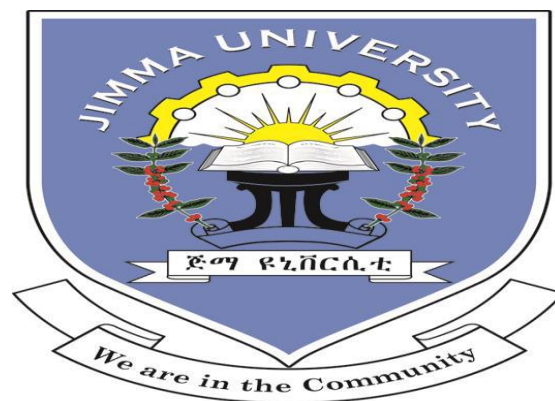


The Effects of Leadership Styles on Organizational Performance: A Study on Farmers' Cooperative Unions (FCUs) at Buno Beddelle Zone; Oromia Region, South-Western Ethiopia.

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

BY:

BEKELE BIRU GUDETA



JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MBA PROGRAM

SEPTEMBER 28, 2018

JIMMA, ETHIOPIA

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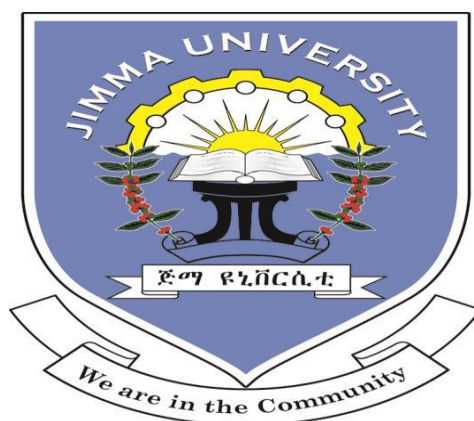
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Under the Guidance of:

Mr. Wubishet Mengeshe (MHRM) and

Ms. Lalise Kumera (MBA)



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DECLARATION

I, Bekele Biru Gudeta, declare that this thesis entitled, “*The Effect of Leadership Styles on Organizational Performance: A study on Farmers’ Cooperative Unions (FCUs) at Buno Beddelle Zone; Oromia Region, South-Western Ethiopia,*” hereby submitted to Research and Post Graduate Studies Office of Business and Economics College of Jimma University for the fulfillment of the requirements of Masters degree in Business Administration. The research is carried out by me under the guidance and supervision of Mr. Wubishet Mengesha and Ms. Lalise Kumera.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions. Accordingly, it is my own work in design and execution, and further all materials herein have been duly acknowledged.

Name of candidate:

Signature

Date

CERTIFICATE

This is to clarify that thesis prepared by Bekele Biru Gudeta entitled, “*The Effects of Leadership Styles: A study on Farmers’ Cooperative Unions (FCUs) at Buno Beddelle Zone; Oromia Region, South Western Ethiopia*” is submitted in partial fulfillment of the Requirement for the Degree of Master of Business Administration, complies with the regulations of the university and meets the accepted standards with respect to the originality and quality.

Main Advisor’s Name

Date

Signature

Co-Advisor’s Name

Date

Signature

APPROVAL SHEET OF THESIS

A members of examining the final open defense we certify that we have read and evaluated the thesis prepared by Bekele Biru Gudeta entitled “*The Effects of Leadership Styles on organizational performance: A study on Farmers’ Cooperative Unions (FCUs) at Buno Beddelle Zone; Oromia Region, South Western Ethiopia*” recommend that it be accepted as fulfilling the thesis requirement for the award of the degree of Master of Business Administration.

Name of Chairman	Signature	Date
Name of Internal Examiner	Signature	Date
Name of External Examiner	Signature	Date

ABSTRACT

Cooperative leadership serves as a catalyst and there is no meaningful human endeavor that has been achieved that is not as a result of leadership. Although the government plan to expand cooperatives by establishing at least one primary cooperative in each village and one union per district has further enhanced the development of cooperatives, Ethiopia is one of the African countries where co-operatives are again in the spotlight. The main objective of this study was to assess the effect of leadership styles on organizational performance of farmers' cooperative unions (FCUs) at Buno Beddelle Zone; Oromia Region, South-Western Ethiopia. In this study, correlational research design was viably employed. Data was collected through major data collection instruments as Multifactor Leadership Questionnaires (MFQ) and Subjective Organizational Performance measurement questionnaires from 126 respondents selected by using random sampling method. Data analysis was carried out both by descriptive and inferential techniques, and Statistical Package for social science (SPSS) software version 20 aided the analysis. In this study, leadership styles (transformational, transactional, laissez-fair, autocratic and democratic) were treated as independent variables while organizational performance was treated as the dependent variable. The study finding indicated that four of the leadership styles (democratic, transformational, laissez-faire and autocratic) had significant effect on cooperative performance while the effect of transactional leadership style was found to be insignificant. The result demonstrated the pronounced significant effect of democratic leadership style over the others in cooperative unions of the study area. Further, 44.6% of the variation in the cooperative unions' performance was explained by these leadership styles. Finally, it was recommended those leaders in order to enhance cooperative unions' performance, should grant the use of and exhibit more democratic and transformational leadership styles and avoid/exhibit less of/ the autocratic and laissez-faire leadership styles while also consistent and continuous cooperative leadership capacity building programs should be organized and utilized by the concerned body.

Keywords: Leadership style, Transformational, Transactional, Laissez-faire, Autocratic and Democratic leadership, Organizational Performance, Cooperative Unions

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LIST OF ABBREVIATION

- ACL –Autocratic Leadership Style
- BOD- Board of Directors
- CPA- Cooperative Promotion Agency
- DCL-Democratic Leadership Style
- FCU -Farmers cooperative Union
- FC- Farmers’ Cooperatives
- FCU- Farmers’ Cooperative Union
- FPC-Farmer’s Primary Cooperatives
- GTP- Growth and transformation plan
- ICA- The International Cooperative Alliance
- LFL- laissez-faire leadership Style
- OM- Objective Measures
- OP- Organizational Performance
- NGO- Non-Governmental Organizations
- SM- Subjective Measure
- SPSS- Statistical Package for Social Science
- TFL- Transformational leadership Style
- TSL- Transactional leadership Style

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Organization is a consciously coordinated social unit, composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals (Robbins, 2012). Organizations are said to be on-purpose structured so that it is possible to systematically divide complex tasks among multiple people or units to achieve a common purpose and permeable boundary that defines who/what is a part of an organization. These definitions imply formal planning, division of labor and leadership. Organizations achieve the purpose of their existence through reasonably inter-relating the major elements: the management, tasks and people (Mukherjee, 2013).

Fielder (1996) in Sofi *et al.* (2015) suggested leadership is practiced in every walk of life and at all levels in almost all private and public organizations. It is largely viewed leadership is part and parcel of organization's existence regardless of the type of business organization. Whether the business structure is sole proprietorship, partnership, corporation and other types, leadership plays an important role in managing and leading the human resources, facilities, budgets and other resources in an efficient and effective manner (Dalluay & Jalagat, 2016).

Leadership is defined as, "the process of influencing others to understand and agree about what needs to be done and how to do it and the process of facilitating individual and collective efforts to accomplish shared objectives (Yukl, 2006); and "a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007) and as process of influencing others' commitment towards realizing their full potential in achieving a value added, shared vision, with passion and integrity (Ngambiet *al.*, 2010 & 2011 as cited by Jeremy *et al.*, 2011). These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c)

leadership happens within the context of a group, (d) leadership involves goal attainment, and these goals are shared by leaders and their followers.

Igbaekemen and Odivwri (2015) declares management as the body of leadership determines policies, rules and procedures guiding relationships and activities in an organization, which to an extent determines the effectiveness in achieving the organization goals and objectives. This suggests that effectiveness of a leader is a major determinant of the success or failure of a group, organization, or even an entire society in which proper behavior need to be exhibited and right interaction to be held.

Leadership is arguably one of the most observed, yet least understood phenomena on earth (Burns, in Abbasialiya, 2010) and over centuries has been defined in terms of leaders' behaviors (Choi, 2007). Fielder (1996) defined leadership style as leader's behaviors and approach followed by in providing direction, implementing plans, and motivating people and stated a particular leadership style utilized within an organization is a key factor for a leader to be successful in achieving long term goals (Sofi *et al.*, 2015).

Leadership is a primary concern to organizations and the focus of several researchers for its significant role in determining the success of an organization (Ajibade *et al.*, 2017) and the basis of a good leadership is strong character and selfless devotion to an organization (Jenkins, 2013). Naylor in Ololube *et al.* (2015) stated that effective leadership is a product of the heart and an effective leader must be visionary, passionate, creative, flexible, inspiring, innovative, courageous, imaginative, experimental, and initiates change. Ololube *et al.* further stated that over time, researchers have proposed many different styles of leadership as there is no particular style of leadership that can be considered universal. These authors suggested despite the many diverse styles of leadership, a good or effective leader inspires, motivates, and directs activities to help achieve group or organizational goals.

This study was enthused by the idea that no developing nation as Ethiopia in which agriculture accounts for more than 80% of the economic ground grows further without pursuing the blessing

behind cooperatives in pooling together of the scattered social and economic power of the sector. In order to realize this issues pertaining to cooperatives leadership require greater attention.

Though generally, cooperative form of business is an instrument of change with the task of making the poor productive (Debeb & Haile, 2016), however, cooperatives around the world are in a state of instability. In almost all parts of the world, cooperatives in one or another way are facing the same challenges. Such as past attitude (ideology), lack of committed leadership, lack of good governance (management), lack of working capital, attitude and practice of corruption, lack of knowledge and skill, lack in provision and utilization of improved technology, weak vertical and horizontal linkage within and among cooperatives, lack and inappropriate support from government and other stakeholders (Mohammed & Wan Lee, 2015).

Although the government plan to expand cooperatives by establishing at least one primary cooperative in each village and one union per district has further enhanced the development of cooperatives (Emana, 2012), Ethiopia is one of the African countries where co-operatives are again in the spotlight (Tefera *et al.*, 2017). The numerical figure showed relating numbers and members of cooperatives societies with their capital in Mojo *et al.* (2017) for all regions in general and Oromia in particular appear that, though agricultural cooperatives are increasing in number and type across time, still they are doing below the opportunities they will have. This is due to a number of factors that hold them back. Irrespective of many impediments attributed to their management that affects cooperatives operations, existing studies did not touched them well.

Such underutilized cooperative blessings are also evident in the particular area of the current study. The data obtained from Buno Beddelle zone CPA (2017) and the FCU (2017) of the study revealed that only few part of the community were members while membership is even not well translated into involvement in activities of the cooperatives.

Buno Beddelle, Sadetan Chora and Hunde Chewaka FCUs are agricultural cooperatives operating in the currently called Buno Beddelle zone, Oromia regional state, was established on the 15th of July, 2003, 21st of January, 2010 and 13th of January, 2012 with a vision of making

small holder farmer members economically self-sufficient and food secured through an efficient and effective business-oriented cooperative union.

Generally, without effective leadership and consistent styles, organizations are likely to fail. Cooperative leadership serves as a catalyst (Karunakaran & Huka (2018) and there is no meaningful human endeavor that has been achieved that is not as a result of leadership (Ajibade et al., 2017). In any organizations, leaders' daily operations at various departments, units or divisions are highly a complex one that they have to communicate, plan, organize, and perform various activities within the organization. Working effectively with others requires more effective utilization of contingent style of leadership that enables leaders communicate effectively with and exploit their subordinates' skills and knowledge for the best of both employees and the organization.

This study focuses on the effects of leadership styles on organizational performance and the part it plays in meeting the challenges facing cooperative unions and opted to supporting improved cooperatives. Based on the above mentioned background, thus, this study was sought to assess the effects of leadership styles on farmers' cooperative unions in Buno Beddelle zone, Oromia Region, South-Western Ethiopia.

1.2. Statement of the problem

Researches done relating to the association between leadership-organizational performances are inconclusive and show varying and even opposing results. Some studies concluded that there is significant correlation between leadership styles followed by management of an organization and their organizations' performances (Ojokuku *et al.*, 2012; Khan and Adnan, 2014; Sofi *et al.*, 2015) while other studies found no relationship between the two (Malcalm et al., 2017 and Puni et al., 2014).

In regard with type(s) of leadership styles of concern to the current investigation, there are also inconsistencies of finding on their effect on organizational performance in numerous studies. For instance, transformational leadership style have a positive and significant effect (Namusonge *et*

al & Ojokukuet al., 2012; Ejere *et al* & Mahamud *et al.*, 2013; Hurduzeu, 2015) while study by Timothy *et al.* (2011) concluded that insignificant effect on organizational performance.

Some studies on the relationship between transactional leadership style and organizational performance are also lacking common reach. Studies by Khan & Adnan (2014); Namusonge *et al.* (2012) & Mohamud *et al.* (2013) concluded that there is a positive relationship between the two variables while Timothy *et al.* (2011) concluded transactional leadership style has more significant effect than transformational leadership style on organizational performance.

Also, there are a controversy regarding the correlation between laizes-faire leadership style and organizational performance. For instance, there found positive and significant (Basit *et al.*, 2017); no significant correlation (Namusonge *et al.*, 2012) & there is negative significant correlation (Khan & Adnan, 2014; Iqbal *et al.*, 2015 & Shafie *et al.*, 2015) between the two constructs. Similar divergence in result holds for autocratic and democratic leadership styles and organizational performance in the existing researches.

Based on the above discussion, there are many problems and gaps in existing studies of the leadership-performance relationship that need to be addressed before a clear picture of this relationship can be drawn. Most importantly, the results of several studies are varied based on the variables and types of organizations in which the particular studies are conducted.

In Ethiopia, although cooperatives are considered as an appropriate tool of rural development, they are facing critical challenges which refrains them from playing their positive role. According to Dawit (2005) cited in Gashaw and Tsehay (2016), even-though the current government of Ethiopia introduced economic and political liberalization including steps to promote the development of democratically governed, market oriented, member owned cooperatives; and professionalism in the management of cooperatives, it is found that agricultural cooperatives have had limitations by meeting efficiently the needs of their farmer members.

Although agricultural cooperatives in Ethiopia have received significant attention by researchers over the past ten years (Bernard *et al.* 2010 & Francesconi 2010), greater emphasis was done on

highlighting their potential strength and limitations while the issues pertaining to their leadership were left aside. Irrespective of the inevitable exposure to blessing or unfortunate loss in the short and long run bearing on to their leaderships, they have, existing studies done on cooperatives in Ethiopia in general and agricultural cooperatives in particular did not address the issue. Even though agricultural cooperatives in Ethiopia, is widely considered as a vital foundation that can help smallholder farmers to overcome their social, economical and other constraints, they are characterized for long by their ineffectiveness and inefficiency of operations and failure to meet goals of their establishment.

A recent survey data of Buno Beddelle zone CPA (2017) indicated that there is strong complaint on the ineffectiveness of cooperatives unions' management and lack of qualified, trained and competent people in the study area in general. The survey the researcher got as a first hand source revealed agricultural cooperatives in Buno Beddelle zone are subject to criticism and a serious of problems prevailing in the unions resulting in current operational failure and may obstruct future growth. The quality and quantity of services provided by the cooperatives fall short of the needs and expectations of their members and other farmers. Particularly the survey showed that the cooperatives are in a hurdle to sufficiently help members improve their yields and incomes, often financially unsustainable and even lacks complete financial data, do not attract substantial membership, low quality of service provision, many cooperative leaders have low capacity to manage and govern a well-functioning cooperatives, some local government officials have relatively low role clarity and capacity to implement and enforce policies/regulations.

This was also affirmed by the researcher's observation made in the study area and the researcher's close knowledge of the cooperatives of the study. The researcher made a firsthand observation and got an overview that the FCUs of the study area were facing a great challenge in utilizing the opportunities in their geographical operational area and even some were on a way down in their operations than serving the best of their members. This problem happen due to lack of strategic interventions of specific leadership styles to the particular situations was predicted as the problem at hand. This problem was continuously affecting organizational performance.

That's why this study investigates the best one leadership style that stimulates performance of cooperative unions.

More precisely, study done relating cooperatives (of any type or FCU) in general and the effect of leadership styles on organizational performance in particular was none in the study area. Hence, this put an urge in investigating the relationship between management leadership styles and organizational performance of the study cooperatives on the researcher's side and planned to fill a literature gap.

Thus, this research was initiated to assess the effect of leadership styles on performances of FCUs in Buno Beddelle Zone of Oromia regional state, south Western Ethiopia.

1.3. Basic Research Questions

In this study, the following five main questions were posited.

- a) What effect leadership styles cast on organizational performance at farmers' cooperative unions in Buno Beddelle zone?
- b) What is the effect of transformational leadership style on organizational performance at Farmers Cooperative unions in Buno Bedelle zone?
- c) What is the effect of transactional leadership style on organizational performance at Farmers Cooperative unions in Buno Bedelle zone?
- d) What is the effect of laissez -faire leadership style on organizational performance at Farmers Cooperative unions in Buno Bedelle zone?
- e) What is the effect of Autocratic leadership style on organizational performance at Farmers Cooperative unions in Buno Bedelle zone?
- f) What is the effect of Autocratic leadership style on organizational performance at Farmers Cooperative unions in Buno Bedelle zone?

1.4. Objectives of the study

1.4.1. General Objective

The main objective of this study is to fill some of the research gaps assessing the effect of leadership styles on performance of FCUs in Buno Beddelle zone of Oromia regional state.

1.4.2. Specific Objectives:

The study was guided by the following specific objectives:

- i. To explore the leadership styles that contributes to organizational performance at farmers' cooperative unions in Buno Beddelle zone.
- ii. To assess the effects of transformational leadership on organizational performance at farmers' Cooperatives union in Buno Beddelle zone.
- iii. To determine the effect of transactional leadership on organizational performance at farmers' Cooperatives union in Buno Beddelle zone.
- iv. To examine the effect of laissez-faire leadership style on organizational performance at farmers' Cooperatives union in Buno Beddelle zone.
- v. To find out the effect of democratic leadership style on organizational performance at farmers' Cooperatives union in Buno Beddelle zone.
- vi. To assess the effect of autocratic leadership on organizational performance at farmers' Cooperatives union in Buno Beddelle zone.

1.5. Scope of the Study

According to Creswell (2009), delimiting a research project using study population, issue to be investigated, specific time frame or location helps the researcher to focus on the theme of the study and address the research problems in a resource and time efficient manner. Similarly, this study is delimited in study area, study population and variables. In terms of geographical area this study was conducted in Buno Beddelle zone, South-Western Ethiopia. The cooperatives of concern were on FCUs in the zone.

Regarding population; the vice and managers, employees, BOD, Controlling Committees of Farmer's cooperative unions in Buno Beddelle Zone, head of management committees of farmer's primary cooperatives which are members of unions, Buno Beddelle zone CPA leaders and employees specifically the Cooperatives promotion and expansion job process coordinator, Chora, Beddelle and Chewaka Woreda CPA leaders and employees in FCUs was the concern of the study. The other delimitation of this study was it that the explanatory variables used for predicting organizational performance is mainly the different leadership styles (transformational, transactional, democratic, autocratic and laissez faire). However, there are other variables like organizational culture, supportive organizational climate and structure of organizations, stakeholders' involvement and support, intellectual and human capital, gender influence, and job commitment and so forth which might have effect on organizational performance but precluded from assessment.

1.6. Significance of the Study

The results of this study are opted in contributing to the practical application of the leadership styles in cooperative unions and expand the development of body of knowledge in the area of cooperative performance. More specifically, the findings of this study would have at least the following importance for different beneficiaries:

The first beneficiaries of this study are farmers' cooperatives, both at the primary cooperatives and union, operating in Buno Beddelle zone. In such a way the result of this study helps the administration to identify leadership behaviors that affect cooperatives organizational performance and also it is expected to show on what direction to focus during leadership training and development programs as well as selection and placement of cooperative leaders.

The research contributes most to the farmers' community i.e. the society so that their cooperatives may focus on leadership styles that enable their organization to perform at their maximum possible fortune.

The different tiers of farmers' cooperatives (primary cooperative societies, cooperatives societies unions, cooperative societies federation and cooperative societies league) can gain much from

this study in promoting leadership training for cooperative leaders and in developing a comprehensive legal brief in governing cooperatives. The findings of this study would also contribute significantly to the appropriate authorities (District, Zonal, Regional and Federal CPAs and stakeholders like NGO's working with farmers cooperatives so that they can address major leadership issues that can determine the likely success or failure of such organizations.

Research undertaken regarding the relationship among different leadership styles on organizational performance in Buno Beddelle zone in general and FCUs in particular was none. So in this regard, this study also would have a considerable contribution by filling the literature gap in the study area.

Furthermore, in existing literatures, the effects of different leadership styles on organizational performance is still left open for further studies, and specially its effect on non for profit maximization organizations like cooperatives demands further study. Thus, this study was proposed to hedge this gap. Moreover, researchers and academician can use it as a reference for further study and academic purpose. Last but not least, the successful accomplishment of this study has contributed a lot to enhance the knowledge and experience of the researcher for his further endeavor.

1.7. Organization of the study

This paper is organized into five chapters. Chapter one presents an introductory part that constituting the background of the study, Statement of the problem, objectives of the research, research questions, and strength of the study, significance, and limitation of the study. Chapter two highlights the theoretical, empirical and conceptual framework of the study while Chapter three deals with research methodology. Chapter four is about data analysis and presentation, and finally, chapter five is devoted to the summary of the major findings, conclusions, and recommendations respectively.

1.8. Operational Definition of Terms

For the present study, the leadership styles (transformational, transactional, laissez-faire, autocratic and democratic) were independent variables and organizational performance were dependent variable. This study assessed the effects of these styles on cooperative unions' organizational performance.

Transformational Leadership

According to Avolio *et al.*, (2009), transformational leadership is a leadership approach defined as, “leader behaviors that transform and inspire followers to perform beyond expectations while transcending self- interest for the good of the organization”. Aydin *et al.* (2013) stated that transformational leaders are suggested to promote intellectual development, confidence, team spirit and enthusiasm among the followers, thereby encouraging followers to be more focused on collective wellbeing and achieving organizational goals. According to Nicholls (1988) cited in Khan &Adnan (2014), most of the researchers agree on the concept that transformational leadership motivates followers for superior performance through leader's inspirational skills and his vision of the organization. Transformational leadership has been chosen due to its innovative as well as productive and supportive nature. As per Bass (1990), transformational leadership includes four behavioral components; these are charisma, inspirational motivation, intellectual simulation and individual consideration.

Transactional Leadership

Transactional leadership style is defined as the exchange of rewards and targets between employees and management (Howell & Avolio, in Ojokuku *et al.*, 2012). The wheeler-dealers of leadership styles, transactional leaders are always willing to give their subordinates something in return for following them. It can be any number of things including a good performance review, a raise, a promotion, new responsibilities or a desired change in duties. The problem with transactional leaders is expectations. According to Timothy *et al.* (2011) this style of leadership focuses on close monitoring, in detecting mistakes and errors and putting in place corrective

actions to solve those. Transactional leadership style encompasses three constructs i.e. contingent reward, management by exception active and management by exception passive.

Laissez-faire Leadership

Such style is the one in which the leader tries to make minimum or no interference in the affairs of sub-ordinates. Major and challenging decisional roles are left for workers alone to confront with and leader refrains even from giving clear orders and instructions. Laissez-faire leaders avoid supervisory duties and job responsibilities.

According to Ukaidi (2016) laissez faire leader does not get goals for the group and decision making is performed by whoever in the group is willing to accept it and lacks confidence in his leadership ability. Under laissez faire leadership style, productivity is generally low and work is sloppy. The group has little interest in their work morale and team work which are generally low. In laissez-faire type of leadership, the leader avoids shouldering responsibilities and does not build two way communications with his sub-ordinates. This in-turn creates dissatisfaction of workers and unmet production targets which results in poor performance of organizations.

Autocratic leadership

Autocratic leaders are classic “do as I say” types and retain for themselves the decision- making rights. According to Michael (2010) cited in Ojokuku *et al.* (2012) 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.

Autocratic leaders are recognized with the absence of shared goals and responsibility, the little trust and faith they had over their subordinates. They are very conscious of position that major executive roles are reserved in their hands. They give orders and demands that they be carried

out. Thus, group members make certain no responsibility for performance and merely do what they are told.

Democratic leadership

Democratic leadership style reflects a leader to follower relationship where decision making is shared by the leaders and members of the group he leads. Under this style, criticism and praise are objectively given. According to Ukaidi (2016) a feeling of responsibility is developed within the group and enhances productivity, performances are usually high, new ideas and changes are developed. As cited in Puniet *al.* (2014) democratic leaders look for consensus, consulting decisions with subordinates and results in high employee productivity, satisfaction, cooperation, and commitment. The leadership style develops competent and committed employees who are willing to give their best, think for themselves, communicate openly, and seek responsibility.

Organizational Performance

Organizational performance is the ability of the organization to meet set targets for production and profit as well as development and growth envisioned by the leader/founder (Koontz and Donnell, in Khan and Adnan, 2014). To the author, organizational performance includes forms of achievement of goals/objectives like maximum profit, good quality product, increased share in the market, profitable financial results and an effective strategy for development and growth. Organizational performance also refers to standing of the organization in relation to other organizations in terms of profit earned by the organization during a period, quality of its product in comparisons with others, and captured market share in that industry.

Cooperative Unions

Cooperatives are democratic, member-run and member-financed enterprises. They have been a model for bringing together people across all spheres of society in common economic and social interests. The internationally accepted definition of cooperatives developed by the ICA (2015) and supported by the Government of Ethiopia and the Federal Cooperative Agency is: “An autonomous association of persons united voluntarily to meet their common economic, social,

and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” According to Ethiopian cooperative Societies Proclamation (Proc. No. 985/2016) Cooperative societies union means a secondary level cooperative society established by primary cooperative societies having similar objective(s) to produce, provide service or to engage in both activities that are beyond the capacity of primary cooperative societies.

CHAPTER TWO

2. LITERATURE REVIEW

This section deals with review of related literatures pertaining to the effects of leadership styles on organizational performance emphasizing on major variables. The theoretical part critically examines the two separate study variables: leadership styles and the organizational performance. Further, in the empirical part presents related study results done by various scholars within the country and across the world regarding the relationship among leadership styles, and organizational performance. This enables the researcher to identify the contribution by previous researchers and research gap of previous studies relating to the current study topic under investigation.

2.1. THEORETICAL FRAMEWORK

2.1.1. Definitions of Leadership

The word leadership has been defined by many different scholars in different ways. Leadership as a term has many definitions and connotations. Epley (2015) in Ajibade *et al.*, (2017) suggested that the definition of a leader may be by whom he or she is (the personal) and by the responsibilities, obligations, and tasks he or she is charged with (the position). Robbins (2013) defined leadership as the ability to influence a group toward the achievement of a vision or set of goals. Leadership involves a type of responsibility aimed at achieving particular ends by applying the available resources (human and material) and ensuring a cohesive and coherent organization in the process (Ololube, 2013 cited in Amanchukwuet *al.*, 2015).

Leadership is the management function that is concerned with continuous search of the best way to influence subordinates to accomplish goals and objectives within the continuous process of coordinating man, money and material. It involves the sum total of behavior of an executive in his direct relation with subordinates (Igbaekemen and Odivwri, 2015). Peter Druket suggested 'leadership is all about results' implying that the influences, mobilization and struggle made by leaders are headed in ultimately yielding an outcome in line with the shared aspiration.

While working in today's flexible contexts what is now needed are leaders who simultaneously can be agents of change and centers of gravity, keep internal focus and enable people and organization to adapt and be successful, while at the same time never letting go of the customer focus and external perspective (Metalfe, in Namusonge *et al.*, 2012).

The above definitions, generally, imply that leadership is a process, influence and achieving goals. Therefore, leadership is all about how leaders can influence their followers so as to achieve something which is meaningful to them and worth to their organizations and shareholders. Karunakaran & Huka (2018) suggested that cooperative leadership comprises all those who influence, instrument and inspire cooperative ideals, ideology, policies, programmes, physical growth, expansion, structure and working of individuals in the organizations at various levels.

2.1.2. Leadership Theories

In contemporary socio-economic and political world traditional theories of leadership i.e. trait and personality based characteristics have shifted to situation perspective in which situation is determined by skills of the leader (Avolio *et al.*, 2009). Implicitly there seems to be some degree of affirmation that leadership is a process that involves influence with a group of people toward the realization of goals and all contemporary theories can fall under one of the following three perspectives: leadership as a process or relationship, leadership as a combination of traits or personality characteristics, or leadership as certain behaviors or as they are more commonly referred to leadership skills (Monga, 2015; Uzohue *et al.*, 2016; Wolinski, 2010).

According to Charry (2012); acknowledged by Monga and Uzohue *et al.*, (2016) and Ololobe *et al.*, (2015); there are eight major/dominate theories of leadership as discussed below.

a) Great Man Theory

Great man theory assumes that the capacity for leadership is inherent, that great leaders are born, not made. This theory often portrays leaders as heroic, mythic and destined to rise to leadership when needed (Uzohue *et al.*, 2016; Ololube *et al.*, 2015).

b) Trait Theory

This theory illustrates the idea that great leaders have certain common character traits that are shared by leaders and lead to effective leadership. Good leaders are born, not made'. Trait theories often identify a particular personality or behavioral characteristics shared by leaders. The traits associated with proficient leadership are extraversion, honest, intelligent, great sense of humor, initiative, persistence, ambition, desire to excel, competent, integrity and conviction, responsibility, insight, self-confidence and inspiration. Many have begun to ask of this theory, however, if particular traits are key features of leaders and leadership, how do we explain people who possess those qualities but are not leaders? Inconsistencies in the relationship between leadership traits and leadership effectiveness eventually led scholars to shift paradigms in search of new explanations for effective leadership (*ibid*).

c) Contingency Theory

Contingency theories of leadership focus on particular variables related to the environment that might determine which style of leadership is best suited for a particular work situation. According to Lamb (2013), Contingency theory states that effective leadership depends on the degree of fit between a leader's qualities and leadership style and that demanded by a specific situation. According to this theory, no single leadership style is appropriate in all situations. Success depends upon a number of variables, including leadership style, qualities of followers and situational features (Charry, 2012). As per Naylor (1999), cited in Monga (2015), a contingency factor is any condition in any relevant environment to be considered when designing an organization or one of its elements. The three identified contingency or situational dimensions are by F.E. Fiedler (1967), are **leader-member relations** (the degree of confidence, trust, and respect subordinates have in their leader), **task structure** (the degree to which job assignments are procedurized) and **position power**. Influence derived from one's formal structural position in the organization; includes power to hire, fire, discipline, promote, and give salary increases (Robbins, 2013).

d) Situational Theory

As discussed in Monga (2015) and Ololube *et al.* (2015) situational theory proposes that leaders choose the best course of action based upon situational circumstances. It says successful leadership depends on selecting the right leadership style contingent on the followers' readiness, or the extent to which they are willing and able to accomplish a specific task. The best action of the leader depends on a range of situational factors. When a decision is needed, an effective leader does not just fall into a single preferred style. For example, in a situation where the leader is expected to be the most knowledgeable and experienced member of a group, an authoritarian style of leadership might be most appropriate. In other instances where group members are skilled experts and expect to be treated as such, a democratic style may be more effective.

Central to understanding situational leadership are the key concepts of task behavior, the amount of guidance and direction you provide; relationship behavior, the amount of social and emotional support you provide; follower readiness, exhibited in followers performing a specific task or function or accomplishing a specific objective; and follower development, followers' maturity and ability to manage themselves in an organizational environment (Gichingiri, 2015).

e) Behavioral Theory

Behavioral theories of leadership are based on the premise that great leaders are made, not born. This theory focuses on the actions of leaders and not on their intellectual qualities. Proponents of behavioral theory believed any one can learn through training and observation to be a leader (Monga 2015). According to Naylor (1999) interest in the behavior of leaders has been stimulated by a systematic comparison of autocratic and democratic leadership styles. It has been observed that groups under these types of leadership perform differently:

- Autocratically led groups will work well so long as the leader is present. Group members, however, tend to be unhappy with the leadership style and express hostility.
- Democratically led groups do nearly as well as the autocratic group. Group members have more positive feelings, however, and no hostility. Most importantly, the efforts of group members continue even when the leader is absent.

f) Participative Theory

Participative leadership theory suggests that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making processes. People are more committed to actions where they are fully involved in the relevant decision-making. In participative theory, however, the leader retains the right to allow the input of others. Lamb (2013) asserted that manager who uses participative leadership, rather than making all the decisions, seeks to involve other people, thus improving commitment and increasing collaboration, which leads to better quality decisions and a more successful business (cited by Uzohue *et al.*, 2016).

g) Transactional/Management Theory: Transactional theories, also known as management theories, focus on the role of supervision, organization and group performance and the exchanges that take place between leaders and followers. These theories base leadership on a system of rewards and punishments. When employees are successful, they are rewarded and when they fail, they are reprimanded or punished (Charry, in Ololube *et al.*, 2015). Managerial or transactional theory is often likened to the concept and practice of *management* and continues to be an extremely common component of many leadership models and organizational structures. In other words, on the notion that a leader's job is to create structures that make it abundantly clear what is expected of followers and the consequences (rewards and punishments) associated with meeting or not meeting expectations (Lamb, 2013).

h) Relationship/Transformational Theory Relationship theories, also known as transformational theories, focus on the connections formed between leaders and followers. In these theories, leadership is the process by which a person *engages* with others and is able to “create a connection” that result in increased motivation and morality in both followers and leaders. Relationship theories are often compared to charismatic leadership theories in which leaders with certain qualities, such as confidence, extroversion, and clearly stated values, are seen as best able to motivate followers (Lamb, 2013). Relationship or

transformational leaders motivate and inspire people by helping group members see the importance and higher good of the task. These leaders are focused on the performance of group members, but also on each person to fulfilling his or her potential. Leaders of this style often have high ethical and moral standards (Charry, in Ololube *et al.*, 2015 & Uzuhue *et al.*, 2016).

2.1.3. Leadership Styles

In this research the leadership styles transformational, transactional, laissez-faire, autocratic and democratic were discoursed on the basis of above discussed theories that might be exercised in the cooperative of the study.

i. Transformational Leadership

Transformational leaders are characterized by their abilities to inspiring, communicating a vision and motivating people to achieve something extraordinary. Transformational leaders change their organization's culture by inspiring a sense of mission and purpose about the importance of the group's work and stimulating new ways of thinking and problem solving. They inspire the individuals within the organization to achieve high performance (Hurduzeu, 2015). It is the process of influencing the major changes in the attitudes and assumptions of organizational members and building commitment for the organizational mission or objectives (Burns, 1978 cited in Sofi *et al.*, 2015).

Transformational leadership encompasses role modeling, handling of personal relationships with subordinates, effective motivation, critical thinking and effective supervision for achieving higher standards (singh & krishnan, 2007 cited in *ibid*).

According to Bass and Avolio (2000), Bass and Riggio (2006) and Koech and Namusonge (2012), transformational leadership is made up of four main constructs; idealized influence, inspirational motivation, intellectual stimulation and individual consideration.

Idealized influence: this factor consists of charismatic elements (idealized influence attributed and idealized influence behavioral). These elements imply the leaders' becoming role models who are trusted by subordinates through showing great persistence and determination in the

pursuit of objectives, high standards of ethical, principles, and moral conduct, sacrifice self-gain for the gain of others, consider subordinates' needs over their own needs and share successes and risks with subordinates.

Inspirational motivation: Transformational leader shows a behavior that encourages subordinates to imagine gorgeous future states while communicating a shared vision and expectation as well as demonstrating a commitment to goal achievement. Leaders inspire by communicating the values of the organization with fluency and confidence in a positive manner. Inspirational motivation is a way of motivating, providing meaning and challenging subordinate's daily activity.

Intellectual stimulation is the ability of transformational leader to arouse their subordinate's motivation in order to be innovative and creative by reframing problems, questioning assumptions, and approaching old status quo in new ways. This is the act of leaders to give the subordinates the opportunity to perform their work autonomously enabling them uses their experience, creativity and innovation to achieve their tasks.

Individualized consideration: The leaders pay attention to subordinate's needs and delegate tasks with guidance, mentoring and coaching. Individualized consideration enable leaders to recognize individual differences and to build a respectful relationship with each individual, pay attention to each individual's need for achievement and growth by acting as a mentor or coach, developing subordinates in a supportive climate to higher levels of potential.

ii. **Transactional Leadership:**

According to House and Aditya (1997) the main concern of the transactional leader is to make sure that objectives of the organization are understood by the employees and potential barriers to communication are removed. Transactional leadership consists of both constructive and corrective behaviors. In transactional leadership, the leader finds ways and means to motivate employees according to their interest. The leader motivates employees and encourages positive attitude by rewards and or punish/correct unnecessary actions (Khan and Adnan , 2014).

Transactional leadership behaviors are usually exhibited by three factors including contingent reward and management –by – exception both active and passive.

Contingent reward: In this construct, the leader clarify the level of expectations and rewards when goals are achieved (Khan and Adnan, 2014) that there is a bargain between the leader and the employee/members. They agree together in accomplishing the organizational goals and in return the reward attached to those goals. Avolio and Bass (2000) stated that contingent reward is an important leadership instrument due to the fact that it can result in bringing employees and group to perform up to the stated level.

Management-by-exception (active): This construct of leadership implies close monitoring for deviances, mistakes, and errors and taking corrective action as quickly as possible (Khan and Adnan, 2014). In this case the manager/leader specifies the level of expectations for the process and if standards are not met the punishment. This style of leadership closely monitors the work processes of the organization and corrective measures are taken when any problem arises.

Passive management-by-exception (passive): Bass (1995) and Avolio & Bass (2000) stated that leaders with this type of attribute adhere to the opinions that “if it isn’t broken, don’t fix it” and most of the time they are late to take corrective actions. This style of leadership avoids the exact agreement, not defining expectations or standards to be achieved by the employees, but gets involved when the problem arises. This style does not respond to situations and problems thoroughly (Khan & Adnan 2014).

iii. **Laissez-faire**

According to Mester and others (2003), laissez-faire leadership style is characterized by leaders who avoid decision-making, the provision of rewards and the provision of positive or negative feedback to their subordinates, with the leader clearly abdicating responsibility to others.

In laissez-faire type, a leader avoids influencing his followers and shirks supervisory duties and job responsibilities. Leaders take least interest in their job or task and avoid indulging themselves in any kind of situation that can confront them. They put more responsibility on subordinates without setting any clear or specified goals and they do not give any kind of help in making decisions. In this case, leader’s main concern is to make good terms with everyone and gliding the situation up to the limit. Laissez-Faire leaders do not make any kind of control mechanisms

for the system to run effectively and efficiently rather group members are free to take any kind of decisions according to their own thinking and intuition (*ibid*).

iv. **Autocratic leadership**

Authoritarian leaders make decisions independently with little or no input from the rest of the group and such leadership is best applied to situations where there is little time for group decision-making or where the leader is the most knowledgeable member of the group. Abuse of this style is usually viewed as controlling, bossy, and dictatorial. Authoritarian leaders provide clear expectations for what needs to be done, when it should be done, how it should be done and closely supervises workers. There is also a clear division between the leader and the followers. `

According to Michael (2010), autocratic leaders are classic “do as I say” types. 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 (Ojokuku, 2012).

v. **Democratic leadership**

Democratic leaders openly discuss issues with group members and encouraged them to join in making decisions. The democratic leader keeps his employees informed about everything that affects their work and shares decision making and problem solving responsibilities (Uzohue *et al.*, 2016).

Democratic leaders make the final decisions, but include team members in the decision-making process. They encourage creativity, and team members are often highly engaged in projects and decisions. There are many benefits of democratic leadership. Team members tend to have high job satisfaction and are productive because they are more involved. This style also helps develop employees’ skills. Team members feel a part of something larger and meaningful and so are

motivated to by more than just a financial reward. The danger of democratic leadership is that it can falter in situations where speed or efficiency is essential. During a crisis, for instance, a team can waste valuable time gathering input. Another potential danger is team members without the knowledge or expertise to provide high quality input (Ololube *et al.*, 2015).

2.1.4. Factors Affecting Leadership Styles

There are many variables that influence the type of leadership that will work best for several organizations. Different researchers and scholars presented, among these factors, those which are primarily tested by empirical evidences. For instances, as reviewed by (Uchenwamgbe, 2013);Tannenbaum and Schmidt (1973) & Mullins (2007), it was argued that attention to the manager's style of leadership has come about because of a greater understanding of the needs and expectations of people at work. It has also been influenced by such factors as:

- ✧ increasing business competitiveness and recognition of efficient use of human resources;
- ✧ changes in the value system of society;
- ✧ broader standards of education and training;
- ✧ advances in scientific and technical knowledge;
- ✧ changes in the nature of work organization;
- ✧ pressure for a greater social responsibility towards employees, for example through schemes of participation in decision-making and work/life balance; and
- ✧ Government legislation.

Similarly, empirical test by Adebola.Nojimu, (2014) & Ibara, (2010) suggested the following factors can help singly or in combination to determine which type of leadership style is most effective in a particular situation.

- ✧ Leaders and Employee Personality
- ✧ Size of the organization
- ✧ Degree of interaction among work group;
- ✧ Goal congruency among employees
- ✧ Level of decision making
- ✧ The influence of employee Diversity

✧ Influence of the Organizational Culture and belief system as manager's professional ethics and etc might have in one or other way influence the type of leadership the managers may employ in their organizations.

2.1.5. Leadership Styles and Organizational Performance

Consistent performance enables organizations survival and further expansion in the pursuit of serving their founders social and economic wills. More importantly, for social organizations, customer satisfaction and serving the best interest of their members takes vital place than short term financial profit. According to Winand *et al.* (2011) cited in Ebrahimi *et al.* (2016). Organizational performance is "the ability to acquire and process human, financial and physical resources properly to achieve the goals of the organization."

As to Koontz and Donnell (1993) organizational performance is the ability of the organization to meet set targets for production and profit as well as development and growth envisioned by the leader/founder. Achievement of goals/objectives like maximum profit, good quality product, increased share in the market, profitable financial results and an effective strategy for development and growth form part of organizational performance. Organizational performance also refers to standing of the organization in relation to other organizations in terms of profit earned by the organization during a period, quality of its product in comparisons with others, and captured market share in that industry (Khan and Adnan, 2014).

According to Khan *et al.* (2012) cited in Wahab *et al.* (2016) leadership undoubtedly has a major role in the outcome of any organization in which all identified leadership styles have variable outcomes under different situations. Mokgolo *et al.* (2012); discussed that success in an organization in terms of attainment of objectives and goals effectively and efficiently depend upon the managers and the leadership styles they adopt.

Leadership style plays an important role in shaping the behavior and attitude of the members of an organization. In recent years, the study of leadership has drawn more attention due to its role in the failure or success of an organization. Over the years, scholars and researchers have not been unanimous on the most appropriate style of leadership in organization and these has led to

the formulation of several theories that could bring about organizational efficiency and effectiveness (Uchenwamgbe, 2013).

2.1.6. Dimensions of Organizational Performance

Organizational performance has become one of the multi-dimensional and complex phenomena in the business literature. Although the concept of organizational performance is very common in the academic literature, but there is no unanimous agreement on its definition and criteria to be used in measurement (DeClerk, 2008; Herduzeu, 2015; La Rue *et al.*, 2004 & Sofi *et al.*, 2015).

According to Sofi *et al.* (2015) performance of an organization can be measured either subjectively or objectively. Subjective measures are non-financial or non-economical indicators of performance measurement like sales growth, market share, employee satisfaction, customer satisfaction, product development, competitive advantage, customer retention and some other factors. Subjective measures are based on the perceptual opinion of the respondent/employees in an organization to assess performance. Objective assessment is financial or economic measure of organizational performance by using financial data like profit, revenue, return on investment (ROI), return on equity (ROE), and return on assets (ROA), share price, liquidity and operational efficiency. Although most researchers measured organizational performance by using quantitative data like return on equity (ROE), return on Sales, return on assets, and so forth, Sofi *et al.* suggested there was an inconsistent measurement of organizational performance.

As to Singh *et al.* (2016) despite the advantage that they can reduce the probability of common method variance and might avoid misleading normative and descriptive theory-building in favor of objective measures, often, consistent and comparable, data on the objective measures of performance is difficult to obtain for the complete sample of firms under investigation. According to Sofi *et al.* (2015) accurate financial data are unusual to get for researchers since managers often refuse to provide and also its availability do not reveal its reliability for objective assessment, since it may not fully represent firms' actual performance. Managers may manipulate the data to avoid personal or corporate taxes and even if transparency is there, it will

indicate the short term performance of the organization. Further, performance measures such as profitability may not accurately indicate the underlying financial health of a company.

Thus, some of the past studies favored the subjective or perceptual assessment, for instance Aziz, *et al.* (2013); Balakrishnan, (1996); Deshpande and Farely (1999); Ogbonna and Harris (2000); Singh *et al.*, (2016) and Sofi *et al.* (2015) and provided sound base and validity of measurement of organizational performance.

Although there is no general agreement in the literature on the criteria to be used in assessing organizational performance (Hurduzeu, 2015) and its definition is relatively complicated for non-profit organization (Winand *et al.*, 2011), the study by Sofi *et al.* (2015) suggested that cooperatives organizational performance can be measured on the basis of subjective assessment of six factors as:

1. Deposit Growth
2. Profitability/ ROA
3. Market Share
4. Quality of Products and Services
5. Competitive Advantage/ Position, and
6. Employee Satisfaction

Thus, for the present research the respondents were asked to rate their perceived organizational performance level regarding these parameters in a five point scale, ranging from (1) Very low to (5) very high.

2.1.7. Cooperative union

The revised Ethiopian Cooperatives Societies Proclamation; Proc. No. 985/2016; defined ‘cooperatives Society’ means an autonomous association having legal personality and democratically controlled by persons united voluntarily to meet their common economic, social and cultural needs and aspirations, which could not addressed individually, through an enterprise jointly owned and operated on the basis cooperative principles. According to the proclamation, “cooperative societies union” means a secondary level cooperative society established by

primary societies having similar objectives to produce, provide service or to engage in both activities that are beyond the capacity of primary cooperative societies.

Mojo *et al.* (2017) forwarded cooperatives in Ethiopia have been creating enormous socio-economic benefits to members through distributing agricultural inputs, providing improved technologies, and encouraging farmers to produce high crops. They also involve in wide range social activities. They support youth, children, and women, the homeless and disabled individuals and ensure their participation in the economy. Emanu and Nigussie (2011) suggested that generally compared to private traders, input supply through cooperatives has created an easy access to the farmers at a reasonable price. These authors admitted cooperatives role in paying higher prices to members and maintaining the price of floor for the commodities they market. The presence of cooperatives has by large, created competitive markets and protected the producers, and even benefited non-member farmers.

FCU in Buno Beddelle zone are involved in the distribution of improved seeds, farm implements (such as water pumps), pesticides and herbicides, modern beehives and other agricultural inputs and fertilizers. They are also involved in output marketing, creating market opportunities and in serving as market channel. They market coffee, sesame, grains, milk and milk products, etc. Generally without effective and efficient cooperative management and contingent style in action, unions may step down than meeting their stakeholders' interest and fail to survive in the hard time. Ajibade *et al.*, 2017 declares there is no meaningful human endeavor that has been achieved that is not as a result of leadership. Thus, it was the initiative of the researcher to address the effects of leadership styles on farmers' cooperatives performance that may hedge the gap of the body of knowledge in the area under investigation.

2.2. EMPIRICAL REVIEW

The research work by many researchers and practitioners around the effect of leadership styles on organizational performance lacks common reach in their conclusions and even several studies on different organizations arrives at contradicting findings making it open for further study.

The below table 1 depicts such issues in conclusion of the existing studies.

Table 1 Leadership styles and their effects with several constructs treated as explanatory variable by different researchers

Author(s)	Dimensions of leadership styles	Constructs	Main Objective	Types of the Industries/ Organizations	Major Findings
Veliu <i>et al.</i> , 2017	ACL, Bureaucratic, charismatic, DCL, LFL, TFL, TSL	Employee Performance	To explore the effects of leadership styles on employee performance		<ul style="list-style-type: none"> * Leadership plays a vital role and employee performance heavily rely on leadership * Charismatic, bureaucratic, LFL and TSL style has a negative but insignificant impact on the level of employee performance * DCL, ACL and TFL positively influence employees' performance.
Ebenezer Malcalm <i>et al.</i> , 2017	TFL, TSL & LFL	Employee Performance	To examine the impact of leadership styles on employee performance	Public Sector	<ul style="list-style-type: none"> * Even though the leaders were found to be exhibiting a mixture of TFL and TSL styles, all the leadership styles do not have any effect on employee performance in public sector of Ghana
Abdul Basit <i>et al.</i> , 2017	DCL, ACL & LFL	Employee Performance	To identify the impact of leadership style on employee performance		<ul style="list-style-type: none"> * There is a significant and positive impact of DCL and LFL on employee performance while ACL is found to have a negative significant impact on employee performance
Al-Mahayreh <i>et al.</i> , 2016	LFL, ACL, DCL, TSL & TFL	Managerial Creativeness	To highlight the degree of influence of the leadership styles on the managerial creativeness among the leaders and what is the most influential leadership style	Industrial Corporations	<ul style="list-style-type: none"> * TFL is the most influential style on the managerial creativeness * LFL, DCL, TSL & TFL has a positive influence while ACL exerted negative influence on the managerial creativeness
Sofi <i>et al.</i> 2015	TFL, TSL, DCL, Supportive, Instrumental	Organizational Performance	To investigate empirically the impact of leadership styles on organizational performance in the concerned banking companies in Jammu and Kashmir, India.	Banking	Revealed that only TFL style being more dominant form of leadership style prevailing in the concerned banking organizations of Jammu and Kashmir, India, has significant direct impact on organizational performance while other leadership styles showed insignificant impact

Iqbal <i>et al.</i> , 2015	Participative, ACL & LFL	Employee Performance	To investigate the effect of leadership styles practiced in an organization and their effect on employee performance		* Participative style of leadership has a greater positive effect on employee performance while ACL & LFL has negative effect
Saasongu 2015	TFL & TSL		To determine the effect of leadership Style on organizational performance	Small and Medium Scale enterprises	* TFL exerts a positive but insignificant effect on employee performance while TSL has a positive significant effect on employee performance
Shafie <i>et al.</i> , 2015	TFL, Participative & LFL	Employee Performance	To determine the relationship between leadership style and employees performance in the Real Estate Registration in Tehran province	Real state registration	* TFL and pragmatic leadership impacted positively on the staff performance and TFL style is associated with higher relevant. * LFL style leads to chaos in the organization and every person will lead to a reduction in staff performance
Albert Puni <i>et al.</i> , 2014	DCL, ACL & LFL	Firm Financial Performance	Toexamines the effect of leadership on financial performance	Banks	* Three had negative effect, but none of the leadership styles significantly predicted financial performance of the two banks
Anbazhagan <i>et al.</i> , 2014	DCL, ACL & LFL	Workers Self performance	Investigated the leadership styles of the workers and their performances	Sugar factory	* Amongst the three styles chosen, the autocratic is more performing, the democratic comes next and the laissez-faire gives the least performance * All the leadership styles are not equally inherently present in the employees. The DCL style is more dominant among the employees, the AC comes next and the LFL is exhibited by least number of employees
Mohamud <i>et al.</i> , 2013	TFL & TSL	Organizational Performance	The objective of the study was to analyze the relationship between transformational leadership style and organizational performance	Telecommunications Companies	* A significant strong relationship was found between Organizational performance and transformational leadership style * The result further indicated week positive significant relationship between organizational performance and transactional leadership style
Namusonge 2012		Organizational Performance	This study investigated the main effects of leadership styles on organizational	State owned corporation	* Correlations between the TFL factors and organizational performance ratings were high * correlations between the TSL behaviors and

			performance	s in Kenya	organizational performance were relatively low * As expected, laissez-faire leadership style is not significantly correlated to organizational performance.
Ojukuku <i>et al.</i> , 2012	TFL, DCL & ACL	Organizational Performance	To examine the impact of leadership style on organizational performance in selected Banks, in Ibadan Nigeria	Banks	* Revealed that there is strong relationship between leadership style and organizational performance. * The study found that TFL and DCL style, shown positive and significant while ACL style was also found to have positive but insignificant effect on banks' performance
Wang <i>et al</i> 2010	Charismatic, TSL, TFL, Visionary, Culture-based	Organizational Performance & HRM Strategy	To examine the relationships among the leadership style, the organizational performance and the human resource management strategy		* The charismatic, TFL and visionary of the leadership style are positively related while TSL & Culture based are negatively related to the organizational performance *

(OP-Organizational Performance, EP-Employee Performance, TFL-Transformational, TSL-Transactional, LFL-Laissez-faire, DCL-Democratic leadership, HRM-Human Resource management)

As aforementioned in the above table some studies claimed leadership style couldn't contributed to variability in organizational performance (Puni *et al.*, 2014 & Malcarm *et al.*, 2017) while the others left asserted that leadership styles exert a pronounced effect on organizational performance either negatively or positively.

Regarding the effect of each of the leadership style, the above raised researches showed uncommon and even contradicting conclusions. For instance, with regard to the transformational leadership several studies (Shafie *et al.*, 2015; Velu *et al.*, 2017; AL-Mahayreh *et al.*, 2016; Sofi *et al.*, 2015) reported that there is positive and significant association with organizational performance while the study by Saasongu (2015) revealed that there is positive, but insignificant relationship between transformational leadership and organizational performance.

Concerning transactional leadership style, AL-Mahayreh *et al.* (2016) & Saasongu (2015) forwarded that there is positive and significant relationship with organizational performance while Sofi *et al.* (2015) and Wang *et al.* (2010) reported the reverse.

Similarly, from the above table it is observed that studies by Basit *et al.* & Velu *et al.* (2017); Iqbal *et al.* (2015) and Ojokuku *et al.* (2012) affirmed democratic leadership style exerts a positive and significant effect while the study by Sofi *et al.* (2015) has shown insignificant effect. Likewise, regarding the autocratic leadership style Velu *et al.* (2017) & Anbazhagan *et al.* (2014) acknowledged its positive and significant effect on organizational performance while its negative effect on organizational performance was reported by Abdul Basit *et al.* (2017) and Al-Mahayreh *et al.* (2016). It was also evidenced that there is no common ending regarding the effect of laissez-faire leadership style on organizational performance. For instance, the research by Basit *et al.* (2017) showed there was positive and significant relationship while Shafie *et al.* (2015) reported there was negative association.

2.1. Summary and Research Gap

From above empirical findings and the theoretical literature review; it is vivid that the findings of studies by many researchers relating to the effect of leadership styles on organizational performance often differs in their conclusions and vary with factors and organizations concerned and ended in open for further studies.

Despite many researches have been done on the relationship between leadership styles and organizational performance, in our country, Ethiopia, most studies focused the public and business organizations while social organizations as cooperatives are left a side. Many studies revolved around private and for profit maximization (business firms), both private and public, while such effect of the leadership styles may affect greatly performances of non- for profit maximization and social organizations as cooperatives.

Furthermore, no comprehensive research was conducted earlier in Buno Beddelle Zone in general and on farmers' cooperatives in particular regarding the effect of leadership on organizational performance. Therefore, there is a need for in-depth investigation to examine the effect of leadership styles on organizational performance on cooperatives

that affect life of the majority, especially in developing countries in which they are believed to play motoring role of the economy.

Thus, it was keeping in view the above theoretical and empirical discussions that the researcher planned to examine the effect of different leadership styles on organizational performance in Buno Beddelle Zone farmers' cooperatives.

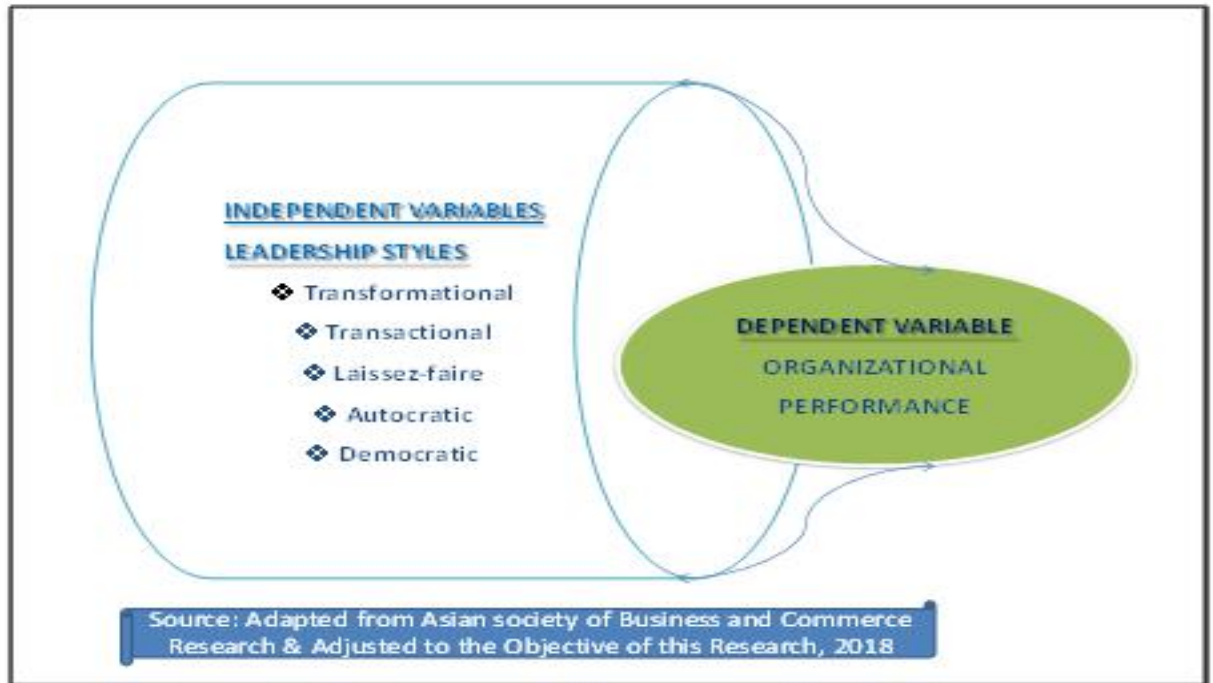
2.2. Conceptual Frame Work

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. Whichever 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 styles.

The conceptual model below was developed for the present study to connect the study variables together supporting the posited hypotheses. According to Rocco & Plakhotnik (2009) the goal of a conceptual framework is to categorize and describe concepts relevant to the study and map relationships among them and functions in providing support for the research design, method, and instruments to be used in a study. The framework below was developed through thoroughly reviewing related literatures and believed to conceptualize the study and provide a reference point for interpretation of findings.

This study was sought to assess effects of the leadership styles (Transformational, Transactional, Laissez-fair, democratic and Autocratic) on organizational performance at FCUs at Buno Beddelle zone. The model shown was used to demonstrate the relationships among the study variables for the purpose of this study.

Figure 1 Research Model showing the effect of Leadership Styles on Organizational performance



2.3. Hypotheses

To the objectives of this research, the following five statements of hypotheses were developed and tested.

Ha1: There is significant effect of leadership styles on OP in Buno Beddelle zone FCU.

Ha2: Transformational leadership style positively affects OP in Buno Beddelle Zone FCU.

Ha3: Transactional leadership style positively affects OP in Buno Beddelle Zone FCU.

Ha4: Laissez-faire leadership style negatively affects OP in Buno Beddelle Zone FCU.

Ha5: Autocratic leadership style negatively affects OP in Buno Beddelle Zone FCU.

Ha6: Democratic leadership style positively affects OP in Buno Beddelle Zone FCU.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter comprised all about the study design and methodology that employed in the study. Under the design and methodology part of the research, background of the study area, research design, study population and sampling frame and sampling methods were presented. Additionally, sources of data, the method of data collection and analysis were presented followed by the ethical consideration of the study. The researcher also discussed how collected data was analyzed giving details of any models that were used in analysis with rationale why these particular models/programmes were applied.

3.2. Study Area

Buno Beddelle Zone, which was formerly part of Ilu Aba Bor zone, is established as an independent zone by the Oromia Regional state in 2016. Buno Beddelle zone, with a capital of Beddelle (home for Beddelle Brewery S.C), is one of the 22 administrative zones of Oromia Regional state located in the southwestern part of Ethiopia at a distance of 480 Km from Addis Ababa. It is bordered to the North by Eastern Wollega Zone, to South by Jimma Zone, to the East by Western Wollega and to the West by Ilu Aba Bor zone. The Zone constitutes nine rural woredas (Beddelle Woreda, Borecha, Cawaka, Chora, Dabo Hana, Dega, Didesa, Gechi, Mako,) and one city: Beddelle town administration, which is the capital of the Zone.

3.3. Study Design

The prime objective of this research is to assess the effect of leadership styles on organizational performance of FCU in Buno Beddelle zone. On the rationale to examine the relationship between the exploratory variables (TFL, TSL, LFL, ACL and DCL) and the outcome variable OP; correlation research design was employed. According to Creswell (2012); this design helps to relate two or more variables to predict the effect of each explanatory variable on an outcome variable/s. So, the correlation design was

employed viably by the student researcher and the methods, decisions and interpretation was done accordingly.

Furthermore, a mixed research approach (the use of both qualitative and quantitative) was working since it permits the researcher to get adequate information for a better understanding of the topic under investigation. Creswell (2012) declares knowing that each of the approach has some inadequacies, the use of both qualitative and quantitative methods is to make sure that biases inherent in either of the approaches were counterbalanced by the strength of the other. Thus, the use of mixed research method permits the researcher to triangulate i.e. use two or more data sources and techniques to analysis in this single study and then validating the congruence among them.

3.4. Target Population

The target population is the population to which a researcher wants to generalize the results of the study (Mugenda and Mugenda, in Florence and Abuga, 2013). The target population designed for this study was all managers and vice managers, permanent employees those having a service of more than one year, BOD, and control committee of Buno Beddelle, Saddettan Chora and Hunde chewaka FCU, CPA leaders and Job process coordinators of Buno Beddelle Zone, Chora woreda and Chewaka woreda. Also, head of management committee of FPC in the nine woredas, which are members of unions and registered before one year, were included.

On the other hand, leaders and employees whose service year less than one year in the above category as well as those primary cooperatives with below one year period after registered in membership of the unions were not included. This is because these employees of FCU, leaders and committees of primary cooperatives do not have enough information to evaluate the previous performance of the current unions.

The categories chosen were thought to be involved in the leadership management, decision making and operations of the cooperatives (both at farmers cooperative union and farmers primary cooperatives) and was believed of having and providing adequate information on the leadership behaviors of their respective cooperative unions.

3.5. Sampling Design

Sampling is a process of selecting a number of individuals or objects from a population such that the selected group contains elements that are representative of characteristics found in entire group (Orodho & Kombo, in Florence & Abuga, 2013).

3.5.1. Sampling Procedure

The three farmers' cooperative unions (Buno Beddelle, Hunde chewaka & Sadetan Chora) were selected purposively. Based on the report of Buno Beddelle zone CPA (2017) data 161 FPC were registered under the three FCU before one year. Respondents were stratified in three strata (Employee professionals working in unions, BOD and head of FPC and CPA workers and leaders). To get the appropriate representative sample, sampling was carried out using random sampling method (lottery method) to draw sample and sample proportion method was used in order to maintain respondents' proportion taken from each category of respondents. Sample was selected from the study population encompassing 219 target populations and the result is presented in table below.

Table 2 Sample population

Target population from group	Target population	Selected sample
Cooperative union managers	2	1
Board of Directors of unions	26	17
Control committee of cooperative unions	6	4
Management committee of FPC	135	87
Cooperative union Employee	21	14
Woreda CPA leaders & Vice Leaders	13	9
Woreda CPA Job Process coordinator	12	8
Zone CPA leaders	2	1
Zone CPA Job process Coordinator	2	1
Total	219	142

3.5.2. Sample size Determination

As to Mugenda and Mugenda (2003), a researcher's sample size of 10% target population is to be suitable as long as the sample size is more than 30 ($n > 30$). Since the size of population is pre known the sample size determination formula proposed by Yamane (1967) was employed. According to Yamane, for a 95% confidence level and 5% precision, the size of the sample can be calculated by:

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

Where: N = population size; n= sample size; and e =level of precision (5%). In this case, N =219 with 5% precision and 95% confidence level.

$$\text{Thus the sample size will be } n = \frac{219}{1 + 219(.05)^2} = \frac{219}{1.5475}$$

n= 141.52, rounding off the decimal place

$$n \cong \underline{\underline{142}}$$

Thus, 142 respondents were selected.

3.6. Data Types and Sources

For the purpose of this study, both primary and secondary data types were used. The Primary data was the major source of data for this study and was collected from managers, employees, BOD and Control committee of FCU and management committee of PFC, workers and leaders of zone and woreda CPA while secondary data was mainly from previous studies, Books, and Journal articles.

3.7. Data Collection Methods and Instruments

According to Kothari (2004), using particular data collection method depends upon the information being collected, purpose of collecting data, skills of the researcher and the resources available for the investigation. Data for this study was collected using two types of data collection methods. One was Survey questionnaires while the second method was interview.

Questionnaire

According to Gubta and Gubta (2008); the questionnaire method is appropriate in studies concerned with variables that cannot be observed directly and additionally, questionnaire method is faster, cheaper and versatile as many business problems can be dealt without much difficulty. Multifactor Leadership Questionnaire (MFLQ) adopted from (Bass & Avolio, 1997) was employed to collect data regarding leadership styles for the rationale that they are more standard instruments and have been extensively used by different scholars in similar studies and checked for their validity and reliability. The questionnaires were prepared in a five-point Likert –Scale type response format ranging from “Not at all = 1”, “Once in a while = 2”, “Sometimes = 3”, “Fairly often = 4” to “Always = 5”.

The questionnaires structured into five parts were designed to collect necessary data in such a way that the first part of the questionnaire was concerned with introduction; the second part was designed to collect demographic facts of the respondents; the third part of questionnaire deals with some general questions, part four to explore the leadership styles while part five was designed for questions dealing with organizational performance. These questionnaires were modified and translated to Afan Oromo and distributed to subjects by the researcher and recollected back after few days. More importantly the questionnaires to the management committee of FPC were filled after the meeting arranged for general assembly in collaboration with the managers of Cooperative unions and leader of CPA of Buno Beddelle zone.

Interview

Semi-structured interview guide to collect additional information which could help to triangulate the data obtained from questionnaires was also used with respondents who were sampled purposively from category of respondents. More precisely, interview was conducted with managers, BOD, job process coordinators among employees of the three FCU and Buno Beddelle Zone CPA leaders and job process coordinators. The interview with BOD was held at the cooperative unions’ general assembly meeting in collaboration with the managers of unions and zone CPA leaders.

3.8. Methods of Data Analysis

Both the descriptive (mean and standard deviation) and inferential statistics were employed to analyze the data in the study. In inferential statistics, Pearson's correlation and multiple regression analysis were used to assess the relationships (between) and effects of IDVs on the DV to test the hypotheses of the study. This analysis was made with the aid of SPSS version 20 Software in order to analyze the effect of independent variables on the dependent variable. Furthermore, the researcher used an in-depth description of the data gathered through interview to play both quantitative and qualitative data against the middle.

3.8.2. Model Specification

For this study, to see the contribution of each IDVs to the DV as well as how much variance in organizational performance scores can be explained by score of five IDVs (Transformational, Transactional, Laissez-fair, autocratic and democratic leadership styles) and to identify the best predicting explanatory variable the multiple linear regression was used.

The regression model for this study expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where Y = Organizational performance

β_0 = constant

$\beta_1 \dots \beta_5$ = the coefficient of independent variables

X_1 = Transformational leadership (TFL)

X_2 = Transactional leadership (TSL)

X_3 = Laissez-faire leadership (LFL)

X_4 = Autocratic Leadership (ACL)

X_5 = Democratic Leadership (DCL)

Therefore, the regression model was restructured as:

$$OP = \beta_0 + \beta_1 TFL + \beta_2 TSL + \beta_3 LFL + \beta_4 ACL + \beta_5 DCL + e$$

Study Variables

The present study considers the leadership styles:

- ✓ Transformational leadership
- ✓ Transactional leadership
- ✓ Laissez-faire leadership
- ✓ Autocratic leadership and
- ✓ Democratic leadership while organizational performance was treated dependent variable.

3.9. Data Quality Control

In this section, the data quality control mechanisms assuring the reliability and validity of data collection instruments are briefly explained.

3.9.2. Reliability

To check the accuracy and precision of a measurement procedure (i.e., the ability of instruments to test the same results over time) the reliability of the instruments are sought. Thus, the researcher used standardized questionnaires, Multifactor Leadership Questionnaire (MFLQ) that was adopted from (Bass and Avolio, 1997) in assessing the effect of leadership styles.

The Cronbach's alpha test is the most commonly used method in many research works to evaluate the accuracy of data collection instruments. In this study, although it was used standard instruments, in order to confirm the reliability and validity of instruments after modification and translation of the questionnaires from English version to Afan Oromo, the researcher had carried out a Cronbach's alpha test which was then compared to the conventional cut-off point of 0.7. According to Field (2005) cited in Pallant (2013) a Cronbach's alpha higher than 0.7 indicates internal consistency on the instrument. Cronbach alphas were produced for each sub scale and the results are presented in table 3.1. In this particular study, the Cronbach's alpha values for the constructs were .741 and the value for each variable is shown below in table 3.

Table 3 the Cronbach alpha value

	No of items	Cronbach's Alpha if Item Deleted
OP	6	.728
TFL	16	.731
TSL	12	.738
LFL	4	.747
ACL	4	.742
DCL	4	.727

Sources: Study questionnaire, 2018

The Cronbach's alpha value of all the study variables was found above the cut-off point indicating reliability of the current study instruments was acceptable.

3.9.3. Validity

To determine the relevance of the statement in the questionnaire and interview guide to the study, assuring validity is important. In this study, the researcher asked ten respondents who are more professional in the area to evaluate the suitability of the data gathering instruments.

Table 4 Validity test results of questionnaires and interview items

Respondents	Number of Items		Relevant Items	
	Questionnaires	Interview	Questionnaires	Interview
R1	48	7	44	6
R2	48	7	44	5
R3	48	7	43	7
R4	48	7	45	6
R5	48	7	45	5
R6	48	7	44	5
R7	48	7	43	6
R8	48	7	42	5
R9	48	7	45	5
R10	48	7	43	6

Sources: Computation from data generated by 10 respondents, 2018

Amin (2005) stated that validity can be measured by using CVI (content Validity Index) formula:

$$CVI = \frac{\text{Agred Items by all judges as suitable}}{\text{Total Number of Items Being Judged}}$$

CVI for Questionnaires:

$$\begin{aligned} > CVI &= \frac{44 + 44 + 43 + 45 + 45 + 44 + 43 + 42 + 45 + 43}{48 + 48 + 48 + 48 + 48 + 48 + 48 + 48 + 48 + 48} \\ > CVI &= \frac{438}{480} \\ > &0.9125 \end{aligned}$$

CVI for Interviews:

$$\begin{aligned} > CVI &= \frac{6 + 5 + 7 + 6 + 5 + 5 + 6 + 5 + 5 + 6}{7 + 7 + 7 + 7 + 7 + 7 + 7 + 7 + 7 + 7} \\ > CVI &= \frac{56}{70} \\ > &.80 \end{aligned}$$

Therefore, the calculated result both for questionnaires and interviews 0.91 and 0.80 respectively are greater than 0.70 which in turn indicated the validity of the instruments for this study.

3.10. Ethical Consideration

The researcher was responsible to consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. Before data collection, the researcher spent a great deal of time informing participants about the purpose and objectives of the study. Also, greatest care was made to protect the privacy of every respondent thereby building confidence with participants of the study during data collection through questionnaire and semi-structured interviews. In addition, the data collection instruments were designed considering the ethical issues related to the cooperatives administration.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

This research was proposed to assess the effects of leadership styles of cooperative management styles on organizational performance at Buno Beddelle zone cooperative unions. Hence this chapter comprises the answer for the research questions which are guided by the basic research objectives. It presents results and discussions of the data that are categorized into two parts. The first part treats the characteristics of the respondents which describe the study population by sex, age, educational background, service year and current work position, while the second part deals with the analysis of findings of the study that were gathered through questionnaire and interview.

142 questionnaires each containing 40 questions with items rating scales from 1= not at all to 5 = always and item ratings for organizational performance in six dimensions using scales ranging from 1= very low to 5= very high was distributed. This study asked participants to answer honestly and descriptively in reference to their own feelings and experiences working at farmers' cooperative unions in Buno Beddelle. Questions used were specifically directed toward revealing the participants feelings about each of the five different leadership styles. In this study quantitative data which were collected through survey questionnaires and analyzed were supported and triangulated with qualitative data which was collected from interviews.

4.6. Response rate of respondents

Among 142 questionnaires distributed to respondents, 134 were returned successfully. Also 8 out of the 134 questionnaires returned back were rejected because of unacceptable responses. Thus, 126 questionnaires constituting 88.73% response rate were used for data analysis and interpretation with the interview results. Johnson & Owens (2013) reported that although none of the journals contacted for their study reported formal policies regarding minimally acceptable response rates, a study with a response rate of less than 60% get accepted for publication only in rare instances. According to Della Mundy (2002) the response rate for this work was very good. The response rate was made possible by the joint collaboration of Buno Beddelle zone CPA and unions' managers in arranging

cooperative unions' general assembly meeting, and is thus, acceptable. The participants of interviews clearly shared their idea and the practical knowledge interview questions.

Table 5 Response Rate

No	Data Collection Tools	No of Respondents	No of Response	No of Non Response	Response Rate
1	Questionnaires	142	126	16	88.7%
2	Interviews	8	8		100%

Source: Survey, 2018

4.7. Demographic Characteristics of Respondents

The survey result presented in table 6 shows the demographic characteristics of respondents in sex, age, service years, educational background and current work position.

Table 6 Demographic characteristics of the respondents

Variables	Categories of Variables	Frequency	Valid%
Gender of Respondents	Male	116	92.1
	Female	10	7.9
	Total	126	100
Age of Respondents	18-30	8	6.3
	31-40	63	50
	41-50	55	43.7
	51-60	-	-
	> 60	-	-
	N	126	100
Education Level of Respondents	Up to Grade 8	58	46
	Grade 9-12	35	27.8
	Technical Level I-IV	6	4.8
	College Diploma	9	7.1
	First Degree	18	14.3
	Masters Degree	-	-
	Other	126	100
	N		
Service Year of the Respondents	< 1 year	-	-
	1-5 Year	87	69
	6-10 Year	34	27
	11-15 Year	4	3.2
	> 16 Year	1	.8

	N	120	100
Current work	Mgt Committee of FPC	76	60.3
Position of the respondents	Control Committee	4	3.2
	BOD	17	13.5
	Manager	1	.8
	Vice Manager		
	Employee Professional	14	11.1
	The Appropriate Authority	14	11.1
	Other		
	N	126	100

Sources: Survey Results, 2018, N= total sample

Generally, the demographic characteristics show that male respondents were much greater than female respondents which may indicate the female participation in FCU is at minimal. This result may tell us that women in the study area face voluminous socio-economic problems that make their participation fall short in their cooperatives. The study by Rani &Yadeta (2016) supported that Ethiopian rural farm women face many challenges including high illiteracy rates and poor living conditions among women; lack of leadership and inadequate participation in the organizational and economic affairs of their agricultural cooperatives; lack of appropriate agricultural technology aimed at reducing the physical burden of farm women; traditional, religious, social and cultural obstacles; less participation in decision making-even within the house hold and etc may hold their involvement back. This condition may result in imbalance in cooperative participation and can lead women unable to solve their economic and social impediments by themselves.

The age distribution shows that majority were, in sum, in between 31-50 showing working age group allowed for employment by FDRE above 18 years and majority of the respondents represent the FPC management.

More than three fourth of the respondents attended their education at most to secondary. The educational status indicates that majority of the respondents attended their education up to grade 12; amounted together with those up to grade 8, showing that cooperative management were comprised mostly from the agricultural community.

Table 6 also depicts that majorly of the respondents, 69%, have been worked from 1-5 years followed by nearly about one third (27%), who have been employed for 6-10 years, Furthermore, regarding the job position of the sample respondents, 60% of them were management committee of FPC, 14% were BOD of unions, while the employee of unions and the appropriate authority constituted 11% each and the rest were 4% control committee of unions and manager of union.

In total, the demographic characteristics reveals that the constituents were concerned parties all having interest in cooperative unions of the study and were believed getting engaged in their operations and decision making at several layers. Karunakaran & Huka (2018) forwarded that cooperative leadership comprises all those who influence, instrument and inspire cooperative ideals, ideology, policies, programmes, physical growth, expansion, structure and working of individuals in the organizations at various levels. This tells the researcher the data were collected from samples that have an intimate knowledge about the issue under investigation.

4.8. The Perceived Organizational performance in FCUs in Buno Beddelle zone

Table 9 Result of the Perceived Level of Cooperative Performance

Items	Agreement	Frequency	Valid %	Mean	SD
Deposit Growth	Very Low	-		3.72	.711
	Low	5	3.96		
	Medium	39	30.95		
	High	68	53.97		
	Very High	14	11.11		
	Total	126	100		
Profitability	Very Low	-		3.079	.614
	Low	19	15.08		
	Medium	78	61.90		
	High	29	23.02		
	Very High	-			
	Total	126	100		
Employee satisfaction	Very Low	-		3.24	.571
	Low	9	7.14		
	Medium	78	61.90		

	High	39	30.95		
	Very High	-			
	Total	126	100		
Market Share	Very Low	-		2.64	.558
	Low	50	39.68		
	Medium	71	56.35		
	High	5	3.97		
	Very High	-			
	Total	126	100		
Quality of Product & Service	Very Low	1	0.79	3.02	.572
	Low	16	12.70		
	Medium	88	69.84		
	High	21	16.67		
	Very High	-			
	Total	126	100		
Competitive Advantage	Very Low	11	8.73	2.30	.648
	Low	68	53.97		
	Medium	45	35.71		
	High	2	1.59		
	Very High	-			
	Total	126	100		
Organizational Performance				3.00	.38

Source: Survey, 2018

Table 9 shows the overall average score of perceived organizational performance in the study cooperative unions, ($M=3.00$, $SD= .38$). To conventions of Zaidation and Bagheri (2009), the mean score of the OP is considered low. The analysis of organizational performance for the six subjective performance measurement dimensions show that deposit growth was highly rated ($M=3.72$, $SD= .71$) while competitive advantage was the least scored dimension ($M=2.30$, $SD= .65$). The other four of the dimension score lied in between these two. Among these dimensions of OP the mean of market share ($M =2.64$, $SD = .558$) and competitive advantage ($M = 2.3$, $SD = .648$) were below the average and the average of competitive position was least compared to the other dimensions. This indicates leaders in the area of study were weak in shouldering up their cooperatives to the good competitive position and operate at optimum to catch up greater market share.

The low perceived unions' performance may be attributed to several factors. According some existing studies, for instance Bezabih (2012) in Karunakaran& Huka (2018),

cooperatives in Ethiopia are challenged by several problems attributed to their leaders as literacy gap among cooperative leaders, low capacity of cooperative leadership management and low interest of management committee due to low incentives, inadequate capacity building support by agencies etc. This may be one basis that puts the cooperative leaders' skill and knowledge down.

4.9. Current status of leadership Styles

This part focuses on respondent's opinions on their perceived organizational performance and leadership behaviors of their FCUs' management. Respondents were required to rate their level of agreement using a five point Likert scale. Based on the responses of respondents the descriptive analysis was performed to compare using mean and standard deviation. The analysis was done based on the convention proposed by Zaidation and Bagheri (2009).

Table 7 Mean score measurement assumptions

Mean score	Description
< 3.39	Low
3.40-3.79	Moderate
>3.80	High

Source: Zaidation (2009)

Table 8 Summary of descriptive statistics of the main study variables

No	Variables	Mean	Std Deviation
1	OP	3.00	.379
2	TFL	3.05	.238
3	TSL	2.67	.339
4	LFL	2.53	.362
5	ACL	2.61	.314
6	DCL	3.16	.441

Source: Result of Survey, 2018 for N=126

The descriptive statistics results show that the participants rating average were low for all study variables while democratic leadership style was the most rated/demonstrated among the predictors, ($M=3.16$, $SD=.44$) followed by transformational leadership style ($M=3.05$, $SD=.24$), transactional ($M=2.61$, $SD=.34$), autocratic ($M=2.59$, $SD=.31$) and laissez-faire ($M=2.53$, $SD=.36$). The results of descriptive analysis indicates that high average score of organizational performance were related to high scores of democratic and transformational leadership while high score of organizational performance were related with low mean values of transactional, laissez-faire and autocratic leadership styles. The descriptive analyses indicate that democratic leadership is the most rated style showing in the agreement of respondents the most demonstrated style in the study cooperatives.

4.10. Association between Leadership Styles and Performance

Correlations were computed among the five IDVs (TFL, TSL, LFL, ACL and DCL) and the DV, organizational performance on data for 126 respondents to determine whether or not a pattern of association exists. The value of r ranges from -1 to 1, and any value of r greater than zero imply a direct relationship (positive) saying the value of the independent and dependent variable go together in the same direction. The r value of zero imply the absence of relationship while r value of less than zero indicate an inverse relationship i.e. an increase in one variable is associated with a decrease in the other.

The strength of association between the variables was defined using correlation effect size determination scores established by Evans (1996) as described the table 10 below.

Table 10 Effect size determination score for correlation results

If value of r is between:	r^2	Strength
.00-.19	0-4%	“Very Weak”
.20-.39	4-16%	“weak”
.40-.59	16-36%	“Moderate”
.60-.79	36-64%	“Strong”
.80-1.00	64-100%	“Very strong”

Source: Evans (1996)

Preliminary analyses were performed to ensure no violation of the assumptions of correlation analysis exists. Gravetter & Wallnau (2000) in Pallant (2005) suggests a number of things to be careful of when interpreting the results of a correlation analysis, or other techniques based on correlation. Some of the key issues are linearity relationship (observed from scatterplot) and Outliers (values that are substantially lower or higher than the other values in the data set). The scatterplot was looked for and found no values were sitting out on their own as well as to Tabachnick and Fidell (2005) no values on standardized residual plot was found above about 3.3 (or less than -3.3).

Table 11 Statistical summary of correlation statistics between the study Variables

No	Variables	1	2	3	4	5	6
1	OP	1					
2	TFL	.464**	1				
3	TSL	-.170	-.056	1			
4	LFL	-.460**	-.234**	.461**	1		
5	ACL	-.327**	-.161	.262	.342**	1	
6	DCL	.514**	.284**	-.073*	-.296**	-.150*	1

Note: ** significant at 0.05 or 0.01, N=126, two tailed.

Source: survey results, 2018

4.10.2. Transformational Leadership Style and Organizational Performance

Table 11 shows there was a moderate, positive correlation between the two variables [$r = .464, p < .001$], with high levels of perceived transformational leadership associated with higher levels of perceived performance. The associated coefficient of determination ($r = .2153$) implying 21.53% amount of variability in cooperative performance were accounted for by transformational leadership style.

4.10.3. Transactional leadership Style and Organizational performance

The correlations of transactional leadership styles with organizational performance measures were not significant, $r = -.170, p = .057$. While the correlation was not significant relative to the standard alpha level of .05, the p-value was less than .10. Thus,

marginally significant value was found. This suggests that the perceived transactional leadership styles do not associated with organizational performance in the study cooperative unions.

4.10.4. Laissez-Faire Leadership Style and Cooperative Performance

Moderate and significant correlation ($r=-.460$, $p<.001$) was observed between LFL and OP. Inverse correlation with a coefficient of determination of $r^2=21.16\%$ was found. From the negative association it seems that the more LFL styles exhibited by cooperative leaders, the lower the perceived organizational performance are.

4.10.5. Autocratic Leadership Style and Cooperative Performance

As indicated in the above table 11, ACL has weak significant association with organizational performance, $r = -.327$, $p<.001$. Autocratic leadership had a proportion of variance of 10.7% in unions' performance. The negative association suggests that the autocratic leadership style exhibited by cooperative management may diminish cooperative unions' performance.

4.10.6. Democratic Leadership Style and organizational performance

The association between OP and DCL style were shown to be significant and according to Evan's (1996) conventions were moderate, ($r = .514$, $p<.001$). There were shown a direct relationship with a percentage of variance, $r^2=26.4\%$ suggesting that high practice of perceived democratic leadership style may enhance cooperative unions' performance.

In sum, from the correlation analysis above the coefficient of r indicated organizational performances were observed to be correlated in the predicted direction with all the leadership styles. The Organizational performance was positively correlated with transformational, transactional and democratic leadership styles, while the associations of OP with autocratic and laissez-faire leadership styles were negative. The analysis also indicated that the democratic leadership style had a superior correlation with organizational performance.

4.11. The Effect of Leadership Styles on Organizational Performance

Standard multiple regressions were employed to explore the effect of multiple leadership styles on cooperative unions' organizational performance and to evaluate predictive power of each of the styles. Multiple regression analysis is used when several independent variables are included in the study in a simultaneous (Al-Shami, 2008) and allows evaluating each independent variable in terms of its predictive power over and above that offered by all the other independent variables (Pallant, 2005). It enables to know how much variance in a dependent variable they were able to explain as a group.

4.11.2. Diagnostic tests of multiple linear Regression test Assumptions

4.11.2.1. Sample Size

Tebachnick and Fidel (2007) proposed a formula $N > 50 + 8m$ (where, N = sample size, and m = a number of independent variables) to calculate sample size requirements for multiple linear regression. This assumption refers that the characteristics of the population should be well represented by the sample and it was met with the number of independent variables 5 and sample size 126, $N > 50 + 8m$ implying acceptable sample size of $126 > 90$ for this particular study.

4.11.2.2. Multicollinearity Test

If a correlation coefficient between two or more independent variables is observed to be, .8 and above according to Cooper & Schindler (2009) and/or greater than .7 according to Malhotra (2007), it suggests the existence of multicollinearity problem. Likewise, according to Gujarati (2004); if the value of Variance Inflator Factor (VIF) which is the inverse i.e. one divided by tolerance ($1-R^2$) lies between 1-10 it implies there is no multicollinearity.

No multicollinearity problem existed because highest correlation, $r=.461$ between the LFL and TSL found was less than 0.7 or 0.8. Also the result of this study (table 12) shows that the *tolerance value* for each explanatory variable is above 0.10 and *Variance Inflator Factor (VIF)* value for each explanatory variable is less than 10.

Table 12 Collinearity Statistics

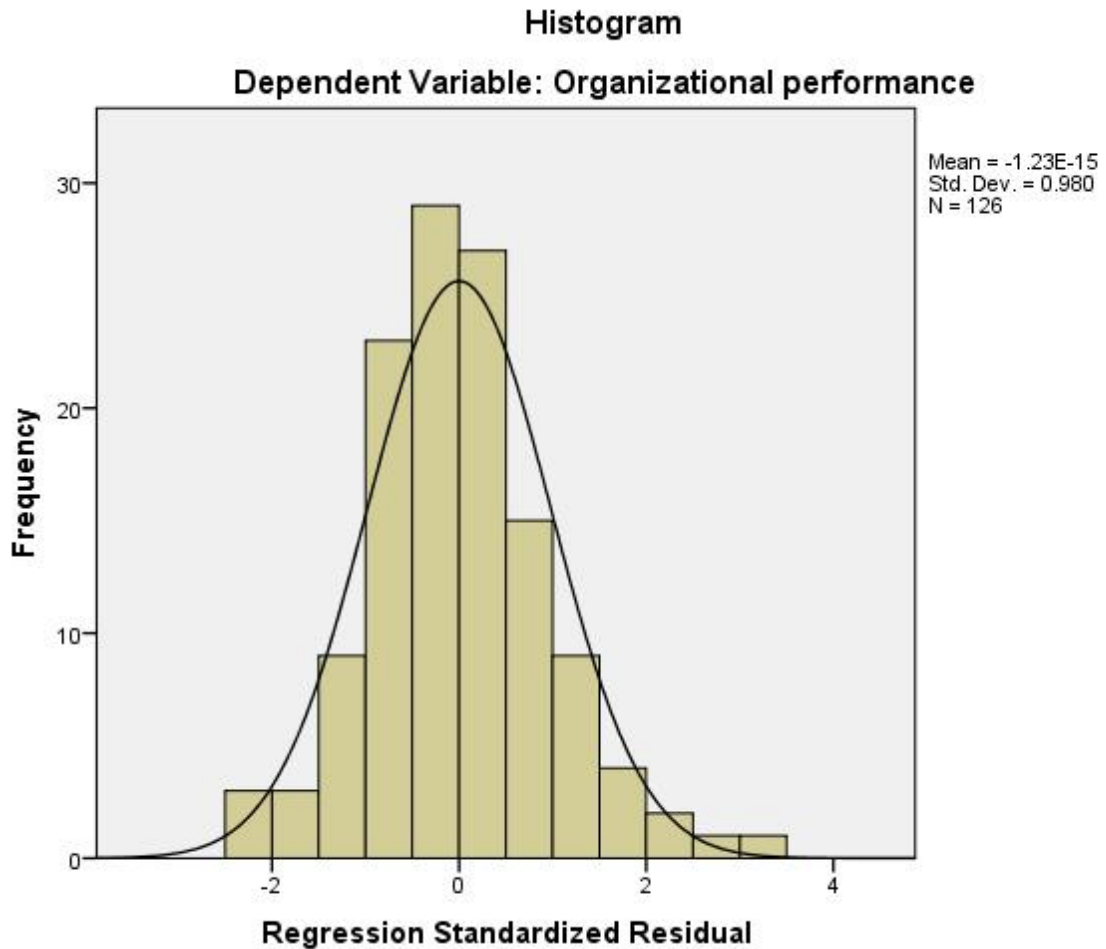
Model	Variables	Tolerance	VIF
1	TFL	.893	1.119
	TSL	.892	1.121
	LFL	.746	1.340
	ACL	.832	1.202
	DCL	.837	1.195

Source: Survey data, 2018

4.11.2.3. Normality Test

Normal is used to describe asymmetrical, bell shaped curve, which has the greatest frequency of scores in the middle, with smaller frequencies towards the extremes (Gravetter and Wallnou, 2000; cited in Pallant, 2005). Normality refers the residuals should be normally distributed about the predicted DV scores and can be checked from Histogram. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3.3 and 3.3. As can be seen from the below figure 2 (histogram) no highly skewed or kurtotic variables were observed implying no violations of assumption of normality.

Figure 3: Histogram of the Residuals



Source: Survey data, 2018

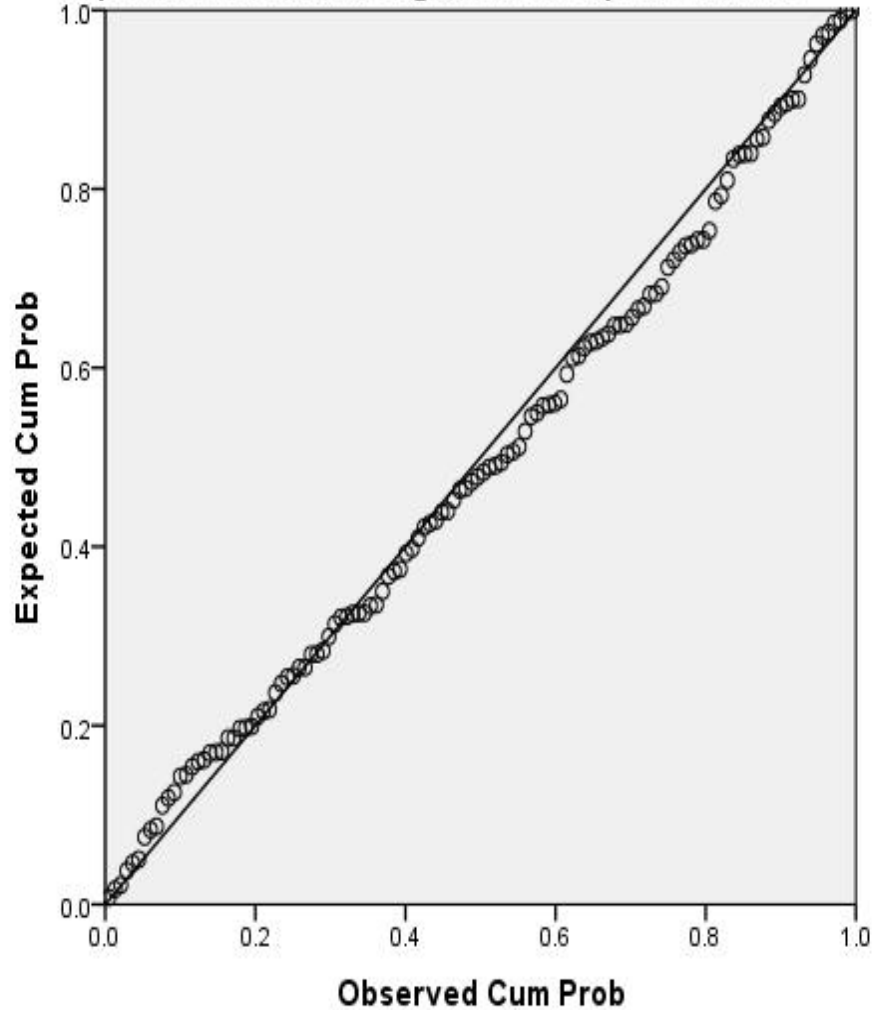
4.11.2.4. Linearity Test

The linearity assumption suggests that the residuals should have a straight-line relationship with predicted outcome variable scores. According to Brooks (2008); the goodness of fit statistics is used to test how well the sample regression function fits the data. This assumption can be checked from the residuals P-P plot between the dependent and the independent variable. Figure 3 depicts that the residuals fairly have a straight line relationship with predicted outcome variable scores. Thus, the linearity assumption was acceptable.

Figure 3 Normal P-P Plots of Residuals

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Organizational performance

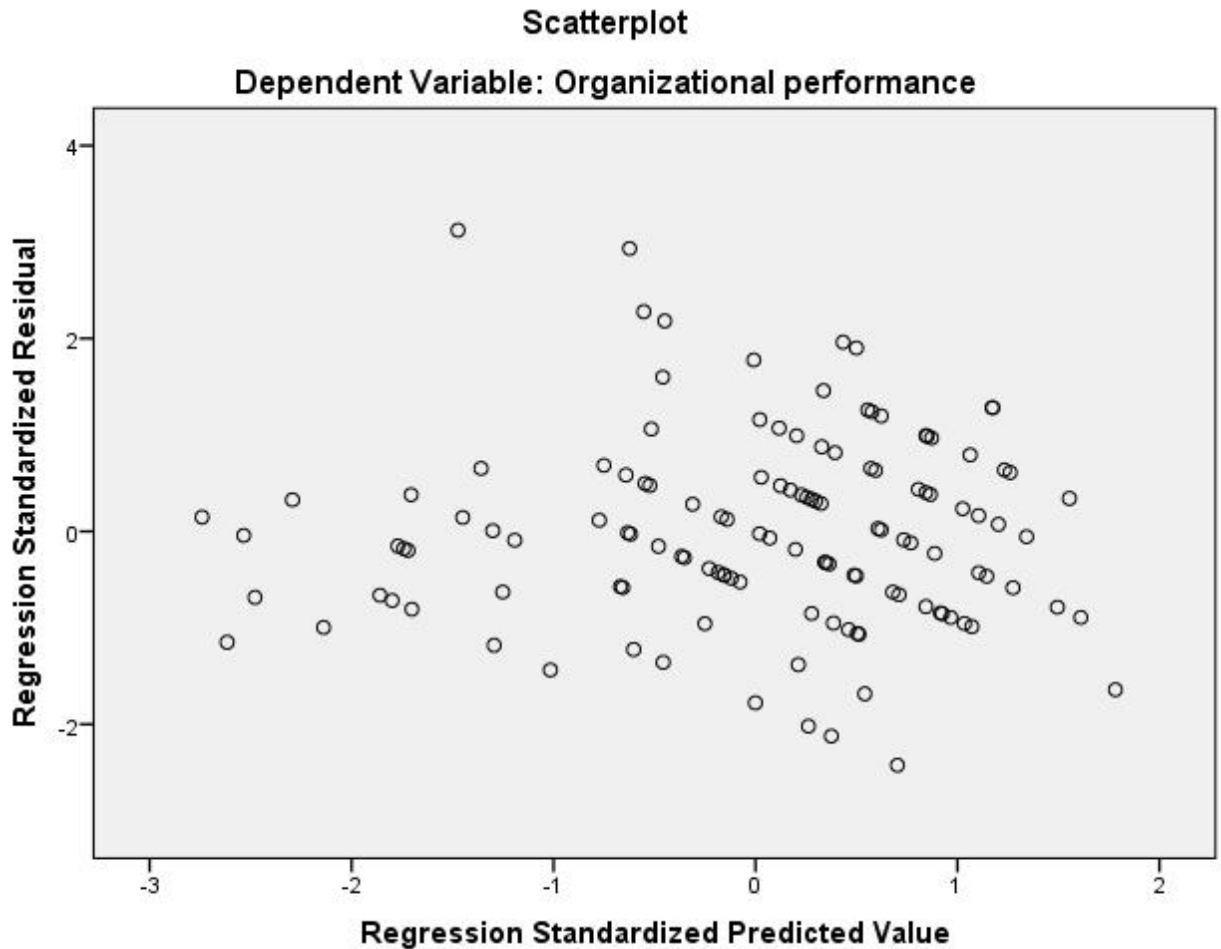


Source: Survey Data, 2018

4.11.2.5. Homoscedasticity Test

According to Pallant (2005), visually examining plot of the standardized residuals (the errors), residuals that randomly scattered around 0 (the horizontal line) providing a relatively even distribution imply fulfillment of the assumption of homoscedasticity. As it can be seen from the residuals scatter plot shown Figure-4, the error term seems normally distributed (even cigar shape around the horizontal line). Therefore, there is no heteroscedastic problem in this study.

Figure 4: Scatter Plot



Source: Survey Data, 2018

4.11.3. The Effect of Leadership Styles on Performance

To examine the effect of leadership styles on organizational performance, the different leadership behaviors (transformational, translational, Laissez-faire, autocratic and democratic leadership styles) was constituted; and a multiple linear regression analysis was performed to investigate the ability of these five leadership styles to predict their effect on organizational performance.

The under 13 table, presents the summary of the multiple regression analysis for the model (the model summary, the ANOVA, and beta Coefficients statistics).

Table 13 Multiple Linear Regression for Predicting the Effect of leadership styles on cooperative unions' performance

	<i>B</i>	β	<i>R</i>	<i>R</i> ²	<i>Adj. R</i> ²	<i>F</i>	<i>P</i>
			.684 ^a	.468	.446	21.093	
TFL	.456	.286					.000
TSL	.030	.027					.721
LFL	-.267	-.255					.002
ACL	-.182	-.150					.038
DCL	.289	.336					.000
<i>Constant</i>	1.754						.001

** Significant at $p < .05$, $< .01$

Source: Survey Data, 2018; *B*=un-standardized beta; β = standardized beta

From the table the *p*-value of the entire variables (with the exception of TSL) was less than .05. This suggests that these variables were making a statistically significant unique contribution to the variations in cooperative unions' organizational performance.

The above regression analysis table 13 revealed that leadership styles dimensions (Transformational, laissez-faire, autocratic and democratic) were joint predictors of cooperative unions' performance ($F = 21.093\%$, $Adj. R^2 = .446$; $p < .05$). The ANOVA statistic *F* with the associated *p*-value of less than the significance level (5%) suggest that the model has power to predict organizational performance significantly from the leadership styles scores. The model's goodness of fit from model summary results statistic ($Adj. R^2$) tells us leadership styles jointly explained 44.6% of the variance of Buno Beddelle Farmers' cooperatives union performance.

Standardized beta coefficients of the leadership styles shows that transformational ($\beta_1 = .286$ & $p < .001$); laissez-fair ($\beta_3 = -.255$, $p < .001$); autocratic ($\beta_4 = -.150$, $p = .038$) and democratic ($\beta_5 = .336$, $p < .001$) was independent predictors of organizational performance while transactional leadership style ($\beta_2 = .027$) were found insignificant. The standardized coefficients (regardless of the directions) signify the relative importance of relationships of predictors and the outcome variable. Positive effect of TFL and DCL

as well as negative effect of ACL and LFL were shown on organizational performance at significance at level of 5%.

Also, the percentage of variance in organizational performance by unique leadership styles was calculated by squaring each of corresponding ‘part correlation coefficient’ for those statistically significant variables (Pallant, 2005) to be DCL (9.7%); TFL (7.3%); LFL (4.33%) and ACL (2.0%).

From the coefficients of un-standardized beta the regression equation that explain the relationship between the OP and leadership styles in the model are:

$$OP = 1.754 + .456TFL + .030(TSL) + (-.267LFL) + (-.182ACL) + (.289DCL)$$

4.11.4. Testing of Hypotheses

The results of this study answer questions pertaining to the link between leadership styles and organizational performance in farmers’ cooperative unions. The below table 14 shows the result of hypotheses test in line to answer basic research questions.

Table 14 Summary of the Findings and Test of Hypotheses

Hypotheses	Statement of the Hypotheses	Findings	Decision
Ha1	TFL has a positive effect on OP	Significant	Supported
Ha2	TSL has a positive effect on OP	Insignificant	Rejected
Ha3	LFL has a negative effect on OP	Significant	Supported
Ha4	ACL has a negative effect on OP	Significant	Supported
Ha5	DCL has a positive effect on OP	Significant	Supported

Source: Survey Result, 2018

4.12. Discussion of Results

Multiple linear regression analyses made to answer the research questions based on the research problem and objectives. Results show a relation between the leadership styles and cooperative organizational performance analyses in this study. Among the leadership styles four (democratic, transformational, laissez-faire and autocratic) were found to

affect unions' organizational performance significantly at less than .05 and less than .01 probability levels. Each of them were evaluated and presented as follows.

Practical associations demonstrated between leadership styles practiced by cooperative management and cooperative unions' performance. Exhibiting of constructs of democratic and transformational leadership behavior was found enhancing performance while the use of autocratic and laissez-faire leadership style was attached with a fracture in cooperative unions' performance of the study area. This result tells us that cooperative leaders' styles can improve or slow down performance. The finding of this study were in contrary with studies results by Puni *et al.* (2014) & Malcolm *et al.* (2017) that claimed leadership style couldn't contributed to variability in organizational performance.

But the result is consistent with previous studies by Velu *et al.* (2017); Mohammad *et al.* (2013) and Ojokuku *et al.* (2012) that acknowledged the pronounced effect of leadership styles on organizational performance in their particular study. The interview respondents asserted that cooperative leaders that give a room for shared decision making and accordingly share power and duties serve the best of their members' interest while those unions in which leaders avoid taking proper responsibilities or retain the decisional role in their hand fail to keep in track of cooperatives operations lacking proper trust and support from their members/staffs. Thus, H_{a1} were supported and this study has a say that 'selecting and balancing appropriate leadership style in cooperative management often lead to better performance.'

1. Transformational Leadership Style:

This style refers to leaders who enhance the motivation, morale and performance of followers through connecting them to sense of identity and self to the mission and the collective identity of the organization. They are role model, inspire and challenge followers to take greater ownership for their work. In the current study there found a direct and statistically significant effect of transformational leadership on organizational performance at Buno Beddelle cooperative unions at significance of less than 5%. The beta value associated to transformational leadership suggests that with an increase of one standard deviation in the style, cooperative unions' performance rise .286 in standard

deviation. Thus Ha2 stated “Transformational leadership style has a positive effect on cooperative organizational performance’ were supported. Similar prior studies also acknowledged the pronounced positive effect of the same. This is supported by some existing studies by Mohammad *et al.* (2013); Mohammad Al-Mahayreh *et al.* (2016); Koech & Namusonge, (2012); Sofi *et al.* (2015) & Wang *et al.* (2010). Respondents of the interview proclaimed that cooperatives when led by managers who make members/staffs aware of the significance of task outcomes, involving them in the process of shaping organizations’ vision and nurturing such values as honesty, trust and integrity get better operational results. Therefore, the result informed that cooperative managements are required to identify and pursue transformational behavior so as to utilize the unexploited opportunities.

2. Laissez-faire Leadership style:

Laissez-faire is avoidant type of leadership style in which leaders are hands-off and allow group members to make the decisions. In other words, they do not provide any leadership at all. The beta coefficient showed that laissez-faire leadership had significant negative effect on unions’ performance, ($\beta_3 = -.255, p < .001$). The beta value inform us if we would increase laissez-faire style by one standard deviation, then the perceived cooperative unions’ performance scores would be likely to drop by .255 standard deviation units. Thus, Hypothesis Ha4 supporting the higher level of laissez-faire leadership style has counter effect on cooperative unions’ performance was accepted. Study result by Namusonge (2012) & Shafie *et al.* (2015) discussed in the related literature review part also announced the downbeat of the style on performance. Ukaidi (2016) suggested that laissez faire leader does not get goals for the group and decision making is performed by whoever in the group is willing to accept it which leads to generally low productivity and sloppy work. Interview results also supports that leaders who are not able to take responsibilities of their cooperatives has led their members to be less cohesive than act in cooperation.

3. Autocratic Leadership style:

Authoritarian leaders are those requesting their members/followers to comply or obey them using their positional power in an organization or their social role rather than personal influence. In the current study negative and significant effect of autocratic leadership on FCUs organizational performance was found. The beta of $-.150$ shows that with one unit standard deviation increase in autocratic leadership, were attached with a drop of $.150$ standard deviation units in unions' performance. Ojokuku *et al.* (2012) forwarded that 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.

The statement of hypothesis *Ha5* was supported in this study that demonstrating higher autocratic leadership style leads in diminished cooperative unions' performance. This result is similar with studies by Al-Mahayreh *et al.* (2016); Basit *et al.* (2017); & Iqbal *et al.* (2015). Cooperative unions' management those do not take an input from their members and staff while making decisions certainly damage thrust which is the heart to cooperation.

4. Democratic Leadership Styles:

Through encouraging shared decision making and responsibility with members of the group democratic leaders develops competent and committed employees/members who are willing to give their best, think for themselves, communicate openly, and seek responsibility. The model result showed democratic leadership has positively and significantly affected performance of the cooperative unions at less than 5% significant level. Moreover, the beta value of $.336$ tells us that if we would increase democratic leadership score, by one unit standard deviation, then the perceived unions' performance scores would be likely to rise by $.336$ standard deviation units.

Thus, the hypothesis *Ha6* was supported. Puni *et al.* (2014) suggested that the approach of democratic leaders in looking for consensus, consulting decisions with subordinates induces high employee productivity, satisfaction, cooperation, and commitment. The result of this finding is consistent with the result of studies by Anbazhagan *et al.*

(2014), Basit *et al.* (2017); Ojokuku *et al.* (2012); Ukaidi (2016) & Veliu *et al.* (2017). The interview respondents forwarded that leaders of cooperatives that incorporate their members/staff's agreed up on thoughts get much more positive hands in sharing the management burdens and achieve better operational feedback. Cooperatives unions' leaders are better off taking a more hands-on approach and take great care of their establishment. Unions' leaders' understanding of their role, taking accountability, making active involvement etc ideally can enhance operations.”

Furthermore, the interviewed respondents witnessed that the overall organizational performance in cooperative unions is not yet adequate to the society as a whole and the members of the unions in particular. The leaders' most important role of mobilizing resources and members and implementation of cooperative vision is ignored in part or parcel and the unions are left insufficient in utilizing the opportunities in their operating areas. Cooperative leaders, mostly, lack commitment, the knowledge and skill to script and communicate a workable short and long term plan that accommodate for the demand of the members and society. The cooperative BODs were lacking good status of education, weak communication, skill and knowledge in planning and leading, especially when appraisal of project and financial details are needed. This intern may hinder leaders from showing desirable leadership behaviors. This is comparable with the educational status of respondents discussed earlier.

Additionally, they declares even-though there is a proclamation that prescribes cooperatives are independent organizations that lead their operations by their own (user-owner) the cooperative promotion agencies approach was in the way that they govern the cooperatives than approaching being supportive. In some stake, different bodies including government officials and offices view unions as some donors and as established to providing aids. And this puts some pressure than getting support on cooperatives leaderships. The emphasis given to consistent and continuous cooperative leadership training was minimal while greater focus was made on auditing of financial and technical executions.”

Respondents importantly, stated that there is a setback in selecting their leaders at primary cooperatives which also resulted in turn to problems in selecting boards of directors of the unions. They suggested that it was often common to select individuals near town for accessibility and advantage of store house to be management committee of farmers' primary cooperatives which in turn select and be selected as boards of directors of unions. When these are the cases, individuals who do not fully shoulder their leadership role or those who lead the cooperatives on their own pronouncement hold the position, which both may averse the cooperative performance.

They also suggested that the election of cooperative leaders, often, be made without keeping in view the future issue of getting new and educated leadership. They affirmed that most of times, senior committees for the belief of having major experience, get elected and re-elected.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATION

This paper presents the results of research work on the effect of leadership styles (Transformational, transactional, laissez-faire, autocratic and democratic) on organizational performance of farmers' cooperative unions in Buno Beddelle zone, Oromia region, South-Western Ethiopia. The paper comprised of six research questions and the data were collected by questionnaire from 126 respondents selected by using random sampling technique. Beside the data obtained through questionnaire, face to face interview were also conducted to gather qualitative data and get an insight. Finally, the data was analyzed by using both descriptive and inferential statistics. Therefore, under this chapter summary of the main findings, conclusions, recommendations and finally future research direction are presented.

5.6. Conclusions

In conclusion, this study has made a conceptual and empirical contribution to the research on farmers' cooperative unions examining the effect of leadership styles on organizational performance.

- One is that there was strong relationship between leadership style of the leaders and cooperative organizational output. Since different leadership dimensions included in this study showed both positive and negative relationship with organizational performance, cooperative unions will function effectively when management employs proper leadership behaviors.
- The pronounced positive effect of democratic behaviors was witnessed over the other in this study. In their strength of effect transformational, laissez-faire and autocratic comes next to democratic leadership style.
- It was also concluded that demonstration of democratic and transformational leadership style revealed improving unions' performance while autocratic and laissez-

laissez-faire leadership styles had shed light on organizational performance of the study cooperatives. In addition, the study found that leaders in the study cooperative unions were weak in triggering their organizations in their effort to attain optimized market share and to be at a reasonably better competitive position.

- Moreover, information obtained from interviews indicated that majority of the leaders in the cooperative unions of the study area were not getting regular capacity building training in areas of leadership, while more stress was being put on cooperative business operations. Consequently, most of the leaders do not have well understanding and skills on how to lead their followers in scientific ways. While also, the approach from appropriate authority (cooperative promotion agencies) was found as agents that merely supervise and control their operations than as being partners of cooperative leadership. This is that overall, improvements in cooperative leadership entails a holistic and paramount attention so as to properly utilize the potentials scattered in the community and members while realizing their better economic and social life, in attempt to take advantages of optimum performance.

5.7. Recommendations

Based on the major findings and conclusion drawn above, the following recommendations were forwarded.

- Leaders who are driven by the desire to achieve better cooperative performance should try and exhibit more of democratic and transformational leadership styles and avoid/exhibit less of the autocratic and laissez-faire leadership styles in the context of cooperatives.
- Unions were recommended, to identify gaps pertaining to leadership knowledge and skill at their individual as well as organizational level and design appropriate timely review on training and education schedule for their leaders and members. Better improvement can also be attained through planning for and involving in continuous experience sharing program with support organizations and other cooperatives known for their leadership triumph.

- The concerned government body, especially the cooperative promotion agencies at different tiers should make a collaborative effort with unions themselves and organizations as universities and NGO to capacitate leaders through organizing and implementing consistent package of cooperative leadership training and development program. Furthermore, the approach from appropriate authority should be readdressed to make clarity in role and be in a way that they act as supporters of cooperative leadership than as agents that merely supervise and control their operations.

Therefore, the researcher recommends that the knowledge obtained from this study should be used by the study unions and related government offices in the study area in order to produce powerful tools for the selection, training and development of leaders.

5.3. Limitations of the study and Future Research Direction

The influences of gender (that may result from high disparity observed between males and females) were not considered in this work. The personality and personal preferences on perceptions of leadership behaviors which would have an influence on the relationships between leadership styles and organizational performance were not inspected. Also the between group preferences that may come from different attributes of sub groups included in this study were not examined. Thus, investigating the influence of gender differences, personality and personal preferences may provide additional information for leaders to adjust leadership behaviors in the work processes to meet the needs of different demographic groups which is uncovered in this study.

The use of cross-sectional data was other limitation in this study. Though the originality was undeniable and derived from field survey, it has precluded the researcher from examining the effect over time of changes in leadership styles on unions' performance. Therefore, collecting and analysis of longitudinal data may provide important alternative finding in further research.

Furthermore, this study examined that how different leadership styles affected organizational performance. The high level of organizational performance was due to styles followed by leaders, but there are still other factors that would affect cooperative unions' performance which were not explored. Importantly, the employment of both

subjective and objective performance measurement and or the later alone in further research could be used to rule out alternative explanations.

Finally, replication of this research work can be done in other types of cooperatives in the study area as well as in same types of cooperatives at different tiers so as to enhance the understanding of how different working environment and organizational culture may place a strong or weak emphasis on the effect of leadership style on organizational performance.

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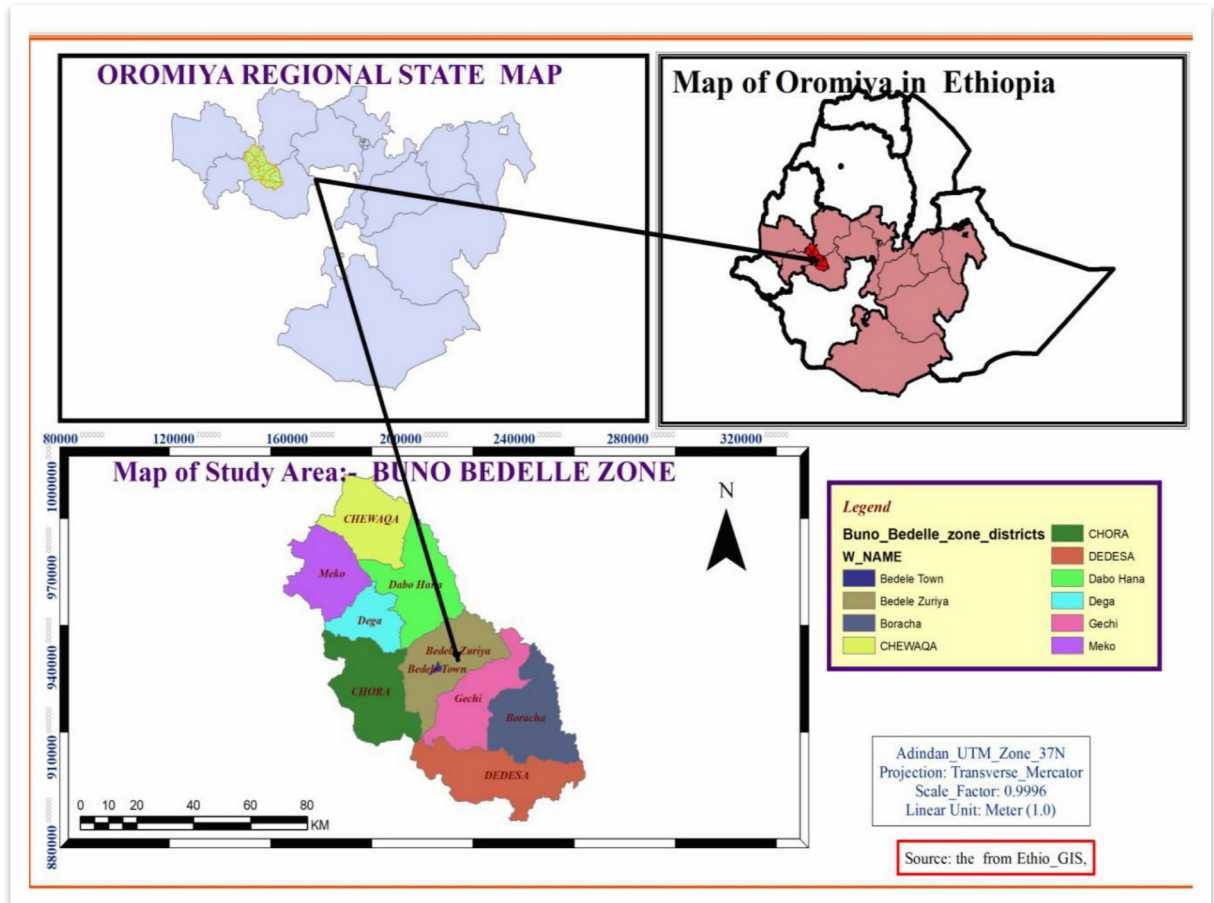
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APPENDICES

Appendix –A

Figure 2: Map of the Study Area



Source: Ethio_GIS, 2018



Appendix-B:

Questionnaires

Part I: Introduction

Dear Respondent! I am Bekele Biru Gudeta and this is a questionnaire to gather data to conduct a research for the requirement of my Masters Degree in Business Administration.

The objective of this questionnaire is to gather information for the study on “The Effect of Leadership Styles on organizational Performance in Buno Beddelle Zone Farmers’ Cooperative Union, south-Western Ethiopia” for partial fulfillment of the requirements for the Degree of Master in Business Administration. So your genuine response to the following question would have crucial importance to the results of the study. The information you provided is only used for the academic purpose and will be kept confidential.

The questionnaire has four parts:

Part one is about demographic characteristics of respondents while part two contains some general questions. Further, part three deals with leadership styles. Finally, part four is all about organizational Performance.

Dear respondents, I kindly request you to give attention on the following points while you answer the questions

- ❖ Please read each statement carefully
- ❖ Multiple responses are not possible

For more information use Mob. 09 17 261121 and e-mail: bekelebi230@gmail.com

QUESTIONNAIRES FOR LEADERS'

Code: _____

Part 2: Demographic Questions

Please circle on one of the choices given bellow that best fits each question

1. Gender: A. Female B. Male
2. Age: A. 18-30yrs B. 31-40yrs C. 41-50yrs D. 51-60 years old E. 61 years & above
3. Level of Education A. Below & up to Grade 8 B. Grade 9-12 C. Technical Level I-IV
D. College Diploma E. First Degree F. Masters Degree G. PhD H. Other
4. Service years: A. Less than 1 year B. 1-5 year C. 6-10 years D. 11- 15 years E. 16
years and above
5. Current work position A. Management committee B. Control Committee C. Manager
D. vice Manager E. Employee Professionals F. The Appropriate Authority G. Other

Questionnaires to Assess Organizational Measurement

6. How do you rate the effect of leadership styles on organizational performance with respect to the following dimensions? (1=very low, 2=low, 3=medium, 4=high & 5= very high)

Dimensions of OP	1	2	3	4	5
Deposit Growth					
Profitability/ ROA					
Return on Equity					
Employee Satisfaction					
Market Share					
Quality of Products and Services					
Competitive Advantage/ Position,					

Part3: The following questions are about the different leadership styles (transformational, transactional, laissez fair, Democratic and Autocratic). So indicate your answer from the scales given 1-5 by using a tick mark “√” in the box provided (1=not at all; 2=once in a while; 3= some times; 4= fairly often & 5= always).

Transformational leadership style Questions		Likert Scale				
A.	Idealized influence	1	2	3	4	5
1.	I instill pride in others for being associated with me					
2.	I go beyond self-interest for the best of the employee's interest					
3.	I act in ways that build others' respect for me					
4.	I emphasize the importance of having a collective sense of mission					
B.	Inspirational Motivation	1	2	3	4	5
1.	I talk optimistically about the future					
2.	I help others find meaning in their work					
3.	I articulate a compelling vision of the future					
4.	I specify the significance of having a strong sense of purpose					
C.	Intellectual stimulation	1	2	3	4	5
1.	I pursue differing viewpoints when solving problems					
2.	I let others look at problems from many different angles					
3.	I advise new ways of looking at how to complete tasks					
4.	I re-examine critical supposition to question whether they are appropriate					
D.	Individualized Consideration	1	2	3	4	5
1.	I spend time teaching and coaching					
2.	I treat others as individuals rather than just as a member of a group					
3.	I consider an individual as having different needs, abilities and aspirations from others					
4.	I help others develop themselves					
Questions about Transactional leadership style						
A.	Contingent Rewards	1	2	3	4	5
1.	I make clear what one can expect to receive when performance goals are achieved					
2.	I express satisfaction when others meet expectations					
3.	I call attention to others can get for what they accomplish					
4.	I provide recognition/rewards when others reach their goals					

B.	Management-by- Exception-Active	1	2	3	4	5
1	I give attention on irregularities, mistakes, exceptions and deviations from standards on time					
2	I tell others the standards they have to know to carry out their work					
3	I keep track of all mistake					
4	I Follow attentively if mistakes are corrected timely					
C.	Management-by- Exception-Passive	1	2	3	4	5
1.	I fill to interfere until problems become serious					
2.	As long as things are working, I do not try to change anything					
3.	I wait for things to go wrong before taking action					
4.	I show that I am a firm believer in “if it isn’t broke, don’t fix it.”					
	Questions About Laissez-Faire Leadership Style	1	2	3	4	5
1.	I avoid getting involved when important issues arise					
2.	Whatever others want to do is OK with me					
3.	I avoid making decisions					
4.	I delay responding to urgent questions					
	Questions About Authoritative Leadership Styles	1	2	3	4	5
1	I believe employees need to be supervised closely they are not likely to do their work.					
2	As a rule, I believe 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	I am the chief judge of the achievements of employees.					
	Questions About Democratic Leadership Styles	1	2	3	4	5
1.	Employees want to be a part of the decision-making process.					
2.	Providing guidance without pressure is the key to being a good leader.					
3.	Most workers want frequent and supportive communication from their leaders.					
4.	Leaders need to help subordinates accept responsibility for completing their work.					

Thank You!

ORGANIZATIONAL PERFORMANCE QUESTIONS: INTERVIEW GUIDE

Interview Date: _____

1. How do you describe leadership in farmers' cooperatives Organizational Performance?
2. From the following leadership styles which one is dominantly practiced in your cooperative organization?
A. Transformational B. Transactional C. lasses-fair D. Democratic E. Autocratic F. Other
3. How do you describe the effect of leadership on performance of your cooperatives?
4. How do you describe the performance of your Cooperative union with respect to deposit growth, profitability, employee satisfaction, and market share, quality of products and services and competitive advantages?
5. Is there any obstacle that stems from the practice of leadership styles of leaders hindering organizational performance in farmers' cooperative union? A, Yes B. No
If 'yes' to Q No 5, would you mention some of them?
6. In order to enhance Cooperative Unions' organizational performance what has to be done by different concerned bodies?
7. If you have some comment or suggestions _____

End of questions
Thank you for your cooperation!

Name of the interviewer _____ signature _____