational leadership questionnaire was ($x=3.36$), indicating that respondents agreed with this interpretation of the Likert scale (Scott, 1999). Overall, the results reveal that transformational leadership style has an overall mean score of 3.36 and a standard deviation of 1.07, indicating that transformational leadership managers at the bank have adapted the behaviors. From the statistics it is vital to note that the mean value is above midpoint. The statistics certainly showed that leaders, managers and supervisors at commercial bank of Ethiopia practice transformational leadership to some extent.

4.3 Transactional Leadership

Presents the mean and standard deviation from respondents' assessment of whether their immediate supervisors practiced transactional leadership style. The mean and standard deviation (S.D.) of the 6 instruments that measure transactional leadership styles were computed. The statements were graded on a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to 5-strongly agree. Table 4.3 displays the descriptive statistics of the findings.

Table 4.3 **Transactional Leadership statistics**

Questions	SD		D		N		A		SA		\bar{x}	SD
	N	%	N	%	N	%	N	%	N	%		

1	My boss instructs others on what they must accomplish in order to be rewarded for their efforts.	7	5.00	37	26.43	47	33.57	29	20.71	20	14.29	3.13	1.11
2	When others achieve their goals, our leader recognizes and honors them.	9	6.43	39	27.86	25	17.86	42	30.00	25	17.86	3.25	1.22
3	The leader draws attention to what others can gain as a result of their accomplishment.	0	0.00	32	22.86	48	34.29	32	22.86	28	20.00	3.40	1.05
4	My manager is always delighted when team members fulfill agreed-upon criteria.	1	0.71	7	5.00	20	14.29	65	46.43	47	33.57	4.07	0.86
5	My leader makes no changes as long as things are operating properly.	0	0.00	22	15.71	38	27.14	59	42.14	21	15.00	3.56	0.93
6	The leader informs us of the milestones we must meet in order to complete our task.	2	1.43	34	24.29	33	23.57	45	32.14	26	18.57	3.42	1.09
												3.47	1.05

N=frequency, \bar{x} =Mean, SD=standard deviation

The first question asked to assess the leadership practice was my supervisor should tell to employees to be rewarded for their assignment, Then 5% of the respondents' response was strongly disagreed, 26.4% disagreed, 33.6% neutral, 20.71% agreed and the rest 14.3 % strongly agreed. For the second question when employees achieve their targeted goal and the leader recognizes them and 6.4% of the sample employee's response was strongly disagreed, 27.9% disagreed, 17.9% neutral, 30% agreed and the rest 17.8 % strongly agreed. For the third question leader gives attention to employees for their accomplishment then there were no respondent's response for strongly disagreed, 22.9% disagreed, 34.3% neutral, 22.9% agreed and the rest 20 % strongly agreed. Three of the above questions measure contingent reward and over all mean is above three.

Meanwhile questions four to six measured management by exception and respondents were asked and their response for when agreed goals achieved my leader always satisfies then 0.7% of the

sample response was strongly disagreed, 5% disagreed, 14.3% neutral, 46.4% agreed and the rest 33.6 % strongly agreed. For the fifth question manager does not attempt any modification anything as long as everything is fine then no respondents rated strongly disagreed, 15.7% disagreed, 27.1% neutral, 42.1% agreed and the rest 15% strongly agreed. For the sixth question there are known standards our leader tell us we should follow to perform our assignment then were 1.4% of respondents respond for strongly disagreed, 24.3% disagreed, 23.6% neutral, 32.1% agreed and the rest 18.6 % strongly agreed. Three of the above questions measure management by exception and their mean value are above three.

The overall mean is 3.47, with a standard deviation of 1.05, in reality; the mean score is more than the middle point. This result shows that transactional leadership applied by CBE supervisors.

4.4 Authoritative leadership

Using six statements, the descriptive findings show the mean and standard deviation of the respondent's evaluation of the existence of Authoritarian leadership style among their immediate supervisors.

Table 4.4 Authoritative Leadership statistics

Questions		S. Disagree		Disagree		Neutral		Agree		S. Agree			
		N	%	N	%	N	%	N	%	N	%	\bar{x}	SD
1	Leaders think that followers must be closely supervised since they are unlikely to complete their assignments on their own.	5	3.57	29	20.71	51	36.43	34	24.29	21	15.00	3.26	1.06
2	Employees must often be compensated or penalized in order to motivate them to fulfill corporate goals as a rule	7	5.00	40	28.57	47	33.57	29	20.71	17	12.14	3.06	1.09
3	Employees appear to be hesitant to work without direct supervision.	15	10.71	36	25.71	41	29.29	39	27.86	9	6.43	2.94	1.11
4	My boss is the ultimate judge of employee performance.	3	2.14	32	22.86	56	40.00	37	26.43	12	8.57	3.16	0.95
5	Procedure clarification and work order are	4	2.86	21	15.00	27	19.29	55	39.29	33	23.57	3.66	1.08

	given by supervisor												
6	The leader considers that most workers in general staff are lazy.	15	10.71	36	25.71	45	32.14	28	20.00	16	11.43	2.96	1.16
Average												3.17	1.08

S. Disagree =Strongly Disagree, SA=strongly agree n= Frequency \bar{x} = Mean SD= Standard deviation

The statement that leaders assume their followers must be closely monitored because they are unlikely to complete their tasks on their own elicited 3.6 percent of respondents strongly disagreeing, 20.7 percent disagreeing, 36.4 percent neutral, 24.3 percent agreeing, and the remaining 15% strongly agreeing. In response to the second question, employees must be given payments or penalties as a rule in order to inspire them to meet organizational objectives, 5 percent of respondents strongly disagreed, 28.6 percent disagreed, 33.6 percent neutral, 20.7 percent agreed, and the remaining 12.1 percent strongly agreed. For the question Employees seem not confident to work without direction from supervisor and then were 10.7% respondents' response for strongly disagreed, 25.7% disagreed, 29.3% neutral, 27.9% agreed and the rest 6.4 % strongly agreed. For the fourth question my manager is the chief judge of the accomplishment of workers. Then there were 2.1 percent who severely disagreed, 22.9 percent who disagreed, 40 percent who were neutral, 26.4 percent who agreed, and the remaining 8.6 percent who strongly agreed. In response to the fifth question, Procedure clarification and work order are issued by supervisor, 2.9 percent of respondents strongly disagreed, 15% disagreed, 19.3 percent neutral, 39.3 percent agreed, and the remaining 23.6 percent highly agreed. Finally, for the sixth question, the leader considers that most workers in the general staff are lazy. And 10.7 percent of respondents strongly disagreed, 25.7 percent opposed, 32.1 percent neutral, 20 percent agreed, and the remaining 11.4 percent highly agreed.

The mean findings on authoritative leadership are 3.17. The findings indicated that it was higher than the midpoint, which may be taken as leaders at CBE exercising in authoritarian leadership.

4.5 Laissez Faire leadership

The mean and standard deviation of respondents' ratings of their immediate supervisors' laissez faire leadership style are shown. The mean and standard deviation (S.D.) of the six measures used to assess laissez faire leadership styles have been calculated. On a scale of 1-strongly disagree to 2-

disagree to 3-neutral to 4-agree to 5-strongly agree, the statements were assessed. The descriptive statistics of the findings are shown in Table 4.5.

Table 4.5 Laissez Faire Leadership Statistics

Questions		S. Disagree		Disagree		Neutral		Agree		SA		\bar{x}	SD
		N	%	N	%	N	%	N	%	N	%		
1	My leader give me freedom to work on my problems on my own in difficult situations	6	4.29	23	16.43	23	16.43	70	50.00	18	12.86	3.51	1.05
2	Leader stays out of my way as I complete my task.	10	7.14	14	10.00	44	31.43	60	42.86	12	8.57	3.36	1.02
3	By regulation, the leader allows me to evaluate my own job.	15	10.71	17	12.14	37	26.43	63	45.00	8	5.71	3.23	1.09
4	The leader gives me complete authority to handle problems on my own.	4	2.86	29	20.71	19	13.57	63	45.00	25	17.86	3.54	1.10
5	In most cases, I want little input from the leader.	0	0.00	12	8.57	27	19.29	69	49.29	32	22.86	3.86	0.87
6	In general my leader believes it's best to leave followers alone.	0	0.00	29	20.71	64	45.71	39	27.86	8	5.71	3.19	0.83
Average											3.45	0.99	

S. Disagree =Strongly Disagree, SA=strongly agree N= Frequency \bar{x} = Mean SD= Standard deviation

As stated in the preceding table when my boss gave me the flexibility to work on my problems on my own in tough conditions, 4.3 percent of the respondents strongly disagreed, 16.4 percent disagreed, 16.4 percent neutral, 50 percent agreed, and the remaining 12.9 percent highly agreed. For the second question Leader remains out of the way as I do my assignment then 7.1% respondents' response was strongly disagreed, 10% disagreed, 31.4% neutral, 42.8% agreed and the rest 8.6% strongly agreed. For the question by rule leader give me freedom to measure my own work and then were 10.7% respondents' response for strongly disagreed, 12.1% disagreed, 26.4% neutral, 45% agreed and the rest 5.7 % strongly agreed. For the fourth question leader gives me full freedom to solve problems myself and then were 2.9% respondents' response for strongly disagreed, 20.7% disagreed, 13.6% neutral, 45% agreed and the rest 17.9 % strongly agreed. For the fifth question In general my leader believes it's best to leave followers alone. And then were no respondents' response for strongly disagreed, 8.6% disagreed, 19.3% neutral, 49.3% agreed and the rest 22.9 % strongly agreed. Finally for the sixth question I prefer minimum input from leader in most

circumstances and then there were no respondents' response for strongly disagreed, 20.7% disagreed, 45.7% neutral, 27.9% agreed and the rest 5.7% strongly agreed.

The total mean and standard deviation for laissez faire leadership are 3.45 and 0.99, respectively, suggesting that certain CBE leaders and managers employ the laissez faire leadership style.

4.6 Descriptive Analysis: Customer Satisfaction

Customer satisfaction (self-rated) was captured by two statements and employees measure their performance. The mean and standard deviation of the two measures used to assess customer satisfaction. On a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to 5-strongly agree, the statements were assessed.

Table 4.6 Statistics on customer satisfaction

Questions		S. Disagree		Disagree		Neutral		Agree		SA		\bar{x}	SD
		N	%	N	%	N	%	N	%	N	%		
1	After getting service customers give positive feedback	0	0.00	12	8.57	44	31.43	56	40.00	28	20.00	3.71	0.88
2	The service delivery processes takes short time	8	5.71	37	26.43	41	29.29	38	27.14	16	11.43	3.12	1.10
Average											3.42	0.99	

S. Disagree =Strongly Disagree, SA=strongly agree N= Frequency \bar{x} = Mean SD= Standard deviation

Respondents were asked to rate their level of agreement on the customer satisfaction practice with respect to leadership behavior in CBE, as stated in the table above, and two statements determining customer satisfaction were presented to the sample employees. To begin with the statement that asked after getting service customers give positive feedback have strongly disagreed, 8.6% disagreed 31.4% from the sample employees not decided and rated neutral, With a cumulative mean value of 3.71 and a standard deviation of 0.88, 40% of research participants indicate their agreement by rating agreeable, while the remaining 20% rate strongly agreed. Similarly, for the second instrument, study participants were asked if their service delivery processes took a short time. As a result, 5.7 percent of the sample strongly disagreed, 26.3 percent disagreed, 29.3 percent employees rated neutral, 27.4 percent agreed, and 11.4% strongly agreed, and the instrument had a mean value of 3.1 and a standard deviation of 1.1.

Over all mean and standard deviation for employee customer satisfaction is 3.42 and is 0.99 respectively and this follows that employees of CBE exercised customer satisfaction behaviors.

4.7 Descriptive Analysis: Organizational goal achievement

Three measures were used to measure organizational goal accomplishment (self-reported), and employees appraised their own performance. The mean and standard deviation of the three variables used at CBE to measure organizational achievement of goals. On a scale of 1-strongly disagree to 2-disagree to 3-neutral to 4-agree to 5-strongly agree, the statements were assessed.

Table 4.7 Organizational goal achievement statistics

Questions		SD		Disagree		Neutral		Agree		SA		\bar{x}	SD
		N	%	N	%	N	%	N	%	N	%		
1	My skills are always updated	5	3.57	11	7.86	30	21.43	58	41.43	36	25.71	3.78	1.03
2	I actively take part in trainings and meetings	0	0.00	17	12.14	47	33.57	33	23.57	43	30.71	3.73	1.03
3	I can perform my assignment well with less time and energy	4	2.86	11	7.86	37	26.43	59	42.14	29	20.71	3.70	0.98
Average												3.74	1.01

S. Disagree =Strongly Disagree, SA=strongly agree N= Frequency \bar{x} = Mean SD= Standard deviation

Table above table showed average mean and standard deviation of organizational goal achievement instruments of sample employee's statistics of CBE. Employees were requested to rate their level of agreement. For the first statement my skills are always updated as a result 3.5% of research participants show their disagreement by rating strongly disagreed, 7.9% responses disagreed, 21.4% of the study participants not decided and rate neutral, 41.4 percent of sample employees agreed, while the remaining 25.7 percent strongly agreed, with a total mean value of 3.78 and a standard deviation of 1.03. Similarly, for the second instrument, which asked if I actively participate in trainings and meetings, no respondents rated strongly disagreed, 12.1 percent disagreed, 33.6 percent remained neutral, 23.6 percent agreed, and 30.7 percent of participants responded strongly to the statement with an average value of 3.7 and a standard deviation of 1.03. finally for the third question that required the study participants' I can perform my assignment well with less time and energy 2.9% of the respondents responded strongly disagreed, 7.9% disagreed response, 26.4% of

employees not yet decided and rate their response as neutral, 42.1% employees agreed, With an average score of 3.7 and a standard deviation of 0.98, 20.7 percent of the research participants' workers evaluated the instrument as highly agreed.

Finally all mean and standard deviation for employee achieve organizational goal is 3.42 and is 1.01 respectively, this follows that employees of CBE exercised achieve organizational goal practices to some extent.

4.8 Descriptive Analysis: Team Work

Employee performance was measured via three components one of the measurement is team work performance. Selected employee were asked to measure their respective team work performance (self-rating) via three instruments and mean and standard deviation was used to analyze the descriptive result.

Table 4.8 Team work goal statistics

Q		SD		Disagree		Neutral		Agree		SA		\bar{x}	SD
		N	%	N	%	N	%	N	%	N	%		
1	There is habit of working in team in my work unit	5	3.57	15	10.71	24	17.14	53	37.86	43	30.71	3.81	1.10
2	My leader is team worker	11	7.86	13	9.29	48	34.29	39	27.86	29	20.71	3.44	1.15
3	To build team spirit my leader gives mandatory support	9	6.43	39	27.86	40	28.57	29	20.71	23	16.43	3.13	1.18
Average												3.46	1.14

S. Disagree =Strongly Disagree, SA=strongly agree N= Frequency \bar{x} = Mean SD= Standard deviation

As presented in the above table employee's team work spirit was assessed by three items, the first question asked to assess team work spirit was there is teamwork in my department. Then 3.6% of the respondents' response was strongly disagreed, 10.7% disagreed, 17.2% remain neutral, 37.9% agreed and the rest 30.8% strongly agreed. A statement requiring respondents' is my supervisor is a team player and 7.8% employees disagreed strongly responded, 9.3% employees rated disagreed, 34.3% employees rates neutral, 27.9% employees agreed with instrument and 20.7% of the respondents have strongly agreed. Employees also requested degree of agreement to the statement to build team spirit my leader gives mandatory support and 6.4 percent of employees severely

disagreed, 27.9 percent of participants disagreed, 28.6 percent of employees did not decide and stayed neutral, 20.7 percent of respondents agreed, and 16.1 percent of respondents strongly agreed.

The final average value and standard deviation for the team work spirit instrument are 3.46 and 1.14, respectively. In fact, it is crucial to note that the mean score was above the midpoint, and these statistics unmistakably demonstrated that employees at the Commercial Bank of Ethiopia have a teamwork spirit in order to accomplish organizational success.

4.9 Descriptive result summary

The descriptive statistics were summarized it to one table for all the independent and dependent variables discussed in the previous topics. The summary contains mean and standard deviation of the four leadership styles and three metrics of the employee performance.

Table 4.9: summary of descriptive statistics

	<i>Transfor mational</i>	<i>Transactional</i>	<i>Laisse z fair</i>	<i>Authoritat ive</i>	<i>Customer Satisfaction</i>	<i>Achieve organizational goal</i>	<i>Team work</i>
<i>N(valid)</i>	140	140	140	140	140	140	140
<i>Mean</i>	3.36	3.47	3.17	3.45	3.71	3.74	3.46
<i>SD</i>	1.07	1.05	1.08	0.99	0.88	1.01	1.14

N=valid Sample, SD=standard deviation

Average mean and standard deviation data for each instrument are included in the summary table above (average of questions in each construct). Therefore transformational leadership behaviors has an average of 3.36 and a standard deviation of 1.07 and transactional behavior practices scored mean value of 3.47 and a standard deviation of 1.05, Authoritative leadership practice has a mean score of 3.45 and a standard deviation of 0.99, whereas laissez faire behavior has a mean score of 3.17 and a standard deviation of 1.08. Customer satisfaction components have an average mean of 3.71 and a

standard deviation of 0.88, whereas organizational goal attainment has a mean of 3.74 and a standard deviation of 1.01, and staff teamwork spirit has a mean of 3.46 and a standard deviation of 1.14.

Commencing the summary above all leadership styles had mean above the average as a result four of the selected leadership styles was practiced to some extent. Laissez fair leadership style is least practiced and transactional leadership style is mostly exercised. Three of the employee performance metrics are practiced with slight difference in between them.

4.10 Correlation Analysis

The linear link between two or more variables is measured via correlation. A correlation coefficient has a value between -1 and 1. Values closer to the absolute value of 1 suggest a strong link between the variables being correlated, whilst values closer to 0 indicate a weak or non-existent linear relationship. The link between the three leadership styles (transformational, transactional, and laissez-faire) and employee performance is depicted in Table-4.10. A 2-tailed Pearson correlation analysis was done to examine the correlation. At the 0.05 and 0.01 significance levels, the association is significant (2-tailed).

Table 4.10 Pearson correlation relationship result

		Transformational	Transactional	Authoritative	Laissez Fair	Customer Satisfaction	Achieve Organizational Goal	Team Work	Employee Performance Score
Transformational	Pearson Correlation	1	.456**	-.104	.450**	.388**	.341**	.523**	.508**
	Sig. (2-tailed)		.000	.220	.000	.000	.000	.000	.000
	N	140	140	140	140	140	140	140	140
Transactional	Pearson Correlation	.456**	1	-.075	.173*	.318**	.525**	.449**	.631**
	Sig. (2-tailed)	.000		.379	.041	.000	.000	.000	.000
	N	140	140	140	140	140	140	140	140
Authoritative	Pearson Correlation	-.104	-.075	1	.034	-.140	.023	-.038	-.039

	Sig. (2-tailed)	.220	.379		.688	.099	.784	.656	.644
	N	140	140	140	140	140	140	140	140
Laissez Fair	Pearson Correlation	.450**	.173*	.034	1	.366**	.295**	.736**	.360**
	Sig. (2-tailed)	.000	.041	.688		.000	.000	.000	.000
	N	140	140	140	140	140	140	140	140
Customer Satisfaction	Pearson Correlation	.388**	.318**	-.140	.366**	1	.383**	.780**	.685**
	Sig. (2-tailed)	.000	.000	.099	.000		.000	.000	.000
	N	140	140	140	140	140	140	140	140
Org goal achievement	Pearson Correlation	.341**	.525**	.023	.295**	.383**	1	.739**	.856**
	Sig. (2-tailed)	.000	.000	.784	.000	.000		.000	.000
	N	140	140	140	140	140	140	140	140
Team Work	Pearson Correlation	.523**	.449**	-.038	.736**	.780**	.739**	1	.841**
	Sig. (2-tailed)	.000	.000	.656	.000	.000	.000		.000
	N	140	140	140	140	140	140	140	140
Employee Performance Score	Pearson Correlation	.508**	.631**	-.039	.360**	.685**	.856**	.841**	1
	Sig. (2-tailed)	.000	.000	.644	.000	.000	.000	.000	
	N	140	140	140	140	140	140	140	140

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

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

In a summary as shown in the above table outcomes there is significant positive correlation between transformational leadership behavior and subordinate performance in the bank, and weak positive correlations with customer satisfaction and achieve organizational goal but there is moderate correlation between transformational leadership and team work. Similarly the correlation between transformational leadership and employee performance is moderate. Similarly transactional leadership behavior had significant positive correlations with employee performance score in the

bank though the correlation coefficient is moderate. Both instruments, team work and achieve organizational goal had moderate correlation with transformational leadership behavior but it had weak correlation with customer satisfaction. In contrast to the above findings, authoritative leadership behavior revealed an insignificant negative relationship across all subordinate performance instruments, whereas laissez faire revealed a weak positive relationship with subordinate performance and its measuring instruments, namely client satisfaction and organizational goal achievement, but teamwork spirit revealed a strong positive relationship with laissez faire. From the correlation result it can be induced transactional leadership is highly correlated with employee performance.

4.11 Regression analysis

Regression analysis was applied to predict the impact of control variables (leadership approaches) on controlling (dependent) variables which is performance employee and understand how much dependent variables are affected upon change in behavior of independent instruments. The results are reported in tables 4.11 below, and the model is invoked, with the item of importance being the adjusted R2statistics, which is.472. This advocate's leadership styles contribute for 47.2 percent of the difference in employee performance.

Table 4.11: Model Summary for Regression Analysis

Model	R	R Square	Adjusted R Square	Estimation Standard Error
1	.698 ^a	.487	.472	.519484

a. Predictors: (Constant), Laissez Fair, Authoritative, Transactional , transformational
 From the regression analysis R2 is .487 which is moderate according to Chin (1998) recommendations, R2 values for endogenous latent variables based on: 0.67 (substantial), 0.33 (moderate), 0.19 (weak). The R value is 0.698 which is in the accepted scientific range.

Table 4.12 Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1	(Constant)	.667	.295		2.257	.026
	Transformational	.169	.067	.193	2.509	.013
	Transactional	.503	.068	.512	7.390	.000
	Authoritative	.009	.045	.013	.207	.836
	Laissez Fair	.162	.061	.184	2.649	.009

a. Dependent Variable: Employee Performance Score

From the above coefficient table value for transactional leadership was .512. This means that all things are equal and other factors keeping same 100% behavioral change in transactional leadership practices will lead to 51.2% growth in subordinate performance in the bank. The result was statistically significant ($0.00 < 0.05$), indicating that the controlling instrument transactional leadership has a substantial impact on the prediction of employee performance in the bank. Similarly transformational leadership coefficient value was 0.193 as a result significantly predicts employee performance positively ($0.013 < 0.05$) and employee performance would increase by 19.3% keeping other variables constant. Laissez fair coefficient value was 0.184, which means all variable being constant employee performance, would increase by 18.4% upon 100% improvement in quality of laissez faire leadership and it was statistically significant ($0.009 < 0.05$). Further authoritative leadership styles insignificantly predict employees' performance positively.

From the regression analysis transactional leadership affects employee performance greatly compared to the other leadership styles. The result is consistent with the second hypothesis "transactional leadership style affects employee performance positively". Secondly transformational leadership behaviors affect employee performance significantly and positively the result confirms the first hypothesis "transformational leadership style affects employee performance positively". The result for both leadership styles conform to previous researches as described in the literature review. Thirdly the study found that laissez fair leadership style impacts employee performance positively and confirms fourth hypothesis "employee performance is affected by laissez fair leadership style positively". The study result is supports previous literatures though previous literature findings are inconsistent as described in the literature review. In the literature the result varies between positive and negative relationship.

Lastly, the research result also showed that authoritative leadership style impacts employee performance positively though the relationship is insignificant which disproves third hypothesis “employee performance is affected by autocratic leadership style positively”. The result is consistent with previous research findings.

To summarize the findings, the descriptive statistics result helps to identify level of leadership style practices in the bank measured by employee’s perception on their immediate supervisors. All the selected leadership styles were practiced in the bank to some extent and had mean value above the midpoint (minimum 3.17 and maximum 3.47). As a result, transactional leadership styles are often used by supervisors, whereas laissez-faire leadership styles are the least used in the bank. The descriptive data revealed that transactional leadership styles are commonly used, as witnessed the bank and its employees agree on objectives and performance criteria, and as a consequence, individuals are rewarded or degraded based on their team performance. Leaders and employees agree on annually and quarterly targets and a performance management system is implemented, with annual incentives given.

The statistics for employee performance metrics had mean value above midpoint for each instrument. Organizational goal achievement had the highest average score of 3.74 and 3.46 average value for the team work measurement of employee performance which is lowest. The result showed that team work spirit is less practiced compared to the other two employee performance measurements. The bank should work to enhance the willingness of employee for team work.

From the regression analysis above transactional and Transformational have positive relationship with employee performance therefore first hypothesis and second hypothesis was supported by the research findings. The research findings for both transactional and transformational leadership styles are consistent with previous studies evaluated in the literature review, proving the first and second hypotheses. The findings of transactional leadership were consistent with the majority of the findings of prior research discussed in chapter two. See, for example, Tariku and et al (2020) and Getu et al (2019) for a sample of workers in the Ethiopian banking industry, Aishat and et al (2015) for a sample of bank managers and employees in Nigeria, and Marjorie and Mutri (2017) for a sample of Microfinance and employees in Nairobi Kenya. Similarly, the results of the transformational

leadership style were consistent with the majority of the prior study findings discussed in chapter two. The findings are consistent with previous studies such as Bass and Avalio (1994), Bahu and Jyoti (2015) on sample workers, Yitawek(2020) on the influence of transformational leadership on employee motivation, and Aishat and et al (2015) on bank managers and employees in Nigeria.

Likewise, the results of laissez-faire leadership behavior demonstrated a link with follower performance, proving the fourth hypothesis. Woinishet (2019) on sample non-governmental employees in Ethiopia, and as evaluated in the literature, there is no agreed-upon outcome, like Abdul B and et al (2018) and Anyago (2015) on sample employees in the Bank of Africa in Kenya. Prior study has not shown convincing results on whether laissez-faire has a good or bad influence on follower performance. As a result, the findings of this study provide only shaky support for earlier studies that found a negative connection. In contrast to other leadership characteristics, authoritative leadership has a negligible influence on follower performance; hence, the research findings refute the third hypothesis, which claims that autocratic leadership style has a favorable effect on employee performance in the bank. Despite the fact that the results of prior study assessed in the literature are well-known, the results are compatible with previous studies carried out by Joseph (2018) und Anyago (2015) on sampled employees in the bank of Africa Nairobi kenya.

Chapter FIVE

5. Summary, Conclusions and Recommendations

The primary goal of this research study, as stated in chapter one, was to evaluate the practice of leadership behaviors and employee performance in commercial bank Ethiopia and to analyze the relationship between four selected leadership styles (transformational, transactional, authoritative, and laissez-faire) and employee performance. This includes examining the current leadership styles practiced by immediate supervisors, self-measurement of employee performance using descriptive statistics and Pearson correlation to measure the relationship between leadership styles and employee performance. Questionnaire data collection method was adopted and sample of 149 employees taken randomly from the study population 2900 staffs of the bank head office departments, at Addis Ababa. 140 valid responses were used for analysis.

Statistical Package for Social Sciences (SPSS version 23) and Microsoft excel 2016 was used to interpret the descriptive statistics of dependent and independent variables. Pearson correlation and regression analysis was applied to analyze the relationship between leadership behavior and follower performance. Now the last topic of the research which presents the summary, conclusion, recommendations and limitation for study organization has been presented hereafter.

5.2 Summary of findings

According to the study, the majorities of study participants were male, first-degree graduates with two to five years of experience in CBE, and aged 21 to 30 years. The findings shows that four of the selected leadership styles (transformational, transactional, authoritative and laissez fair) were practiced to some extent by supervisors in the bank. Though the difference is small transformational and authoritative are highly practiced. Three of the employee performance parameters which are customer satisfaction, achieve organizational goal and team work were practiced to some extent above the mid-level.

As the study, result has revealed transactional leadership styles had the highest positively correlated with each measurement of employee performance and overall performance score in commercial bank of Ethiopia. Transformational leadership is positively correlated with all the three measures of employee performance and overall performance score. The result found that transactional leadership

positively related with all three instruments of staff performance as well as organizational performance. Similarly laissez-faire leadership style significantly positively correlated with measures of employee performance and overall employee performance score. Authoritative leadership style had negatively insignificant relationship with employee performance measures and overall performance score.

5.3 Conclusions

Transactional, transformational and laissez-faire leadership styles had positive relationship with employee performance, while authoritative leadership negative relationship with performance. Leadership style has greater influence on employee performance to feel employees confident and motivated in doing their job and making individual and group decisions.

From the research discoveries it can be decided that managers or leaders who are motivated by the wish to achieve better performance from his/her followers should attempt to exercise more of transactional, transformational and laissez-faire leadership behavior respectively and avoid authoritative leadership style. Organizations should pay attention on supervisor's leadership approach and shape it accordingly.

5.4 Recommendation

The bank's upper management expects both employees and supervisors to meet business objectives and operate in accordance with agreed-upon performance criteria. The study's findings provide a thorough perspective of employees' supervisors' leadership styles, as well as the leadership that influences employee performance. The study's findings might be beneficial in developing organizational strategy and meeting the leadership abilities, behaviors, and knowledge necessary to satisfy organizational needs.

According to the findings of the study, certain leadership styles should be used by supervisors in order to increase employee performance. The adoption of transactional leadership behavior by supervisors leads to improved staff performance in the bank. Managers should pay attention to the requirements of their followers, and employees should be rewarded or penalized based on their performance achievements. Employees and managers should agree on performance goals in advance. Employee performance should be measured using measures that measure customer satisfaction, teamwork, and achievement of corporate goals.

Supervisor's practicing transformational leadership style will increase employee performance and bank management should support/train supervisors to adopt this leadership styles. Supervisors should encourage followers to have their own vision in addition to the supervisor and organization vision. Followers desire idealized qualities of leadership behaviors from their supervisor since it can enhance employee performance level. Supervisors should work to get faith from its subordinates and their relationship should be beyond their self-interest.

Leader's adoption of authoritative leadership behavior reduces employee performance. Employee's motivation to satisfy customers, team work sprit and organizational goal achievement decreases and the overall organizational performance also decreases and fails to meet its target goal. Authoritative leadership style is not effective and its recommended authoritative leadership style should be avoided in the bank.

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Appendix

Questionnaire

Questionnaire to be filled by employees of commercial Bank of Ethiopia.

Dear Respondent: I am a postgraduate student at Addis Ababa University's School of Commerce studying MBL. This questionnaire is intended to collect information for a study on the topic "The Effect of Leadership Styles on Employee Performance in The Case of the Commercial Bank of Ethiopia." The research is being carried out for academic purposes, in order to complete a portion of the Master of Business Leadership requirements. As a result, your replies will be kept private. Your honest and insightful replies are critical to the soundness and validity of the findings. As a result, I respectfully urge that you complete the form completely and send it as soon as possible.

Thank you in advance for your kind cooperation!

Part 1: General Profile (Please put (☒) Fill in the blanks with the adjectives that best describe you)

1. Your age : 21-30 31-40 41-50 51 and above
2. Gender : Male Female
3. Your experience in CBE: below 2 years 2-5 5-10 above 10 years
4. Your highest education qualification:
 - Certificate/diploma Higher diploma
 - BA/BSC degree Master's Degree

Section One: Leadership Styles at Commercial Bank of Ethiopia

Please mark your level of agreement/disagreement with the following assertions about the four leadership styles of Commercial Bank of Ethiopia: transformational, transactional, laissez-faire, and autocratic. Please use the five-point Likert Scale to indicate on the alternative choice that best

reflects your point of view. 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 for strongly agree.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral or Undecided	Agree	Strongly Agree

S.no	Transformational Leadership	1	2	3	4	5
1	The presence of a leader helps people feel good.					
2	I have total confidence in my leader					
3	I am delighted to be associated with him.					
4	My leader explains in simple terms what we want to achieve					
5	My boss provides attractive visuals of what we intend to do.					
6	Leader helps me to discover meaning in my work					
7	Leader inspires people to think about and solve old issues in novel ways.					
8	The leader provides people with better ways to look at challenging situations.					
9	The leader persuades people to reconsider ideas they had never explored before.					
10	Leader helps others develop and make difference themselves					
11	Leader lets others how he/she think we are doing					
12	Leader gives individual consideration who believe rejected					
	TRANSACTIONAL LEADERSHIP					
		1	2	3	4	5
13	Leaders think that followers must be closely supervised since they are unlikely to complete their assignments on their own.					
14	Employees must often be compensated or penalized in order to motivate them to fulfill corporate goals as a rule					
15	Employees appear to be hesitant to work without direct supervision.					
16	My boss is the ultimate judge of employee					

	performance.					
17	Procedure clarification and work order are given by supervisor					
18	The leader considers that most workers in general staff are lazy.					
	Autocratic Leadership					
19	My leader give me freedom to work on my problems on my own in difficult situations					
20	Leader stays out of my way as I complete my task.					
21	By regulation, the leader allows me to evaluate my own job.					
22	The leader gives me complete authority to handle problems on my own.					
23	In most cases, I want little input from the leader.					
24	In general my leader believes it's best to leave followers alone.					
	LAISSEZ FAIRE LEADERSHIP					
25	My leader give me freedom to work on my problems on my own in difficult situations					
26	Leader stays out of my way as I complete my task.					
27	By regulation, the leader allows me to evaluate my own job.					
28	The leader gives me complete authority to handle problems on my own.					
29	In most cases, I want little input from the leader.					
30	In general my leader believes it's best to leave followers alone.					

Section Two: Employee Performance at Commercial Bank of Ethiopia

Please rate your level of agreement or dissatisfaction with the following assertions about staff performance: customer satisfaction, organizational goal attainment, and teamwork in Commercial Bank of Ethiopia. Please use the five-point Likert scale to select the alternative option that best reflects your point of view.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral or Undecided	Agree	Strongly Agree

	Customer satisfaction	1	2	3	4	5
1	After getting service customers give positive feedback					
2	The service delivery processes takes short time					
	Achieve organization goal					
3	My skills are always updated					
4	I actively take part in trainings and meetings					
5	I can perform my assignment well with less time and energy					
	Team work					
6	There is habit of working in team in my work unit					
7	My leader is team worker					
8	To build team sprit my leader gives mandatory support					