



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM**

**THE EFFECTS OF LEADERSHIP PRACTICE ON
EMPLOYEES' PERFORMANCE: THE CASE OF
DARASALAM BANK**

BY:

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ID: SGS/0527/2009A

MAY, 2018

ADDIS ABABA, ETHIOPIA

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Advisor: Dr. TerefeFeyera (PhD)

A RESEARCH THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST. MARY UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA).

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APPROVED BY BOARD OF EXAMINERS

As a member of the Board of examiners of the master thesis open defense examination, we testify that we have read and evaluated the thesis entitled: *The Effects of Leadership Practice on Employees' Performance the case of selected branches of Darasalam Bank in Hargeisa City Somaliland*, which is prepared and submitted by Mohmoud Ismail Adam. We recommended that this thesis should be accepted as fulfilling the thesis requirements for the degree of masters of Business Administration (MBA).

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May, 2018

DECLARATION

I, Mohmoud Ismail Adam with an I.D. Number of SGS/0527/2009A, do hereby declare that this Thesis is my genuine work and has never been submitted partially or in full by any person to any institution and that all sources of materials used for this thesis have been properly acknowledged.

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May, 2018

DEDICATION

To my Brother, Mohamed Ismail Adam

This manuscript is dedicated to my dear brother whom I shall have indebted for him. I really love you indeed and deeply feel your sacrifices for my success. Hope you better and long life in this world and Jannah in hereafter.

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Acronyms

HRD.....	Human Resource Director
USD.....	United States Dollar
FRLT.....	Full Range Leadership
GDP	Growth Domestic Product
LF.....	Laissez-faire
TNA	Training Needs Assessment
DB.....	Darasalam Bank

Abstract

This study was conducted at headquarter and two branches of Darasalam Bank in Hargeisa Somaliland. The main purpose of this study was to examine the effects of leadership practice on employees' performance. The research design used was explanatory research design and the research approach was employed both quantitative and qualitative. To this effect, combinations of quantitative and qualitative research methodology was appropriately used in the study because; mainly primary data was used and collected through questionnaire and interview from the HRD in Darasalam Bank. To do so, the researcher selected 50 employees from the total employees of 150 as a sample based on simple random sampling technique using lottery method and purposively sampling was employed for the interview. Seven Leadership styles were used for the test namely Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional and Bureaucratic which indicated the relationship of leadership styles with employee performance of Darasalam Bank in Hargeisa City. After the data were collected, it was analyzed in qualitative and quantitative method of data analysis through the use of SPSS version 20 and the statistical analysis was made such as descriptive statistics, Pearson correlation, multiple linear regression, reliability and validity tests. The findings of the study resulted, the democratic leadership style was not highly practiced in Darasalam Bank Hargeisa, Bureaucratic leadership was practiced followed by autocratic leadership style and also the laissez-faire leadership did not exist. The study finding indicated that the most employees are not doing excellence performance due to the limited practice of leadership conducted by supervisors of DB, also findings indicating a weak level of workers performance due to the leadership influence. However the findings discovered that there is a positive significant correlation between leadership practice and employees' performance except laissez-faire leadership. The researcher concluded practicing bureaucratic leadership has a great effect on employee performance it brings about dissatisfaction of employees caused by its rigidity and restrictions. The researcher recommends that: empowerment was needed through developing teams and measure of power and authority to teams, enhancing participation of decision making process of employees and should reduce the dominance of bureaucratic leader ship by giving training that provides professionalism and transparency.

Keywords – Leadership Practice: Autocratic, Bureaucratic, Charismatic, Democratic, Laissez-Faire, Transformational, Transactional, and Employee performance

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

For every organization attain its desired objectives and goals there must be high interaction between the management/ leaders and the staff members. Moreover, such objectives could be realized only when employee performance is high which mainly depends on leadership style. According to the (Hoy & Miskel, 2001) leadership has suit the heart of issues in the business world today. A crucial factor in the leadership process is the relationship that the leader has with individual followers.

The challenges of coping with today's doubtful trade environment have put various organizations on their toes to fight for survival in the heat of competition. The spirit of such strategic move towards surviving the competition is the leadership deliver by managers who are anticipated to inspire others in attaining organizational objectives and although improve employee's performance (Shelfieet *al.*, 2013). It is describe the vital of leadership in organizations and particularly on human being who are apparently the prime asset of the company, the main points of organization are typically employees, and they provide life to the organization and achieving goals of the company, in addition that it is very important to provide staffs with direction and psychological satisfaction to obtain the best from them, so this direction can only come from leaders(Northouse, 2010; Yuki, 2005).

To improve the performance of employees, workers will depend on a large event of leadership style that is operational within an organizational setting. On the other side there is no leader used any of the style exclusively, so a leader may use charismatic style when required to serve a particular purpose and the democratic style in vice- verse. Leadership is defined as an interpersonal process through which a leader directs the actions of individuals or groups towards the deliberate pursuance of a given objectives within a particular organization framework that means a common understanding. Rauch & Behling (as cited in Yukl, 2010), declared that leadership is a way of inspiring the activities of an organized group towards common attainment. According to this idea the demand for great leaders is rising in modern times as society and technology becoming improved advanced.

Leadership style is considering different definitions of leadership. There are several leadership styles described by different scholars. Northouse (2013) mention that leadership

styles consist of the behavior pattern of a person who attempts to inspire others. Other research efforts to identify leadership characteristics focused on the fit between personality characteristics, leaders' behaviors, and situational variables. Ogutu (2014) observed that leadership style is a significant explanatory variable of the viability and performance of organizational establishments.

A number of current studies observed the effect of leadership styles on employee's performance according to the Rasool *et al.* (2015), Pradeep and Prabhu (2011), Aboshaqah *et al.* (2015) Iyas (2012), Kahinde and Bajo (2014), Tsigu and Rao (2015), Gimuguni *et al.* (2014), Raja and Palanichamy (2015) etc. Rasool *et al.* (2015) observed the health part of Pakistan and report that both transformational and transactional leadership styles impact employees performance but the impact of transformational leadership is higher than transactional leadership Raja and Palanichamy (2015) shows there is positive relationship between transformational and transactional leadership on the other side negative relationship between laissez-fair leadership style and performance from the a sample of employees in public and private sector enterprise in India.

Researchers conducted by in Africa are Tsigu&Rao (2012) and Gimuguni *et al.* (2014) in Ethiopian banking industry and Ugandan local government authorities correspondingly. According to the Tsigu and Rao their results show that the transformational leadership and enlightened the distinction is employees performance better than transactional leadership style, Gumuguni *et al.* (2014). Describe there is a significantly positively relationship between autocratic, laissez-faire and democratic and performance.

According to Awamleh (2005) inquires the transformational leadership style and other styles are direct effect on employee's performance in UAE banking. So the Darasalam Bank has been selected in this study because of its important in the economy and the company's outstanding contribution in Somaliland gross domestic product (GDP). Moreover, all organization performance is major determining issue for the organization success and failures which is the cooperative effect on individual performance. It is influenced by different factors related to the individual him/herself.

Working environment and leadership styles used by leaders within organization. Although, leaders' leadership style is one of the factors that influence employees' performance and organization success, the poor performance of organization raises questions as to the type of leadership style required to achieve the levels of employee performance necessary for the

overall performance of organization. As well as from the previous literatures it manifest that the research evidence on the effect of leadership style on employee performance that the leadership style can declare significant figure of performance outcomes at individual and organization rank, according to the Tsigu and Rao (2015) from Ethiopian banking industry however those researchers similar with topic because they mentioned that transformational leadership and transactional leadership has great effects on employees' performance particularly in banking industries.

1.2 Statement of the problem

Leadership is one of the most crucial in our society live to improve the performance (Ather&Sobhani, 2007; Hafeezet *al.*, 2012) then to examine the influence of leadership styles on the employee performance has a huge significance to organizational goal.

A leadership style is a process in which the leader uses his or her impact to attain the company's goals. Even though researchers believe that the leadership style of a company is primary affected by attitude of the leader and he or she plays vital role in the productiveness of the employees (e.g.: see Gadot, 2007; Furkanet *al.*, 2010; Saleem, 2015).Leadership style can affect the satisfaction of the employees of a company both positively and negatively. Ineffectiveness of managerial development, this reflects the challenge of leaders to have a range of very specific skills such as prioritization, time management, and decision-making, Workload is very challenging at times.

Many researchers have exposed that work performance and leadership are very important in our society (Ogbonna& Harris, 2000). In addition to that to enhance the quality of the work or to improve the performance it's very challenging for every leadership. Nevertheless there are many variables that have direct and indirect influence on the employee performance such as productivity, quality, satisfaction, motivation, trust and justice and others, all these variables can be manipulated by the head or organization which is the leader.

Thus the leader is input person to the failure or success of organization or even entire nation (Ather&Sobhani, 2007; Fiedler and E, 1996; Ogbonna and Harris, 2000); as stated in the study done by the great author in leadership Bernard M. Bass that 45% to 65% of the overall factor of the failure and success are based on the leaders (ObasanKehinde& Hassan Banjo, 2014) (Bass and Stogdill, 1990). The styles of the leader have positive effect on the employee performance.

Concerning leadership styles of German managers, Kuchinke (1999), in his evaluation of US and German telecommunications. Employees, has found that the US respondents level higher than Germans on two dimensions of transformational leadership (charisma and Inspirational motivation). In the context of Africa, it is documented that leadership, especially in Africa.

The key indicators that measures employee performance in Darasalam Bank are included executing defined duties, meeting deadlines, team input and attaining departmental goals, the inability to meet performance targets due to the lack of strategic intervention for poor innovation, decreased commitment of precise leadership styles to specific situations was the problem at hand. Because of poor approaches in leadership and in fact the history of the bank which was administrative in nature this was continuously affecting employee performance and the deliverance of quality services to community had great been affected.

These problems may affect the improvement of employee performance in order to achieve goals of the Bank effectively and efficiently in Darasalam Bank and its branches. The cohesion of both leadership and performance should be evident through style and approach by managers in the attempt to cause efficiency which requires specific leadership approaches to unique performance challenges.

In Somaliland there is no research done before that entitled “effects of leadership styles on employee performance in banks industries”, therefore researcher have no evidence in the literature so the study can help in proposing a leadership approach that can suite to attain a better employee performance in Darasalam Bank, and which leadership approach will be more efficient and relevant with their organization. Hence limited or inconclusive character of research in this area proposes the need to investigate further the nature of effects of leadership styles on employee performance. According Ogbonna& Harris (2000) recommending for further investigation the above mention areas, regarding to this limitation this research work attempts to fill gap knowledge. To attain the purpose of the study following research questions was formulated.

1.3 Basic Research Questions

The study examined to answer the following research questions:

1. What is the nature of leadership styles practiced by managers and supervisors in Darasalam Bank?
2. What is the principal leadership method used by managers and supervisors in Darasalam bank?

3. How does leadership style affect performances of managers and supervisors in Darasalam Bank?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study to investigate the effect of the different leadership styles on Employees Performance at Darasalam Bank Hargeisa Somaliland.

1.4.2. Specific Objectives

The study was guided by the following specific objectives:

- ✚ To explore the leadership styles that contributes to employee performance.
- ✚ To find out the relationship between various leadership styles (Democratic, Laissez Faire, Autocratic, Transformational, Charismatic, Transactional and Bureaucratic) and employee performance.
- ✚ To develop the model that shows relationship among different styles of leadership and employee performance.

1.5 Research Hypothesis

- ✚ H1: The Democratic leadership style has a positive effect on employee performance.
- ✚ H2: The Laissez-Faire leadership style has a positive effect on employee performance.
- ✚ H3: The Autocratic leadership style has a positive effect on employee performance.
- ✚ H4: The Transformational leadership style has a positive effect on employee performance.
- ✚ H5: The Charismatic leadership style has an effect on employee performance.
- ✚ H6: The transactional leadership style has a positive effect on employee performance.
- ✚ H7: The Bureaucratic leadership style has a positive effect on employee performance.
- ✚ H8: There is relationship among effective leadership styles and employee performance.

1.6 Significance of the Study

Considering the requiring the leadership style for the implementation of the employee performance in the banking industries in Somaliland, it is very important to study the leadership style that suitable for the banking activities to improve the performance of the employee, workforce is most important is key factor for the success of the bank, therefore it

is very vital to measure it, the study has the following benefits: The study expected to provide knowledge on the importance of leadership on employee performance. The finding enables the bank to understand the relation between leadership styles of the management and performance of the employee and helps them to know the most important dimension used to employee to work under existing leadership style in Darasalam bank, also it indicates the extent of the gap between perceived leadership and employee performance, this enables them to minimize the gaps and to meet high performance of workforce. The findings of the study can enable to help the line managers to understand the leading behavior of the employee and to address the consequences of their performance that fits the mission and vision of the Darasalam bank in Somaliland context to provide efficient and customer focused domestic and international services by overcoming the continuous challenges for excellence through the application of appropriate technology.

1.7 Delimitation of the scope

This study was conducted the capital city of Somaliland Hargeisa. However time and resource constraint, this study was conducted three branches in Hargeisa city. And also unit of analysis of this study is Darasalam Bank where respondents included. The study focused on exploring how Democratic leadership, Laissez-Faire leadership, Autocratic leadership, Transformational leadership, Charismatic leadership, Transactional leadership and Bureaucratic leadership stimulated the execution of defined duties, meeting of deadlines and achieving departmental goals. Geographically the scope of this study was delimited to Darasalam Bank in Hargeisa City. Therefore, the finding of this research was generalized for Darasalam Bank as whole and considering the behaviors exists in the branches of the bank in Hargeisa City.

1.8 Limitation of Study

Due to lack of clear expertise skill and knowledge on research to uncover and assess the existing branches of Darasalam Bank in overall Somaliland situations is impossible. Therefore the research was delimited to capital city of Somaliland in Hargeisa City. In this study the population involved focused only three branches of Darasalam Bank at Hargeisa City. As a result the findings can be hardly generalized to Darasalam Bank as a whole and banking sector as well.

The natures of the study were included both technical and Managerial staff, who are not involved in management decision making process (Middle Management), issues for investigation are ones related to the positive behavior of individual employee and taking competitive advantages and improving organizational work performance.

1. 9 Organization of the Study

This study was contained a total of five chapters. The contents of the chapters presented as Follows: Chapter one presents introduction part of the paper. This chapter includes background of the study, the statement of problem, objectives, hypothesis, significance, scope, limitations and how the whole thesis is organized or structured. Chapter two presents review of related literature: This chapter consists of review in detail the literature available in the area leadership style regards to democratic, autocratic and laissez-faire, transformational, charismatic, transactional, bureaucratic leadership style and employee performance. Chapter three provides the research design and methodology part of the study. This chapter describes different aspects of the methodology that was used in the study. Chapter four presents results and analysis of findings. Finally, chapter five presents summaries of major findings, conclusions, recommendations of the paper.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

As mentioned earlier, the overriding goal of this research attempt is to investigate the effect of the different leadership styles On the Employees' Performance in Darasalam Bank. To conduct such a thorough research, there is the need to review the literature and scholarly research works by researchers and theorists on the subject. This part of the study focuses on the various theories that propounded to explain leadership and the relationship between leadership style and employee task accomplishments. This chapter highlights theoretical framework of how the various leadership, leadership styles effects employee performance in Darasalam Bank. The study attempts to review the existing works on employee performance as an outcome and dependent variable. The study mad enquiries on how the various leadership styles affect employee performance.

2.1 Theoretical Review

2.1.1 Definition of key Term

Leadership: Leadership entails an individual influencing a group of people to act towards the attainment of organizational or task goals. According to Qayyum (2012), leadership involves how an individual guides a group of people to achieve shared objectives.

Leadership Style: is the type of system and capability that an individual exhibits that aims at achieving specific goals and targets, and invariably tend to influence the entire institution activities. Leadership styles refer to the nature of relationship that an individual adopts and utilizes to achieve a common mission(Jaroslav, 2013).

Democratic: is a type of leadership style in which members of the group take a more participative role in decision making process, everyone is giving the opportunity to participate ideas are exchange freely, and discussion is encouraged, it's also known as participative, while the democratic process tends to focus on group equality and the free flow of ideas, the lead of the group is still there to offer guidance and control (Cherry, 2015).

Laissez-Faire: is type of leadership style in which leaders are hands off and allow group members to make the decisions, it's also known as delegate, researchers have found that this generally the leadership style that leads the lowest productivity among group members (Cherry, 2015).

Autocratic: is leadership style characterized by individual control over all decisions and little input from group members, autocratic is also known as authoritarian typically make choices based on their own ideas and judgments and rarely accept advice from followers, involves absolute, authoritarian control over a group (Cherry, 2015).

Transformational: is a leadership style focuses on the development of followers and their needs. Managers exercising transformational leadership style focus on the development of value system of employees, their motivational level and moralities with the development of their skills (Ayman *et al.*, 2014).

Charismatic: is leadership style where Leader who gathers followers through dint of personality and charm, rather than any form of external power or authority. Charismatic Leaders pay a great deal of attention in scanning and reading their environment, and are good at picking up the moods and concerns of both individuals and larger audiences.

(http://changingminds.org/disciplines/leadership/styles/leadership_styles.htm).

Transactional: is a leadership style that based more on exchanges between the leader and follower, in which followers are rewarded for meeting specific goals or performance criteria (Trottier *et al.*, 2008; Bass *et al.*, 2003). Rewards and positive reinforcement are provided or mediated by the leader. Thus transactional leadership is more practical in nature because of its emphasis on meeting specific targets or objectives (James & Collins, 2008; Sosik & Dinger, 2007).

Bureaucratic: is leadership style where the manager manages "by the book" everything must be done according to procedure or policy. If it isn't covered by the book, the manager refers to the next level above him or her. This manager is really more of a police officer than a leader. He or she enforces the rules (Cherry, 2015).

Employee Performance: it's the work related activities anticipated of a worker and how well those activities were executed, many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify suggested areas for improvement (Business dictionary, 2015).

2.1.2 Overview of Leadership

Leadership is one of the recurrent concepts ever discussed in history but without any definitive pattern and conclusion. Defining and explaining the concept of leadership has attracted endless discussions and debates among academic scholars and practitioners. The

diversity of opinions of what constitutes leadership emanate from the different theoretical background and orientations of scholars and theorists. The embodiment of leadership received special attention during pre-historical period with myths and folks tales about the subject revolving around heroes. In accordance with this definitional dilemma, Todd (2010) concluded that most professionals are unable to lead, but they do not also want to follow.

Leadership entails influencing people to act towards the attainment of organizational or task goals. According to Jogulu (2010), leadership entails how an individual guides a group of people to achieve shared objectives. The study considered the process of leadership comprising diverse functions such as motivating workers, formulating and implementing shared goals, and ensuring team cohesion. Individuals may choose to achieve each of these functions by adopting different leadership conducts and behaviors.

Generally, leadership is about how individuals use their position, knowledge, competencies and behaviors to influence a group of people to act towards the attainment of shared goals. The diversity of approach to leadership has led scholars and practitioners such as Farooqi (2013) to conclude that researchers generally define leadership in terms of their personal perspectives of what they want to use the variable.

2.1.3 Leadership Styles

Leadership is weapon of any business and its significance cannot be underestimated. Many scholars have studied this event, but there is no alert definition of what leadership is, no principal model for studying it, and small agreement concerning the best strategies for developing and exercising it Givens (2008).Views leadership as that kind of direction, which a person can give to a group of people under him in such a way that these will influence the behavior of another individual, or group.

Every leader in every organization performs certain roles and tasks for the smooth running of the organization and improvement of organizational performance. As result Nedeem (2012) mention leadership is the process of inspiring people so that they achieve willingly and excitedly towards the attaining goals. Hence in the same result Olawe (2013) declared that leadership is influencing employees to work wishing with enthusiasm in order to achieve strategic objectives.

Leader can't work alone he must have people to inspire them towards accomplishment of strategic goal. The manner that leader performs these roles and directs the affairs of the organization is referred to as his/her leadership style.

Leadership style therefore is the way a leader leads. Some leaders are more interested in the work to be done than in the people they work with while others pay more attention to their relationship with subordinates than the job. Whether a leader emphasizes the task or human relations is usually considered central to leadership style. Thomas (2002) define leadership style is the ingredient of personality embodied in leaders that causes subordinates to follow them. Alexander (2002) on the other hand defines leadership styles is particular behaviors applied by a leader to motivate subordinates to achieve the objectives of the organization. The banks supervisors are in a unique position as the manager or administrator who controls Banks' resources for the purpose of achievements banking goals and can accelerate the process of bank development or can demolish the progress of financial stability of the bank, (Abwalla, 2014).As such, a leadership style occupies an important position in bank management. Leaders express leadership in many roles. These, among others, are: formulating aims and objectives, establishing structures, managing and motivating personnel and providing leadership Maxwell, (2007). However, Marily asserts providing leadership is a very essential component of a leader's role. The leadership style leaders choose to perform the above mentioned roles will determine whether they will accomplish the task at hand and long-term organizational goals or not, and whether they will be able to achieve and maintain positive relationships with staff.

2.1.4 The Concept of Employees' Performance

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

Here employee performance is simply the result of patterns of action carried out to satisfy an objective according to some standards. This means employee performance is a behavior which consists of directly observable actions of an employee, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of goals. Ibrahim (2004) defined job performance as an important activity that

provides both the goals and methods to achieve the organizational goals and also provide the achievement level in term of out-put. El-Saghier (2002) considered it as an effort of an employee to achieve some specific goal.

2.1.5 The relationship between Democratic Leadership Style and Employee Performance

Democratic leadership style is open and mutual respect of running team. Decisions move freely among the employees also discussion is open. Every employee is given involvement, democratic leadership is also known as participative leadership, and this type of leadership approach is focus on more participation part in decision making process. many researchers have mention that this approach is one of the most winning and leads to high output also is best role from team members and improving team efficiency.

This leadership style is based on dynamic and rapid change environment where others can be taken as constant. According to the moving business every improvement must be consider in order to remain the team from declining out of date. Even though participative leadership must focus on assisting negotiations, encouraging employees to contribute to their opinions. Also this leadership approach has ability to communicate the decisions in order to selected harmony plan. However team members are convinced to share their thinking, participative leadership can lead to best ideas and more creative outcome by solving problems. So group members are accounting for committed projects and achieving organizational objectives.

Research on leadership approaches also states that democratic leadership leads to superior output among team members. If situation modify regularly democratic leadership gives employee flexibility to do things better way. Point of view but somehow it takes time to make a good decision. According to the Anderson (2000) declared the democratic leader is one who share decision making with other team members and however democratic leadership is related with higher morale in all of the situation.

On the other hand Anderson refused that democratic leadership is coupled with low output and high morale nevertheless he argues that authoritarian leadership is related with high productivity and low morale. According to Hackman and Johnson (2006) agree Anderson's reason of the relationship between democratic leadership and productivity. Democratic leadership is associated with improve followers output, satisfaction, participation, and commitment. (Hackman and Johnson, 2006). However the significant negative to democratic leadership is time consuming actions and question over policy, involvement plays a key role

for enhancing the efficiency of leadership (Denhardt&Denhardt, 2003, Hackman and Johnson, 2006).

Therefore the key characteristics of democratic leadership implies that team members are encouraged to share opinions and ideas , though the leader retains the ultimate say more decisions and members of the team sense more engaged in the way of leading to support of inspiration.

According to the Ogutu (2014) states that democratic leadership is one where decision making is decentralized and shared by subordinates. Regarding for poor decision making and weak execution is, though the main problem of democratic leadership is its essential guess that every employee has an equal stake in productivity as well as common level of expertise with regard to decisions.

Democratic leadership refers to a situation where there is equal work among leaders and followers. According to Goldman (2002), democratic organizations typically have the following six characteristics: policies are determined by a group of organizations, technical and job performance measures are discussed so they are understood by all, leaders provide advice to members in regards to implementing tasks, members are free to choose with whom they work, the group determines the distribution of tasks, and leaders try to be objective in giving praise and criticism. Goldman (2000) states that leaders using a democratic style of leadership build consensus through participation, but these leaders also expect a higher level of excellence and self-direction.

From my own experience I have observed that these leaders have time to listen and share ideas with their followers. They also tend to be more flexible and are responsive to ones needs. They are able to motivate teachers to participate in decision-making and are respectful.

Democratic approach of leadership emphasizes team and leader participation in creating of policies. Decisions are all about organization matters are arrived after discussion and communication with different people in the company. The leader try as much as possible to create each individual feel that he is a crucial member of the organization. Communication is multi-dimensional while opinions are transferred between staffs and the leader. Asserted to the (Heenan&Bennis, 2009). In this approach of leadership a high degree of employee morale is usually improved (Mba, 2004).In other words, consultation, teamwork and participation are

the common key characteristics of successful schools. House and Mitchell (as reported in Oyetunyi, 2006) suggest that a leader can behave in different ways in different situations.

2.1.6 The Relationship between Laissez-Faire Leadership Style and Employee Performance

The transformational and transactional leaders are described as leaders who actively intervene and try to prevent problems, although they use different approaches. When researching these two active forms of leadership, one finds that they are often contrasted with the third style of leadership, called laissez-faire leadership (Bass, 2000 as cited in Bučiūnienė&Škudienė, 2008). James & Collins (2008) suggested that the laissez faire leadership approach as a great passive leader who is reluctant to impact subordinates given by freedom in his or her responsibility. In a sense, this extremely passive type of leadership indicates the absence of leadership.

Laissez-faire leadership style has a negative impact on followers and associates opposite to what is intended by the leader manager. There are many behaviors that represent laissez-faire leadership as a “do nothing” or “hands-off” approach. Such behaviors include staying away from employees, shirking supervisory duties, and being “inactive, rather than reactive or proactive” (Qayyum, 2012). Various scholars state that the laissez fair leadership approach is the slightest satisfying and slightest effective approach of leadership. That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, little sense of group unity, and followers do not hold as much respect for their supervisors (Trottieret *al.*, 2008; Lok& Crawford, 2009). It is probably for these reasons that many researchers choose to exclude laissez-faire leadership from their research, while they arguing this style is not influences the followers to perform their assigned duties and responsibilities.

Bass (2000) [as cited in Lok& Crawford, 2009 and Bučiūnienė&Škudienė, 2008] uses the following statement to differentiate laissez-faire leadership from other types of leadership behaviors and styles. The leader who practices management by exception allows the subordinate to continue on paths that the subordinate and the leader agreed on until problems arise or standards are not met, at which time the leader intervenes to make corrections. Moss and Ritossa (2007) mentioned that the laissez-faire or free rein leadership model is the type of behavior in which leaders display a passive indifference towards their followers. Laissez-faire leaders are predisposed to depart from the leadership responsibility and offer insignificant direction and support to their subordinates.

Laissez-faire leaders usually avoid taking decisions; surrender their roles and responsibilities to their subordinates. In addition, they display considerable passive and indifferent attitude towards the needs and concerns of their followers. Bass (2000) observed that Laissez-faire leaders have the tendency to avoid making decisions, abandon their roles and responsibilities and allow their followers to work on their own. One of the main characteristics of Laissez-faire leadership is that they always want to delegate authority into the hands of their subordinates.

They want to avoid taking risk and blame for any failure. Moss and Ritossa (2007) however insisted that though leaders would allow their subordinates to make decisions, they still take the ultimate responsibility for the performance of the group or organization. The major criticism against the Laisser-faire style of leadership is that leaders fail to take decisions at some critical stages of the group or organizations. They always want to maintain the status quo even where there is overwhelming evidence that change is inevitable for the organization to survive.

Laissez-faire leaders give a considerable freedom to their subordinates to do things for themselves. In such situations, followers could be adventurous and build self-confidence to meet future challenges on their own. Laissez-Faire (LF) is the avoidance or absence of leadership. In its extreme, nothing is transacted between the leader and the follower. The leader delays decisions, gives neither instructions nor feedback, there is no attempt to motivate followers nor does the recognition and satisfaction of their needs take place. Laissez-faire leadership is the most ineffective leadership (resp. non-leadership) style in the full range of leadership (FRL).

According to Kerns (2004) mention there is a gap between the employer and employee where his argue was only fact that laissez fair would craft a positive environment through which the employee and employer felt like family by considering their positions.

2.1.7 The Relationship between Autocratic Leadership Style and Employee Performance

Autocratic leadership refers to a system that gives full empowerment to the leader with minimal participation from the followers. Yukl (2004) found that autocratic leaders tend to have the following five characteristics: they do not consult members of the organization in the decision-making process, the leaders set all policies, the leader predetermines the methods of work, the leader determines the duties of followers, and the leader specifies technical and

performance evaluation standards. Since this style of leadership usually only involves one person deciding, it permits quick decision-making. Although the autocratic style is relatively unpopular, in certain circumstances it can be an effective strategy, especially when the leader is short on time and when followers are not productive.

The autocratic leadership approach can be interchangeable authoritarian approach of leadership because it focuses on power and decision making inherent in the autocratic leader. However it directs team members behave on the way things should be done also doesn't have direct channel of communication between the leader and his subordinates. Also this leadership approach doesn't have any delegate power and nor allowed subordinates to involve in policy making as they mentioned it (Smylie and Jack, 2000; Hoy and Miskel, 2008; John, 2002). This leadership style is manifest with the leader having full authority and the followers obeying the information of the leader without questioning and without receiving any clarification or rationale.

Therefore the main drawback of autocratic leadership is there is no shared vision and small motivation beyond coercion. Creativity, innovation, commitment are normally removed by autocratic leadership. Actually most followers of autocratic leaders can be identified as biding their time, waiting for the inevitable failure this leadership provide and eliminate of the leader that follows (Michael, 2010).

Autocratic leadership craft a centralized chain of command with huge participation of the leader in all level of operations. According to the (White & Lippitt) autocratic leader attempts to be usual team members in strength without doing too much of the work. However the major characteristics of autocratic leader is giving orders, where is the main activity of the participative leader is giving information or extending the knowledge of the members his or her team. Autocratic leaders depend on their authority to force and their capability to influence (Bass), on the other hand democratic leaders their goals solving problem or make the decision by themselves by using information available at the time. Hence autocratic approaches focus on high performance from workers without putting them under stress.

Autocratic leadership employees are working under pressure and fear most of their day to day activities usually employees are dissatisfaction by causing the autocratic leadership since employees are under resistant following problems may come lateness to work, reduction of work output, indulging in eye service and searching for transfer or finally might cause turnover. According to Canadian Association of Student Activity Advisers (2004) and

Walker (2000) states that autocratic leadership have no trust for his followers or subordinates because usually characteristics of autocratic leadership are included taking decision alone , command without considering the followers and given order without questioning, rigid team policy, ordered step by step direction and dictates activities. Autocratic leadership believes that he always right without replying anything for his subordinates. This leadership style will use subjective in evaluating employees of his or her organization and disregards the right of his or her followers.

In addition to that autocratic leadership style require complete obedience from the subordinates but this leadership style didn't care how team members understands to his or her principle that means employees have no choice, the entire decision depends on the leader. On the other side autocratic leadership believes he or she is the most qualified leader and also believe he is the best one who solve organizational problem. This leadership style usually relies on threat and punishment to influence the workers.

2.1.8 The Relationship between Transformational Leadership Style and Employee Performance

Transformational leaders are not reactive but are proactive they search for to improve individual, teams, and organizational growth and creating innovation, not only for performance anticipation. According to the Yukl (2007) mention that transformational leadership approach can enhance employee's performance because this leadership style wants to develop knowledge and staff potential. This leadership approach seeks to transform of visionary. And it becomes shared vision where subordinates work to grasp the vision into reality.

The transformational leader tries to widen the interests of his subordinates and to evoke the acceptance for the mission of the group (Bass, 2000). He takes the time to get to know the people he works with, what they need to know to perform at their best, and how far they can be challenged and supported (Avolio, 2009). He looks for new directions that can be taken and evaluates the chances when taking risks but does not support the status quo. Rather than reacting to changes in the environment, he tries to be actively involved. Transformational leaders motivate others to achieve more than they think is possible by addressing and modifying their subordinates values and self-esteem. Transformational leaders get their followers to buy into their visions and internalize them so that the followers become intrinsically motivated to strive for the common goals and visions (Goodwin, Wofford, & Whittington, 2001).

According to Bass (2007), transformational leadership is effective in any situation or culture. The effectiveness of transformational leadership has been shown for different levels of authority, in different types of organizations and in several different countries. No conditions are specified in which transformational leadership is ineffective. However, universal relevance does not mean that transformational leadership is equally effective in all situations or equally likely to occur. A number of situational variables may increase the likelihood of transformational leadership or enhance its effect on followers (Yukl, 2002). Examples include the external environment an unstable environment being beneficial for transformational leadership.

A transformational leadership style creates a vision and inspires subordinates to strive beyond required expectations, whereas transactional leadership focuses more on extrinsic motivation for the performance of job tasks (Bolden *et al.*, 2003, Trottier *et al.*, 2008; Bass *et al.*, 2003). Thus it is likely that transformational leadership would influence attitudes by inspiring acceptance of innovation through the development of enthusiasm, trust, and openness, whereas transactional leadership would lead to acceptance of innovation through reinforcement and reward.

The transformational process implies changing the followers' needs and values in order to accomplish higher order objectives. The application of transactional leadership must take into account individual needs. When these needs are elevated, the leadership exchange begins its shift from transactional to transformational leadership" (Bass & Avolio, 2007). The transformational dynamic involves a strong personal identification with the leader, a joint vision of the future, and going beyond the self-interest exchange for rewards (Hater & Bass, 2008). Leaders provide learning opportunities and a supportive climate (Bass & Riggio, 2006). Additionally, transformational leadership is an approach to leadership that based on encouraging others to perform more than what they originally thought possible (Sarros, Gray, & Densten, 2002).

On the other hand Researchers also described to determine the relationship between leadership styles on organization employee performance. However the different leadership style has applied different situation, so development oriented and practical oriented approach are most significant to researchers. Transformational oriented leadership and pragmatic oriented leadership are not two contrary theories, rather then they are complementary concepts both of them are produced the supreme leaderships forms (Stone *et al.* 2004). In

other words the two concepts are some different with one other. While both pragmatic-oriented and transformational-oriented leadership are underlined inspire and effect, programmatic oriented is attained to this effect by non-systematic ways that is being in the position to provide it. Practical- oriented leadership is higher underline on serving to followers and also is shown more assurance and autonomy to subordinates.

Considering pragmatic leadership, this leadership style treats employee's equality between the leader and followers however Pragmatic leadership as transformational leadership with organizational mechanisms such as compensation, communication, organizational policies and procedures and methods create psychological productive culture with spiritual, personal, productive, passive characteristics and tend to maintain the status quo that this culture makes that pragmatic leadership served more successful in the constant environments and in the in dynamic environments act more failure than transformational leadership and make appropriate this style of leadership for the period of peace and stability in the organization.

There is also some difference according to transformational leadership usually focus on organizational process regarding compensation , communication skills , companies policies and procedures and the way of creating empowering in order to take a decision , considering culture with characteristics of active , strong and innovative. This culture cause that transformational leadership is one of victorious acts in dynamic environment and the failure to act in constant environment then pragmatic oriented leadership and create suitable approach of leadership for a era of disaster or evolution from existing situation an particularly in changes period. Given the crucial of leadership can be said that one of the major consequence to employee performance is the lack of successful leadership. Outcome of workers performance is vital because workers are valuable asset also employees are responsible for organizational survival (Nourshaahi, 2006).

Nevertheless a good leadership is important to the effectiveness of any organization, because the following three main factors that have been declared to analyses of organizational effectiveness are communication skills, the leadership approach that organization used it and the information skills of the management as asserted to (Hamidifar, 2009). Today one of the important debates that some organization are concerned is, many organizations is ignored leadership styles that cause harm for that reason the organization will lead to low performance. Asserted to Crawford, (2006) in his paper that entitled transformational leadership, position and employee functionality found there is significant relationship ship

between transformational leadership style and employee performance. However also he mentions that there is relationship between organizational position and transformational leadership. Other scholars on this debate led researchers to examine the relationship between leadership styles and their impact on employee performance.

In addition to that in this way can get a useful step to remove these consequences and in turn to enhance organizational performance. For instance the major question of the researcher is how we get effective leadership styles on employee performance? At the present time, organizations require effective and efficiency leaders and employee performance that have ability to attain their objectives in order to attain major goals of organization development. Suitable behavior pattern of the leader in each organization makes strong morale in the workers and improved their performance time from their professional skill (Bennett & Anderson, 2003).

2.1.9 The Relationship between Charismatic Leadership Style and Employee Performance

According to the (Ojokuket *al.*, 2012) charismatic leadership approach is one of the most traditionally worth leadership approach. Asserted to Armstrong and Stephens (2005), charismatic leaders are leaders who based on personality qualities. However charismatic leaders have vision and behavior that compels and motivate followers to attain a vision (Ojokuket *al.*, 2012). In other words according to Bratton *et al.* (2003), charismatic leadership approach is outlined by voluntary obedience of supporters. So he proposes that employees ease desires to follow the leader. Sometimes could be possible problem to the business when the leaders who are controls of affairs leave as the organization will emerge rudderless and with no appearance of direction (Ojokuket *al.*, 2012). Bratton *et al.* (2003) explain the followers of this leadership style they can't lead themselves.

On the other side the charismatic leadership approach is somehow related to the transformational leadership because both leadership style focus on motivating employees to attain organizational objectives or results. But there some difference between them (Alan, 2013) describes the distinct between transformation a leadership and charismatic leadership depends on leaders purpose. The purpose of transformational leadership is depends on towards achievement and attainment of the group and organization goals also focus on visions however charismatic leadership styles are more targeted on themselves and they are less effect changes in the organization which they are attached.

This traditional approach can't apply in the competitive business of recent particularly in the banking industry where banks require to frequently struggling being on top completion where the attainment of group and organization objectives is key to sustenance.

2.1.10 The Relationship between Transactional Leadership Style and Employee Performance

Transactional leadership is a leader approach that highlights transactions between leaders and subordinates. According to the Bass and Avolio (2003) declared that main characteristics of transactional leadership composed of two features which are reward and anticipation of management so contingent reward means when leaders make agreement about what subordinates do and promising reward gained when objective is achieved. While other is punishment is about when leader monitoring any deviations from established standards and also take corrective action to attain organizational objectives. Workers work as separately as possible from their staff. Collaboration depends on discussion not solving the problem or general mission there is little identification of the employees with the organization, its mission or vision.

However transformational leadership style depends on exchanges between the leader and follower, even though followers are focus on rewarded for meeting with specific objective or performance criteria (Trottieret *al.*, 2008; Bass *et al.*, 2003). Rewards and positive reinforcement are provided or mediated by the leader.

Nevertheless this style is more practical in nature because of its enforced on meetings, specific targets or goals of the organization (James & Collins, 2008; Sosik& Dinger, 2007).

A successful transactional leadership has ability to recognize and reward follower's achievement in a timely way. According to the Yulk (2007) asserts that transactional leadership approach is one of the leadership styles that enforce on transaction between leaders and subordinates. Regarding to the transactional leadership this style is motivating and inspiring subordinates by giving rewards with specific performance.

Regarding to employee performance weak transactional leaders didn't influence employee performance because employees are dissatisfaction with low morality, whereas effective transactional leadership takes suitable action in a timely manner (Bass *et al.*, 2003).

Transactional leadership style is appropriate in many settings and may support adherence to practice standards but not necessarily openness to innovation and risk taking. Bass outlines the beginnings of his theory of leadership, transactional leadership style is needed to enhance

performance. Bass developed the full range leadership model based on his belief that transactional leadership is not ends on a single continuum but rather is leadership patterns that all leaders possess and use in differing amounts. For exceptional performance, transformational leadership behaviors need to augment transactional leadership behaviors (Bass and Avolio, 2003). Therefore, according to Bass, the best performance is the result of using both transactional and transformational leadership behaviors with subordinates.

Therefore this leadership style is also known as managerial leadership because it refers to supervision, and employee performance, also this leadership style depends on reward and punishment. In other words transactional leadership style can impact positively or negatively on employee performance so it depends on workers' assessment, perhaps a positive impact occurs when staffs assess transactional leadership positively and negatively, impact can happen if workers believe that transactional leadership approach can't be trusted because they do not keep their promises, dishonest or not transparent.

2.1.11 The Relationship between Bureaucratic Leadership style and Employee Performance

The bureaucratic is a style of leadership that focuses on rules and procedures to manage teams and projects, it is a style that is diffused among a number of departments or people and there is a strictest of rules, this a classic style of leadership and is used quite a lot in organizations that don't encourage innovation and change and by leaders who may be insecure and uncertain in what their role may be, people that want to use this style of leadership are often familiar with the many policies and guidelines, some people may feel out of their depth and will have a little hesitation in referring difficulties to a leader higher in demand. The bureaucratic style is based on following normative rules, and adhering to lines of authority, the characteristics of this style aligned with Weber's descriptions include:

- Leaders impose strict and systematic discipline on the followers and demand business like conduct in the work place.
- Leaders are given power via the office they hold and their position authority
- . Followers should obey leaders because authority is bestowed upon the leaders as part of their position in the company.
- Followers are encouraged based on their capability to obey the rules and regulation of the office

- Followers should follow leaders because authority is contributed upon the leader as part of their position in the organization.

On the other side bureaucratic leaders craft and depending on policy to attain organizational objectives. Hence policy drives implementing, strategy, objectives and productivity. Bureaucratic leaders are most happy depending on policy in order to encourage followers to get on board. However bureaucratic leaders are always powerfully dedicated to processes and procedures in its place of people, as an outcome leader may appear distant and highly possibility unfavorable. The main problem associated with using policies to lead is not usually noticeable until the damage is done. The issue here is that the leadership's most benefits, Motivating and developing people, are ignored by bureaucratic leaders (Michael, 2010).

Nevertheless the analysis results showed that bureaucratic leadership had significant influence on employee performance. However, the value of path coefficient was negative, meaning the path relation wasn't in the same direction, bureaucratic leadership which hadn't produced high performance of local financial managers. This findings contrary the study of Lok and Crawford (2009), Yu *et al*, (2002), those researchers suggested the leadership has significant positive effect on employee performance.

Bureaucratic leadership style characterized by Weber (in Givens 2008) mention that leadership style is prioritizes organizational level and the work principles applied to employees are rigid in terms of work procedure. Work execution which learned depends on heads of Darasalam Bank as well as limited of financial management. However employee's technical capability in financial sector often created employee resistance and non-improving work procedure nevertheless this approach create high bureaucratic leadership and also cause low employee performance. So bureaucratic leadership style had significant impact on work place performance, however effective leadership have ability to increase employee performance.

This result supported the studies of Wu (2000), Givens (2008); leadership culture influenced the employee performance. Bureaucratic leadership had insignificant influence on staff performance, meaning bureaucratic leadership wasn't able to support employee performance, in this case local financial management. This result was in accordance with the statement of Reddin (2008), bureaucratic leadership generally has light task orientation, weak connection,

pays attention to rules as well as procedures for their own interests, and maintains as well as supervises situations using rules and procedures, often seems very careful.

According to research result bureaucratic leadership didn't have significant influence on employee performance due to low knowledge and technical skill in the field of local financial management which in the end influenced the performance of Darasalam Bank and all other financial institutions in Somaliland. Enhancing of organization output and workers performance is not achievable without effective employee's capability and their motivation so one of the leadership skills is strengthen the creative and innovation in the workers. Without doubt manger's leadership approaches are extremely effective in the right motivating of the employees for organization goal. Nevertheless using appropriate leadership styles can lead to improve organizational effectiveness and efficiency.

This research is therefore necessary to take steps to improve employee performance, because the type of employee performance is perquisites to organizational effectiveness. Actually if manager has the skills and techniques to successfully manage the collaboration of employees, in terms of motivation and job satisfaction levels of workers are produced higher outcome and given that the energy of an organization is its employees, in other word this effective leadership can affect and help to increase the performance of entire of organization. The overall objective of this study was to determine the relationship between leadership style and employees' performance in the Darasalam Bank Hargeisa, Somaliland.

In conclusion the employee are very delighted the supportive from leadership when they are performing their assigned duties, so it's very important for the organization to select which leadership style that can improve the performance of the employees, if the employee performance increased and improved the overall performance of the organization can be high, and the organization can be a productive, also the mission, vision and planning strategy of the organization the employee tries to fulfill and fully implemented the activities and functions of the organization to achieve its objectives.

2.2 Empirical Review

Empirical evidence asserted to Atik (2004) mentioned in dissertation paper that charismatic leadership does not happen unless the dispositional attitudes of followers towards their leader are considered. There is the present threat of rejection by the followers if continual success is not maintained, he also make a distinction between personalized and socialized charismatic, where the personalized charismatic has their own private motives and agenda and the

socialized charismatic is influenced by the needs and wants of the followers or employees. Morgan (2003)

Mention that charismatic leadership style provides a power means of achieving organization change; it is about mobilizing images and ideas to organize and manage in new ways. It is about employment and the art of the possible, it is also about realism and the need to deal with the nitty-gritty barriers to change.

Rassolet *al.*(2015) studied leadership styles and its effect on employee performance in health sector of Pakistan and summarized that transformational leadership approach have more positive effect on employee performance than transactional leadership. They states that transformational leadership can focus on competitive advantage since business environment is dynamic. The result of their investigation determined that the effect of transactional leadership was not much stronger as compared to transformational leadership on employee performance.

According to Pradeep and Prabhu(2011) leadership has positive effect on employee performance by mentioned both transformational leadership and transactional leadership performance. Managers who are realized to display strong leadership behaviors, whether the transformational or transactional, are seen to be attractive in enhancing the employee performance. To be successful, both these perspectives need to be kept in mind. Of thought.

Morgan believes that change, though often difficult, begins with individuals. If people want to change their world they have to start with themselves. Individual change becomes social change when critical masses of people begin to push in the same direction; Morgan's observations were based on action learning principles of involvement, innovative flair and resonance.

The result showed that transformational leadership and pragmatic leadership effect on the workers performance also performance will strive to enhanced between the two transformational leadership approach is correlated with higher relevant, Even though these results have vital purpose for managers. As matter of fact programmatic leadership and transformational leadership are not opposite theories but they are complementary one another.Both of them are produced a superior leader according to the (Stone and others, 2004).

Wilkinson (2009) substantiate this fact and saw involvement of employees in decision making as empowerment while a neglect of employees in decision making was seen as an assumption that workers are untapped resources with knowledge and experience and an interest in becoming involved, employers need to provide opportunities and structures for their involvement. He also assumed that participative decision making is likely to lead to job satisfaction and better quality decisions and that gains are available both to employers or increased efficiency and workers or job satisfaction, in short an everyone-wins scenario.

Staff cooperation is believed to be an indisputable asset to the school principals while involvement in decision making process by the teachers could ease the principal's mounting problems as many heads would be put together to intellectually solve problems that could have remained unsolved by the principals alone. In the contrary Rochelle, (2009) described that, where teachers lack motivation and involvement in decision making, truancy, excessive excuses, abstention and complaints usually emerge leading to general ineffectiveness, inefficiency, low productivity and non-achievement of goals of organization. Regarding to Okoye (2007) in his view said that workers should be involved in decision that concern them like general working conditions, fringe benefits and staff development programs as this adds to the attractiveness of the organization climate.

According to the Raja and Palanichamy (2015) determined the effect of leadership style to employee performance in public versus private enterprise in India from 43 middle managers and 156 subordinates the study findings identified sufficient evidence, at 5 of level of significance, there is a positive relationship between transformational leadership and employees performance. However their results mention the laissez fair leadership style had negative relationship with employee outcome.

Asserted to Chan(2010) mention out that various researchers' who have done studies on leadership approach have not stated which specific approach appropriate for particular issue. Though Chan suggested that is vital to clarify that different approaches are required for different situation and also leaders just require knowing when to use a specific style and by applying suitable leadership styles, leaders can affect employee's job satisfaction, commitment, productivity and achieving organizational performance.

Furthermore, Somechet.al (2009) states that “participative management has the potential to balance the involvement of managers and their subordinates in information processing, decision making, or problem-solving Endeavour’s”. Therefore, there are many potential benefits that an organization practicing participative style could use to its advantage in achieving its goals. Consequently, when several people make decisions together, the social commitment to one another is greater, and hence increases their commitment to making better decisions. People say, “Two heads are better than one”. This means that when two or more people sit and try solving a problem together, they are able to make better decisions than one person.

In a research done by South Africa Hayward, Davidson, Pascoe, Tasker, Amos and Pearse (2003) found transformational leadership has positive significance on employee performance Hayward *et al.*, 2003), but also declared there is no significant relationship between transactional leadership and employee performance in South African pharmaceutical organization.

Empirical evidence done by Nuhu (2004), in Kampala City Council concluded that the autocratic leadership has positive relationship with employee performance most employees believed that autocratic leadership brought about performance. Also Nuhum (2004) identified that laissez fair leadership style has positively relationship on employee performance. Since most employees believed that they would rather be made comfortable at work rather than coarse them around like kids. A study done by Uganda on effect of leadership style on employee performance done by Gimuguni, *et al* (2014) summarized there is a moderate high positive and significant relationship between three leadership styles (autocratic, lassies fair, democratic) and performance in Mbale local government.

Finally I learnt from this empirical studies that the leadership styles have positive and negative impact on employee performance regarding to the transformational leadership approach have significant relationship with employee performance in terms of effectiveness in work , satisfaction, and extra effort. By using this leadership style it increased productivity of the company since business always concerned profit. On the other hand leadership has ability to influence for his subordinates.

According to the Ipas (2012) that autocratic leadership has positive effects on employee performance especially in Hotel management and also believes that autocratic leadership helps employees to enhance their individual performance. But other researchers argue that autocratic leadership has negative impact on employee performance. For the point of view

the researchers didn't identify which leadership style that appropriate for the organization which increased employee performance for that reason then demonstrate that there is still gap between researchers regarding to title which entitled effects of leadership style on employee performance.

2.2.1 Research Gap

The literature on leadership style and employee performance is scattered across countries and across business. Also varied the effects of leadership style on employee performance so for some points literatures are somehow consistent in suggestions both transformational and transactional are significantly positively effect on employee performance also transformational leader is more important than transactional leadership approach (Rasool, *et al.*, 2015; Kehinde and Bajo, 2014; Tsigu and Rao, 2015), also this evidence mention that laissez fair and employee performance is not such forward and some researchers reporting negative relationship on employee performance. According to Aboushaqah *et al* (2015), others like Gimuguni, *et al* (2014) have mentioned a positive relationship while other leadership styles are somehow contrary one other.

This suggests that the evidence on this leadership approach is inconsistent.

For that reason this research attempt to fill gap in order to choose the best leadership style on employee performance which enhanced workers' productivity since previous evidence are contradictory.

2.3 Conceptual Framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the seven leadership (Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional, Bureaucratic) styles and employee performance in Darasalam Bank. Also the study focuses on gaps which represent the difference between employee's expectation and perceptions which are referred to as the perceived leadership styles. The difference between expectations and perceptions is called the gap which is the determinant of employee's perception of leadership styles. The conceptual model of the study is the following that is adapted by Cole and the researcher modified it to make suitable for the research.

Independent Variables

Dependent Variable

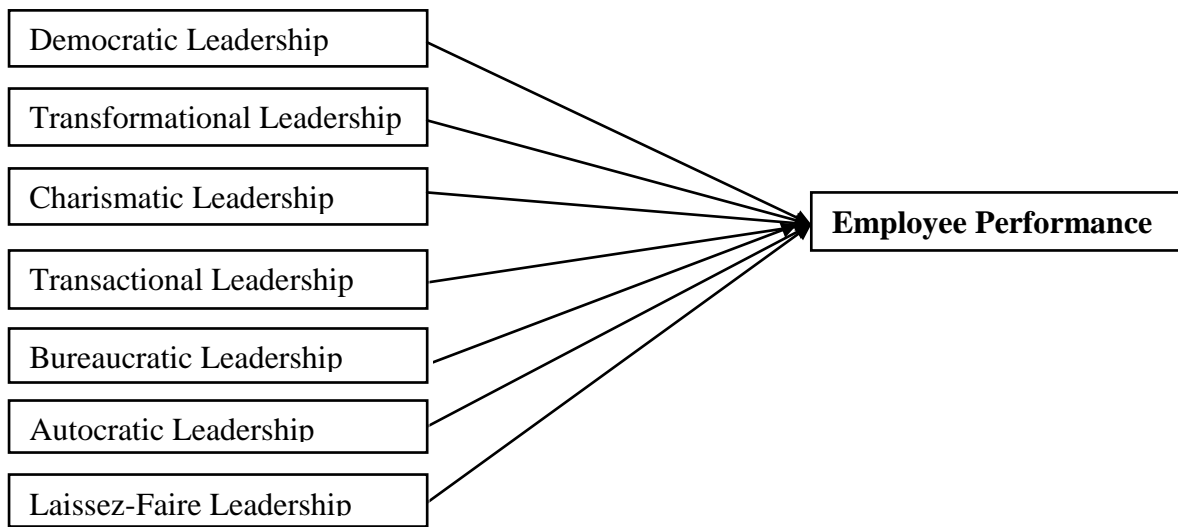


Figure 2.1 Conceptual framework of the study.

Source: Adapted from Cole, 2014

CHAPTER THREE: METHODOLOGY

3.0 Research Design and Methodology

The aim of this chapter is to highlight the design and overall methodological considerations of the paper. It outlines the general research approach which the paper follows and encompasses a discussion of the actual design applied throughout the research. It also elaborates on the sampling method used and sampling size determined for the research. Finally, it constitutes the method of data collection and description of the data analysis method and ethical consideration of the research.

3.1 Research Design

A research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information from Darasalam Bank According to Creswell (2003). A research design provides a framework or plan of action for the research. Objective of the study determined during the early stages of research is taken into consideration in the design to ensure that the information collected is appropriate for solving the problem. In line with the objective of the study, the research design chosen for this study was used explanatory research design because explanatory researches design is to explaining, understanding, predicting and controlling the relationship between variables. By taking cross-section of the population relevant data was collected at one point in time.

On the other hand research was guided by mixed research approach that consists of qualitative and quantitative approach. Qualitative approach is concerned with subjective assessment of opinion, attitude and behavior of the employee in Darasalam Bank and quantitative approaches was used to analysis the data that collected by questionnaires. Asserted to Creswell (2003) described qualitative approach as it uses the philosophical assumption of social constructivism world view that provides an understanding of social reality based on the subjective interpretation. Due to that reason the study was employed mixed research approach in order to achieve the objectives stated in previous section.

3.2 Population and Sampling Techniques

The source of data was employees of Darasalam Bank in Hargeisa City, which consists of headquarter and two branches located in Hargeisa City. So, the employees of headquarter and those branches were included in the study According to the information of the HRM department of the bank, the employees of the Darasalam Bank are 150 employees. The

headquarter workers are 65 employees, whereas the employee of the branches, JigjigaYar and Ida’ad branch 48 and 37 employees respectively. In order to obtain sample size table developed by Naresh K Malhotra (2009) was employed in this study

According to Naresh K. Malhotra(2009). When the target population is 91 -150 the highest sample size was provided in this study and the highest sample size is 50. Nevertheless the sample size of this study is 50 and selected randomly from the different branches of the bank.

Table3. 1 Sample size allocation for each branch

Bank	Number of workers	Sample size based on proportional to size
Head quarter	65	22
Ida’ada Brach	37	12
Jigjigayar Branch	48	16
Total	150	50

Source: survey data, 2018

According to Aukaet *al.* (2013) posit that stratified random sampling ensures that ensures that all the groups (categories) are adequately sampled and this facilitates comparison among the groups.

Stratified random sampling was employed to obtain the sample size. The department of bank was stratified and within each stratum simple random sampling was used to select respondents. Nevertheless sample frame of the bank employees was used to select representative samples in each branch of the bank.

3.3: Source and Tools/Instruments of Data Collection

Source of data was primary data. In order to realize the target; the researcher was designed questionnaire. Questionnaire is prepared to collect primary data of the company and also included some secondary data to substantiate the findings from different institutions. Secondary data from files, books, journals, office manuals and policy papers was used to provide additional information where appropriate. Besides, variety of books, published and/or unpublished banking documents, websites, reports and newsletters were reviewed to make the study fruitful.

Questionnaires was used as study instruments because of their ability to reduce bias and to collect genuine data. The study was used closed ended questionnaires aimed at testing the

effects of leadership styles on employees' performance in Darasalam Bank. And key informant interview was used in order to check accuracy of the data whether the two instruments are supporting each other by using triangulation which means whether the qualitative support quantitative.

3.4: Procedures of Data Collection:

Data was collected from three branch of Darasalam Bank in Hargeisa city in Somaliland and questionnaire was used to gather data. Three undergraduate level students were trained for one day to work with the researcher for collecting the data from the selected branches. Training was given by the student researcher to the data collector.

The questionnaire afforded respondents much flexibility and privacy in answering the questions without any undue influence. The questionnaire was simple and unambiguous language and as such, did not pose any problem as regards interpretation. The researcher personally was conducted the interview with the HRD of DarasalamBank. The personal interview was a face to face interaction. This method was used purposefully selected so that the researcher could interact on a personal level with the HR Director.

3.5: Methods of Data Analysis

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (mean and standard deviation). The most important analysis in the proposed study was descriptive statistics which uses tables and percentage. It was preferred because it facilitates the organization of data, detection of error, comparison of findings and utmost simplifies statistical competition. In addition the inferential statistical technique of correlation analysis and multiple linear regressions were done to examine the effect of leadership on employees' performance. According to Phyllis and his associates (2007), inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. Such generalizations will be, therefore, made for the population from the samples.

They speculate that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between

Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional and Bureaucratic leadership styles on employee's performance, the Product Moment Correlation Coefficient was used considered.

Nevertheless In this study multiple regressions were employed. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores (John Adams, *et al.*, 2007). They added multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables was explained the variance in dependent variable.

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (employee performance) and independent variables (Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional, Bureaucratic). The basic objective was using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. In order to know the reliability of this research pilot study was used. The data analysis was facilitated with the aid of a Statistical Package for the Social Sciences (SPSS) Version 20.

3.6 Result of Pilot Test

Although the questionnaire was standardized before conducting the main study, pilot test was carried out in Darasalam Bank employees. The purpose of the pilot test was to test the clarity of each question. Accordingly, the questionnaires is written by English language were pilot tested on a sample of 10 employees.

3.6.1 Reliability and Validity

3.6.2 Reliability

The reliability of an instrument according to Saunders *et al.*, (2009) is the degree of consistency which measures attribute, in particular, whether or not it will produce consistent findings at different times and under different conditions, such as with different samples. Internal consistency involves correlating the responses to each question in the questionnaire with those to other questions in the questionnaire. There are a variety of methods for calculating internal consistency, of which one of the most frequently used is Cronbach's alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. Cronbach's alpha

can be written as a function of the number of test items and the average intercorrelation among the items.

A commonly accepted rule of thumb according to Saleh (2009) for describing internal consistency using Cronbach's alpha is as follows.

$0.9 \leq \alpha \leq 1.0$ Excellent

$0.8 \leq \alpha < 0.9$ Good

$0.7 \leq \alpha < 0.8$ Acceptable

$0.6 \leq \alpha < 0.7$ Questionable

$0.5 \leq \alpha < 0.6$ Poor

$0.0 \leq \alpha < 0.5$ Unacceptable

Table 3. 2 Reliability of independent variable

Cronbach's Alpha	N of Items
.75	35

Source: survey data, 2018

The reliability of independent variable is 0.75 which indicates that there is high internal consistency. Therefore it can be said that the questionnaire is reliable and ready for distribution for population sample.

Table 3. 3 Reliability of dependent variable

Cronbach's Alpha	N of Items
.75	10

Source: survey data, 2018

In order to be reliable, using SPSS result, the Cronbach's alpha should exceed the threshold of .70. This indicates that there was a high degree of internal consistency amongst the test items.

So reliability of dependent variables result is 0.75. However this indicates that questionnaire is reliable.

3.6.3 Validity

According to Amin (2004), Validity defined as the accuracy and meaningfulness of the inferences by examining and questioning whether there are any other possible casual relationships and checked the unknown factors contributed to result and findings of the research. It is the ratio to which results obtained from the analysis of the data actually represents the phenomena under study. It contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested.

The instruments selected can help to show factors that affect performance of Darasalam Bank. It can clearly address how these factors affect the performance of employee in head office. The relevant data was collected on the factors that can better indicate the relationship between leadership styles and the performance of employee.

3.7 Ethical Consideration

All the research participants included in this study was appropriately informed about the purpose of the research and their willingness and permission was secured before the beginning of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. A guarantee was given to the Darasalam Banks' respondents that their names should not be revealed in the questionnaire and research report. In order to ensure the success of the research, leaders were linked to subordinates in such a manner that each subordinate's response remains anonymous apart from being linked to a particular leader. Moreover, participants received a verbal and written description of the study, and informed consent was obtained before the survey. Participation in the study was voluntary, and all participant responses were confidential.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

The previous chapter dealt with the research design and methodology, sampling design, data collecting methods, the source of data, data analysis, ethical consideration and validity and reliability test used to undertake the study. This chapter is concerned with presentation, interpreting and analyzing of data. The Statistical Package for the Social Scientists (SPSS) Version 20 Software was used to process & analysis the data that were collected from 50 sample employees of Darasalam Bank. All the copies of the questionnaire were completed properly and returned. Accordingly, analysis and interpretation of data has been made in this part of the study based on 50 returned questionnaires.

4.1 Mean scores of variables

This section deals with mean comparison between variables. Employee performance is dependent variable which was affected by leadership styles, which are the independent variables. There may be critical problems/elements arising from employee performance that may be important to note.

4.2. Leadership styles

This sub-section presents the results of the analysis of leadership styles. Seven (7) main types of leadership style were assessed. These were democratic leadership style, laissez faire leadership style, autocratic leadership style, transformation leadership style, charismatic leadership style, transactional leadership style and bureaucratic leadership style.

Descriptive statistics were used to assess the level. Table 4.1 presents results of leadership styles. The mean and standard deviation (S.D.) of the seven dimensions of leadership styles were calculated, to establish the respondents, assessment of the extent to which their immediate supervisors practices this leadership style. The scale used in the statements was 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree. The descriptive statistics of the findings are represented in Table 4.1.

4.2.1 Democratic leadership style

Table 4.1 Descriptive Analysis for Democratic Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager is participating concerned ones to retain the final say over decisions.	2.70	1.282
The department manager encourages the employees to share ideas and opinions	2.78	1.234
The employees feel more engagement with in the process	2.54	1.199
The department manager encourages the creativity of staff and reward	2.80	1.309
The department manager encourages employees to grow on the job and be promoted	3.20	1.316
Average mean score, average standard deviation	2.80	0.721

Source: primary data, 2018.

The mean score for democratic leadership style is offered in the above Table 4.1 with the overall mean of (2.80) and standard deviation of overall democratic leadership (0.721). This result shows that the supervisors of Darasalam Bank are not implementing democratic leadership style. According to the (Bass & Avolio, 1997, P. 12). suggests mean score greater than or equal 3.0 should have great influence, regarding to Bass and Avolio every average mean less than 3.0, the leader have less effect on employee performance based on assertion researchers cut off was 3.0.

Thus the employee do not participate in the final decision making process which has an arithmetic mean of (2.70) and standard deviation of (1.282), the leaders are less encouraged the employees to share their ideas and opinion which has an arithmetic mean of (2.78) and standard deviation of (1.234), the employees of Darasalam Bank do not involve engagements with the process that allows the organization to achieve its goals which has an arithmetic mean of (2.54) and standard deviation of (1.199), the leaders do not provide the employees encouragements to enhance their creativity and rewarded them which has an arithmetic mean of (2.80) and standard deviation of (1.309) and the leaders offer encouragement the employee to grow on their jobs and be promoted which has an arithmetic mean of (3.20) and standard deviation (1.316). The interviewee mentioned the form of decision making on employees is taken by top leaders and the employees have less influence on the last decision of the company, on the other hand during interviewee session the workers come up with vital views which affects the decisions taken by their supervisors. This implies that leaders of the

department does not allow their subordinates to enhance their capacity through sharing of opinions and ideas, while the department staff are engaging to be a member for the bank's development procedures, programs and creating of new innovations, expansions and entire growth of the bank. According to Anderson (2000) democratic leadership style is usually one of the most effective and leads to higher productivity, better contributions from group members and increased group morale.

Many researchers such as Hackman and Johnson (2006) argue that the democratic leadership style works best in dynamic business because team members are encouraged to work well with each other, which is important to every organization however small or large it is, democratic leadership typically excellent at solving complex problems, with their ability to work collaboratively with their employees gathering a consensus of opinions to address issues properly, it also encourages creativity and innovation, It is also important to have plenty of time to allow people to contribute, develop a plan and then vote on the best course of action.

4.2.2 Laissez-faire leadership style

Table 4.2 Descriptive Analysis for Laissez-faire Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager allows followers to have absolute freedom to make decisions concerning the completion of their work	2.62	1.123
The department manager provides the followers with the materials they need to accomplish their goals and answers the followers; questions	2.80	1.161
I get very little guidance from the department manager.	2.70	1.147
Department staff member solve problems on their own, without much involvement of the leader.	2.72	1.230
Employees have pride in their work and the drive to do it successfully on their own.	2.80	1.195
Average mean score, average standard deviation	2.72	0.423

Source: primary data, 2018.

The mean score for laissez faire leadership style is furthermore presented in the above Table 4.2 with the overall mean of (2.72) and standard deviation of overall Laissez faire leadership (0.423). The results shows that the employee does not consider delegation of authority for the employee to perform tasks in Darasalam Bank Hargeisa, most of the laissez faire leadership

style which overall mean less than 3.0. Thus, the leaders or department managers are not allows employees to have a freedom for decision making process for completion of their work in the department as well as the organization with arithmetic mean of (2.62) and standard deviation of (1.123), the leaders does not provide the material resources that the subordinates or followers are needed to accomplish their goals with arithmetic mean of (2.80) and standard deviation of (1.161), the employees did not get a guidance from their leaders to finish the desired job with arithmetic mean of (2.70) and standard deviation of (1.147), the department staff did not solve the problems of their department without much involvement of leaders with arithmetic mean of (2.72) and standard deviation of (1.230) but employees do not drive to do their work in successful and effective manner of their own with arithmetic mean of (2.80) and standard deviation of (1.195).

This implies that leaders of the bank does not guide their subordinates, and there is no openness in the bank departments, as the researchers mentioned in the literature review have consistently reported that laissez-faire leadership is the least satisfying and least effective style of leadership. That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, little sense of group unity, and followers do not hold as much respect for their supervisors. It is probably for these reasons that many researchers choose to exclude laissez-faire leadership from their research, while they arguing this style is not influences the followers to perform their assigned duties and responsibilities.

So the result of this leadership style supports the argumentative of many scholars who ignored to include their research papers, books and reports they stated the major criticism against the Laisser-faire style of leadership is that leaders fail to take decisions at some critical stages of the group or organizations.

Researcher may be concluded that laissez faire leadership in the bank is not factor that effects the performance of all employees.

4.2.3 Autocratic leadership style

Table 4.3 Descriptive Analysis for Autocratic Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager is often over bearing in his regular inspection of my work	2.80	1.325
The department manager doesn't accommodate any kind of excuses for interfering with my duties	3.14	1.340
The department manager believes that I will work best in a situation where I am given clear and direct instruction on my job	3.16	1.346
the department manager does not readily accept new ideas	3.08	1.353
The department manager does not explain his actions	3.10	1.374
Average mean score, average standard deviation	3.05	0.793

Source: primary data, 2018.

The mean score for autocratic leadership style is also presented in the above Table 4.3 with the overall mean of (3.05) and standard deviation of overall autocratic leadership (0.793).

The results shows that with the employee are benevolent for their performance in Darasalam Bank Hargeisa, most of the autocratic leadership style factors caused an average performance higher than 3.0. Thus, the leader of department did not regularly inspected the work of his/her followers with an arithmetic mean of (2.80) and standard deviation of (1.325), the department head or leader accommodate any interference with the duties of employee who works under his authority with arithmetic mean of (3.14) and standard deviation of (1.340).

Furthermore, the department leader believes that employee work the best way in any situation which has clear instruction about the duties with arithmetic mean of (3.16) and standard deviation of (1.346), the leader of the department in rare situations allows the employees to bring new ideas or innovations which has arithmetic mean of (3.08) and standard deviation of (1.353) while the leader of the department explain his actions to the employees works under his/her authority which has arithmetic mean of (3.10) and standard deviation of (1.374). The interviewee told there is no complete refusal from the employees' means they agree with what their leaders impose but the employees could suggest alternative methods.

This implies that autocratic leadership has effect on the employee performance in Darasalam Bank. This result does not support the arguments of the scholars who argued that autocratic leader cannot allow employee to invent a new program, they gives orders to subordinates do

the task as they want and this leadership behavior cannot enhance the company to growth. Since this style of leadership usually only involves one person deciding, it permits quick decision-making. Although the autocratic style is relatively unpopular, in certain circumstances it can be an effective strategy, especially when the leader is short on time and when followers are not productive.

But the result of this emerged the existence of autocratic leadership style in the Darasalam Bank. Dawson (2002) state that the autocratic style may show great results in a short time period. However, excessive use of authority will distort productivity in the long term. People either get bored and dissatisfied and leave or fall into a malaise of hum-drum repetitive tasks without creativity and innovation and in short become demotivated.

4.2.4 Transformational leadership style

Table 4.4 Descriptive Analysis for Transformational Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager enhances the morale, performance, and motivation of employees	2.66	.982
The department manager typically don't need much direction from others	3.04	.968
The department manager shares and understands the collective awareness of the entire organization	2.54	.973
The department manager is proactive in his/her approach. Takes risks, and take an active role in growing the organization.	2.70	1.147
The department manager creates a culture of trust and innovation within the organization	2.66	1.136
Average mean score, average standard deviation	2.72	0.657

Source: primary data, 2018.

The mean score for transformational leadership style is presented in above Table 4.4 with the overall mean of (2.72) and standard deviation of overall transformational leadership (0.657). The results show that the employee does not work cooperatively for their performance in Darasalam bank Hargeisa, most of transformational leadership style which has an average performance less than 3.0. Thus, the department manager or leader does not enhances the moral, performance and does not motivate the employees with arithmetic mean of (2.66) and standard deviation of (0.982), even the manager or leader him/herself anticipate directions and instructions from other leaders or employees with arithmetic mean of (3.04) and standard deviation of (0.968), the manager of the department does not share awareness with employees

of entire organization with arithmetic mean of (2.54) and standard deviation of (0.973), the employees declared that the manager of the department is not proactive for taking risks and does not take active role in the growing of the organization with arithmetic mean of (2.70) and standard deviation of (1.147), the department managers does not creates cultures of trust and innovation within the organization which has arithmetic mean of (2.66) and standard deviation of (1.136).The interviewee said that there is communication between subordinates and supervisors, during interviewee session the researcher realize this communication could not fully help to know the exact feedback in order to enhance morale and motivation of employees as the interviewee mentioned there is process that developing to create a good conducive environment.

This result implies the current leaders of bank doesn't illustrated the characteristics of transformational leadership style, so It is difficult to make a typical generalization of the study because the mean scores generated from the data sets had mixed results.These researchers (Hoy &Miskel, 2008). Argued that Transformational leadership style in new ideas is known as one of the effectiveness leadership style that provide high-performance and active leadership has positive and high effect on employee performance and improvement of organization situation but the findings of this research is against the ideas, because the existing leadership of bank do not have characteristics of transformational leadership style and tend to be low performance.

4.2.5 Charismatic leadership style

Table 4.5 Descriptive Analysis for Charismatic Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager is able to convince the employee of the value that they bring to the organization	3.06	1.331
The department manager is extremely good listener and expected difference ideas.	3.12	1.335
The department manager behaves in a mature and responsible manner on all occasions.	3.06	1.316
The department manager inspires great loyalty from his/her followers	3.10	1.329
The department manager is truly confident in his/her employee and understands themselves.	3.04	1.277
Average mean score, average standard deviation	3.07	0.799

Source: primary data, 2018.

The mean score for charismatic leadership style is also shown in above Table 4.5 with the overall mean of (3.07) and standard deviation of overall charismatic leadership (0.799).

The results shows that with the employee are charming to execute tasks in Darasalam Bank Hargeisa, charismatic leadership style with average performance higher than 3.0. Thus, the manager has ability to convince employee with valuable things they bring to the organization with arithmetic mean of (3.06) and standard deviation of (1.331), the manager or leader is very active for listening and also expected difference ideas and opinions with arithmetic mean of (3.12) and standard deviation of (1.335), the manager of the department behaves mature and responsible on all occasions with arithmetic mean of (3.06) and standard deviation of (1.316), the department manager inspires great loyalty from his/her followers with arithmetic mean of (3.10) and standard deviation of (1.329), the manager feel more confident and understandable attitude from his followers with arithmetic mean of (3.04) and standard deviation of (1.277).

This implies that charismatic leadership characteristics are exists in the bank, so average mean scored is above 3.0, so Bass and Avolio argue that an intellectually stimulating leader does not have to be charismatic to encourage followers to consider old problems in new ways, and neither does inspirational or individually considerate leaders have to be charismatic. “Charismatic leaders do not necessarily consult with followers before using their personal power to direct and even coerce followers whose needs are being met by the followers’ emotional identification with their leaders” (Bass, 2000). Yukl (2010) also noted, Follower acknowledgment of charismatic qualities to a leader is equally determined by the leader’s behavior, expertise, and aspects of the situation.

According to Dixon and Hart researches involved with the Charismatic leadership theory and they identified a number of personal characteristics and behaviors that distinguish leaders who have the potential to ignite a fire of charisma within their subordinates. These personal characteristics include, for example, self-confidence, need for social influence, moral conviction, and concern for the moral exercise of power (Dixon & Hart, 2010).

charismatic behaviours include articulation of distal ideological goals, communication of high expectations and confidence in followers, emphasis on symbolic and expressive aspects of the task, articulation of a visionary mission that is discrepant from the status quo, references to the collective and collective identity (rather than to follower self-interest), and assumption of personal risks and sacrifices (e.g., Bass, 2005; Conger & Kanungo, 2007; House *et al.*, 2004; Shamir *et al.*, 2003). They argue that some leaders with charismatic qualities treat all their followers in much the same fashion, while others treat each of their

followers differently. For example, some of these leaders may express confidence in and high expectations for all their subordinates while others express confidence in and high expectations only for a select few of their followers.

4.2.6 Transactional leadership style

Table 4.6 Descriptive Analysis for Transactional Leadership Style

Items	Mean (N=50)	Std. Deviation
The department manager is expects employee to be complying, and ensures to rewards and punishments.	3.16	1.346
The department manager does not encourage employee to act creatively or think for themselves.	3.08	1.307
The department manager is ideal to carry out projects that need to be done in systematic and structured manner.	3.04	1.277
The department manager do not seek to transform things, they tend to be highly resistant to change.	3.06	1.284
The department manager is happy to work within the existing system and constraints.	2.74	1.411
Average mean score, average standard deviation	3.01	0.753

Source: primary data, 2018.

The mean score for transactional leadership style is also presented in above Table 4.6 with the overall mean of (3.01) and standard deviation of overall transactional leadership (0.753). The results shows that with the employee know how to perform task in Darasalam Bank Hargeisa, most of the transactional leadership style which has an average performance higher than 3.0. Thus, the department manager or leader is expect employee to be complying and ensures to rewards and punishments with arithmetic mean of (3.16) and standard deviation of (1.346), department manager encourages employee to think to act creativity or think for themselves with arithmetic mean of (3.08) and standard deviation of (1.307), the department manager ideally carries out projects that need to be done in systematic and structured manner with arithmetic mean of (3.04) and standard deviation of (1.277), some department managers seek to transform things, they tend to be highly resistant to change with arithmetic mean of (3.06) and standard deviation of (1.284), the manager does not happy to work within the existing system and constraints with arithmetic mean of (2.74) and standard deviation of (1.411).The interviewee told the employees that have good performance should be motivated, on the other the non performing employees should be changed to another branch based on his/her performance evaluation.

This implies that the current leaders does show transactional leadership qualities and characteristics in the bank, this data does not support the researchers of the scholars who are arguing the transactional leaders focus mainly on the physical and security needs of the subordinates, according to Bass and Avolio (2003) research they mentioned the relationship that evolves between the leader and the follower is based on bargaining exchange or reward systems. Generally, researchers have conceptualized transactional leadership as the bottom end on a continuum or hierarchy of social exchanges. Transactional leadership also draws heavily on task-oriented behaviours (Yukl, 2013; Northhouse, 2009).

4.2.7 Bureaucratic leadership style

Table 4.7 Descriptive Analysis for Bureaucratic Leadership Style

Items	Mean (N=50)	Std. Deviation
Employees are performing routine tasks over and over.	3.22	1.234
Employees need to understand certain standards or procedures.	3.12	1.223
Employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate.	3.18	1.304
Employees lose their interest in their jobs and in their fellow workers.	3.32	1.186
Employees do only what is expected of them and no more.	3.04	1.309
Average mean score, average standard deviation	3.17	0.712

Source: primary data, 2018.

The mean score for bureaucratic leadership style is also presented in above Table 4.7 with the overall mean of (3.17) and standard deviation of overall bureaucratic leadership (0.712). The results shows that with the system is effective for employee to perform their tasks Darasalam Bank Hargeisa, the bureaucratic leadership style which has an average performance higher than 3.0. Thus, the employee are performing routing tasks over and over which has an arithmetic mean of (3.22) and standard deviation of (1.234), the employees need to understand certain standards or procedures which has an arithmetic mean of (3.12) and standard deviation of (1.223), the employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate which has an arithmetic mean of (3.18) and standard deviation of (1.304), employees lose their interest in their jobs and in their fellow workers which has an arithmetic mean of (3.32) and standard deviation of

(1.186), employees always do only what is expected of them and no more which has an arithmetic mean of (3.04) and standard deviation of(1.309).The interviewee stated that the last prominent decision taken by the top leaders, though the employees do not have a role on the prominent decision making due to that reason workers do only what is expected by their leaders.

This implies the existence of bureaucratic leadership style in the bank while mean scored above the average mean of 3.0, so scholars proposed bureaucratic leaders are usually strongly committed to procedures and processes instead of people, and as a result they may appear aloof and highly change adverse. They disregarded the specific problem or problems associated with using policies to lead aren't always obvious until the damage is done.

Policies are simply inadequate to the task of motivating and developing commitment. The specific risk with bureaucratic leaders is the perception that policies come before people, and complaints to that effect are usually met with resistance or disinterest. Policies are not in themselves destructive, but thoughtlessly developed and blindly implemented policy can demotivate employees and frustrate desired outcomes.

The central problem here is similar to the one associated with autocratic leaders. Both styles fail to motivate and have little impact on people development. In fact, the detrimental impact could be significant and far outweigh any benefits realized by these leadership styles (Bass 2002;Adams 2009;Eisenbeiss *et al.*, 2008; &Germano, 2010).

4.3 Employee Performance

Table 4.8 Descriptive Analysis for Employee Performance

Items	Mean (N=50)	Std. Deviation
I always report at work in time	3.18	1.395
It is not necessary to come early	2.64	1.382
I am motivated to creativity	3.20	1.400
My colleagues encourage me to perform	3.00	1.385
There is team work in my department	2.88	1.335
My supervisor is a team player	2.86	1.325
I check my appraisal to meet my duties	3.16	1.346
My performance/appraisal is accessed daily by my Supervisor	2.90	1.359
My performance is limited by poor leadership of my supervisor	3.12	1.365
I am comfortable with my supervisor's leadership Styles	2.90	1.374
Average mean score, average standard deviation	2.98	0.592

Source: primary data, 2018.

The mean score for employee performance is presented in Table 4.8 with the overall mean of 2.98 and standard deviation of overall employee performance 0.592. The result shows that there is inefficiency utilization of resources of the employee performance in Darasalam Bank Hargeisa, the employee performance which has an average performance less than 3.0. Thus most employees always report at time which has an arithmetic mean of (3.18) and standard deviation of (1.395), employees do not necessary to come early which has an arithmetic mean of (2.64) and standard deviation of (1.382), employees motivate to their creativity which has an arithmetic mean of (3.20) and standard deviation of (1.400), our colleagues encourage me to perform tasks which has an arithmetic mean of (3.00) and standard deviation of (1.385), most employees believed there was no team work department which has an arithmetic mean of (2.88) and standard deviation of (1.335), employees believed their supervisors was not team player which has an arithmetic mean of (2.86) and standard deviation of (1.325), employees checked their appraisal to meet their duties which has an arithmetic mean of (3.16) and standard deviation of (1.346), employees believed that their performance was not accessed daily by their supervisors which has an arithmetic mean of (2.90) and standard

deviation of (1.359), most of employees believed that their performance was limited by poor leadership for their supervisors which has arithmetic mean of (3.12) and standard deviation of (1.365), employees don't comfortable with their supervisors leadership style which has arithmetic mean of (2.90) and standard deviation of (1.374). The interviewee certified to enhance the performance of employees there should be training needs assessment (TNA) which could upgrade the employee performance based on their skills, knowledge and attitude in order to fill the existing gap

Table 4.9 Descriptive Statistics of Leadership Styles and Employee Performance

Items	Mean (N=50)	Std. Deviation
Democratic Leadership Style	2.8040	.72110
Laissez-Faire Leadership Style	2.7280	.42332
Autocratic leadership Style	3.0560	.79390
Transformational Leadership Style	2.7200	.65776
Charismatic Leadership Style	3.0760	.79989
Transactional Leadership Style	3.0160	.75359
Bureaucratic Leadership Style	3.1760	.71216
Employee Performance	2.9840	.59294
Average Mean	2.94	

Source: primary data, 2018.

The above table also shows for ranking the leadership styles into their effectiveness to employee performance, Bureaucratic leadership styles is first with arithmetic mean of (3.17), followed by charismatic leadership style with mean of (3.07), autocratic leadership styles with mean of (3.05), transactional leadership style with mean of (3.01), democratic leadership with mean of (2.80), laissez faire leadership style with the mean of (2.73) and transformational leadership style become the least ranking of leadership styles with average mean (2.72), this indicates the least effectiveness style on performance of employee in Darasalam Bank Hargeisa

4.4. Person correlation and hypotheses test results

This section involves about verification of research hypotheses for the study, it is very important pointing out how the dependent variable is affected by the independent variables. Employees' performance was the dependent variable which was proposed as being affected by leadership styles. There may be critical elements arising from employee performance that

may be important to note, therefore the following are showing the relationship between leadership styles and employees' performance in Darasalam Bank Hargeisa. To verify the relationship, the researcher analyzed data by use of S.P.S.S and the following products were presented as observed below:

Table 4.10 Correlations of leadership styles and employees 'performance

Leadership Styles		Employees' performance
Democratic Leadership Style	Pearson Correlation	.410**
	Sig. (2-tailed)	.003
	N	50
Laissez-Faire Leadership Style	Pearson Correlation	-.104
	Sig. (2-tailed)	.473
	N	50
Autocratic leadership Style	Pearson Correlation	.514**
	Sig. (2-tailed)	.000
	N	50
Transformational Leadership Style	Pearson Correlation	.292*
	Sig. (2-tailed)	.040
	N	50
Charismatic Leadership Style	Pearson Correlation	.459**
	Sig. (2-tailed)	.001
	N	50
Transactional Leadership Style	Pearson Correlation	.603**

	Sig. (2-tailed)	.000
	N	50
Bureaucratic Leadership Style	Pearson Correlation	.455**
	Sig. (2-tailed)	.001
	N	50
Employee Performance	Pearson Correlation	1
	N	50
** Correlation is significant at the 0.01 level (2-tailed).		
*. Correlation is significant at the 0.05 level (2-tailed).		

Source: Primary data, 2018.

Table 4.10 indicates the correlation between the independent variables (leadership styles) and dependent variable (employees' performance) so when democratic leadership was correlated with employee performance the significance value produced was 0.003. The significance value of 0.003 was lesser than 0.01, however democratic leadership style has a positive relationship with employee performance. The above data implies that the aspects of democratic leadership are important for employee performance. This data also implies that employees believe that they would want to experience aspects of improved necessity of participation in decision makings, improved employee for sharing ideas and opinions, enhanced the creativity and rewards system, dialogue between them and their supervisors, involvement in appraisals and consultations in decision making. As the r value reported is positive and $p < 0.01$, we can state that we have a positive correlation between our two variables.

On the other hand when laissez faire leadership was correlated with employee performance the significance value produced was 0.473. The significance value of 0.473 was higher than 0.05, this result certified that the laissez faire leadership style has a weak positive relationship

with employee performance. The above data entails that the aspects of laissez faire leadership are not more important for employee performance. This data also implies that managers believe that employees' works without provision of enough resources to accomplish their jobs, no guidance provisions, not solved problems faced during the work performing, and no involvement in appraisals and consultations in decision making.

Also the above table 4.10 indicates when autocratic leadership was correlated with employee performance the significance value produced was 0.000. The significance value of 0.000 was lesser than 0.01, this describes that the autocratic leadership style has positive relationship with employee performance. The above data implies that the aspects of autocratic leadership are important for employee performance. This data also implies that there is regular inspection to performances. In addition to that the above table indicates that when Transformational leadership was correlated with employee performance the weak significance value produced was 0.040. The weak significance value of 0.040 was lesser than 0.05, this described there a weak relationship between transformational leadership and employees' performance.

Nevertheless the above table indicates when charismatic leadership was correlated with employee performance the value produced was 0.001. The significance value of 0.001 was less than 0.01, so that charismatic leadership style has a strong positive relationship with employee performance. The above data implies that the aspects of charismatic leadership are very important for employee performance. This data also implies that managers can fulfill the aspects of charismatic leadership due to their experience. More over when transactional leadership was correlated with employee performance the value produced was strong significance 0.000. The strong significance value of 0.000 was less than 0.01; transactional leadership style has a strong positive relationship with employee performance. The above data implies that the aspects of transactional leadership are very important for employee performance. This data also implies that managers expected to provide employee rewards and charged punishments in wrong doings, improving creativity and open thinking. Even though when bureaucratic leadership was correlated with employee performance the value produced was strong significance 0.001. The strong significance value of 0.001 was lesser than 0.01, so bureaucratic leadership style has a strong positive relationship with employee performance.

4.5. Econometric model results: Multiple linear regression

This study used multiple linear regression model to identify the key variables that determine the leadership styles in studied Darasalam Bank in Hargeisa City. Considering with literature and researcher's knowledge in studied area 7 variables were predetermined; those proposed to have significant effect on employee performance. Whereas variables were put into SPSS to facilitate smooth analysis of the model and get precise results from the statistical packages. Before computing results of the model, diagnoses checks are needed by using multicollinearity exist.

4.5.1: Diagnosis of the Econometric Model

To check co-linearity among explanatory variables (Multicollinearity) Variance Inflation Factor (VIF) were used. Each explanatory variable were treated as dependent variable at once and test with other explanatory variable to identify the co-linearity among them and put into the model using SPSS.

Table 4. 11 Multicollinearity test

Model	Multicollinearity Statistics	
	Tolerance	VIF
Democratic Leadership Style	.838	1.193
Laissez-Faire Leadership Style	.735	1.360
Autocratic leadership Style	.682	1.467
Transformational Leadership Style	.714	1.401
Charismatic Leadership Style	.712	1.404
Transactional Leadership Style	.607	1.646
Bureaucratic Leadership Style	.740	1.351

a. Dependent Variable: Employee Performance
Source: primary data, 2018.

Rule of thumb suggests that, if we have a VIF above 3 that means we probably have a problem of Multicollinearity issues, but if VIF exceeds 5, it is very likely to have Multicollinearity and if it is above 10 we definitely have serious problem of Multicollinearity. Nevertheless, as shows the above table there is no Multicollinearity among explanatory variables of the study.

Nevertheless, to test the co-linearity among categorical variables the researcher used Pearson correlation tests in order to know whether the independent variables have relationship or not.

As underlined the below table there is no serious correlation among variables. Considerably, correlation among variables range from 0 – 1, where 0 indicates there is no correlation between variables whereas 1 indicates absolute correlation among variables. So there is no absolute correlation among independent variables in the study using Pearson correlation.

Table 4.12 Multicollinearity tests of categorical variables

Variables	DLS	LFLS	ALS	TFLS	CLS	TRLS	BLS
Democratic	1.00	0.038	0.243	0.157	0.315	0.309	0.127
Laissez faire	0.38	1.00	-0.168	-0.437	0.149	-0.134	0.29
Autocratic	0.243	-0.168	1.00	0.249	0.239	0.449	0.378
Transformational	0.157	-0.437	0.249	1.00	0.120	0.212	-0.104
Charismatic	0.315	0.149	0.239	0.120	1.00	0.420	0.028
Transactional	0.309	-0.134	0.449	0.212	0.420	1.00	0.349
Bureaucratic	0.127	0.029	0.378	-0.104	0.028	0.349	1.00

Source: primary data, 2018.

Finally to check heteroskedasticity that describes a situation in which the error term is not the same across all values of independent variables. In addition, the standard errors are biased when heteroskedasticity is present. This in turn leads to bias in test statistics and confidence intervals. Considerably to check the existence of heteroskedasticity problem Breusch-Pagan and Koenker test were used.

Heteroskedasticity test-Breusch-Pagan and Koenker test statistics and sign-values.

Table 4. 13 Heteroskedasticity test

Breusch-Pagan and Koenker test statistics and sig-values		
	LM	Sig
Breusch-Pagan	5.389	0.145
Koenker	5.434	0.143

Source: primary data, 2018.

Since the p-value of Breusch- Pagan and Koenker is greater than 0.05, then heteroscedasticity is not present.

4.6.1 Multiple Regression Analysis

Once it's confirmed that there is a relationship among the leadership styles and employee performance, it is very important to determine the extent of the effectiveness, hence to answer the extent, the researcher conducted regression analysis. This study used multivariable linear regression analysis to determine the influence of each type of leadership style controlling for the other on employee performance. According to Karl Pearson, Pearson's coefficient of correlation is also known as the product moment correlation coefficient, the correlation value between two variables implies that a boost or diminish in one variable will invariably lead to an increase or decrease in your second variable.

Table 4. 14 Anova

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.160	7	1.451	8.626	.000 ^b
Residual	7.067	42	.168		
Total	17.227	49			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), BLS, CLS, LFLS, DLS, TFLS, ALS, TRLS

Source: Primary data, 2018.

Table 4.14 indicates the result of multiple regression analysis shows that the value of F statistics 8.626 (P=0.000) and 49 degree of freedom statistically significant at 95% confidence which means the model is statistically significant.

Table 4. 15 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.768 ^a	.600	.521	.41020

a. Predictors: (Constant), BLS, CLS, LFLS, DLS, TFLS, ALS, TRLS
Source: primary data, 2018.

Table 4.15 presents a summary of the model in which the item of interest is R square, which is .600. This justified that the independent variables of leadership styles has 60% prediction efficacy on employee performance and the remaining 40% was due to unexplained variability.

Table 4. 16 Regression analysis of employee performance and leadership styles

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.015	.677		.022	.982	-1.351	1.381
Democratic Leadership Style	.129	.089	.157	1.454	.153	-.050	.308
Laissez-Faire Leadership Style	-.035	.161	-.025	-.215	.830	-.361	.291
Autocratic leadership Style	.110	.089	.147	1.230	.226	-.070	.290
Transformational Leadership Style	.155	.105	.172	1.467	.150	-.058	.367
Charismatic Leadership Style	.185	.087	.250	2.132	.039	.010	.360
Transactional Leadership Style	.185	.100	.235	1.856	.070	-.016	.387
Bureaucratic Leadership Style	.257	.096	.309	2.691	.010	.064	.450

a. Dependent Variable: Employee Performance

Source: Primary data, 2018.

Table 4.16 presents coefficient of regression in between leadership styles and employee performance. It shows that the regression result at a confidence interval level of 95% with standardized data coefficients. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant). As these are standardized we can compare them. the most effective variable among leadership styles is bureaucratic having standard coefficient of (Beta 0. 309) followed by charismatic (Beta

0.250), the least effective among seven leadership styles is laissez-faire leadership (Beta - .025), since the significant level of bureaucratic leadership followed by charismatic leadership is less than 0.05, it can be concluded that they have significant role for the employee performance, working in this dimensions of both leadership style can cause inefficiency and low employee performance.

Therefore, all the hypotheses are analyzed:

Hypothesis 1 (H1): There is effect and positive correlation ($p < 0.05$) between democratic leadership style and employee performance as perceived by managers and employees reports.

Result: $P = 0.153$ and B is a positive, hypothesis 1 is rejected and null hypothesis is accepted, thus democratic leadership has no effect on the performance of employees.

Hypothesis 2 (H2): There is effect and positive correlation ($p < 0.05$) between laissez faire leadership style and employee performance as supposed by supervisors and employee reports.

Result: $P = 0.830$ and B is negative, hypothesis 2 is rejected and null hypothesis is accepted, thus laissez leadership does not have significant effect on the performance of employees.

Hypothesis 3 (H3): There is effect and positive correlation ($p < 0.05$) between Autocratic leadership style and employee performance as supposed by leaders, peers and workers reports.

Result: $P = 0.226$ and B is positive, hypothesis 3 is rejected and null hypothesis is accepted, thus autocratic leadership style does not have significant effect role in the performance of employees.

Hypothesis 4 (H4): There is effect and positive correlation ($p < 0.05$) between transformational leadership style and employee performance as perceived by leaders and workers reports.

Result: $P = 0.150$ and B is positive, hypothesis 4 is rejected and null hypothesis is accepted, thus transformational leadership style has no significant effect on employee performance.

Hypothesis 5 (H5): There is effect and positive correlation ($p < 0.05$) between charismatic leadership style and employee performance as perceived by leaders and workers reports.

Result: $P = 0.039$ and B is positive, hypothesis 5 is accepted and null hypothesis is rejected, thus charismatic leadership style has significant effect on employee performance.

Hypothesis 6 (H6): There is effect and positive correlation ($p < 0.05$) between transactional leadership style and employee performance as perceived by leaders and workers reports.

Result: $P = 0.070$ and B is positive, hypothesis 6 is rejected and null hypothesis is accepted, thus transactional leadership style has no significant effect on the performance of employees.

Hypothesis 7 (H7): There is effect and positive correlation ($p < 0.05$) between bureaucratic leadership style and employee performance as perceived by leaders and workers reports.

Result: $P = 0.010$ and B is positive, hypothesis 7 is accepted and null hypothesis is rejected, thus bureaucratic leadership style has significant effect on employee performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

The major objective of the study was to examine the effect of leadership style on employees' level of performance in the context of Darasalam Bank. To achieve the objectives of the study, relevant literatures were reviewed and primary data were collected through survey method in the form of the questionnaire filled by employees of the Darasalam Bank. The processing of data for analysis was mainly facilitated using statistical package for social studies (SPSS 20). The processed data were then analyzed and interpreted (discussed) in the previous chapter. In this chapter, summaries of the major findings, conclusions drawn, and recommendations forwarded for the current leaders of Darasalam Bank in Hargeisa City Somaliland are presented hereunder.

5.1 Summary of Major Findings

This research work was designed to study the effect of leadership style on employee's performance in an organization. For any organization to achieve its set objectives and goals there must be a high relationship between the leaders and employees. However, for productivity to be reality in an organization there should be high employee's performance which solely depends on leadership style. Finally, the research came up with the following major findings.

In the analysis it was found that there is a positive relationship between Democratic leadership styles and employees' performance ($r = 0.410$). The relationship is statistically significant at 0.05.

The findings indicating a weak level of employees' performance because the department manager does not allow their workers to enhance their capacity through sharing of opinions and ideas, since managers use different styles of leadership which have a great impact on employee performance due to the leader's authority. During interviewee session the method of decision making on employees is taken by top leaders so workers have less participation in decision making process. Therefore the leaders' poor communication with employee does not enhance employee performance. The finding revealed that leaders do not make a significant communication with their working staff that's why employees do not perform well.

The study finding indicated that most employees are not doing excellence performance due to limited approach of leadership conducted by their supervisors, therefore workers showed

during questionnaire they are not fully satisfied with system of leadership existing in Darasalam Bank in Hargeisa City. The study finding indicated that top managers do not give attention to the employees who are willing to participate in decision making while the employees perceived that their leaders sought their opinions and ideas but the leaders take their own decision.

The findings pointing out that the aspects of laissez faire leadership are not more important for employee performance and the current leaders or managers believe that employees' work without provision of enough resources to accomplish their jobs, this demonstrate the employees don't get a full guidance from their leaders, then they perform their own decision any time they meet all sorts of problem. So employees have a full freedom to take their own decision. Therefore leaders fail to take decision in critical conditions of Bank. The findings discovered that if employees are guided on how to perform the delegated duties, they become efficient and effective in performing what has been given to them.

The findings discovered that there is positive significant correlation between leadership styles and employee performance. According to the democratic, autocratic, transformational, charismatic, transactional, and bureaucratic have positive significant effect on employee performance but laissez-faire leader style shows insignificant relationship with employee performance.

5.2 Conclusions

Based on the findings of the study the following conclusions were drawn: The results indicated that the effect of the independent variables (Democratic, Laissez-Faire, Autocratic, Transformational, Charismatic, Transactional, And Bureaucratic) on dependent variable (Employees' Performance) of the Darasalam Bank was found to be weak. These would have significant influence on achievement of organizational goals and objectives in Darasalam Bank. However, decision-making of leaders in Darasalam Bank was not on right tracks to consider employee ideas and taught the styles that the organizational leadership could actively do.

Darasalam Bank practices and involve different sort of leadership style including bureaucratic, charismatic and autocratic leadership style. Therefore if Darasalam Bank all the types of leadership styles it has an effect on the performance of Bank, so these approach will hinder the improvement of the Bank towards achieving its goal.

The most principle method of leadership practiced by the managers and supervisors is bureaucratic leadership style because employee carry out routine tasks over and over, also employees take their time with their fellow workers, moreover employee perform what their leaders expect to fulfil during working period, also bureaucratic leadership is one of the highest mean score regarding to other leadership styles.

On the contrary, Darasalam Bank also conducts little bit of ideal of transformational leadership style which encourage performance of employee in their moral, awareness and make them real proactive staff ,therefore since Darasalam Bank have less involvement of this leadership ,it will cause a challenge that hinder the Banks competitive environment which intend inefficient to achieve their goals.

Nevertheless using bureaucratic leadership style, this has a great effect on the Darasalam Bank it brings about demotivation on the employee performance caused by its rigidity and restrictions, with in this method the employee feel at risk of incompleteness of their duties during their work place. Therefore the employees always obey and follow their leaders' rules which has an impact on their performance. In net shell this will decrease the innovation and creativity of workers due to this method of leadership style, at the end it will spark off a turnover which affect the goals and stability of workers in Darasalam Bank.

5.3 Recommendations

Based on the above conclusions, the following recommendations were forwarded to be the remedy of the effect by concerned bodies to alleviate and to improve the leaders' or department managers' leadership styles which are associated with employee performance in Darasalam Bank in Hargeisa City Somaliland.

- ✚ The employees should have touchable influence on decision making process of Darasalam Bank, so as the Company ensure the right track to achieve its goals.
- ✚ The leaders should guide the employee the way to get their desired result and come up with the role of contribution to entire goals and achieving the objective of DB.
- ✚ Planners of Bank should perform a method of having a good communication, vision, trust, impression management and delegation of authority.
- ✚ Leaders would immediate reduce the practice of bureaucratic and autocratic leadership style,hence would advocate for better leadership styles that suite different situations like formulation of corporate strategy, setting objectives and planning

strategic goals, change and innovation of systems so as to reduce dominance of bureaucratic and autocratic leadership unless in situations where it is necessary.

- ✚ Researcher recommend to improve and upgrade organizational commitment, managers and supervisors should use and practice the style of transformational leadership style which assure the organizations effort and psychological attachment of employees to the Darasalam Bank. In addition to that researcher recommend encouraging the implementation of participative leadership (democratic) that offers guidance to employee and allow their input to bank.

Also the researcher advised to eliminate the bureaucratic and authoritarian (autocratic) leadership style to create sharing environment for the organization.

5.3.1 Limitations of the study and implications to further research

- ❖ In future research, it would be interesting to assess causal relationships and consider alternative modes of enquires such as employing the longitudinal design (e.g. observations) to determine if the findings tested are likely to be sustained. Further research should also involve a nationwide survey covering samples from the whole population of the Darasalam Bank in Somaliland.
- ❖ Future studies can benefit by including leadership styles and other variables such as loyalty or self-efficacy beliefs in determining employee commitment. Comparisons can also be made between the Darasalam Bank with other Private bank industries in Somaliland.
- ❖ Furthermore, researchers might further examine the particular circumstances under which leadership behaviors might influence continuance commitment. Meyer *et al.* (2004) suggest that this relationship could vary based on employees' perceptions of their ability to find another job with similar characteristics. Emphasis in this area could improve leaders' ability to have a positive influence on employees who stay with the organization because they feel they have no other choice.

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Appendices
ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Appendix 1 Data Collection Techniques
Questionnaire

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF DARASALAM BANK

Dear respondent,

I am a prospective graduate at St.Mary's University in the MBA program. Currently; I am undertaking a research entitled '*Effects of Leadership Styles on Employees performance in Darasalam Bank*'. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the leadership styles affecting the employee performance in Darasalam Bank. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. Thank you in advance for your kind cooperation and dedicating your time.

Sincerely,

Mohmoud Ismail

Mobile: +251-983076480

Email:kaabash.100@gmail.com

Instructions

- No need of writing your name
- For Likert scale type statements and multiple choice questions indicate your answers with a check mark (√) in the appropriate block. Rating of the blocks are strongly agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1).
- If you need further explanation, you can contact me through the above address.
- **Section B: Leadership style**

Please indicate how or the way that your supervisor/manager/leader engages in the described behaviors listed below and select to what extent do you agree or disagree by marking the mark tick (√) the answer you choose. Please indicate how or the way that your supervisor/manager/leader engages in the described behaviors listed below and select to what extent do you agree or disagree by marking the mark tick (√) the answer you choose.

No		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Democratic Leadership Style					
1	The department manager participates concerned ones to retain the final say over decisions.					
2	The department manager encourages the employees to share ideas and opinions					
3	The employees feel more engagement with in the process					
4	The department manager encouraged the creativity of staff and rewarded					
5	The department manager encourages employees to grow on the job and be promoted					
	Laissez-Faire Leadership Style					
6	The department manager allows followers to have absolute freedom to make decisions concerning the completion of their work					
7	The department manager provides the followers with the materials they need to accomplish their goals and answers the follower's questions					
8	I get very little guidance from the department manager.					
9	Department staffs solve problems on their own, without much involvement of the leader.					
10	Employees have pride in their work and the drive to do it successfully on their own.					
	Autocratic leadership Style					
11	The department manager is often over bearing in his regular inspection of my work					
12	The department manager doesn't accommodate any kind of excuses for interfering with my duties					
13	The department manager believes that I will work best in a situation where I am given clear and direct instruction on my job					
14	The department manager does not readily accept new ideas					
15	The department manager does not explain his actions					

No	Transformational Leadership Style	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
16	The department manager enhances the morale, performance, and motivation of employees					
17	The department manager typically don't need much direction from others					
18	The department manager shares and understands the collective awareness of the entire organization					
19	The department manager is proactive in his/her approach. Takes risks, and take an active role in growing the organization.					
20	The department manager creates a culture of trust and innovation within the organization					
	Charismatic Leadership Style					
21	The department manager is able to convince the employee of the value that they bring to the organization					
22	The department manager is extremely good listener and expected difference ideas.					
23	The department manager behaves in a mature and responsible manner on all occasions.					
24	The department manager inspires great loyalty from his/her followers					
25	The department manager is truly confident in his/her employee and understands themselves.					
	Transactional Leadership Style					
26	The department manager is expects employee to be complying, and ensures to rewards and punishments.					
27	The department manager does not encourage employee to act creatively or think for themselves.					
28	The department manager is ideal to carry out projects that need to be done in systematic and structured manner.					
29	The department manager do not seek to transform things, they tend to be highly resistant to change.					
30	The department manager is happy to work within the existing system and constraints.					
	Bureaucratic Leadership Style					
31	Employees are performing routine tasks over and over.					
32	Employees need to understand certain standards or procedures.					
33	Employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate.					

34	Employees lose their interest in their jobs and in their fellow workers.					
35	Employees do only what is expected of them and no more.					

Section C: Employee Performance

Please indicate to what extents do you agree or disagree of the following statements by putting the mark (√) the answer you choose.

No	Employees Performance	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I always report at work in time					
2	It is not necessary to come early					
3	I am motivated to creativity					
4	My colleagues encourage me to perform					
5	There is team work in my department					
6	My supervisor is a team player					
7	I check my appraisal to meet my duties					
8	My performance/appraisal is accessed daily by my Supervisor					
9	My performance is limited by poor leadership of my supervisor					
10	I am comfortable with my supervisor's leadership Styles					

Key Informant Interview

1. How far and in what form you involve the employees in the decision making process of your Bank?
2. What do you do when your subordinates could reject your ideas or come up with opposing views from your own?
3. What do you do to foster the employees' performance?
4. What kind of corrective measure do you take on the non performing employees?
5. How do you approach to your employees and what kinds of feedback do get them?
6. What are the contributions of your team in final destination? Does your team member show commitment in achieving the goal of the company?
7. Who is the prominent decision maker in your company? Why?