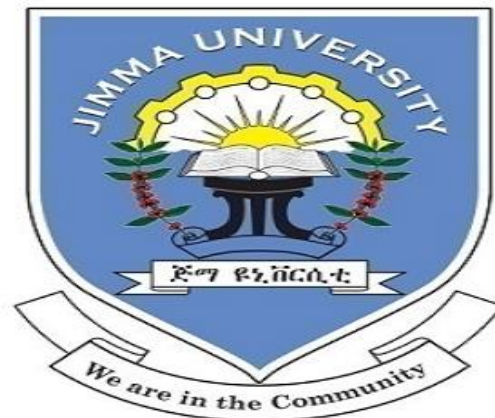


***EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE'S
PERFORMANCE IN COMMERCIAL BANK OF ETHIOPIA
JIMMA DISTRICT BRANCHES***

*A Thesis Submitted to the School of Graduate Studies of Jimma University in
Partial Fulfillment of the Requirement for the Award of the Degree of Masters
of Business Administration (MBA)*

**BY:
NATNAEL SHIMELIS**



***JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM***

**OCTOBER 2017
JIMMA, ETHIOPIA**

***EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE'S
PERFORMANCE IN THE CASE OF COMMERCIAL BANK OF
ETHIOPIA JIMMA DISTRICT BRANCHES***

BY:
NATNAEL SHIMELIS

Advisors:
Ement Negash (Ass.Professor)
And
Miss. LeliseKumera (MBA)

**OCTOBER 2017
JIMMA, ETHIOPIA**

DECLARATION

I hereby declare that this thesis entitled “Effects of leadership style on employee’s performance in the case of Commercial Bank of Ethiopia Jimma, Disrict”, has been carried out by me under the guidance and supervision of Emnet Negash (Ass Profesor) and Miss. Lelise Kumera (MBA).

This thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions

Researcher’s Name

Date

Signature

CERTIFICATION

This is to certify that this thesis entitles “Effects of leadership style on employees performance in the case of Commercial Bank of Ethiopia Jimma Disrict” submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) in partial fulfillment of the requirements for the award of the degree of Masters of Business Administration (MBA) and is record of bonfire research work carried out by Mr.Natnael Shimelis Zeleke under the guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser’s Name	Date	Signature
---------------------	------	-----------

Co- Adviser’s Name	Date	Signature
--------------------	------	-----------

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MBA PROGRAM

Board of Examination Thesis Approval Sheet Members of the board of Examiners

As member of the board of examiners the MBA thesis open defense examination, we certify that we read, evaluated the thesis prepared by Natnael ShimelisZelege and examine the candidate. We recommended that the thesis is accepted as fulfilling the thesis requirement for the degree of Master of Business Administration

External Examiner

Signature

Date

Internal Examiner

Signature

Date

Chairperson

Signature

Date

October, 2017

JIMMA, ETHIOPIA

ABSTRACT

This study was intended to explain the effect of leadership style on employee's performance in commercial bank of Ethiopia Jimma district. More specifically, the study was delimited to collect data from the selected branches of the bank. The hypotheses were developed to test the relationship between the dependent variables of leadership style and employees performance. The researcher used explanatory and descriptive research design. The researcher collected primary data from 216 samples respondents/employees of selected CBE branches through structured questionnaire. The researcher used multi stage sampling method to collect a data from available and willing predetermined sample respondents. After that Descriptive, correlation and regression analysis were used to analyze the collected data. Descriptive tools such as frequency, percentages, mean and standard deviation were employed to present results. Statistical analysis tool such as correlation coefficients was worked out and used to explore the relationships between variables. Inferential analysis; simple and multiple linear regressions were performed to explain individual and joint effects of independent variables on dependent variable; employees performance. The research findings indicate that there is a significant positive relationship between transformational, democratic charismatic laissez faire and transactional leadership style; and employee's performance but there is insignificant negative relation between authoritative leadership and employee's performance. The regressions results indicated that leadership styles such as transformational, democratic, transactional and charismatic leadership styles, jointly and independently can predict the employee's performance level. However, the study found that, those dependent variables were not equally significant on a dependent variable. At the end, the study concluded that there is different type of leadership styles are exhibited in commercial bank of Ethiopia Jimma district, among that transformational and democratic leadership styles are recommended leadership styles for better employee's performance. Thus the study recommends the bank to give more emphasis on those transformational and democratic leadership styles.

Keywords: *Leadership Styles, transformational leadership style, transactional leadership style, laissez-faire leadership style charismatic, democratic and autocratic leadership style.*

ACKNOWLEDGMENT

First of all, I would like to greatly express my utmost gratitude to my main advisor Mr.Emnet Negash (MBA, Assistance Professor) and co-advisor Miss. Lelise Kumera (MBA) for their invaluable comments, encouragements and guidance in accomplishing this thesis and make it successful. Besides, extend my gratitude to the staff members and management body of Commercial Bank of Ethiopia Jimma District for their cooperation with me via providing necessarily data. My immense gratitude also goes to my staff members (Commercial Bank of Ethiopia Hirmat Branch) for their immeasurable assistance while doing this thesis. Furthermore, my indebted gratitude expressed to all of my families and friends.

TABLE OF CONTENTS

ABSTRACT	i
ACKNOWLEDGMENT	ii
LIST OF TABLES	v
LIST OF FIGURE	Error! Bookmark not defined.
ACRONYMS	Error! Bookmark not defined.
CHAPTER ONE	1
1. Introduction	1
1.1. Background of the Study	1
1.2. Background of the Organization	4
1.3. Statement of the Problem	5
1.4. Objectives of the Study	6
1.4.1. General Objective	6
1.4.2. Specific Objective	6
1.5. Research Hypothesis	6
1.6. Significance of the Study	6
1.7. Scope of the Study	7
1.8. Limitation of the Study	7
1.9. Organization of the study	8
CHAPTER TWO	9
2. Review of Related Literature	9
2.1. The Theoretical Review	9
2.2. Definition of Leadership	13
2.3. Leadership and Leadership Style	21
2.4. Employee Performance	22
2.4.1. Leadership Style and Performance	23
2.5. Empirical Analysis	24
2.5.1. General Studies	24
2.5.2. Empirical Analysis in Africa and Locally	27
2.6. Conceptual Framework	28
CHAPTER THREE	30

3. Research Design and Methodology	30
3.1. Research Design	30
3.2. Sampling Design.....	30
3.2.1. Population of the Study	30
3.2.2. Sampling method and sample size determination.....	31
3.3. Data Collection and Instrument Design	33
3.4. Method of Analysis	33
3.5. Validity and Reliability	33
3.5.1. Validity	33
3.5.2. Reliability	34
3.6 Model Specification and Variables Description	35
CHAPTER FOUR	36
4. Result and Discussion	36
4.1. Descriptive Analysis.....	36
4.1.1. Respondent Demographic Profile.....	36
4.1.2 Analysis of Leadership Style and Employees performance	38
4.1.1.1. Mean and Standard deviation	39
4.1.3. The Effect of Leadership Style on Employee Performance	41
4.1.3.3 REGRESSION ANALYSIS	43
4.2 DISCUSSION	48
5. Conclusions and Recommendations	49
5.1 Major Findings.....	49
5.2. Conclusion.....	50
5.3. RECOMMENDATIONS	52
REFERENCES.....	54

LIST OF TABLES

Table 3.1: Proportionate Sample Distribution for Each Targeted CBE JD Branches	Error!
Bookmark not defined.	
Table 4.1 Cronbach Alpha Reliability Test.....	Error! Bookmark not defined.
Table 4.2: Sex of the Respondents	Error! Bookmark not defined.
Table 4.3: Age of the Respondents.....	Error! Bookmark not defined.
Table 4.4: Working Experience of the Respondents	38
Table 4.5: Education Level of the Respondents	38
Table 4.6: Mean And Standard Deviation.....	Error! Bookmark not defined.
Table 4.7: Pearson Correlation Matrix of dependent Variables	Error! Bookmark not defined.
Table 4.8: Normality Test	Error! Bookmark not defined.
Table 4.9: Pearson Correlation Matrix Between employees performance and dependent Variables	42
Table 4.10: Model Summary for Multiple Linear Regressions	Error! Bookmark not defined.
Table 4.11: Overall Significance: Anova (F-Test)	43
Table 4.12: Individual Significance: Regression Coefficients of leadership styles	43
Table 4.13: Regression Analysis of employees performance and trasformational L.S.	45
Table 4.14: Regression Analysis of employees performance and democratic L.S.	45
Table4.15:. Regression Analysis of employees performance and charismatic L.S.....	46
Table 4.16: Regression Analysis of employees performance and laissez faire L.S.	46
Table 4.17: Regression Analysis of employees performance and transactional L.S.....	47
Table 4.17: Regression Analysis of employees performance and transactional L.S.....	47
Table 4.17: Regression Analysis of employees performance and Authoritative L.S.....	46
Table 4.18: Summary of the research Hypothesis results	47
 Figure 2.1: Conceptual Framework	Error! Bookmark not defined.

Abbreviation

APR	Annual Performance Report
ANOVA	Analysis of Variance
CBE	Commercial Bank of Ethiopia
LS	Leadership style
CS	Corporate strategy
FY	Fiscal year
JD	Jimma District
MLR	Multiple linear regression
SLR	Simple linear regression
SPSS	Statistical Package for Social Science

CHAPTER ONE

1. Introduction

1.1. Background of the Study

The word “leadership” has been used in various aspects of human endeavor such as politics, businesses, academics, social works, etc. The concept and definition of leadership and style may differ from one person, or situation, to the other. Previous views about leadership show it as personal ability, others view as nature. (Mesick and Kramer, 2004) argued that the degree to which the individual exhibits leadership traits depends not only on his characteristics and personal abilities, but also on the characteristics of the situation and environment in which he finds himself. According to (Bizhan Sh, 2013) leadership is a pattern of managerial behavior designed to integrate personal or organizational interest and effect, in pursuit of some objectives. Leadership style viewed as the combination of traits, characteristics, skills and behaviors that leaders use.

Thomas J, (2002) also defines leadership style as the ingredient of personality embodied in leaders that causes subordinates to follow them. (Alexander, 2002) on the other hand defines leadership styles as particular behaviors applied by a leader to motivate subordinates to achieve the objectives of the organization.

Some leaders are more interested in the work to be done than in the people they work with while others pay more attention to their relationship with subordinates than the job. Whether a leader emphasizes the task or human relations is usually considered central to leadership style.

Abwalla, (2001) state the bank supervisors are in a unique position as the manager or administrator who controls Banks’ resources for the purpose of achievements in banking goals and can accelerate the process of bank development or can demolish the progress of financial stability of the bank,. As such, a leadership style occupies an important position in bank management. According to (Mintzberg, 2010) leadership is the most effective issue and plays a critical role. As of (Maxwell, 2007) expression of leadership roles, among others, they are: formulating aims and objectives, establishing structures, managing and motivating personnel and providing leadership.

Many distinct conceptualizations are often lumped together under the umbrella of leadership performance, leader effectiveness, leader advancement, and leader emergence (Kaiser et al., 2008).

In addition to the best of the researcher knowledge, there are recent studies which are related with leadership style and employee's performance. But there is inconsistency on the studies result and exclude some common variables on their study. From these studies, (Rasoolet,al, 2015), (Raja and Palanchamy,2015), (Aboshaqa et al., 2015),(Kihinde and Banjo,2014),(Paris M Keoch and prof.G.S.Namusonge,2012), states there is significant positive effect of transformational and transactional leadership style on employee's performance. (BelasJaroslav, 2012) and (George W.Lumbasi, 2015) states there is a significant positive effect of directive leadership style on employee's performance. (Celestine Atango, 2012) find out significant but negative effect of a transactional leadership style and positive effect of transformational leadership style on employee's performance. (Ojokuku R.H.et, al, 2012), and (Osabiya Batunde, 2015), states transformational and democratic leadership style have a significant positive effect on employee's performance. (Iqbelet,al, 2015) states the significant positive effect of democratic leadership style on employee's performance. (Ipas, 2012) states that autocratic leadership style has a significant positive effect on the hotel industry employee's performance. Unlike the above studies (Gimuguni et al, 2014) states a significant positive effect of autocratic, liaises faire and democratic leadership style on employee's performance.

Also Studies on leadership style and employee's performance in case of banking industry missed some common leadership styles as a variable and studied without testing whether they are existed or not, such as (Ojokuku et al, 2012) used only transformational, democratic and autocratic leadership styles as an independent variable whereas the study exclude transactional and laissez-faire leadership style. And also (BelasJarslave, 2012) used only directive, liberal and participative leadership styles as a variable. (Celestine Atango, 2012) uses only transformational, transactional, autocratic and liaises faire leadership styles only, whereas this study exclude democratic leadership style. And one locally published study in Ethiopia, (Tsigu and Rio, 2014) like other studies this study also exclude the democratic, autocratic and other leadership styles as a variable.

Good leadership behavior accelerates the development of most business organizations (Mwita, 2000). The business environment is changing completely as a result of some major societal forces, technological advances, globalization, and consumer awareness and so on. Although many factors influence the performance of an employee's, leadership is one of the most influencing factors.

Employees are the work force of any business organization that carryout duties required to achieve the desired objectives of any firm. Leadership style can either motivate or discourage employees, which can in turn cause employees to increase or decrease in their level performance. Performance is a major multidimensional construct aimed to achieve results has a strong link to strategic goals of the organization; (Morris & Bloom, 2002).Therefore, investigating the existed leadership styles and their effect on employee performance is necessary for organizations, So this study explain the effect of leadership styles on employee performance of commercial bank of Ethiopia Jimma district.

1.2. Background of the Organization

The Commercial Bank of Ethiopia (CBE) was legally established as a Share Company in 1963 to take over the commercial banking activities of the State Bank of Ethiopia, which was founded in 1942 with twin objectives of performing the duties of both commercial and central banking. During the 1974 revolution, CBE got its strength by merging with the privately owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavor of the country.

The CBE, which is struggling to become a world-class bank, is rendering state-of-the-art and reliable services to its huge number of customers, both at home and abroad. The business strategies of the Bank focus on the interest of the public it serves. Commercial bank of Ethiopia is the leading bank in Ethiopia, established in 1942. Pioneer to introduce modern banking to the country. It has 830 branches stretched across the country as of June 30, 2014. CBE is the leading African bank with assets of 158.11 billion Birr as on June 30th 2013. Plays a catalytic role in the economic progress & development of the country and it is the first bank in Ethiopia to introduce ATM service for local users.

Currently CBE has more than 10 million account holders and it has strong correspondent relationship with more than 50 renowned foreign banks like, Royal Bank of Canada, City Bank, HSBC Bank. CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world. CBE combines a wide capital base with more than 30,000 talented and committed employees. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money. CBE has opened two branches in South Sudan and has been in the business since June 2009. CBE has reliable and long-standing relationships with many internationally acclaimed banks throughout the world.

1.3. Statement of the Problem

In the competitive world with technology and other changes within the business environment, many organizations don't apply compatible leadership styles that enable organizations to survive in the dynamic environment. Also many employees don't match with their maximum effort to do their jobs (Maritz, 1995; Bass, 1997).

In recent times, many organizations in the Nigerian banking industry, have recorded cases of immoral and unethical banking practices, gratifications, high labor turnover, inability to meet basic required obligations, and incessant financial distress syndrome, which has led to many banks being merged and acquired as a result of lack of effective leadership (Ojokuku R.et al, 2012)

Now a day's banks competitive scenario requires leaders to enable their employees to have better accomplishment of their target with outstanding performance. As a result of greater competition in the global marketplace the majority of organizations have greatly streamlined their operations (Collis and Montgomery, 1995).As of Jeremy et al, (2011) the relationship between the leader and the employees, as well as the quality of employee's performance are significantly influenced by the leader ship style adopted by the leader. Leaders also try to help subordinates to imagine appealing future results related to the organization (Bass & Avolio, 2015).

Commercial bank of Ethiopia has expanded geometrically in its area coverage and business operations. At the same time private sector competitiveness has increased along the side and share the market significantly. Thus, more than ever before, the competitiveness of the industry has shown significant increment. So to win the competition leaders have to influence their followers in a better way of leading to dig out employee's maximum effort on their end.

The bank currently gives much training for all staffs in connection with, customer relationship and new bank technologies, products and services to be a world class bank at 2025, and to meet its current obligations and public responsibilities such as creating cash less society, supporting nationwide grand projects with finance and creating saving habit for the unbanked societies. In order to do these, as of (Bass &Avolio, 1995) suggestion, leaders influence subordinates in such a way that motivating and inspiring employs to achieve organizational goals.

Leadership styles affect everyone in the organization, In case of CBE; rewards are distributed based on the accomplishment of the branch annual target. The target is achieved through the effort of all staff found in the branch, but most of them fail to achieve the target and loose the rewards. As of the

recent reports in the bank indicates, there is a great variation in branches performance on the accomplishment of their target. This indicates us there is a need for better leadership style to realize the banks responsibility and vision at large. Thus in addition to filling the research gap, this research access performance of employees and test the effect of their immediate supervisor leading style on their performance after describing the existed leadership style.

1.4. Objectives of the Study

1.4.1. General Objective

To explain the effect of leadership styles on employee performance in Commercial bank of Ethiopia Jimma District branches.

1.4.2. Specific Objective

The specific objectives of the study are:

- ✓ To describe the existed leadership styles in Commercial Bank of Ethiopia Jimma District branches.
- ✓ To explain the relationship between the existing leadership styles and employees performance in Commercial Bank of Ethiopia Jimma District.
- ✓ To explain the effect of existing leadership styles on employee's performance in Jimma district branches.

1.5. Research Hypothesis

H1a: There is a relationship between leadership style and employees performance

H1b: There is no a relationship between leadership style and employees performance

H₀1: There is a significant effect of leadership style on employee's performance.

H₀2: There is no a significant effect of leadership style on employee's performance.

1.6. Significance of the Study

The finding will gives a clue about the effect of leader ship style on employee's performance. The study will also important for managers of the organization while monitoring and supervising the employees or subordinates because in order to increase performance it may help them to understand and implement appropriate leadership style. It also helps for any researchers as a

baseline for more extensive and inclusive research endeavor. In addition to that the researcher will have better experience on advanced research procedures and tools.

1.7. Scope of the Study

Conducting a research in all banking industries is not an easy task; it requires much money, time and effort. By considering; those limitations the study was delimited to assess leadership style and employees performance in case of commercial bank of Ethiopia Jimma district. Because of their managers duration in the branch, transaction volume, share of district annual plan, and business environment that they operating i.e. branches which operate their business in relatively stiff competitive market, the study was concentrated on CBE branches found at South west Ethiopia region (Jimma Main, Gambela, Mettu, Sokoru, Bonga and MizanTeferi,Hirmata,Agaro,Teppi and Bedele only those are under the domain of Jimma district. In order to get the aggregate filling on Likert scale questions, reduce response biasness and halo effect of the respondents, the researcher conducted the study with employee perspective. I.e. the study target population was employees of those targeted branches. Whereas, the study was excluded employees whom they have not direct interaction with the branch target like security guards, drivers, and other supportive staffs.

In terms of the constructs showing in the research framework the study was delimited on six leadership styles such as; transformational, transactional, autocrat, democrat, charismatic and liaises faire leadership styles. Other elements or variables of leadership styles were excluded from this study.

1.8. Limitation of the Study

Even if this study produced meaningful results, it was also subject to certain limitations which in turn provide avenues for further research first; the selection of factors included in the conceptual framework of the study is not exhaustive. Certainly, other factors could provide additional insights into the effects of leadership style on employee's performance. There may be a leadership styles that does not measured in the study. Due to the external factors influence it is difficult to measure financial target of the employees.

Further limitation of the study is emanated from its scope. As the study emphasized on effect of leadership style on employees performance in case of commercial Bank Of Ethiopia Jimma

district, south west Ethiopia, it is difficult to conclude about other commercial banks in the national or regional level and also the study the sample was location specific as the data was collected only from regional level (CBE JD); therefore, its results could not be representative at national level. However its implications and recommendations could be used as a base for further study. Secondly, some respondents were delayed to submit their questionnaires which might have killed limited time of researcher.

1.9. Organization of the study

The paper was organized into five chapters. Chapter one is concerned with background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study and limitation of the study. The second chapter deals with review of related literature. Chapter three is about research design and methodology of the study. Chapter four presents finding of analysis discussion and interpretation of the data and Chapter five deals with summary, conclusion and recommendation.

CHAPTER TWO

2. Review of Related Literature

In this section the researcher first presents about theoretical review that highlights the different theories regarding of leadership style, and employees performance. Secondly, the theoretical frameworks are usually followed by the empirical review. The empirical review presents different empirical researches done in the area of customer relationship marketing and highlights the most relevant findings in the field of leadership style. Finally, the researcher discussed the concept relating to the independent variable “leadership styles and develop conceptual framework of the study.

2.1. The Theoretical Review

Former views about leadership illustrate that is seen as a personal capability. However, based on the opinion of Mesick and Kramer (Mesick& Kramer, 2004) that the degree to which individual’s exhibits leadership depends on the characteristics and personal abilities, characteristics of the location and environment in which he finds him or herself. Yukl (1994) defined leadership as the process of influence on the subordinate, in which the subordinate is inspired to achieve the target, the group maintains cooperation, and the established mission is accomplished, with support from external groups obtained. Also, Fry (2003) pointed out leadership means the use of a leading strategy to offer inspiring motives and to enhance the staff’s potential for growth and development. Theories of Leadership

Leadership has evolved over time and has taken different forms. Views on leadership theories have been changing over the years. Oyetunyi (2006) asserts that the leadership paradigm has changed over the last decades; and that it has transited from the traditional leadership approaches to the new perspectives. According to Nkata (2005), leadership theories recognize that effective leadership depends on the interaction of three factors namely: the traits and behaviors of the followers, the characteristics of the followers and the nature of the situation in which leadership occurs. Leadership, as studied through the traditional theories such as the Ohio State University studies and the contingency theories is often assumed to occur between a leader and the followers (Cheng, 2002). However, most leadership theories are explored on the trait, behavioral, and contingency approaches (Armstrong, 2004). As such, the following leadership theories

provide scholars with a vision and introduce leadership behaviors that may assist leaders of educational institutions to better manage their institutions in different situations.

2.1.1. Trait theory

Trait theories investigate the personal characteristics of successful leaders. These theories consider the innate qualities or traits characteristic of good leaders. Such theories are based on the opinion that leaders are right and leadership is rooted in the authority of their righteousness (Oyetunyi, 2006). Successful school leaders were described by in terms of their personal attributes, interpersonal abilities, and technical management skills (Omar, 2005). Technical management skills include producing results, resolving conflicts, analyzing and evaluating problems, the ability to enhance the work environment, and goal oriented (Bensimon, et al., 2000). Sashkin and Sashkin, (2003) also found that leaders were a bit more intelligent, outgoing, creative, assertive, responsible and heavier than average people although he contradicted himself later by concluding that a person does not become a leader because of a combination of traits since the impact of traits differs according to situation. However, while the early emphasis on individual personality and talent is no longer viewed as the sole determinant of a good leader, an appropriate combination of personal characteristics is seen as an important contribution to effective leadership. The Trait Theory contends that certain individuals possess psychological and physical characteristics that allow them to become leaders. The underlying assumption here would seem to be that leaders are born, not made. Bass and Stodgill (1990) pointed out that successful leaders tend to have the following qualities: Strong desire for task accomplishment, persistent pursuit of goals, creativity and intelligence used to solve problems, initiative applied to social situations, self-assured personality and willingness to accept behavioral consequences, high tolerance for ambiguity, ability to influence people and ability to structure social interactions. Researchers began an endless search to identify biographical, personality, emotional, physical, intellectual, cultural, and other personal characteristics of successful leaders (Ibukun and Oyewole, 1997). In an earlier time, it was thought to be enough to describe personality traits of leaders in explaining leadership. Qualities such as courage, wisdom, and character are examples of those traits, said to make an individual leader. Today, one might still admire someone with these traits, but would not assume they ensured effectiveness for a particular set of leader functions (Dubrin, 2007).

There appears to be two kinds of traits research. One identifies traits that might distinguish leaders from followers, while the other distinguishes effective leaders from ineffective leaders. However, the problem of assessing leader effectiveness in different situations is more complicated than identifying who is the leader. Ibukun and Oyewole (1997) observed that there are traits essential to leadership. First, intelligence relative to others in the group is a factor. Most leaders in Ibukun and Oyewole's study tended to be somewhat more intelligent than non-leaders; hence, leaders tended to be more knowledgeable. Other studies have shown that leaders tend to be more intelligent than their followers, although they might not be comparatively very intelligent if they are considered with some members of other groups. Hence, ability of leaders is relative to the specific social unit or organization. Second, self-confidence or at least the ability to look self-confident appeared to be necessary for leadership in the Ibukun and Oyewole study. However, a person who is self-confident in one situation may be anything but assured in an entirely different case. The early studies failed to support that a person must possess some particular set of traits to become effective leaders and there were a weak correlation between leader intelligence and leader effectiveness (Stogdill, 1974). A leader with certain traits may be effective in one situation but failed on the other. Thus traits cannot be accessed as a single factor that guarantees the successful of leaders. Stogdill (1974) noted that the view of leadership is entirely situational in origin and that no personal characteristics are predictive of leadership. It is recognized that certain traits increase the likelihood that a leader will be effective, but they do not guarantee effectiveness, and the relative importance of different traits is dependent on the nature of the leadership situation (Bass and Stodgill, 1990).

2.1.2. Behavioral theories

Behavioral theories of leadership focus on the relationship between leadership behaviors and employee reactions. Instead of trying to determine what successful leaders are, behavioral theories focus on what leaders actually do. Many studies over the last three decades have examined the correlation between questionnaire measures of leadership behavior and measures of subordinate satisfaction and performance. These theories concentrate on styles of leadership, for example, autocratic, democratic, and laissez-faire or alternatively, task/production oriented and people/relationship oriented. Behavior theories examine whether the leader is task oriented (initiating structure); people oriented (consideration), or both. Studies conducted at the University of Michigan and Ohio State University in 1945, established two major forms of leader

behavior namely: employee-centered/consideration and production-centered/initiating structure (Hersey, et al., 2006). The study therefore intended to explore whether this exists amongst leaders in schools. During the 1950s, dissatisfaction with the trait approach to leadership, namely what the leader does and how he/she does it, sparked a series of research studies. The foundation for the style of leadership approach was the belief that effective leaders utilized a particular style to lead individuals and groups to achieve certain goals, resulting in high productivity and morale. Unlike trait theories, the behavioral approach focused on leader effectiveness, not the emergence of an individual as a leader. Although many terms were assigned to the different leadership styles, two factors were stressed in each approach: task orientation and employee orientation. Ivancevich and Matteson, (1994) described that task orientation is the emphasis on which the leader places getting the job done by such actions as assigning and organizing the work, making decisions, and evaluating performance; employee orientation is the openness and friendliness exhibited by the leader and his or her concern for the needs of subordinates. Two major research efforts were directed towards investigating the behavioral approach to leadership: the Ohio State studies and University of Michigan studies. Brown (1967) said that the overall objective of Ohio State studies was to examine the patterns of behavior of persons designated to be leaders, i.e., those who satisfy common group needs. Through these studies, two independent leadership dimensions were identified: initiating structure and consideration. Initiating structure is analogous to a task oriented leadership style, while consideration refers to an emphasis on an employee oriented leadership style (Brown).

At approximately the same time research was being conducted at The Ohio State University, a series of leadership studies were in progress at the University of Michigan. Likert (1967) in Araya (2007) said the primary purpose of the studies was to identify styles of leader behavior that result in increased work-group performance and satisfaction. Two distinct styles of leadership were developed from their studies: job-centered leadership and employee-centered leadership. The main conclusion reached by the University of Michigan studies was that effectiveness of leadership style should not be evaluated solely by productivity measures, but should include other employee centered or related measures, such as satisfaction (Likert).

2.1.3. Situational/ contingency theories

In the 1960s, researchers recognized the limitations of the behavioral theories and began to refine and develop new approaches to the study of leadership. This focused on the more complex situational theories of leadership. Blake and Mouton (1985) defined the relationship of three attributes of managers: concern for production, concern for people, and hierarchy positional attributes. The variables concern for production and concern for people bear similarity to the initiating structure and consideration aspects of the Ohio State studies. The third variable, hierarchy, places the former notions in context; the manner in which the concerns for production and people are linked together by a leader was described as hierarchy. The contingency theory, popularized by Fiedler (1967) [as cited in Norazlan, 2008], describes that leadership effectiveness is contingent upon the interaction of certain leader attributes with specific demands of the environment. The contribution of Fiedler's work to the contingency theory lies in his recognition that situations in which leaders find themselves vary a great deal, and that different types of leaders would experience greater success in certain types of situations than others. Situational, or contingency, leadership theories prescribe that the correct leadership style to use is contingent on such factors as the leader-member relationship, the followers themselves, the organizational culture or climate and other environmental factors. Essentially, the situational theory is based on the proposition that effective leadership cannot be explained by any one factor. At the same time, the situational approach does not deny the importance of the leader's traits or behavior; rather they should be considered (Lunenburg and Ornstein, 1996).

2.2. Definition of Leadership

a) Transformational Leadership style

Transformational leadership can be defined as the process by which leaders transform and motivate followers by raising the awareness of the followers about the values of the organization (Jacobsen, 2013). Transformational leaders "motivate others to do more than they originally intended and often even more than they thought possible (Bass & Riggio, 2006; Hartog, Muijen & Koopman, 1997). Northouse (2013) described the term transformational leadership as "the process whereby a person engages with others and creates a connection that raises the level of motivation and morality in both the leader and the followers." Transformational leaders pay attention to the needs of their followers and support them so that the subordinates reach their

maximum potential. According to Bass and Riggio (2006), transformational leadership can be taken as an expansion of transactional leadership. Instead of simple exchange that may take place between the leader and followers, transformational leaders inspire followers to commit themselves to common vision and goals of agency, giving them challenging work, enhancing followers' leadership capacity. These types of leaders raise leadership to the next level. Such leaders encourage their subordinates to go beyond their self-interest for the common or organizational benefit (Metwally, El-Bishbishy & Nawar, 2014; Jacobsen, 2013).

For Arzi and Farahbod (2014) transformational leadership involves an attempt by the leader to influence the followers in a positive direction. Transformational leader motivates the followers so that they perform better than intended level. The leader tries to influence the beliefs, attitudes and values of the followers instead of just complying with existing ways of doing things.

Transformational leadership is a “process of inspiring change and empowering followers to enhance themselves and their organization. This type of leadership encourages followers to accept their responsibilities and to be accountable” (Koehler & Pankowski in Marn, 2013).

Bass and Riggio (2006) indicated that transformational leadership has much in common with charismatic leadership, but charisma is only part of transformational leadership.” Critics of both charisma and transformational leadership have identified the bad side of charisma. That is, there are some leaders who use charisma to inspire and lead followers for destruction and bad ends.

The writers called such leaders pseudo-transformational leaders. Thus, charisma can be used for good end as well as for destructive results.

Components of Transformational Leadership

According to Bass and Riggio (2006) transformational leaders use one or more of the following core components of transformational leadership in order to achieve maximum results possible. The four components are Idealized Influence (II), Inspirational Motivation (IM), Intellectual Stimulation (IS) and Individualized consideration (IC). Some writers call the four components as dimensions. Each of these four components is discussed in more detail below.

1. Idealized Influence (II)

The first dimension of transformational leadership style is idealized influence. It is also called charisma and is the emotional components of leadership (Northouse, 2013). This component tells us the behavior of a leader who acts a role model for their followers. In this case, followers identify with their leaders and want to emulate them. Leaders are taken as people who have very high moral standards and ethical conducts. The leader is trusted and respected by the followers.

The followers are regarded as having exceptional capabilities, persistence and determination. Such leaders provide vision and a sense of mission, instill pride, gain respect and trust in people. Such leaders are “willing to sacrifice their own gain for the good of their work group.” They excite, arouse and inspire their subordinates. Leaders of this kind emphasize trust, take stands on difficult issues, present their most important values and stress on the importance of purpose (Bass & Riggio, 2006; Northouse, 2013; Bekele & Darshan, 2011; Hartog, Muijen & Koopman, 1997; Hamidifar, 2009).

According to Bass and Riggio (2006), there are two aspects of idealized influence. These are the leader’s behaviors and the elements that are attributed to the leader by their followers. The behavioral component is based on how followers see the behavior of the leader. The attritional component relates to attribution made by the followers about their leader on the basis of their perceptions about him/her (Bass & Riggio, 2006; Northouse, 20013; Metwally, El-Bishbishy & Nawar, 2014; Long, Yusof, Kowng, & Heng, 2014; Hamidifar, 2009; Bass, 1997).

2. Inspirational Motivation (IM)

The second component of transformational leadership style is inspirational motivation. According to Northouse (2013) inspirational motivation is a “descriptive of leaders who communicate high expectations to followers, inspiring them through motivations to become committed to and a part of shared vision in the organization. The leader motivates and inspires the followers by giving them challenge and meaning to their works. This dimension involves arousing team spirit. There is eagerness and positive thought. Leaders use symbols and emotional appeals so that their followers focus and commit themselves to achieve more than their own self-interest. Leaders show enthusiasm and optimism. It involves “creating attractive future states” (Bass & Riggio, 2006; Northouse, 2013; Hamidifar, 2009; Simić, 1998; Metwally, El-Bishbishy, & Nawar, 2014).

3. Intellectual Stimulation (IS)

The third component of transformational leadership style is intellectual stimulation. Bass (cited in Arzi and Farahbod, 2014) defined intellectual stimulation as “increasing awareness and interest of employees of issues and advancing their capability to solve them.” The leader encourages followers be creative and innovative by challenging the usual ways of doing things and reframing problems. In this case, much emphasis is given to creativity. There is “no public criticism of followers’ mistakes.” There is no disapproval of followers’ ideas as they are different from those of leaders. The leaders encourage their followers to tap opportunities to learn and find remedies to challenging problematic conditions. Follower’s understanding of their own problems and identification of their own values and ethical standards are stimulated (Bass & Riggio, 2006; Northouse, 2013; Metwally, El-Bishbishy, & Nawar, 2014; Hamidifar, 2009; Hartog, Muijen & Koopman, 1997; Voon, Lo, Ngui, & Ayob, 2011; Awambeh, 2004).

4. Individualized Consideration (IC)

The fourth and last dimension of transformational leadership is individualized consideration. Yammarino and Bass (1990) identified those leaders who use individualized consideration “contribute to individual follower’s achieving his/her fullest potential” (Hartog, Muijen and Koopman, 1997). This involves connecting the need of an individual follower to the need of the organization he/she works for. The leader acts as coach and mentor for their followers. The leader also encourages the followers to do more. The followers’ needs are given much attention so that they grow to their fullest potential possible. The leader is supportive to individual and provides supportive climate. “The leaders may delegate to help followers grow through personal challenges.” New learning opportunities are created in individualized consideration. There is recognition that individual follower has a distinct and separate needs that must be fulfilled. “A two-way communication is encouraged and ‘Management by Walking Around’ is practiced.”

The leader also listens carefully to what their followers say. Though there is monitoring of tasks delegated, the followers do not feel that they are being monitored. The monitoring is more systematic and more positive (Bass & Riggio, 2006; Northouse, 2013; Arzi & Farahbod, 2014; Ahmad, Adi, Noor, Rahman, & Yushuang, 2013; Bekele & Darshan, 2011; Hamidifar, 2009; Hartog, Muijen & Koopman, 1997; Tukul, 2010).

b/ Democratic leadership style

Leaders share their power with their subordinates by involving workers in decision making process. This type of style involves the leader including one or more employees in all the decision making process. According to Mullins (2005) democratic style is where the focus of power is more with the group as a whole and there is greater interaction within the group. This implies that the group members have a great say in decision making, determination of policy, implementation of systems and procedures. Democratic leadership also refers to numbers behaviors by leaders that involve and include followers in varies aspects of the decision process (Dubrin, 2007).

According to Dubrin (2007) the democratic leaders confer final authority on the group. They function as collectors of group opinion and take a vote before making decision. Similarly Adane (2002) contends that unlike others, a democratic leader gets results by heading discussion, asking question to involve others, encouraging others to take responsibility, confirming commitments and asking for a vote to get a consensus or a majority decision.

According to Abebe (2009), the subordinates or teachers only need praises for their success and constructive comments for their failer. Thus in this leadership style, the leader focuses communication on both achieving goals and meeting subordinates socio- economic need. However, this style does have some problems. According to Dubrin (2007) it often results in extensive and time consuming team meeting and committee work. The further added this leader sometimes accused of providing too little direction. Hence, team members are consulted about trivial things that management could easily handle independently. Finally the last problem mentioned by Dubrin is that many managers still believe that sharing decision making with members reduces their power.

c/ Laissez-faire Leadership Style

According to Hamidifar (2009) laissez-faire leadership style is an inactive kind of leadership where the exchange between the leader and the follower is absent. In this kind of leadership style the necessary decisions are avoided. Others describe such leadership style as absence of leadership. In this kind of leadership style, the responsibility is totally left for the followers.

Managers avoid giving feedback. The satisfaction of the followers is given less attention. Researches show that this leadership style is the most ineffective and inactive kind of leadership style (Bass & Riggio, 2006; Hamidifar, 2009; Northouse, 2013, Long & Thean, 2011).

d/ Transactional leadership Style

According to Bass and Riggio (2006), transactional leadership involves rewarding the followers by the leader, when the performance of the followers is to the expected level. Transactional leadership entails explaining how works are performed and that there will be reward when the task is done well. It is an ability of a leader to interact with his/her subordinates by explaining how works are done and telling them that there are associated rewards (Avolio et al, cited in Hamidifar, 2009; Farahbod, 2014).

According to Bass “transactional leadership theory was founded upon the idea that leader follower relations were based on negotiation exchange and contractual dimension (Boateng, 2012; Hartog, Muijen and Koopman, 1997). Transactional leadership also involves punishing employees who fail to meet the required standards. This idea coincides with the definition given by Jacobsen. According to Jacobsen (2013), transactional leadership is the “use of contingent rewards and sanctions intended to initiate that employees have self-interest in achieving organizational goals.” This means that followers are rewarded when they act according to the interest of the leader and punished when they do not act accordingly. Followers are supposed to obtain some kind of valued outcomes when they act in a way that is of interest to the leader. In this regard, Burns describes the style as cost-benefit exchange process. Hoyle (2006) also supports this idea by describing transactional leadership as an example of quid pro quo (Hartog, Muijen and Koopman, 1997). Transactional leadership also involves balance between needs of the people as well as expectation or needs of the organization. The leaders “attempt to balance initiating structure in order to get things done with meeting the needs of the people while things are getting done.” It calls for integration of the need of workers or followers with the expectation or need of the organization or leaders. Some writers equate this type of leadership style with management. Related to this idea, Jacobsen (2013) said that transactional leadership involves making sure that organizations are managed according to the plans and rules and regulations are obeyed. Transactional leaders explain clearly the performance criteria to be met by the followers and when they are required in return. According to Long and Thean (20110), transactional

leaders are expected to frequently make communication with their subordinates and clearly explain and guide the work of the followers to get work done. Researchers have identified three dimensions of transactional leadership. These are contingent rewards, management by exception (active) and management by exception (passive) (Bass and Riggio, 2006; Arzi and Farahbod, 2014; Ahmad, Adi, Noor, Rahman, & Yushuang, 2013; Northouse, 2013). According to Bass and Riggio (2006), contingent reward (CR) “involves the leader assigning or obtaining follower agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactorily carrying out the assignment.” It is an exchange of reward system that takes place between the leader and the followers. When the followers perform above the expected level they are going to get rewards. Contingent reward is an exchange process that occurs between leader and followers where effort of the followers is exchanged for a determined reward. An agreement of the followers is required by the leader regarding what must be accomplished and what benefits the people will get as a result of accomplishment of the expected task. Contingent reward is taken as constructive transaction. It is described as continuous and positive exchange with followers. This dimension has been effective in motivating followers in order to accomplish higher order development and performance. However, it is indicated that contingent reward is not effective like transformational components (Bass and Riggio, 2006; Avolio, Bass & Jung, 1999; Bass, 1997). The second dimension of transactional leadership is Management by Exception. This dimension is categorized into two. They are Management by Exception Active (MBE-A) and Management by Exception Passive (MBE-P) (Northouse, 2013). Some take this as one whereas others divide it into two different dimensions. According to Bass and Riggio (2006) Management by Exception is called corrective transaction. When it is compared to the contingent reward or the components of transformational leadership, it tends to be ineffective. In MBE-A the leaders is supposed to monitor deviances from errors, mistakes and standard and then take corrective action when it happens. Under certain conditions MBE-A may be effective. It also involves “looking mistakes and enforcing rules to avoid mistakes” (Bass & Riggio, 2006; Northouse, 2013; Ahmad, Adi, Noor, Rahman, & Yushuang, 2013; Arzi & Farahbod, 2014; Hamidifar, 2009; Yukl, 2010; Bass & Jung, 1999; Bass, 1997).

Management-by-Exception Passive (MBE-P) involves waiting for mistakes errors and deviances. That means there is no intervention till there are clear mistakes. When discrepancies occur the subordinates are punishment for their act. It is usually appropriate to use passive Management-

Exception (MBE-P) when a leader is responsible for supervising a great number of subordinates (Northouse, 2013; Bass & Riggio, 2006; Hamidifar, 2009; Bass & Jung, 1999; Bass, 1997)

e/Authoritarian leadership style

This type is used when the leader tells his/her employees what and how tasks to be done without getting the advice of his/her followers. Adane (2002) stated that this type of leadership style relies much more on power and punishment. According to Mullins (2005) the manager alone exercise decision making and authority for determining policy, procedures for achieving goals, work practice and relationship, control of rewards and punishment. In the contemporary context, Dubrin (2007) contended that autocratic leaders make decisions confidentialities assuming that group members will comply, and are not overly concerned with group members" attitudes towards decision. Dubrin added that; these leaders are considered practice oriented because they place heavy emphasis on getting practice accomplished. Therefore, the authoritarian style should normally only be used on rare occasions. It is appreciated using authoritarian style on a new employee who is just learning the job and when the leader is competent and good coach (Abebe, 2009).

f/ Charismatic leadership

By far the most successful trait-driven leadership style is charismatic. Charismatic leaders have a vision, as well as a personality that motivates followers to execute that vision. As a result, this leadership type has traditionally been one of the most valued. Charismatic leadership provides fertile ground for creativity and innovation, and is often highly motivational. With charismatic leaders at the helm, the organization's members simply want to follow. It sounds like a best case scenario. There is however, one significant problem that potentially undercuts the value of charismatic leaders: they can leave. Once gone, an organization can appear rudderless and without direction. The floundering can last for years, because charismatic leaders rarely develop replacements. Their leadership is based upon strength of personality. As a result, charismatic leadership usually eliminates other competing, strong personalities. The result of weeding out the competition is a legion of happy followers, but few future leaders (Michael, 2010).

2.3. Leadership and Leadership Style

Several schools are considered in chronological order in this part.

(1) *The Trait School*: Turner and Muller (2005) stated that this school of thought was popular before 1940's. It assumes that leaders are born, not made and that they possess certain features that are not in non-leaders.

(2) *The Behavioral or Style School*: As Turner and Muller (2005) mentioned, this school of thought was popular from the 1940's to the 1960's. It assumes that effective leaders can be made. Anyone can be trained to be a leader.

(3) *The Contingency School*: The contingency theory suggests that what makes an effective leader depends on the situation. House (1971) made mention of the Path-goal theory which is a contingency theory that identifies four leadership behaviors, namely, directive leaders, supportive leaders, participative leaders and achievement-oriented leaders.

(4) *The Visionary or Charismatic School*: The visionary or charismatic school of thought was popular during the 1980's and 1990's (Turner & Muller, 2005). Under this school of thought, Burns (1979) mentioned the transactional and transformational leadership styles.

(5) *The Emotional Intelligence School*: Goleman, et al (2002) identified six leadership styles under the emotional intelligence school of thought: visionary, coaching, affiliative, democratic, pace-setting and commanding. This school of thought was popular in the late 1990's. Leaders share their power with their subordinates by involving workers in decision making process. This democratic leadership style involves the leader including one or more employees in all the decision making process. According to Mullins (2005) democratic style is where the focus of power is more with the group as a whole and there is greater interaction within the group.

(6) *The Competency School*: This school of thought is similar to the trait school in that the emphasis has been to identify the competencies of effective leaders. Dulewicz & Higgs (2003) suggested that three types of competence explain most managerial performance: intellectual and managerial skills and emotional competencies which can be translated into leadership styles.

This article will focus on three leadership styles: transformational leadership, transactional leadership and laissez-faire leadership style;

a) *Transformational Leadership Style*: This is a leadership style that motivates followers by appealing to higher ideals and moral values which can inspire employees to perform beyond expectations and transform both individuals and organizations (Bass, 1985).

b) *Transactional Leadership Style*: This leadership style is based on bureaucratic authority and legitimacy within the organization. It emphasizes work standards, assignments and task-oriented goals. It focuses on task completion and employee compliance and relies on organizational rewards and punishments to influence employee performance (Burns, 1979).

c) *Laissez-Faire Leadership Style*: This leadership style is characterized by a total or general failure to take responsibilities for managing (Bass, 1999).

(7) *Autocratic Leadership*

Autocratic leaders are classic “do as I say” types. Typically, these leaders are inexperienced with leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision- making rights. They can damage an organization irreparably as they force their ‘followers’ to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure this leadership produces and the removal of the leader that follows Michael (2010).

2.4. Employee Performance

Employees require the proper working conditions to perform better.(Allen, Drevs&Ruhe, 1999).Employees who find their organization’s image attractive and/or positively evaluate their job performance in the organization are likely to exhibit a high level of both internal job satisfaction and organizational commitment (Yurchisin& Park 2010).

The main goal of any organization is to enhance the job performance of its employees so that it could survive in this highly competitive environment. Performance is a multidimensional construct and an extremely vital criterion that determines organizational successes or failures. Prasetya and Kato (2011) define performance as the attained outcomes of actions with skills of employees who perform in some situation. According to Pattanayak (2005), the performance of an employee is his/her resultant behavior on a task which can be observed and evaluated.

ForPattanayak, employee performance is the contribution made by an individual in the accomplishment of organizational goals. Here employee performance is simply the result of patterns of action carried out to satisfy an objective according to some standards. This means employee performance is a behavior which consists of directly observable actions of an employee, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of goals. Ibrahim (2004) defined job performance as an important activity that provides both the goals and methods to achieve the organizational goals and also provide the achievement level in term of out-put. El-Saghier (2002) considered it as an effort of an employee to achieve some specific goal, the researcher will adopt this definition.

2.4.1. Leadership Style and Performance

Leadership has been identified as an important subject in the field of organizational behaviour. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, ability of management to execute “collaborated effort” depends on leadership capability. Lee and Chuang (2009), explain that the excellent leader not only inspires subordinate’s potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Stogdill (1957) defined leadership as the individual behaviour to guide a group to achieve the common target. Fry (2003), explains leadership as use of leading strategy to offer inspiring motive and to enhance the staff’s potential for growth and development. Several reasons indicate that there should be a relationship between leadership style and organizational performance. The first is that today’s intensive and dynamic markets feature innovation-based competition, price/performance rivalry, decreasing returns, and the creative destruction of existing competencies (Santora *et al.*, 1999; Venkataraman, 1997). Studies have suggested that effective leadership behaviours can facilitate the improvement of performance when organizations face these new challenges (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997).

On the other hand, organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 1993). Organizational performance can also be used to view how an enterprise is doing in terms of level

of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

2.5. Empirical Analysis

2.5.1. General Studies

A large body of empirical evidences has demonstrated that leadership behaviors influence employee performance that strong leaders outperform weak leaders, and that transformational leadership generates higher performance than transactional leadership (Burns 1978; Bass1990; Hater and Bass 1985; Howell and Avolio 1993). Research (Bass &Avolio, 1994; Kotter, 1988 and Meyer & Botha, 2000) in organizational behavior has identified transformational leadership as the most suitable for modern-day organizations. The current business environment requires this innovative kind of leadership style; a style that empowers employees and raises employee performance in an effort to improve organizational performance and continued existence (Kotter, 1988). Evidence has been gathered in service, retail and manufacturing sectors, as well in the armed forces of the United States, Canada and Germany that points towards the marginal impact transactional leaders have on the effectiveness of their subordinates in contrast to the strong, positive effects of transformational leaders (Brand, Heyl& Maritz, 2000). Furthermore, in the Canadian financial industry it was found that transformational leadership is more strongly correlated with higher employee satisfaction and individual/organizational performance than transactional leadership (Meyer &Botha, 2000). On the basis then of the literature, it could be proposed that transformational leadership as opposed to transactional leadership would be more effective in achieving higher levels of employee performance.

Under transformational leaders, employees may receive individualized attention from the leader. As a result, they tend to reciprocate by supporting the leader's agenda and performing beyond expectations. Hence, transformational leaders can develop high quality leader member exchange relationships with followers, through which they influence followers' performance (e.g., Wang et al., 2005). Although the initial stage of LMX may be transactional, it can be transformational if the last stage is reached (Bass, 1999). In both Bass's (1985) and Podsakoff et al.'s (1990) conceptualization, transactional leadership clarifies expectations toward followers' performance and provides rewards to followers contingently on the level of their performance. Followers will

be motivated to meet performance expectations and fulfill their end of the contract in order to be rewarded accordingly (Bass, 1985). A strong empirical support for the relationship between leaders' contingent reward and employee performance has been found (cf. Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). However, transformational leadership inspires followers with attractive vision, expresses optimism and high expectations for excellence and performance on the part of followers. It should be able to move followers beyond their normal level of performance (Bass, 1985).

A positive relationship between transformational leadership and employee performance has been found in both lab (Howell & Frost, 1989) and field (Bass, 1985) settings. Thus both transformational and transactional leadership are expected to have positive direct effect on employee performance. Raja and Palanichamy (2015) examined the effect of leadership styles on employee performance in public vs. private sector enterprises in India. From *43 middle-level managers and 156 subordinates, the study results indicate* sufficient evidence, at the 5% level of

Significance, that there is a linear positive relationship between transformational leadership and employee performance, there is a significant positive relationship between transactional leadership employee performances. However, the study found that laissez-faire leadership had a negative relationship with the employee performance/outcomes.

A number of studies have been conducted on the effects of leadership styles on employee performance. Rassol et al (2015) studied leadership styles and its impact on employee's performance in health sector of Pakistan and concluded that transformational leadership styles have more positive effect on employee performance than transactional leadership. They found out that transformational leadership can perform better in highly organic environment where focus is on competitive advantages. Results of their study also explored that the impact of transactional leadership was not much stronger as compared to transformational leadership on job performance. According to Pradeep and Prabhu (2011), leadership is positively linked with employee performance for both transformational leadership behaviors and transactional contingent reward leadership behaviors. The managers, who are perceived to demonstrate strong leadership behaviors, whether transformational or transactional, are seen to be engaging in increasing the employees' performance.

A study by Aboshaiqah et al (2015) on nurses' perception of managers' leadership styles and Its Associated Outcomes, demonstrated that staff nurses perceived that transformational leadership and its factors are utilized more often than transactional and laissez-faire leadership styles, again, further analysis showed that there was positive correlation between outcome factors (effectiveness, extra efforts and satisfaction) and transformational and transactional leadership styles and negative correlation with laissez-faire leadership style. They concluded that a combination of transformational leadership styles and behaviors/factors contributed to an increase in extra effort, satisfaction and overall employee performance and perceived leader effectiveness among nurses..

Kehinde and Banjo (2014) also did a test of the impact of leadership styles on employee performance: A study of department of Petroleum Resources; The implication of their study was that "transformational leadership style" would bring effective results in organizations because it motivates employees to go beyond ordinary expectations, appeals to follower's higher order needs and moral values, generates the passion and commitment of followers for the mission and values of the organization, in stills pride and faith in followers, communicates personal respect, stimulates subordinates intellectually, facilitates creative thinking and inspires followers to willingly accept challenging goals and a mission or vision of the future mission and objectives of organization, they recommend that transformational leadership style is good or appropriate for organizations that wish to compete successfully and mentor subordinates who will be managers of tomorrow to keep the flag flying for the firm. "Leadership has got a paramount attention in both the academia and practitioners since recent decades as determinant factor on employee behavior and performance". Rasool, (2015) "The measure of relationship between the job performance and leadership style draws the considerable attention of scholars. Leader and their leadership styles is one of the mostly studied topics of recent history. Chan (2010) points out that the many researchers who have done studies on leadership style have not come up with a specific style suitable for specific issue, however Chan advises that it is important to note that different styles are needed for different situations and leaders just need to know when to use a particular approach and by using appropriate leadership styles, leaders can affect employee job satisfaction, commitment, productivity and ultimately the organization's performance through its employees.

The amount of direction and social support a leader gives to subordinates/ followers depend greatly on their styles to fit the situation.

2.5.2. Empirical Analysis in Africa and Locally

In the South African context Hayward, Davidson, Pascoe, Tasker, Amos and Pearse(2003) found transformational leadership to be more effective than transactional leadership in increasing employee performance. The research (Hayward *et al.*, 2003) found a significant positive linear relationship between transformational leadership and employee performance but no significant linear relationship between transactional leadership and employee performance in a South African pharmaceutical organization.

Elsewhere in Africa empirical evidence by Nuhu (2004) who sought to study the effect of leadership styles on employee performance in Kampala City Council reveals that laissez faire leadership was practiced especially in higher offices and also the laissez faire leadership was existent especially in lower offices. Authoritative leadership style has a positive relationship with employee performance (NUHU 2004), most employees believed that authoritative leadership brought about performance the autocratic way (coerced), yet other forms of leadership would approach the employee from a more humanistic manner. According to Nuhu (2004) Laissez fare leadership style has a positive relationship with employee performance. Since most employees believed that they would rather be made comfortable at work rather than coarse them around like kids. In fact this was eminent in some departments that supervisors or managers where naturally approachable, friendly and not arrogant at employees. Since the correlation his study showed that laissez-faire leadership leads to performance, this implied that that in these departments, employee performance actually existed however on a slow pace, rather than in the authoritative leadership which was filled with Tension.

According to the research done in Ethiopia by Tsigu and Rao (2015) “leadership styles: their impact on job outcomes in Ethiopian banking industry” found that transformational leadership style explained the variation on performance better than transactional leadership style. Hence, the researchers recommended that if banks under study emphasize more on transformational leadership style dimensions, it would enable them to better satisfy and hence gain more output from their employees.

2.6. Conceptual Framework

The importance of leadership in an organization cannot be overemphasized as different scholars have given various definitions due to its complexity and importance. Leadership has been viewed as a transaction between a leader and his subordinates. It had also been defined as a process of influencing people towards a particular objective or goal. Whatever leadership style that is exhibited by a person is a combination of traits, characteristics, skills and behaviors. The situation also matters and will call for a totally different style. The research will study to identify different types of attributes of transactional leadership offered by the commercial bank Ethiopia to its employees and how they affect the employee performance, to assess whether by offering reward employees are motivated to perform better or the absence of rewards indeed affects the employee performance. The research also will seek to understand how the attributes of transformational leadership affect employee performance at commercial bank Ethiopia and if indeed the supervisors of commercial bank of Ethiopia exhibit the following attributes in furtherance for employee performance. The research will also seek to understand the extend of laissez faire leadership in Commercial bank Ethiopia and how it affects the performance of employees, whether it slows performance or what extend it can improve performance of the employees of commercial bank of Ethiopia, lastly, the research will study how to understand how authoritative democratic and charismatic leadership styles affects the employee performance of commercial bank Ethiopia, to know how coerced the employees of commercial bank of Ethiopia feel and how this improves or slows down their performance. The background information to be collected to help understand more on the research included the following factors ; age, gender, length of service and education levels.

The following conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the six leadership (Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional) styles and employee performance Commercial Bank of Ethiopia.

Independent variable Dependent variable

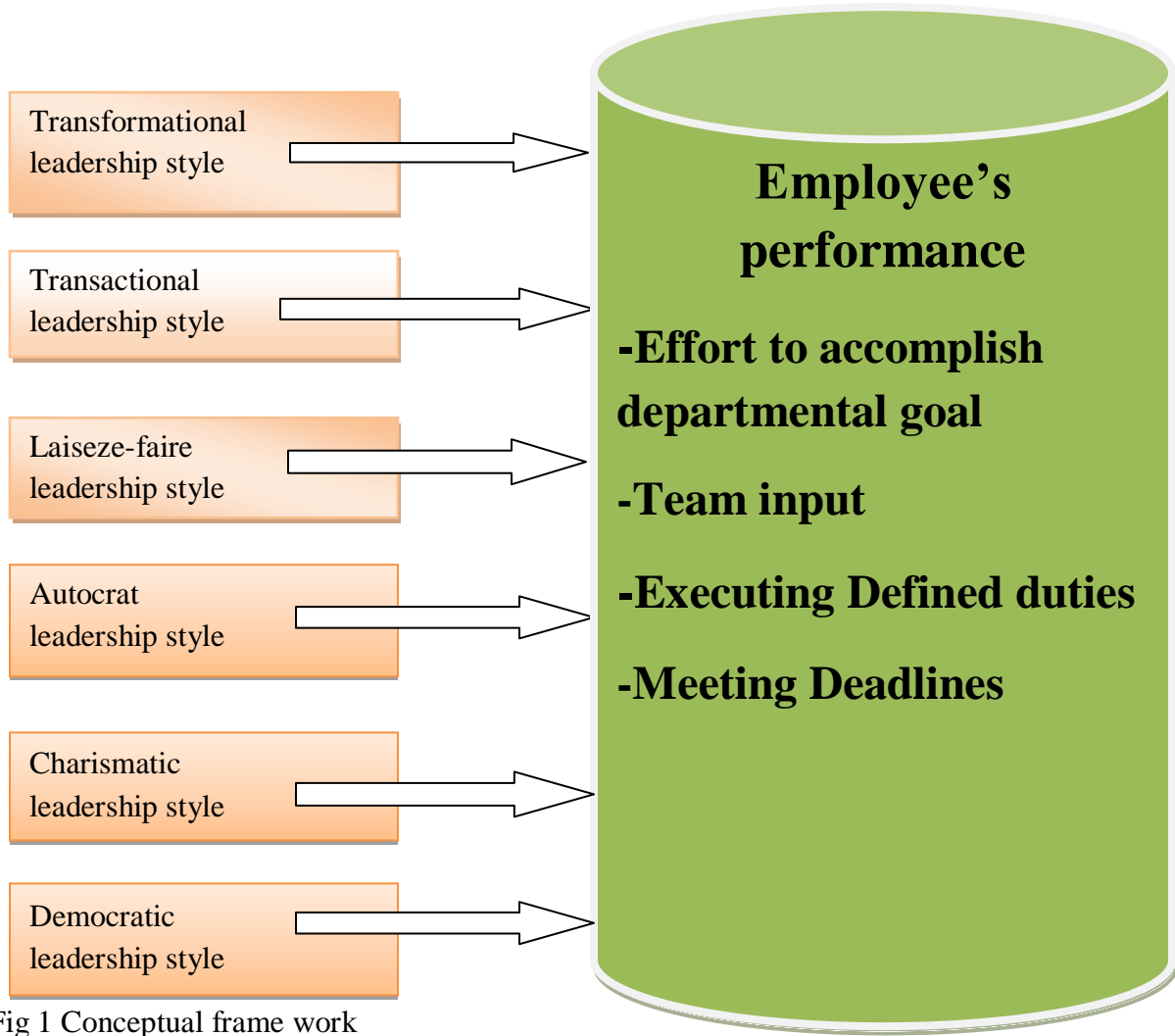


Fig 1 Conceptual frame work

Source: - Developed by the researcher after reviewing similar literatures.

CHAPTER THREE

3. Research Design and Methodology

This chapter involves the research design and method employed. To get reliable answer for each question of this research: various sources of data, methods of sampling, tools of data gathering and analyzing of data were employed.

3.1. Research Design

According to (Kothari, 2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The research used both exploratory and descriptive research design. Explanatory research design method was used to meet research objectives and to test the proposed hypotheses. Descriptive studies were used to describe the characteristics of the respondents' responses by using frequency, percentages and descriptive statistics (mean and standard deviations).

Accordingly, the research approach employed in this study was quantitative. Quantitative approach was applied to identify effects of leadership style on employee's performance.

3.2. Sampling Design

The basic objective of sampling design is to minimize, the gap between the values obtained from your sample and those prevalent in the study population within the limitation of cost. Which includes population of the study, sample size determination, and sampling technique that, the study used.

3.2.1. Population of the Study

Target population was defined as the entire group a researcher was interested in. According to (Zikmund, 2003), the definition of population is identifiable total set of elements of interest being investigated by a researcher. The target population of the study was employees who are working in Commercial Bank of Ethiopia, Jimma District branches. According to the data from Jimma District Operation support office Commercial Bank of Ethiopia, Jimma District has 68 branches until February 2017.

3.2.2. Sampling method and sample size determination

It is not possible for conducting a survey by including all branches so that, taking sample is an appropriate way. Therefore, the researcher used multi stage sampling. First, purposive sampling was used to select the sample branches so that, the researcher selected ten branches (Jimma Main, Gambela, Mettu, Sokoru, Bonga , Mizan, Hirmata,Agaro,Teppi and Bedele) based on their managers duration in the branch, transaction volume, share of district annual plan, and business environment that they operating i.e. branches which operate their business in relatively stiff competitive market. According to the data from Jimma district Human resource department, those selected ten branches have a total of 468 clerical employees who have a direct interaction with the success of the branch annual plan and linkage with branch operation and marketing activity. Whereas, the subjects of the study were excluded employees who have not direct interaction with customers such as security guards, drivers and other supportive staffs (cash office attendants, gardeners, cleaners, and technicians). Therefore, the total participants/subjects of the study were 468 employees who are working the above selected branches until February 2017. By considering the above participants/ subjects of the study, sample size of the study were determined by using mathematical formula that is given below at 5% precision level (Israel, 1992).

$$n_0 = \frac{N}{1 + N(e)^2}$$

Where, N = Total Population

e = Precision level

n = sample size

$$n_0 = 468 / 1 + 468 (0.05)^2$$

$$n_0 = 216$$

Therefore in this study the numbers of sampled employees were 216.

After determining the total number of sample respondents in the study area, the next step involves applying stratified random sampling by dividing the given sample size in to homogeneous subgroups and then determining sample respondents in each of the ten selected

branches by using simple random sampling techniques and the proportional sample size from each stratum is calculated by using the following formula:

$$n_i = n * N_i$$

Where: n_i = sample size for each targeted braches,

N_i = the total number of employees in each targeted braches,

n =the total number of employees in the targeted braches (10 Branches),

n = the total sample size for selected Banks

Accordingly, the table below show that the proportionate sampling for each branches based on the above given total sample size.

Table 3.1: Proportionate sample distribution for each targeted CBE JD branches

S.n	Selected CBE JD Branches	The number of employees related to each branches	Relative share of related branches in population	Number of Sample related to each branch
1	Jimma main	72	72/468=0.15	0.19*216=33
2	Gambela	68	68/468=0.14	0.18*216=31
3	MizanTeferi	45	45/468=0.10	0.10*216=21
4	Sekoru	24	24/468=0.06	0.06*216=11
5	Bonga	41	41/468=0.09	0.09*216=19
6	Metu	43	43/468=0.09	0.11*216=20
7	Hirmata	48	48/468=0.10	0.12*216=22
8	Agaro	45	45/468=0.10	0.11*216=21
9	Teppi	44	44/468=0.09	0.11*216=20
10	Bedele	38	38/468=0.08	0.10*216=18
Total		468		216

Source: Own survey 2017

3.3. Data Collection and Instrument Design

The study used primary data as its source of information. Primary data were collected through structured questionnaire. Appropriate structured questionnaire was prepared and used to collect primary data from employees of selected CBE JD branches.

The questionnaire was divided into two sections. Section I measured the existing leadership style, Section II measured the performance of employees, Section III about the demographic information of the respondent. Leadership styles measured using statements/items adapted by Bass and Avolio, (1993) with Likert scale scoring format ranging from strongly disagree to strongly agree. Employees performance scale was adapted from a scale developed by Yousuf (2000) which is five item scale format ranging from very low to very high.

3.4. Method of Analysis

After collecting the data through questionnaire, the process of analysis begins. That was included: data editing, coding, cleaning and consistency checking. The researcher made all these activities of data processing. Descriptive, correlation and inferential analysis methods were used to analyze the collected data. Descriptive tools such as frequency, percentages, mean and standard deviation were employed to present the results of the study. Statistical analysis tool such as correlation coefficients was worked out and used to explore the relationships between variables. Inferential analysis (simple and multiple linear regressions) was performed to examine individual and joint effects of independent variables on dependent variables.

3.5. Validity and Reliability

In order to reduce the possibility of getting the wrong answer, attention was paid on the validity and reliability of the questionnaire. Numbers of different steps were taken to ensure the validity and reliability of the study.

3.5.1. Validity

According to (Kothari, 2004)), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which any instrument measures what is intended to measure. Content validity of the survey questionnaire was validated by professionals and the research advisor. The results led to make minor changes in the instrument, which were made prior to administering the survey. An extensive review of

relevant existing conceptual and empirical literatures on leadership styles, employee's performance produced the measures for each variable. These measures were used to construct the

3.5.2. Reliability

Cronbach's Alpha test

Variable	Item	Chronbachs Alpha
Transformational Leadership		
Idealized Influence	3	0.908
Idealized Motivation	3	0.812
Intellectual Simulation	3	0.755
Individual consideration	3	0.820
Transactional Leadership		
Contingent Reward	3	0.792
Management By Exception	3	0.792
Autocratic leadership	6	0.831
Democratic Leadership	6	0.862
Laissez fair Leadership	6	0.882
Charismatic Leader ship	6	0.793
Employees performance		
Effort to Accomplish departmental goal	5	0.763
Team Input	2	0.792
Executing Defined Duties	3	0.822
Meeting Dead line	3	0.733

Source SPSS Output, 2017

This study adopted Cronbach's alpha value as a tool for reliability examination. Based on the suggestion proposed by (Guilford, 1965), the higher the Cronbach's alpha value, the higher the internal consistency is. If a value was higher than 0.70, then it showed that the reliability of measurement was high. The examination result of this study showed that Cronbach's alpha value in each variable was higher than 0.7, as shown in Table 4 .1, which indicates high reliability

3.6 Model Specification and Variables Description

The researcher employed MLR model to determine overall significance level of leadership styles; transformational, democratic, charismatic, laissez faire, transactional and authoritative leadership styles with the dependent variable; organizational employee's performance. Moreover, the researcher used SLR model to determine individual significance level of independent variables; with the dependent variable employee's performance. (Celistine Atango, 2015), also used both SLR and MLR models to explain individual and joint prediction of leadership styles respectively on the dependent variable; employees Performance in bank of Africa, in Kenya.

Employee's performance is dependent variables used in this study. It is measured in terms of non-financial terms such as effort to accomplish departmental goal, team input, executing defined duties and meeting dead line. Besides, independent variables are leadership styles such as; transformational, democratic, and charismatic, laissez faire, and transactional authoritative leadership styles.

The dependent variable; **Employee's performance** is defined by different authors with different perspectives. While, in this study the term employee's performance is defined as follow. Employee's performance is the contribution made by an individual in the accomplishment of organizational goals. Here employee performance is simply the result of patterns of action carried out to satisfy an objective according to some standards. Pattanayak (2005).

CHAPTER FOUR

4. Result and Discussion

In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents through descriptive statistics and inferential analysis was employed to test the hypothesis and to investigate the influence of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.

A total of 216 questionnaires were personally handed to the respondents with close follow up and guide in filling the questioners. All respondents completed the questionnaires in suitable form. As a result, the analysis is made on the valid number of responses and all the discussions below are made on these groups of respondents.

4.1. Descriptive Analysis

Descriptive analysis discuss about the features and the pattern of a collection of information from survey by distributing questionnaires. In this part of the analysis, descriptive tools such as; frequency, percentages, mean and standard deviation were used to present the results of the study.

4.1.1. Respondent Demographic Profile

The demographic profiles included in this study were age, sex, work experience, and educational level;

Table 4.2 Respondent Age

Classification of variables	Frequency	Percent	Valid Percent	Cumulative Percent
Below 25	26	12.03	12.03	12.03
26-30	142	65.74	65.74	77.77
31-41	44	20.37	20.37	98.14
Above 41	4	1.85	1.86	100
Total	216	100.0	100.0	

Source: SPSS output, 2017

The above table 4.2, indicates that the number of respondents in four different age groups. Majority of the respondents (65.74%) were with the age group of 26-30 years old, followed by respondent age in between 31-41 years old with 20.5%. 12.1% of the respondents were with age group of less than or equal to 25 years old, and 1.9% of the respondents were with the age group of greater than or equal to 41 years old respectively. Generally, it can be brightly seen from the above table, majority of employees are between the ages of 26 and 30 i.e. they are good enough to perform their job.

Table 4.3 Respondent Gender

Sex of the respondents	Frequency	Percent	Valid Percent	Cumulative Percent
Male	123	57.2	57.2	57.2
Female	93	42.8	42.8	100.0
Total	216	100.0	100.0	

Source SPSS output, 2017

Based on the above frequency distribution table 4.3; the result shows male respondents are ahead than female respondents with 14.4% which occupy 57.20 % of the total respondent. Furthermore,

42.80% of the total respondents are female respondents. This implied that the male had a relatively high percentage among respondents.

Table 4.4: Working experience of the Respondents

Classification of variables	Frequency	Percentage	Valid Percent	Cumulative Percent
2–5	133	61.57%	61.57%	61.57%
6–10	47	21.76%	21.76%	83.33%
11–15	21	9.73%	9.73%	93.06%
≥16	15	6.94%	6.94%	100%
Total	216	100%	100%	

Source: SPSS output, 2017

The result of the respondents work experience show in table 4.4. 61.57percent of employees of the targeted branches have 2 to 5 years of working experience, 21.76 percent of the respondents have 6 to 10 years of working experience, 9.73percent of the respondents have 11 to 15 of work experience and the remaining 6.94 percent have above 15 years of working experience.

Table 4.5: Education Level of the Respondents

Classification of variables	Frequency	Percentage	Valid Percent	Cumulative Percent
Diploma	44	20.37%	20.37%	20.37%
Degree	148	68.52%	68.52%	88.89%
Masters and above	24	11.11%	11.11%	100.0%
Total	216	100%	100%	

Source: SPSS output, 2017

As far as the educational qualification of employees is concerned in the table 4.5, 68.52 percent of the respondents had first degree, 20.37 percent were diploma holders, and the remaining 11.11 percent had Masters and above.

In general, results of demographic characteristics of the respondents entail that, they can clearly understand and respond to the questions provided to gather primary data.

4.1.2 Analysis of Leadership Style and Employees performance

This subsection presents the results of the analysis of leadership styles. Six (6) main types of leadership styles were assessed. These were transformation leadership style with four dimensions (each with three items), transactional leadership style with two (2) dimensions (each with three

items). Authoritative, Charismatic and laissez-faire leadership styles each had six (6) items. Descriptive statistics were used to assess the level.

Leadership styles were calculated, to establish the respondents, assessment of the existing leadership style and the extent to which immediate supervisors practices this leadership style. The scale used in the statements was 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree. The descriptive statistics of the findings are represented in Table 4.6.

4.1.1.1. Mean and Standard deviation

A likert scale is composed of a series of four or more likert type items that represent similar questions combined in to a single composite score/variable. Likert scale can be analyzed as interval data, i.e. the mean and standard deviation score those are the best way to describe scale. (Nancy L et al., 2005). In this study, means and the standard deviations of the subject's responses were calculated for the purpose of finding the sample attitude of respondents, regarding with their agreement or disagreement level on explanatory variables (transformational, democratic, charismatic ,laissez faire, transactional and authoritative leadership styles) and the dependent variable; employees performance.

Table 4.6: Mean and Standard deviation

Variables	No. of Items	N	Mean	Std. Deviation
Transformational	12	216	3.13	0.98
Democratic	6	216	3.07	1.11
Charismatic	6	216	2.97	0.89
Laissez faire	6	216	3.01	0.98
Transactional	6	216	2.98	1.13
Authoritative	6	216	2.84	0.92

Source: own survey, 2017

The above table clearly indicates that respondents aggregate response on the leadership styles, transformational, democratic, charismatic, transactional, laissez faire and authoritative had a tendency to agreement with the mean of (3.13, 3.07, 2.97, 3.01, 2.98 and 2.84, respectively) on 5 point likert scale (strongly disagree to strongly agree). This indicates the existence of those types of leadership styles which are practiced in the bank.

As of the table indicated, Transformational leadership style is relatively highly practiced leadership style that scores a mean more than 3.0.

As of the table indicated, Democratic leadership style score a mean of 3.07 and a standard deviation of 1.11 that is the second practiced leadership style in the bank.

Transactional leadership style upon assessing the six statements had a mean score of 3.01 and a standard deviation of 0.98. This mean indicates that respondents agree that their supervisors indeed follow Transactional leadership style in a moderate extent.

Laissez faire leadership style and charismatic leadership styles had a mean score of 2.98 and 2.97 with a standard deviation of 1.13 and 0.89 respectively. This indicates some of the bank supervisors follow the laissez faire leadership style and charismatic leadership style.

Authoritative leadership style scores a mean of 2.84 and a standard deviation of 0.92 which is least practiced leadership style. This indicated that some of the bank immediate supervisors are followed authoritative leadership style.

All the items are tested with a Cronbach's alpha and each resulted above 0.7. Therefore, the analysis of employee performance was based on the aggregate result of employee's performance.

From the results of the analysis of leadership styles, it can be concluded that transformational leadership style is the most exhibited leadership style by immediate supervisors of commercial bank of Ethiopia jimma district and followed by the democratic leadership style and authoritative leadership style is least exhibited leadership style in CBE jimma district branches.

4.1.3. The Effect of Leadership Style on Employee Performance

4.1.3.1. DIAGNOSIS TEST

Before applying the regression analysis some tests were conducted, in order to reduce the possibility of getting the wrong answer, and also to ensure the data appropriateness. Therefore the study paid attention on multicollinearity, normality and linearity tests.

4.1.3.2. CORRELATION ANALYSIS

Pearson correlation is a test used to measure the strength of a linear association and examine the relationship between a single dependent variable and one or more independent variables. There can be categorized into three types of correlation which include positive correlation, negative correlation and no correlation. These correlations characterized by concerning on one variable increases what happens to the other variable. For positive correlation, it exists when one variable increase, the other variable also increase, and vice versa. Negative correlation happens when one variable increase as the other variable decrease, and vice versa. However, when changing in one variable does not tend to either increase or decrease other variable is known as no correlation (Ratner, 2016). According to (Field, 2009) the correlation coefficient is a commonly used measure of the size of an effect: values of -0.1 to -0.29 represent a small (weak) effect, $+0.3$ to $+0.49$ is a medium (moderate) effect, $+0.5$ to $+1.0$ is a large (strong) effect and 0 indicates no

Pearson correlation results in table 4.9 indicated that transformational leadership style and employees performance has strong significant positive correlation ($r= 0.894$) at 0.01 significant level. Correlation between democratic leadership style and employees performance scored the second highest correlation coefficient($r=0.716$) at 1 percent significant level. As it is indicated in the above table there is significant correlation between charismatic leadership style and employees performance ($r=0.571$) at 0.01 significant level. The results imply that transformational, democratic and charismatic leadership styles have a strong positive relationship with employee's performance level.

The table below also indicated that laissez faire leadership style ($r=0.310$) and transactional leadership ($r=0.337$) have a significant positive correlation with a dependent variable employees performance at 1 percent significant level. However their coefficient of correlation implies that laissez faire leadership style and transactional leadership styles have moderate positive

relationship with employee's performance, but Authoritative leadership style ($r = -0.109$) had a negative insignificant relation with employees performance.

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

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

Table 4.9: Pearson correlation matrix between employees performance and dependent variables

	Transformational	Democratic	Charismatic	Laissez faire	Transactional	Authoritative
Transactional	1.000					
Democratic	.647**	1.000				
Charismatic	.483**	.602**	1.000			
Laissez faire	.266**	.207*	.273**	1.000		
Transaction	.269**	.122	.198*	.686**	1.000	
Authoritative	-.214**	-0.179	-0.191*	-0.621**	-0.635	1.000
Employees performance	.894**	.716**	.571**	.310**	.337**	-0.109

Source: SPSS output

4.1.3.3 REGRESSION ANALYSIS

Regression analysis is a method for modeling the relationship between dependent variable and one or more independent variables. It consist two types of regression analysis which are simple linear regression and multiple linear regressions. The analysis is using P value <0.01. In Nuzzo (2014) indicated a common index for the strength of evidence was 0.01 and usually interpreted as “very significant“. Simple linear regression is a model with dependent variable and one independent variable however; multiple linear regressions are a model with dependent variable and more than one independent variable.

Table 4.11 Overall significance: ANOVA (F-test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.111	6	12.519	26.300	.000 ^b
	Residual	99.481	209	.476		
	Total	174.593	215			

a. Dependent Variable: employ performance

b. Predictors: (Constant), charismatic, laissez-faire, authoritative, democratic, transactional, transformational

Source: filed survey 2017

From the ANOVA test in the table 4.11 shows that there was a statistically significant correlation between dependent variable and independent variables with (F (1,209) = 26.300, P<0.05). In other word the employee’s performance is predicted by a joint effect of leadership styles; transformational, democratic, charismatic, transactional and authoritative at 5% significant level.

Analysis of variance (ANOVA) results the F-statistics and its associated sig. value. The results show that the F-statistics is (F (1,209) = 26.300, P<0.05).The results suggest that the model has power to predict employees’ performance significantly from the leadership style scores.

Regression coefficients of Leadership style

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (p-value)
		B	Std. Error	Beta		
1	(Constant)	.062	.129		.479	.633
	Transformational	.627	.040	.691	15.481	.000*
	Democratic	.159	.038	.199	4.142	.000*
	Charismatic	.100	.042	.100	2.390	.018
	Laissez faire	-.028	.042	-.030	-.662	.509
	Transactional	.101	.036	.128	2.797	.006
	Authoritative	-.055	.044	-.080	.455	.453

a. Dependent Variable: employees performance

*. Significant at the 0.05 level.

Source: filed survey 2017

From the multiple regression coefficients result in the table 4.12 shows that, in joint predication of independent variables, transformational leadership style is the highest predictor of employees performance ($\beta=0.691$, P-value= .000). These results suggest that performance of employees whose immediate supervisor exhibited transformational leadership characteristics increased significantly by 69.1 percent. Democratic leadership style is the second highest predictor of employees performance ($\beta=0.199$, P-value= .000). Independent variables, transactional leadership style and charismatic leadership style are statically significant with dependent variable; employees performance (P-value .006 and .018) respectively in 5 percent significant level. While standardized coefficients result ($\beta=0.128$ and 0.100) implies that both independent variables (transactional leadership style and charismatic leadership style) are slightly low predictor of employees performance level.

The above regression coefficients table result in joint predication of leadership styles, indicates that independent variable; laissez faire and authoritative leadership styles are not statically

significant with the dependent variable; employee's performance ($\beta = -0.030$, P value = .509) and ($\beta = -0.080$ and 0.453) respectively.

4.1.3.3.2 Simple linear regression analysis

In this part of the regression, the researcher was carried out simple linear regressions model, in order to examine each independent variables; leadership styles; transformational, democratic, charismatic, transactional and authoritative on the dependent variable employee's performance.

Table 4.12: Regression analysis of Employees Performance and transformational leadership style

Variable	r	r-square	F-value	Sig (P-value)	B	T
Transformational	0.894	.800	572.103	.000	.812	23.919

Source: Field Survey, 2017

The research finding in table 4.12 indicate a correlation coefficient of 0.894 suggests, there is a strong significant positive linear relationship between independent variable (transformational) and dependent variable (employees performance), while $r^2 = 0.800$ suggests that 80 percent of the variance in employees performance can be explained by transformational leadership style. As it is indicated in the above summarized table, transformational leadership style was considered as predictor of employees performance and reported high level of significance ($F(1,215) = 572.103$, P value = 0.000). The simple linear regression coefficient ($B = 0.812$) implies that when other independent variables practice remaining constant, and when the bank supervisors follow transactional leadership style, it will cause a marginal change of 0.81 on employees performance level.

Table 4.13: Regression analysis of Employees Performance and Democratic leadership style

Variable	r	r square	F-value	Sig (P-value)	B	T
Democratic	0.716	.512	150.077	.000	.571	12.251

Source: Field Survey, 2017

The study results in table 4.13 show that a significant positive linear relationship between single independent variable (democratic leadership style) and dependent variable employees performance ($r = 0.716$), whereas $r^2 = 0.512$ suggests that democratic leadership style had moderate

explanatory power on employees performance as it accounted for 51 percent of its variability. The regression results is statistically significant ($F(1,209) = 150.077, P < 0.05$). In other word employees performance is predicted by a single independent variable at 5% significant level. The slope of the regression line ($B = 0.571$) indicate that when other independent variables are remaining constant, and when the bank supervisors follow democratic leader ship style, it will cause a marginal change of 0.57 on employees performance.

Table 4.14: Regression analysis of employee performance and Charismatic leadership style

Variable	r	r square	F-value	Sig (P-value)	B	T
Charismatic	0.571	.326	69.196	.000	.571	8.318

Source: Field Survey, 2017

From the table above, it is indicate that a significant positive linear relationship between a single independent variable; charismatic leadership style and dependent variable; employees performance $r=0.571$ while, the regression result is statistically significant at ($F(1,209) = 69.196, P \text{ value} = 0.000$). The results also shows that charismatic leader ship style had moderate explanatory power on employees performance as it accounted for 33 percent of its variability ($r^2 = 0.326$). The regression coefficient ($B = 0.571$) shown that when the bank supervisors follow charismatic leadership style, it will cause 57% change in the bank employees performance.

Table 4.15: Regression analysis of employee performance and laissez faire leadership style

Variable	R	R square	F-value	Sig (P-value)	B	T
Laissez faire	0.310	.096	15.170	.000	0.282	3.895

Source: Field Survey, 2017

The results of the regression analysis summarized in Table 4.15 shown that independent variable laissez faire leader ship style has a positive correlation to employees performance ($r=0.310$). The results also show that laissez faire leader ship style had low explanatory power on employees performance as it accounted for 10 percent of its variability ($r \text{ square} = .096$). Whereas, the regression result is statistically significant at $F(1,209) = 15.170, P < 0.05$). Hence, laissez faire leadership style follower of Commercial bank of Ethiopia Jimma District immediate supervisors

has regression coefficient (B) = 0.282, this implies that, when other variables of remaining constant, it will increase performance level of employees by 28%.

Table 4.16: Regression analysis of employee performance and transactional leadership style

Variable	R	R square	F-value	Sig (P-value)	B	T
Transactional	0.337	.114	18.326	.000	0.266	4.281

Source: Field Survey, 2017

The results of the simple linear regression analysis summarized in Table 4.16 shown that a correlation coefficient ($r = .337$) suggests there is a moderately significant positive linear relationship between independent variable (transactional leadership style) and dependent variable (employees performance). While, $r^2=0.114$ suggests that 11 percent of the variance in employees performance can be explained by transactional leadership style. As it is indicated in the above summarized table, transactional leadership style was considered as predictor of employees performance and reported statistically significance with ($F(1,215) = 18.326$, P value =0.000) at 5% significant level. Individual significance coefficient of transactional leadership style (B = 0.266) show that when the bank supervisors follow transactional leadership style, it will cause a 27% change in the employees performance level.

Table 4.17: Regression analysis of employee performance and authoritative leadership style

Variable	R	R square	F-value	Sig (P-value)	B	T
Authoritative	-0.53	.071	10.326	0.13	0.245	2.418

Source: Field Survey, 2017

While, $r^2=-0.53$, beta value 0.245 suggests that 24 percent of the variance in employees performance can be explained by authoritative leadership style .Statistically significant with ($F(1,215)=10.326$, P value=0.13).

4.2 DISCUSSION

The result of this study indicate that a transformational and democratic leadership styles have a highest positive effect on employees performance .based on this results, this study is agree with other studies at like Ojokuku R.H.et.al (2012) , Osabiya Batunde, (2015) and Iqbel et.al.(2015).

This study also agree with the studies that states transformational and transactional leadership styles have a positive significant effect on employees performance such as Rasoolet,eI,(2015) Raja and Palanchamy (2015), Aboshaqa,et,al,(2015) and Paris M.keoch andprof.G.S.Namusonge (2012)

Table4.16; Summary of the Hypothesis results

Hypothesis	Results
H_{0a} : There is a relationship between leadership style and employees performance	Accept
H_{1b} : There is no a relationship between leadership style and employees performance	Fail to Accept
H ₀₁ : There is a significant effect of leadership style on employee's performance.	Accept
H ₀₂ : There is no a significant effect of leadership style on employee's performance.	Fail to Accept

CHAPTER FIVE

5. Conclusions and Recommendations

In this chapter, the major findings are summarized; conclusions are drawn based on the findings and possible recommendations are forwarded for the concerned bodies.

5.1 Major Findings

From the data interpretation and analysis made under the preceding chapter the following major findings can be summarized as follow:

- Since questionnaire was employed as a research instrument, the cronbach's alpha value of the questionnaire items were computed and become reliable and internally consistent (all items were exceeded the minimum requirement of 70% and which justifies the reliability of the questionnaire items.
- Descriptive analysis were Started from the simple demographic presentation, majority of the respondents were male (62.10%), likewise, majority of the respondents (above 85%) were a youngsters (below 35 years old). Besides that, more half of the respondents have a service year within a range of 2-5 years. Moreover, the majority of the respondents (67.6%) are first degree holders.
- Descriptive statistics; mean and standard division results show that the respondents aggregate response on likert scale variables of the study. Therefore, the aggregate response on the dependent variable had a tendency to agreement with a mean of 3.03 on 5 point likert scale. Besides, the standard deviation of 0.89 indicates that, there was a moderate employee's performance in the data. The independent variables; transformational, democratic, charismatic, laissez faire, transactional and authoritative are had a tendency to agreement with the mean of (3.13, 3.07, 3.01, 2.97, 2.98 and 2.84 respectively) on 5 point likert scale (strongly disagree to strongly agree).
- The results of Pearson correlation analysis shows that the independent variables i.e. transformational, democratic, charismatic, laissez faire and transactional were positively and significantly correlated with the dependent variable; employees performance at 0.01 significant level. Whereas, all this explanatory variables ware not equally significant with the dependent variable; employees performance. Independent variables; transformational, democratic and charismatic leadership styles ($r=.894$, $r=.716$ and, $r=.571$ respectively) are

strong positive correlation with employees performance, while laissez-faire leadership style and transactional leadership styles ($r=.310$ and $.337$ respectively) are moderate positive correlation with the dependent variable; employees performance but Authoritative leadership style ($r= -0.109$) had a negative insignificant relation with employees performance. Moreover, in this study all explanatory variables are free from multicollinearity, and normality problems.

- Regression coefficients of Leadership style standardize coefficient of beta and significance level p-value indicate that leadership styles transformational ,democratic ,transaction and charismatic leadership styles statistically significant on employees performance.
- Simple linear regressions results of the study were presented individual significance and predictability of each explanatory variables on the independent variable; employees performance whereas other variables remain constant. The findings of the regressions indicates that except authoritative leadership style each independent variables;, transformational, democratic, charismatic, laissez faire, and transactional leadership styles are statistically significant ($P<0.05$) with outcome variable; employees performance at 5% significant level.

5.2. Conclusion

The main objective of this study is to explain the effect of leadership style on employee's performance in the banking industry, particularly, in commercial bank of Ethiopia, jimma district, south west, Ethiopia. This study was carried out from employees' perspective.

- The findings of the descriptive statistics; mean and standard deviation scores of likert variables showed that, independent variables; transformational, democratic, charismatic, laissez faire, transactional and authoritative are well practiced by the bank immediate supervisors. Similarly the empirical evidences in this study support that, independent variables; transformational, democratic, charismatic, laissez faire, transactional and authoritative had significant role on employee's performance.
- Another objective of the study was to determine whether there exists significant correlation between the variables of the study leadership style and employees performance or not. And the result of correlation analyses, showed that independent variables; transformational, democratic, charismatic, laissez faire and transactional have a

positive and significant relationship with the dependent variable; employees performance. But authoritative leadership style has a negative correlation with employee's performance. From this it is relevant to conclude that immediate supervisor's leadership style has a power to determine the employee's performance level. The findings also show that among the independent variables transformational, democratic and charismatic leadership styles were strong positive association with employee's performance whereas laissez faire and transactional leadership style were moderate positive relationship with the dependent variable. Authoritative leadership style was weak negative correlation with employee's performance.

- The findings of simple linear regressions indicates that each independent variables transformational, democratic, charismatic, laissez faire, transactional and authoritative leadership styles are statistically significant at ($P < 0.05$) with independent variable; employees performance at 5% significant level. This means that those variables were predictors of dependent variables; employee's performance. Whereas, each independent variable was not equally predicting dependent variable i.e. transformational and democratic leadership styles have a strong power to predict the employee's performance level. Other independent variables charismatic, laissez faire and transactional leadership styles have slightly moderate power to predict the dependent variable; employee's performance while authoritative leadership styles insignificantly predict employees' performance
- Finally, the results of this study revealed that there is a relationship between leadership style and organizational performance and it can be concluded that leadership style has both positive and negative effect on employee's performance. Leadership styles such as transformational, democratic, transactional and charismatic leadership styles statistically significant on employee's performance but transformational and democratic leadership styles have a highest predictor of employee's performance so employees of the CBE jimma district enhance their performance for leaders who have more of transformational and democratic leadership style.

5.3. RECOMMENDATIONS

Based on the study findings and conclusions, the researcher would like to forward the following recommendations, which could be useful for the study unit (commercial banks) and also for other concerned bodies.

- The independent variables; transformational and democratic leadership styles individually and jointly predict the dependent variable employees performance so, the bank better to focus on those leadership styles in order to establish, maintain and enhance long- lasting relationships with employees to exploit their best performance. In democratic style employee have to some extent discretionary power to do work so their performance is better.
- The results of this study provided insights into what employees need from their supervisors and the kind of leadership style they prefer. According to the results, some strategies for improving supervisor's leadership and employee performance could be suggested. It indicated that transformational leadership style would lead to higher employee performance.
- It is the best and must continue practice that incorporating a motivated and proficient employees as an overarching strategic tool to improve the performance of employees with a high level engagement and highly competent with the service quality in respect of employees effort to accomplish their departmental goal, quality and motivation of executing defined duties and meeting dead line, for a high level of translation of the bank vision. Thus the bank should give a high level emphasis on the leaders of the bank by availing benefit package, giving recognition, following merit based promotion, develop certain training programs or mentoring by professionals, and career succession and empowerment for leaders to create a leader who have an idealized influence, Inspirational motivation, Intellectual simulation and individual consideration in order to create a conducive working environment and team spirit and to improve employee's effectiveness at executing defined duties with a high level quality at a time.

Implication for Future researches

The aim of this study is to explain the effects of leadership style on employees performance in the banking industry, particularly, in commercial bank of Ethiopia, Jimma District, The study take only six independent variables of leadership style; (transformational, democratic, charismatic laissez faire ,transactional and authoritative) and found out that except authoritative leadership style all this leadership styles have a significant positive relationship with the dependent variable; employees performance. Therefore; future researcher can explain employee's performance by taking other leadership styles. Also employee performance can measure in respect of financial terms so future researcher can explain employee's performance in respect of both financial and non-financial terms.

REFERENCES

- Aboshaiqah, A. E., Hamdan-Mansour, A. M., Sherrod, D. R. Alkhaibary, A. &Alkhaibary, S. (2014). Nurses' Perception of Managers' LeadershipStyles and Its Associated Outcomes." *American Journal of NursingResearch*, 2 (4), 57-62.ity Printery.
- Alexander A, and Kuchinke K, Peter K, (2002), Human Resource Development International, Leadership Styles and Cultural Values among Managers and Subordinates:A Comparative Study of Four Countries of the Former Soviet Union, Germany, And the Us, University Of Illinois at Urbana-Champaign.
- Abwalla J, (2001), The Principals' Leadership Style and Teachers Performance in Secondary Schools of Gambella Regional State, Jimma, Ethiopia.
- Amin, M. E. (2005). *Social Science Research conceptions, methodology and analysis*. Kampala: MakerereUniversity.Armstrong, M. (2004). *Human Resource Management Theory and Practice*. London:Bath Press Ltd.
- Avolio, B. J., Waldman, D. A., & Einstein, W. O. (1988). Transformational leadership in a management game Simulation. *Group &Organization Studies*, 13(1):59-80.
- Avolio, B.J. and Bass, B.M. (2004), Multifactor Leadership Questionnaire: Manual and Sampler Set, 3rd Ed., Mind Garden, Redwood City, CA.
- Bass, B. M. &Avolio, B. J. (1990). The implications of transactional and transformational leadership for individual, team, and organizational development. *Research in Organizational Change and Development*, 4:231-272.
- Bass, B. M. (1985). *Leadership and performance beyond expectations*. Free Press: New York.
- Bass, B. M. (2000). The future of leadership in learning organizations. *Journal of Leadership Studies*, 7:18-40.
- Bass, B.M. & Yammarino, F.J. (1991). Congruence of self and others' leadership ratings of naval officers for understanding successful performance. *Applied Psychology: An internal Review*, 40: 437-454.
- Bass, B. M., Avolio, B. J, Jung, D, &Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal ofApplied Psychology*, 88:207-218.
- Bennis W. (2007). The challenge of leadership in the modern world: introduction to special issues. *Am. Psychol.*, 62(1), 2-5.
- Bizhan Sh, (2013), The Relationship between Leadership Style and Employee Performance (Case Study of Real Estate Registration Organization Of Tehran Province), *Singaporean Journal Of Business Economics, And Management Studies*. Department Of Public Management, Islamic Azad University, Rasht Branch, Rasht, Iran.
- Brand, C., Heyl, G. and Maritz, D. (2000). Leadership In Meyer, M. And Botha, E. (Eds). *Organisational Development and Transformation In South Africa*. Durban: Butterworths.

- Burns, J. M., (1978). *Leadership*. Harper and Row: New York.
- Bass, B. M., & Avolio, B. J., Transformational leadership development: Manual for the Multifactor Leadership Questionnaire, Palo Alto, CA: Consulting Psychologists Press, 1990.
- Celestine Awino Anyango 2015 Effect of Employees Performance at BOA Kenya
- Collis, D.J. and Montgomery, C.A. (1995), Competing on Resources, *Harvard Business Review*;73(4), pp.118-128.
- Dvir, T., Eden, D., Avolio, B., & Shamir, B. (2002). Impact of transformational leadership on follower development and performance: A field experiment. *Academy of Management Journal*, 45:735-744.
- Ejere, E. I., & Abasilim, U. D. (2013). Impact of transactional and transformational leadership styles on organisational performance: empirical evidence from Nigeria. *The Journal of Commerce*, 5(1), 30-41.
- El-Saghier, F. O., 2002. The Organizational climate and its impact on the Performance of the Personnel in the Security Agencies. M.Sc. Thesis, Naief Arabian University of Security Sciences, Faculty of High Studies, Department of Administrative Sciences, Kingdom of Saudi Arabia, pp:
- Gimuguni, L., Nandutu, J., & Magolo, A. (2014). *Effect of leadership styles on performance of local governments in Uganda. A case of Mbale District*.
- George Lumbasi (2015) Effect of leadership style on employees performance among Company of the year award senior manager in keynya
- House et. al (2004). *Culture, Leadership and Organizations. The GLOBE Study of 62 Societies*. Thousand Oaks: Sage Publications
- House, R. J. (1977). A 1976 Theory of charismatic leadership. In J. G. Hunt & L. L. Larson (Eds.), *Leadership: The cutting edge*. pp.189-204. Southern Illinois University: Carbondale, IL.
- Howell, J.M. & Hall-Merenda, K.E. (1999). The Ties That Bind: The Impact of Leader- Member Exchange, Transformational and Transactional Leadership, and Distance on Predicting Follower
- Hetland, H. & Sandal, G.M (2003). Transformational leadership in Norway: Outcomes and personality correlates. *European Journal of Work and Organizational Psychology*, 12 (2): 147-
- House, R.J. (1977). A 1976 theory of charismatic leadership. In: J.G. Hunt & L.L.
- Iqbal N1*, Anwar S2 and Haider N1 Effect of Leadership Style on Employee Performance (2015)
- Ispas, A., & Babaita, C. (2012). The effects of leadership style on the Employees's Job satisfaction and Organizational commitment from the Hotel Industry. *Approaches in Organizational Management*, 15(16), 254-262.
- Kouzes, J.M. & Posner, B.Z. (1995). *The Leadership Challenge. How to Keep Getting Extraordinary Things Done in Organizations*. San Francisco, CA: Jossey-Bass.

Kehinde and Banjo (2012) Effect of leadership style on employee's performance at Nigeria

Larsons (eds.) Leadership: The Cutting Edge. Carbondale, IL: Southern Illinois University Press, 189-207.170Performance

Maxwell J, (2007), Ultimate leadership: Maximize your potential and empower your team, Nashville, Tennessee: Thomas Nelson.

Maritz, D., (1995), Leadership and Mobilizing Potential, Human Resource Management. International Journal of Global Business; 10(1): 8-16.

Messick, D. M. & Kramer, R. M. (2004). The Psychology of Leadership: New Perspectives and Research. Lawrence Erlbaum Associates, Publishers. New Jersey

Ojokuku R. M1, Odetayo T. A2* and Sajuyigbe A. S3 (2012) Impact of leadership style on organizational Performance

Peris M, Koech & Prof. Namusonge G, (2012), The Effect Of Leadership Styles on Organizational Performance at State Corporations in Kenya, International Journal of Business and Commerce, Nairobi, Kenya.

Raja, A., & Palanichamy, P. (2012). Leadership styles and its impact on organisational commitment. The Journal of commerce, 3(4), 15-23.

Rasool et al (2015) Leadership styles and its impact on employee's performance in health sector of Pakistan city .University research journal volume 05 number 01 january 2015 article 08.

Rasool, H. F., Arfeen, I. U., Mothi, W., & Aslam, U. (2015). Leadership styles and its impact on employee's performance in health sector of Pakistan. University Research Journal, 5(1) Article 08

Stogdill, R.M. & Coons, A.E. 1957. Leader Behavior it's Description and Measurement. Ohio: Bureau of Business Research, The Ohio State University, 88, 1-27.

Thomas J. (2002), The Virtues of Leadership - Department of Education, U.S. files.eric.ed.gov/full text/EJ683737.

Tsigu, G. T., & Rao, D. P. (2015). Leadership styles: their impact on job outcomes in Ethiopian banking industry. ZENITH International Journal of Business Economics & Management Research, 5(2), 41-52.urnal Of Managerial Psychology, 15(1): 6-24.

Yousef, D.A. (2000). Organizational Commitment: A Mediator Of The Relationships Of Leadership Behavior With Job Satisfaction And Performance In A Non-Western Country.

Appendix I
Jimma University
College of Business and Economics
Department of Management (MBA Program)
Questionnaire filled by Employees

Research Topic:- Effect of Leadership style on Employees Performance in case of Commercial Bank of Ethiopia Jimma District.

Dear Respondent,

I am a Masters student at Jimma University. I am carrying out a study on the “Effects of Leadership Styles on Employee performance at Commercial Bank of Ethiopia Jimma district. This is required as part of the fulfillment of requirement for the award of Master of Business Administration.

To that end, I request you to kindly respond to a few questions on this questionnaire as sincere and thoughtful as possible. A guide is provided under each part of the questionnaire. The completion of this questionnaire is very important to the overall design of the study and should take you less than 15 minutes to complete. Your timely completion and return of this questionnaire is highly appreciated and will be counted as a continuation of your kind support to the development of the profession and myself as a member of the same. All the data you provide will be strictly confidential and used for the stated purpose only. Furthermore, your responses will only be presented in aggregate and no single results will be traceable back to individual respondent.

I once again thank you for your participation and if you have any questions or concerns please do not hesitate to contact me directly at +251917805088 and Natnaelshimelis@cbe.com.et

General Instructions

- There is no need of writing your name.
- Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of Agreement

Thank you in advance!

QUESTIONNAIRE

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Part A Demographic Status

Age _____ Work Experience _____ Gender Male () Female ()

Education Level Certificate/diploma () First Degree () Master's Degree ()

PART B: LEADERSHIP STYLE

LEADERSHIP STYLE One					
Idealized Influence (II)	1	2	3	4	5
1. My supervisor makes others feel good to be around him / her					
2. I have complete faith in my supervisor					
3. I am proud to be associated with my supervisor					
Inspirational Motivation (IM)	1	2	3	4	5
1. My supervisor expresses in a few simple words what we could and should do					
2. My supervisor provides appealing images about what we can do					
3. My supervisor helps me find meaning in my work					
Intellectual Simulation (IS)	1	2	3	4	5
1. My supervisor enables others to think about old problems in new ways					
2. My supervisor provides others with new ways of looking at puzzling things.					
3. My supervisor gets others to rethink ideas that they had never questioned before.					
Individual Consideration (IC)	1	2	3	4	5
1. My supervisor helps others develop themselves					
2. My supervisor lets others know how he /she thinks we are doing					
3. My supervisor gives personal attention to others who seem rejected.					
LEADERSHIP STYLE Two					
Contingent Reward (CR)	1	2	3	4	5
1. My supervisor tells others what to do, if they want to be rewarded for their work					
2. My supervisor provides recognition/rewards when others reach their goals.					
3. My supervisor calls attention to what others can get for what they accomplish.					
Management by exception (MBE)	1	2	3	4	5
1. My supervisor is always satisfied when others meet agreed-upon standards					

2. As long as things are working, my supervisor do not try to change anything					
3. My supervisor tells us the standards we have to know to carry out our work					
LEADERSHIP STYLE Three	1	2	3	4	5
1. My supervisor believes employees need to be supervised closely they are not likely to do their work.					
2. As a rule, my supervisor believes that employees must be given rewards or Punishments in order to motivate them to achieve organizational objectives.					
3. I feel insecure about my work and need direction.					
4. My supervisor is the chief judge of the achievements of employees.					
5. My supervisor gives orders and clarifies procedures					
6. My supervisor believes that most employees in the general population are lazy.					
LEADERSHIP STYLE Four	1	2	3	4	5
1. My supervisor actively communicate upward with top management and downward with followers					
2. My supervisor allows us to participate in decision making.					
3. My supervisor entails fairness and honesty for co-workers.					
4. My supervisor entails creativity and intelligence for co-workers.					
5. My supervisor delegates his co-workers.					
6. My supervisor holds final responsibility and consult his co-workers before decision					
LEADERSHIP STYLE Five	1	2	3	4	5
1. In complex situations my supervisor allows me to work my problems out on					
2. As a rule, my supervisor allows me to appraise my own work.					
3. My supervisor gives me complete freedom to solve problems on my own.					
4. In most situations I prefer little input from my supervisor.					
5. In general my supervisor feels it's best to leave subordinates alone.					
6. My supervisor didn't punish any one.					
LEADERSHIP STYLE six	1	2	3	4	5
1. My supervisor manifests his or her revolutionary power.					
2. My supervisor transforms follower's values and beliefs.					
3. My supervisor is popular and everybody knows him.					
4. My supervisor affects our attitude towards the specific objective.					
5. My supervisor provides fertile ground for creativity and innovation					
6. My supervisor doesn't sheer behavioral change.					

Source: Adapted from Bass and Avolio (1992)

Part C: EMPLOYEE PERFORMANCE

The sets of statements aimed at helping you assess your performance at your job in the bank.

You are requested to rate yourself against each statement to indicate your self-assessment of your own performance, where the following ratings are:

1 = very low 2 = low 3 = Average 4 = high 5 = very high

Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of performance rating

Effort to accomplish departmental goal	1	2	3	4	5
1. How do you rate your effort to increase number of customer?					
2. How do you rate your effort to increase volume of FCY transactions?					
3. How do you rate your effort to increase visa card holders?					
4. How do you rate your effort to increase mobile banking users?					
5. How do you rate your effort to increase internet banking users?					
Team input	1	2	3	4	5
6. How do you evaluate the performance of your peers at their jobs compared with the same kind of work?					
7. How do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work?					
Executing Defined Duties	1	2	3	4	5
8. How do you rate quality of your performance?					
9. How do you rate your motivation to accomplish your job?					
10. How do you rate your productivity on the job?					
Meeting Deadline	1	2	3	4	5
11. How do you rate your operational timeliness?					
12. How do you rate your supervisor follow-up on your performance?					
13. How do you report on time at work?					

Source: Adapted from Yousef (2000)

Thank you very much!

Multicollinearity test between independent variables

One obstacle that presents difficulty in performing analysis is the existence of multicollinearity. Multicollinearity refers to the situation in which the independent variables are highly correlated. When independent variables are multi collinear, there is overlap or sharing of predictive power. This may lead to the paradoxical effect, whereby the regression model fits the data well, but none of the explanatory variables has a significant impact in predicting the dependent variable (Gujarati, 2004). This is because when predictor variables are highly correlated with one another, they share essentially the same information. Thus, together, they may explain a great deal of the dependent variable, but may not individually contribute significantly to the model.

Table 4.7: Pearson correlation matrix of independent variables

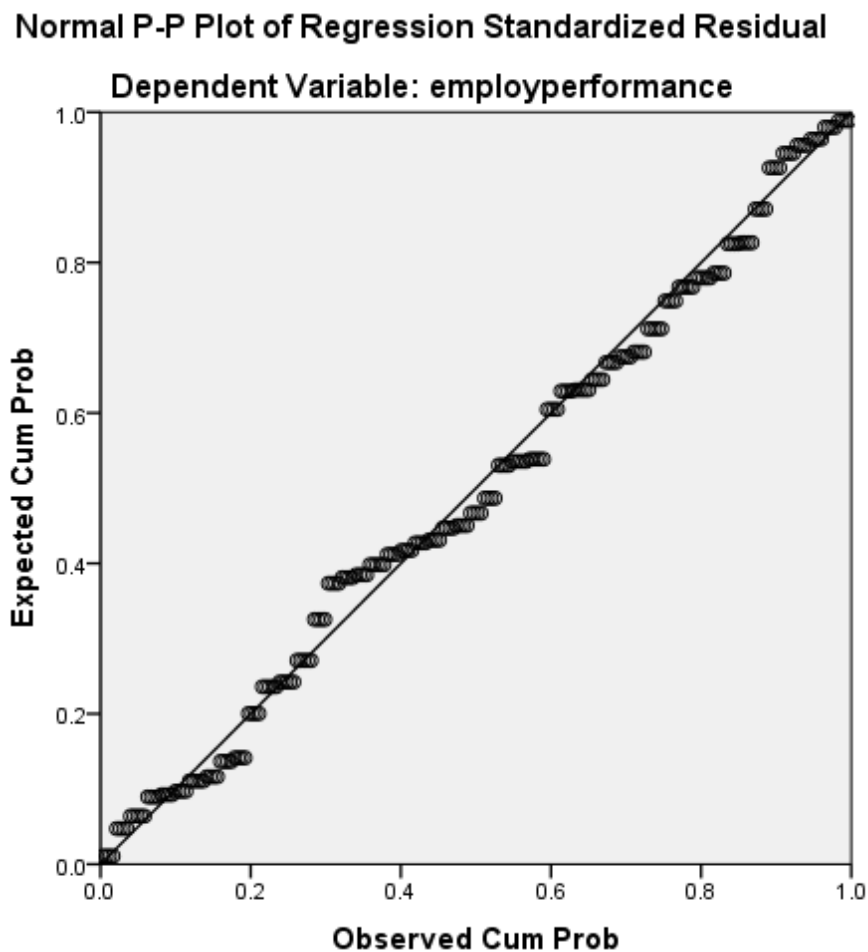
Variables	Transformational	Democratic	Charismatic	Laissez faire	Transaction	Authoritative
Transformational	1.000					
Democratic	.647	1.000				
Charismatic	.483	.602	1.000			
Laissez faire	.266	.207	.273	1.000		
Transactional	.269	.122	.198	.686	.1.000	
Authoritative	.269	.125	.188	.668	.645	1.000

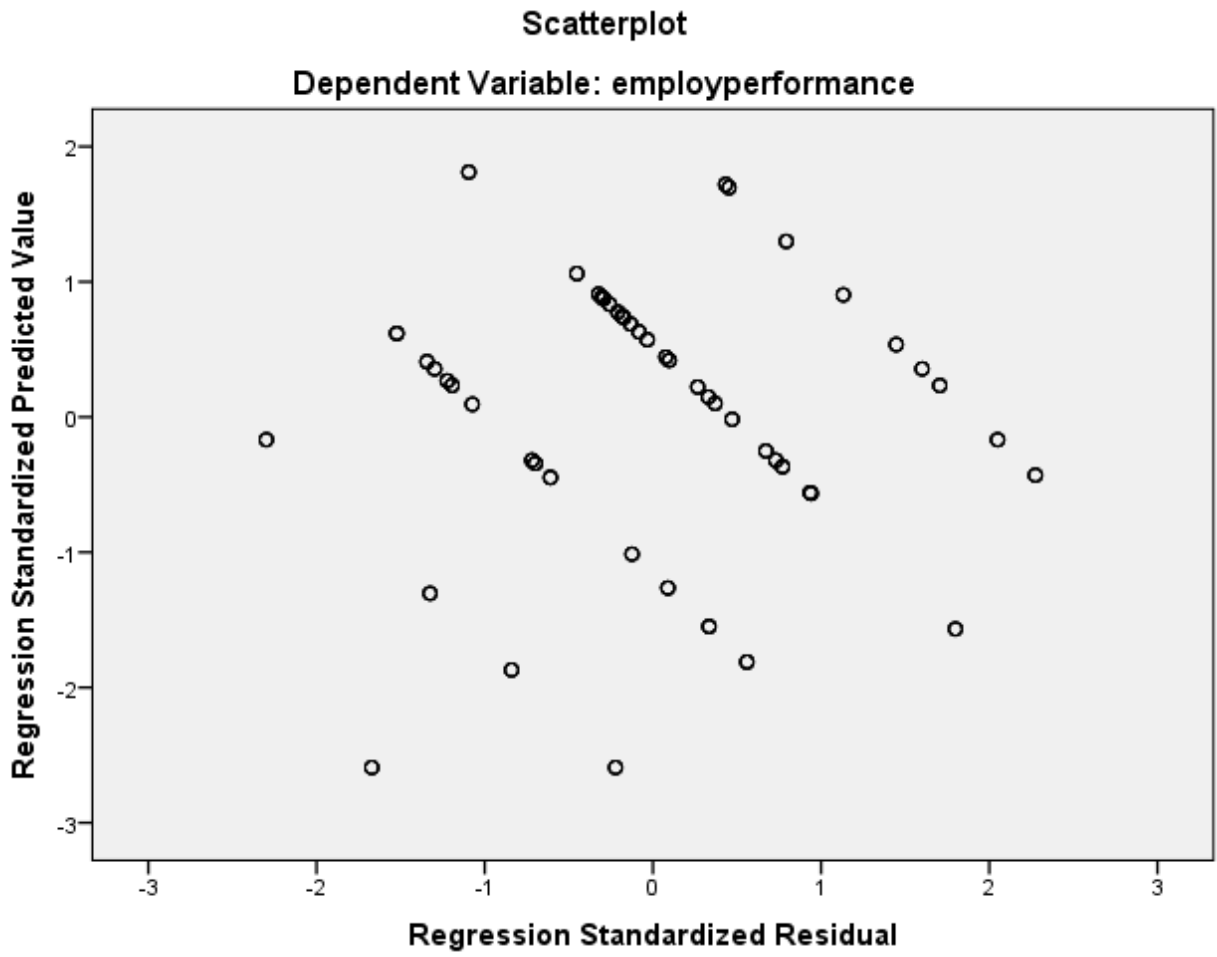
Source: SPSS Output, 2017

Thus, the impact of multicollinearity is to reduce any individual explanatory variable's predictive power by the extent to which it is associated with the other explanatory variables. That is, none of the predictor variables may contribute uniquely and significantly to the prediction model after the other independent variables is included. One of the standard statistical methods for testing data for multicollinearity is analyzing the control variables' correlation coefficients.

The above table 4.7; presents the correlation matrix for all explanatory variables used in the analysis. Low inter correlations among the explanatory variables used in the regressions indicate no reason to suspect serious multicollinearity. According to Cooper and Schindler (2003) multicollinearity is a potential problem if the absolute value of the sample correlation coefficient exceeds 0.7 for any two of the independent variables. Therefore, the explanatory variables included in the study were not substantially correlated with each other.

Normality Test





Histogram

Dependent Variable: employperformance

