ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

CONSEQUENCES OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE'S JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT IN DASHEN BANK S.C

BY: YELEUL GIRMA

A A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES ST. MARY'S UNIVERSITY AS A PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT

JANUARY, 2019

ADDIS ABABA ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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Internal Examiner   Signature

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Chalachew Getahun (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

YELEUL GIRMA   _____

    Name   Signature

St. Mary`s University college, Addis Ababa   January, 2019

ENDORSEMENT

This thesis has been submitted to St. Mary`s University, school of Graduate studies for examination with my approval as a university adviser.

 Chalachew Getahun (PhD)   _____

     Adviser   Signature

St. Mary`s University college, Addis Ababa   January, 2018

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ABBREVATIONS & ACRONYMS

DB   Dashen Bank S.C

SPSS Statistical Package for Social Science

HR   Human Resource

OC   Organizational Commitment

MLQ Multi Factor Leadership Questioner

OCQ Organizational Commitment Questioner

JSS   Job Satisfaction Questioner

IV   Independent Variables

DV   Dependent Variables

ABSTRACT

Human resource is one of the major components for organization success. Experienced working people that manipulate information rather than perform manual labour constitute a large and increasingly crucial part of the workforce (drucker, 1996; Mohrman, Cohen & Mohrman 1995). It is essential for companies to invest on their employee's organizational commitment to remain competitive and to attain their organizational purpose. One way to improve their promise is by building good manager subordinate relationship. The purpose of this study was to study the consequences of transformational leadership on employees' job satisfaction and organizational commitment in Dashen Bank S.C. the study used quantitative research approach and it used non-experimental or quantitative design to collect primary and secondary sources of data. In this study 276 survey were circulated out of which 219 of them were returned back were exhibiting 79% response rate. The study used Likert scale written questions, containing of 36 bulletins, split into three parts was designed. We used Multifactor leadership questioner (MLQ), organizational commitment questioner (OCQ) and Job Satisfaction instrument used by Spector to determine the significance and effect of transformational leadership on employees'' job satisfaction and organizational commitment. Descriptive and Inferential statistics were used to analyze the data. Descriptive statistics used to describe the basic features of the data such as then number of occurrences in repeating, percentages, mean and standard deviations. Inferential statistics used to analyze the data to deduce the properties of an underlying probability.

The study showed that transformational leadership styles has positive and significant effects on job satisfaction and organizational commitment of Dashen Bank S.C employees.

Key words: transformational leadership, job satisfaction, organizational commitment

CHAPTER ONE

INTRODUCTION

In this chapter we discuss about the background of the study, problem statement, formulate inquiry based on the hypothesis and objective, scope of the project, limitation of the research, significance of the research and composition of the report.

1.   Background of the study

Several organizations' favorable outcomes largely depend on the manpower it works. Staff member are the major and special resource companies utilize in accomplishment of their objectives and desired results. Present day organization tremendously changes their working environment to keep the right number of capable employees to capture competitive edge. In order to obtain and keep eligible employee, organizations should take place Human resource management implementation that is competent enough to succeed the heart and mind of workers over competitors. Human resources Management implementation in place are the major purpose of even if employees feel sure of the truth that they are reasonably treated, because they exert a major influence on work attitudes <Armstrong, 2009>. To keep the business flow of a company in a better way sometimes it is difficult manage employees physically, psychologically, culturally and ethnically. Leadership is a way fasten together human beings to work with each other. Most organizations invest highly to understand, development and improvement of their leadership.

Transformational leadership is a modern approach towards leadership. Lengnick-Hall, 2009 explained transformational leadership as a technique of altering and transforming employees. The first individual who gave the idea of transformational leadership was Burns in 1978. He claimed that transformational leadership is observed when leaders encouraged followers to increase up the level of their morals, motivations, beliefs, mental representation, and alliance with the objectives of the organization. Leadership should be extended from old inflexible authoritarian mode to friendly and modern-day style if leaders can bring forth a positive impact on a single human being, a number of people and organization. Contemporary leaders absolutely follow a mental process that help workers, supply them a vision, prepare outlook, support them to believe create new things, belonging to a single person thought process and diversified way of conversation. Most of these components are the primary characteristic of transformational leadership mode directing to gain up company good quality and expanding level of occupation gratification and organizational commitment in personnel. Work gratification is the stage to

which an individual is amused or satisfied with their occupation. Organizational loyalty can be associate with manpower commitment and fidelity in the direction of organization and his purpose to be the main part of the company. Organizational commitment has important because dedicated persons have fewer plan to cease the work, little rarely away and extremely motivated to carry through at modern level.

Dashen Bank S.C is a privately-owned organization opened in 1995 as in agreement with the "Legal document and Supervision of Banking Industry" Declaration No. 84/1994, now temporary prevent from continuing by Proclamation No. 592/2008, "A Proclamation to Provide for Banking Business" to undertake commercial banking activities. The Bank received its permit from the National Bank of Ethiopia on 20th September1995 and opened usual commerce business on the 1stJanuary 1996. In the beginning the team members were eleven business man and well qualified people that united to merge their business enterprise resources and knowledge (DB in 2014). Main head office is located in Addis Ababa close to Gotera on Deberziet road. Dashen Bank is one of the biggest private Banks in Ethiopia. It run close to a network of two hundred thirty-five branches offices, ten committed For-ex offices, two hundred Automatic Tellers Machines and nine hundred fifty-seven plus point of sale checkout dispersed crosswise to the nation. It has started correspondent banking kinship with four hundred sixty-two banks addressing seventy countries and one hundred seventy cities crosswise the world.

Thus, the purpose of this study was to study consequences of transformational leadership on employee's job satisfaction and organizational commitment in Dashen Bank S.C.

2.   Statement of the problem

Currently, companies need to think and act globally aligning their strategy with the rapidly changing environment and the stiff competition on the most valuable resource. Competitor may easily imitate other resources except the human resources which is unique and source of sustainable competitive advantage. For the organization, job satisfaction of its workers means a workforce that is motivated and committed to high quality performance and this will have an effect on increased productivity Akinyi, (2013).

According to Tyler, Brockner, Scheneider (1992), leaders plays an important function in sharing or exchanging information and implementing of firm plans and strategy, inspire and motivate their workforce, and in creation of successor in the future. From the last few years it has been witnessed that transformational leadership is very important aspects of leadership which is highly associated with individual as well as organizational performance. Effectiveness of leadership measures the ability of leaders to provoke the followers towards the collective goals.

Now a days banking industry is one of the major players in financial industries and the growth of banking commercial enterprise and emanate new beginners joining the banking industries brought difficulties to retain well-qualified and knowledgeable employees is the significant issue that banks are getting at this time. According to Asian Journal of Research in Business Management report (2016), the private bank are facing voluntary employee leave workplace as a major problem it affects the quality of human capital in banks. The loss workforce leads loss of skill full man power which can move significant economic effect on the banking industries.

The relationship of transformational leadership and employees' organizational commitment has been studied in many settings. However, few of these studies conducted in government institutions. To mention some of these, the study conducted in Development Bank of Ethiopia by Bekele (2016), revealed that there is a positive and significant relationship between transformational leadership style and organizational commitment (affective commitment and continuance commitment). In addition (Abera, 2017), Supervision which is one of the indicators the researcher used to measure the effects of reward practices towards employees motivation is least motivational factors in Dashen Bank S.C. Thus, this study examines the consequence of transformational leadership on employees' job satisfaction and organizational commitment in private financial institution and aims to fill this contextual gap in the case of Dashen Bank S.C.

This study tried to investigate the possible relationship exists between transformational leadership and employees' job satisfaction and organizational commitment. Positive impact of transformational leadership enhance the employees' satisfaction, motivation and dedication which can be a core competency for the organization.

3.   Research question

To succeed the purpose of the report, the next research inquiry is upraised;

1. Is a transformational leadership style significantly affecting employees' job satisfaction in Dashen Bank?
2. Is a transformational leadership style significantly affecting organizational commitment in Dashen Bank?

Research Hypotheses

Hypotheses are logical thinking just about the results to be roughly calculated or judge the value. The hypotheses are caring with the correlation between the relationship between transformational leadership on employee's job satisfaction and organizational commitment and from the research question the leading hypotheses is developed:

H01: Transformational leadership positively and significantly affects worker job satisfaction in Dashen Bank S.C.

H02: Transformational leadership positively significantly affects worker organizational commitment in Dashen Bank S.C.

4. General Objective

The general objective of this study was designed to study the consequences of transformational leadership on employees' job satisfaction and organizational commitment.

5. Specific objective of the study

This work was studied with the aim of: -

- To assess the overall condition of transformational leadership and organizational commitment in Dashen Bank S.C.
- To assess the consequences of transformational leadership style on employees' job satisfaction in Dashen Bank SC.
- To assess the consequences of transformational leadership style on employees' organizational commitment in Dashen Bank S.C.

6. Significance of the study

The finds of this study are to show the following important points.

1. To be evidence for the importance of investing in leadership development in financial institutions in Ethiopia as it indicates ways enhance employee's organizational commitment and job satisfaction.

2. To help Dashen Bank S.C management to understand the significance of transformational leadership on Employees job satisfaction and organizational commitment in order to maximize the human resource performance.

3. Helps for other researcher to use it for future references.

7. Scope of the study

This study examine the consequence of leadership styles on employees' job satisfaction and organizational commitment only limited to employees Dashen Bank S.C. located in Addis Ababa city. It focuses on all of the employees implementing the projects outlined by the office. This research includes professional employees that serve a minimum of 1 year in the bank and those employees that are beyond Trainee junior level. The study investigates the impacts of aspects of leadership styles on employees' job satisfaction using Bass and Avolio full range of leadership model. This study examines dimensions of transformational leadership styles as independent variables to measure its effect on dependent variables which are dimensions of job satisfaction and Organizational commitments.

1.1. Definition of Terms

➢ **Leadership style: -** is a complex social process, rooted in aspects of values, skills, knowledge as well as ways of thinking of both leaders and followers. Thus, it is all about the continuous process of establishing and maintaining a connection between who aspire to lead and those who are willing to follow (Hersey & Blanchard, 1984).

➢ **Transformational Leadership: -** is a process in which leaders and followers help each other to advance to a higher level of moral and motivation. (James Burns, 1978)

➢ **Job satisfaction: -** job satisfaction is a mix of mental, physiological and ecological circumstances that bring about a man to say, "I am satisfied by my job"(Suresh, 2001).

➢ **Organizational commitment:-** is a feeling of employees which force them to be the part of their organization and recognize the goals, values, norms and ethical standards of an organization. (Henkin and Marchiori, 2003)

8. Organization of the study

This report organized to five chapters. Chapter one organizes introduction, background of the study, problem statement, general and specific objectives, research question, hypothesis, scope of the study,

limitation and definition of terms. Chapter two is incorporated literature reviews in order to add value about the human resource transformation leadership and employee commitment and job satisfaction. Chapter three focus on the research design and methodology are adopted. Finding and analysis are presented in chapter four. Last but not least, chapter five summarizes brief statement for the main findings, provide conclusion and gives recommendations in the problems identified.

CHAPTER TWO

LITERATURE REVIEW

In this chapter assesses conceptual, and empirical literature about the consequence of transformational leadership on employees' job satisfaction, organizational commitment. At the end of the chapter the conceptual framework that shows the relationship between the variables of the study is presented.

9.   2.1. Theoretical Review

2.1.1. The Concept of Leadership

The "Great Man" theory of leadership states that historically, a civilization's leader has an effect on the organization's success (Shaukat et al., 2012). Leadership is one of the most extensively discussed topics of research around the world (Kuchler, 2008); and all groups and teams need a leader (Jones, George, & Hill, 2002). A lot of definitions have been presented in the field of leadership and leadership styles (De Simone, 2006). Traditionally, leadership has been defined in recent years as individual skills that are applied directly to the organizations (Nivala & Hujala, 2002). Cole (2002) has defined leadership as a dynamic process by which, during a specific period of time, and in a specific organizational field, one individual affects the group in order to achieve the overall objective. Locke and Crawford (2004) argue that leadership plays a crucial role in a company's ultimate success or failure. Laue (2004) knows that leadership starts with an individual that has a vision and then takes the required actions in order to achieve the goal. This leader also must treat others as their equals while pursuing these changes. Gill (2006) sees leadership to help stimulate, motivate, and encourage the followers so that the company may achieve satisfactory results for the organization. De Simone (2006) has defined leadership as using a non-coercive influence to direct and coordinate a group's activities towards a certain objective. Jong and Hartog (2007) have defined leadership as the process of influencing people in order to achieve desirable results.

Thus, for an organization to remain successful, having the right leader is crucial. The best employers know how they can participate with their employees in order to achieve the organization's objectives (Cho & Tseng, 2009). There are a lot of different leadership styles (Mosadeghard, 2003); among which are the autocratic, administrative, free economy, charismatic, democratic, cooperative, situational, functional, transformational, transactional, and relationship-oriented styles. According to the literature, the most important leadership styles that had a positive and significant effect on job satisfaction were transformational leadership, transactional leadership and relationship-oriented leadership, respectively.

Almost in all studies, transformational, transactional and relationship-oriented leadership styles had significant positive effects job satisfaction and no study was found in which the mentioned styles have no effect on job satisfaction. On the other hand, based on empirical studies transformational leaders are more comprehensive, more effective and more successful in comparison with transactional leaders

(Nivala & Hujala, 2002; Awamleh et al, 2008; Bushra, 2011; Cetin, et al, 2012; Belias, 2013). Accordingly, a manager can choose one of these different leadership styles for different situations. It simply depends on the culture of the organization and the maturity of the employees. Today, employees are highly educated and jobs are mostly specialized; therefore, the employees have more power than they have ever had before (see Bass, 1997; Shahmohammadi, 2015 Fransis et al., Saleem, 2006). This power makes it even more important that the right leadership style, such as transformational, transactional or relationship-oriented are investigated properly.

The first person who presented the idea of transformational leadership was Burns (1978). He declared that transformational leadership is viewed when leaders gave support followers to lift up the level of their ethics, inspiration, opinions, observations, and combination with the aims of the organization. A transformational leader is an individual who inspires and encourages supporters to achieve remarkable results, Robbins and Coulter (2007). Bass and Avolio (1995) forwarded the work of Burns and divided transformational leadership into four components; charismatic role modeling, individualized consideration, inspirational motivation, and intellectual stimulation. Schepers et al. (2005) claimed that transformational leaders permitted employees to think creatively, analyzed the problem from numerous angles and explored new and better solutions of the problem by using technology. Gill et al. (2006) requested that organizations can decrease job tension and burn out by implementing transformational leadership. Transformational leadership theory is entirely about leadership that makes positive change in the employees that they take care of one another benefits and act in the interests of a number of people as a whole, Warrilow (2012). Transformational leadership is hypothesized to encompass the next 5 first-order factors: (a) Idealized influence (attributed) refers to the socialized charisma of the leader, whether the leader is perceived as being confident and powerful, and whether the leader is viewed as focusing on higher-order ideals and ethics; (b) idealized influence (behavior) refers to charismatic actions of the leader that are centered on values, beliefs, and a sense of mission; (c) inspirational motivation refers to the ways leaders energize their followers by viewing the future with optimism, stressing ambitious goals, projecting an idealized vision, and communicating to followers that the vision is achievable; (d) intellectual stimulation refers to leader actions that appeal to followers' sense of logic and analysis by challenging

followers to think creatively and find solutions to difficult problems; and (e) individualized consideration refers to leader behavior that contributes to follower satisfaction by advising, supporting, and paying attention to the individual needs of followers, and thus allowing them to develop and self-actualize.

This leadership style has four parts which are Bodla & Nawaz, Robbins (2010; 2005):

1. Idealized Influence: Leaders act in such a way that they can be recognized as role replicas by the people they lead. They are admired, appreciated and trusted. These leaders are prepared to take chances and they are explained by supporters as taking extraordinary abilities, being determined and strong-minded. They have elevated ethical and moral values and can be believed to do the correct thing.

2. **Inspirational Motivation:** These leaders stimulate the team essence and show eagerness and hopefulness. They encompass followers in describing the anticipated future state of activities which makes obligation to the goals and the communal vision.

3. **Intellectual Stimulation:** The transformational leaders replicate their followers to be creative and innovative by facilitating an environment in which they are obligated to think about old problems in new ways. Errors are not openly disapproved.

4.Individualized Consideration: The leaders act as mentors and coaches. Two-way message exchange is even and modifications are accepted. They respect individual needs. They also authorize to represent others on a different task to develop follower skills.

10. Job Satisfaction

Job satisfaction is a subject which has resulting consideration of not only organizational employees but also of scientists (Lu et al., 2005). Job satisfaction is the emotional reply of a specific to his or her career or place of job just beginning out from his or her knowledge from the profession. Luthans (2007) stated job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience". Job satisfaction eventually be in charge of job performance and organizational commitment which confirms organizational achievement (Spector, 2003). To explain job satisfaction career-related features are not sufficient and for comprehensive thoughtful we want to study the personal characteristics as well (Churchill et al., 1976). Okpara (2004) acknowledged five dimensions of job satisfaction: pay, promotion, supervision, work itself and coworkers. Oshagbemi (2003) showed the personal factors which relate to job gratification in the United Kingdom Universities. Based on his study that grading, time of service, time of life and the person's capability to do the job, donate a lot in pleasing to the eye satisfaction level. Okpara (2004) examined that whether the personal characteristics of the IT managers are responsible for job satisfaction or not.

Job satisfaction is under the influence of a series of factors such as the nature of work, Salary advancement opportunities, Management, Work groups and Work conditions. A somewhat different approach regarding the factors of job satisfaction is provided by (Rue and Byars, 2003)

In addition to the quality of the work environment, it is important to note that management practices such as the provision of being participatory, advancement opportunities, providing sufficient resources for performing tasks, and training and development all have potential impact on job satisfaction or dissatisfaction (Kim, 2005; Huselid, 1995; Mobley, 1977; Seldon & Moynihan, 2000; Shaw et al, 1998). Additionally, according to Working Mother Magazine, flexibility is an important contributor to a mother's job satisfaction (Yazel, 2001). Flexibility could vary in its form to cover even situation beyond flexible working hours and compressed workweeks, such as taking an extended leave of absence to attend to a sick child (George & Jones, 2008; Yazel, 2001).

Fredrick Herzberg et al., (1959) developed the land mark-theory "Two-Factor Theory of job satisfaction" that led to the development of many job satisfaction measurement tools. This theory was based on his interview of more than two hundred accountants and engineers in Pittsburgh to determine the factors responsible for job satisfaction and dissatisfaction Herzberg et al., (1959). The findings led Herzberg and associates to conclude that there are separate and distinct clusters of factors associated with job satisfaction and job dissatisfaction Herzberg et al., (1959). According to Herzberg et al. (1959), job satisfaction was frequently related to achievement, chance for personal growth, recognition, responsibility/stimulating work, and promotion opportunities. These factors were all related to outcomes associated with the work itself (Herzberg et al., 1959). Herzberg et al. labeled these factors "motivators" because each was associated with strong levels of job satisfaction (1959). On the other hand, job dissatisfaction was associated primarily with factors surrounding the job such as the physical working conditions, job security, company policies, and quality of supervision, salary, and relations with others Gordon, (2002); Herzberg et al., (1959); Herzberg, 1987; Herzberg, (2003). Herzberg and associates (1959) labeled these factors hygiene (maintenance) factors and suggested that they are not motivational. Employees who satisfy their hygiene factors will reduce their job dissatisfaction with their working condition.

An important note in understanding Herzberg's two-factor theory is the fact that dissatisfaction is not the opposite of satisfaction (Herzberg, 1959; Herzberg, 1987; Herzberg, 2003). According to Herzberg, "the opposite of job satisfaction is not job dissatisfaction, but rather no job satisfaction; and similarly, the opposite of job dissatisfaction is not job satisfaction, but no dissatisfaction" (Herzberg, 2003, p. 91).

2.1.2. **Leadership and Job Satisfaction**

Job satisfaction is influenced by various factors such as supervisors' displays of nonverbal immediacy (Madlock, 2006b; Richmond &McCroskey, 2000), humour (Avtgis & Taber, 2006), communication satisfaction (Hilgerman, 1998), effects of gender (Madlock, 2006a), and supervisors' communication style (Richmond, McCroskey, Davis, & Koontz, 1980). Pre-factor variables divide into two categories – individual characteristics and environmental variables (Seashore & Taber, 1975). The internal environmental variables such as organizational climate, organization's scale, level of centralization, level of formality, level of organizational complexity, decision making process, and leadership are critical variables affecting employee's satisfaction at workplace.

Leadership style is an essential determinant of worker job satisfaction. The responses of workers to their leaders will generally depend on the attributes of the employees also as on the qualities of the leaders (Wexley and Yukl 1984). The nature of the leader follower relationship or the scarcity in that department has an extraordinary impact on the employee's self-regard and job satisfaction (Chen and Spector 1991; Brockner 1988; DeCremer 2003). Employees are more fulfilled by leaders who are considerate or strong than with the individuals who are either uninterested or basic towards subordinates (Yukl 1971). As Wilkinson and Wagner (1993) contended, it is unpleasant for employees to work with a leader who has an antagonistic conduct and is unsupportive. In the event that subordinates are not equipped for making sense of the most effective method to perform the work independent from anyone else they will lean toward a pioneer who will give satisfactory direction and guidelines (Wexley and Yukl1984).

There are some features of leadership having positive relation with job satisfaction such as interpersonal relations, helping behavior among members of team, extent of taking part in decision making, compensation satisfaction and appraisal system (Cohen & Austin,1993; Hallberg,2006;Gleason,1995). Having distinct leadership style is a key element that impacts employee's job satisfaction which leads to organizational success. Additionally, job satisfaction is a critical and important outcome of having an effective leadership in an organization (Bass & Avolio, 1994). The findings from many studies demonstrated significant impact of transformational leadership on job satisfaction of subordinates (Wiratmadja, 2008; Griffith, 2004; Avolio and Bass, 2004; Antonakis, 2003; Bass and Avolio, 1994). In the choice of leadership style, transformational leadership has been reported to be positively related to job satisfaction in various sectors of organization as compared to other styles of leadership such as transactional and laissez faire (Sulieman, 2011; Voon, 2011; Emery & Barker, 2007).

11. Organizational commitment

Porter, Steers, Mowday & Boulian (1974), define organizational commitment as "the strength of an individual's identification with and involvement in a particular organization". They characterize it by three psychological factors: desire to remain in an organization, willingness to exert considerable efforts on its behalf and belief in and acceptance of its goals and values hold. Mowday, Porter and Steers(1982) cited in Kondalkar (2007) define organizational commitment as a strong desire to remain member of a particular organization, willingness to exert high level of effort on behalf of the organization and a definite belief in and acceptance of value and goals of the organization. In other words, employees display an attitude of belonging to the organization. It indicates that committed employees devote their time to the organization and they consider themselves as a part of the organization. According to Allen and Meyer (1990), organizational commitment is defined as a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue employment with the organization. It is the psychological bond of the employees with the organization because of shared beliefs and values. In relation to this, organizational commitment is the relative strength of the employee's identification with and involvement in a particular organization. According to Allen et al., (1990) Employees who are strongly committed are those who are least likely to leave the organization. Due to this commitment, employees who has positive contribution to the success of the organization by devoting full time, accepting and implementing the organizational goals and objectives. In other words they are ready to work extra time for the sake of the success of the organization.

According to Luthans, 2007 explained organizational commitments as "an attitude reflecting employees". Porter, Steers, Mowday & Boulian (1974), describe organizational commitment as "the strength of an individual's identification with and involvement in a particular organization". They characterize it by three psychological factors: desire to work in an organization, preparedness to apply substantial energies on its behalf and belief in and acceptance of its goals and values hold. Shaw (2003) explained three dimensions of organizational commitment: affective, individual committed to the organization and normative commitment. Organization commitment is essential for organization because it is an important predicator of organizational goals and objectives, output, attendance and turnover.

The Three Components of Organizational Commitment Organizational commitment has been conceptualized and measured in various ways. The most popular conceptualization of organizational commitment is Allen and Meyer's theory. They reviewed the literature and found that organizational commitment comprises three components:

1) **Affective Commitment:** The first dimension of organizational commitment is affective commitment that represents the individual's emotional attachment to the organization. According to Allen et al. (1990), affective commitment refers to an employee's emotional attachment to, involvement in, and identification with the organization and its goals. Affective commitment involves three aspects such as the formation of an emotional attachment to an organization, identification with, and the desire to maintain organizational membership. In this context, affective commitment reflects the identification and commitment situation where the employees stay in the organization with their own will. Allen and Meyer (1990) further argue that individuals will develop emotional attachment to an organization when they identify with the goals of the organization and are willing to assist the organization in achieving these goals. They further explain that identification with an organization happens when the employee's own values are in harmony with organizational values and the employee is able to internalize the values and goals of the organization. Affective commitment is an attitudinal based and in this situation the employees look at themselves as a part of the organization. Individuals with high levels of affective commitment continue employment because they want to. Therefore, it is very important for organizations to have employees feeling affective commitment since strong affective commitment means employees willing to stay in the organization and accepting its objectives and values.

2) **Continuance Commitment**: The second dimension of organizational commitment is continuance commitment. Continuance commitment involves a person's bond to an organization based on what it would cost that person to leave the organization. It originates from the needs of employees to stay in the organization considering the costs of leaving. It refers to an awareness of the costs associated with leaving the organization as well as the willingness to remain in an organization because of the investment that the employee has with "non transferable" investments. According to Allen & Meyer, (1990) Non transferable investments include things such as retirement, relationships with other employees, or things that are special to the organization. They further explained continuance commitment as a form of psychological attachment to an employing organization that reflects an employee's presence in an organization as the high costs involved in leaving the current organization. And again they indicated that, in addition to the fear of losing investments, individuals develop this commitment because of a perceived lack of alternatives and this would be based on perceptions of employment options outside the organization where employees believe they do not have the skills required to compete for positions in another field or who work in environments where the skills and training they get are very industry specific. As a result, such employees could feel compelled to commit to the organization because of the monetary, social,

psychological and other costs associated with leaving the organization. Therefore, in order to retain employees who are continuance committed, the organization needs to give more attention and recognition to elements that improve employees' morale to be affectively committed.

3) **Normative Commitment**: The last dimension of the organizational commitment model is normative commitment which involves a feeling of moral obligation to continue working for a particular organization. According to Allen & Meyer (1990) Employees with a high level of normative commitment feel they ought to remain with the organization. They argue that the moral obligation of normative commitment arises either through the process of socialization within the society or the organization. It can be explained by other commitments such as marriage, family, religion, etc. Therefore, when it comes to one's commitment to their place of employment, they often feel like they have a moral obligation to the organization.

The three aspects of organizational commitment have different basis. It can be assumed that the three aspects of organizational commitment can exist at the same time. It is important to realize that the three organizational commitment dimensions are not mutually exclusive. It means that an employee can develop one type of organizational commitment, any combination of them or all of the three aspects of organizational commitment. The three aspects of organizational commitment differ only on the basis of their underlying motives and outcomes, Becker (1992). Employee retention, attendance, organizational citizenship, and job performance are organizational commitment outcomes. According to Meyer and Allen (1997) cited in Gary and Ramjee (2013), there is no guidance about expected, desired, average or ideal means for affective, continuance and normative commitment scores. Mowday and his colleges develop a perspective that organizational commitment is characterized by:-

- ❖ A strong belief in and acceptance of the organizations goal's and values.
- ❖ Willingness to extent considerable efforts on behalf of the organization.
- ❖ A strong desire to maintain membership in the organization.

Becker (1960) concept of commitment represents a component of attitudinal commitment because he emphasized the awareness of the costs associated with leaving the organization. However, their argument is untenable. Becker defined commitment as a consistent line of activity (i.e., maintaining membership in the organization) and attempted to explain what causes this inconsistency. Therefore, Becker's view of commitment seems to be more congruent with the behavioral rather than attitudinal approach of Porter and his colleagues.

O'Reilly, Chatman & Caldwell (1986) defined commitment as the psychological attachment felt by the

person for the organization, reflecting the degree to which the individual internalizes or adopts the characteristics or perspectives of the organization. They argued that one's psychological attachment may be predicted by three independent factors: (a) compliance or instrumental involvement for specific, extrinsic rewards; (b) identification or involvement based on a desire for affiliation; and (c) internalization or involvement predicated on the congruence between individual and organizational values. Conceptually, O'Reilly, Chatman & Caldwell (1986) made a clear distinction between two processes of commitment, the instrumental exchange one and the psychological attachment one. The compliance dimension that represents the exchange process leads to a somewhat shallower attachment to the organization. The deeper attachment, according to O'Reilly, Chatman & Caldwell (1986), results from the psychological attachment formed by the two other dimensions, namely identification and internalization.

Bennett & Durkin (2000) concluded quite correctly that internalization and identification appear to be tapping similar constructs and that the compliance dimension does not really reflect psychological attachment to the organization. The literature review argues that most of the approaches to OC developed so far have the potential to contribute to a better understanding of OC and thus cannot be ignored in any re-conceptualization of commitment. Adherence to attitudinal issues will prevent possible negative effects on the construct validity of commitment definitions. Second, in terms of the outcomes of commitment, the benefits of commitment should go beyond turnover, as already suggested by O'Reilly, Chatman & Caldwell (1986). The strong relationship found between commitment and organizational citizenship behaviour supports the usefulness of commitment in explaining other valuable outcomes in the workplace. Third, more attentions should be given to the notion of time in the conceptualization of commitment. The instability of the factor structures of commitment across different timeframes Vandenberg & Sep (1994) suggested that employees have difficulty understanding the meaning of the items typically included in measurements of commitment in different stages in their organizational career. Fourth, the role of normative commitment and continuance commitment should be re-examined in commitment conceptualizations. The high correlations between normative and affective commitment also found in meta-analysis, and the bi-dimensionality of continuance commitment suggest the need for modifications of these dimensions Ko, Price & Mueller (1997).

Leadership and organizational commitment

Lee (2004) found out that transformational leadership correlates significantly with organizational commitment with samples of research and development professional in Singapore. Hayward, Goss and

Tolmay (2004) noted that transformational leadership has moderate positive correlation with affective commitment. Lower correlation coefficients between transformational leadership and normative and continuance commitment were also found. Transformational leadership helps to increase trust, commitment and team efficacy, Arnold, Barling and Kelloway (2001). Other researchers such as Kent and Chelladurai (2001) posited that individualized consideration has positive relationship with both affective commitment and normative commitment. Similarly, positive correlations was found between intellectual stimulation and both affective commitment and normative commitment. Bass and Avolio (1994) revealed that transformational leaders who encourage their followers to think critically and creatively can have an influence on their followers' commitment. This is further supported by Walumbwa and Lawler (2003) that transformational leaders can motivate and increase followers' motivation and organizational commitment by getting them to solve problems creatively and also understanding their needs. Price (1997) further suggests that employees are far more likely to be committed to the organization if they have confidence with their leaders.

12. Empirical studies

Various evidences suggest that leadership style is positively associated with work attitude and behavior at both individual and organizational level (Dumdum, Lowe and Avolio 2002). If there is effective leadership, there will be high work performance and the organization will become effective. This shows that leadership is a critical factor to develop organizational commitment in the organization.

According to a research conducted on leadership styles and its relationship with organizational commitment in South Africa, (Garg and Ramjee 2013), both transformational and transactional leadership styles positively correlated with organizational commitment. Almutairi (2013) also confirmed that there is strong positive relationship between transformational leadership and organizational commitment. It means that giving attention to transformational leadership style can increase organizational commitment. Bučiūnienė and Škudienė, (2008) on their part indicated that transformational leadership style has a great influence on organizational commitment by creating higher level of value and morale on leaders and followers to common vision, mission and organizational goal.

Bycio, Hackett and Allen (1995) reported positive correlations between leadership behaviors such as charisma, intellectual stimulation, individualized consideration, and contingent reward on the one hand, and affective, continuance, and normative commitment, on the other hand. The relationship between leadership styles and organizational commitment has been studied by different scholars, for example, Garge and Ramjee (2013), Dumdum, Lowe and Avolio (2002) and Temesgen (2011). The results show

that leadership styles have positive relationship with organizational commitment.

Several studies found a positive relationship between leadership behavior and organizational commitment (Agarwal, DeCarlo, & Vyas, 1999; Avolio, Zhu, Koh, & Bhatia, 2004; Çokluk & Yılmaz, 2010; Mathieu & Zajac, 1990; Porter, Crampon, & Smith, 1976; Savery, 1994; Wilson, 1995; Yousef, 2000; Zeffane, 1994). Therefore, leaders should understand that the issue of employees' commitment is a crucial element to be addressed to. The most importance of leaders' role in persuade employees' behavior have been shown by preceding studies (Asgari, Silong, Ahmad, & Abu Sama, 2008); (Bhal, Gulati, & Ansari, 2009). Organizational commitment is influenced by the job environment created by the employee's supervisor. This organizational environment, together with the employee's ability, will largely determine eventual performance. According to Stum, (2001), employee commitment reflects the quality of the leadership in the organization.

Lorraine Anderson suggests that leadership styles significantly predict the intent to stay. The social change implications include the potential for senior management to create a more desirable workplace, higher job satisfaction, and overall organization environment, making it more desirable to stay with the organization Anderson, (2015)

Previous researchers on managerial performance such as Kanter (1982) and Pavett and Lau, (1983) pointed out that an important component of successful management is the ability to influence others. As such, committed employees are more motivated and dedicated towards meeting and achieving organizational goals Pfeffer, (1998).

Transformational leadership had a direct and indirect (through job satisfaction) effect on organizational commitment. Griffith and Febreury, (2013). There are significant strong relationship between the leadership behavior and the organizational commitment. More importantly, there are significant impacts of the leadership behavior on organizational commitment.

Several studies found a positive relationship between leadership behavior and organizational commitment Agarwal, DeCarlo, & Vyas, (1999); Avolio, Zhu, Koh, & Bhatia, (2004); Çokluk & Yılmaz, (2010); Mathieu & Zajac, (1990); Porter, Crampon, & Smith, (1976); Savery, (1994); Wilson, (1995); Yousef, (2000); Zeffane, (1994). Therefore, leaders should understand that the issue of employees' commitment is a crucial element to be addressed to. The most importance of leaders' role in persuade employees' behavior have been shown by preceding studies Asgari, Silong, Ahmad, & Abu Sama, 2008; Bhal, Gulati, & Ansari, (2009). Organizational commitment is influenced by the job environment created by the employee's supervisor. According to Stum, (2001), employee commitment reflects the quality of the

leadership in the organization.

Avolio et al. (2004) conducted a study on staff nurses in a public hospital of Singapore and stated that transformational leadership positively affects organizational commitment. Limsili and Ogunlana, (2008) proclaimed that transformational leadership is a better leadership style and workers' productivity and organizational commitment is facilitated by transformational leadership. Ismail and Yusuf, (2009) studied the impact of transformational leadership on followers' commitment and concluded that there is significant positive relation between these two variables. Transformational leadership is the most effective leadership style in determining organizational commitment of employees.

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CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

13. 3.1. Description of the study area

Population of the study was Dashen Bank S.C in Addis Ababa. The study was investigated with a determination to study the relationship between transformational leadership and career satisfaction and organizational promise of workforces employed in Dashen Bank S.C Addis Ababa Ethiopia. Dashen Banks S.C head quarter is placed in Addis Ababa neighborhood of Lancha area. We nominated this firm because, Dashen Bank S.C is the foremost financial institution in Ethiopia. The bank has good name of attracting new workforce, then it is practical to measure the employee job satisfaction and commitment

14. Research design and Approach

The strategies and the method all contribute to a research approach that tends to be more quantitative, qualitative or mixed Creswell, (2004).

Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics Marczyk, Dematteo & Frestinger, (2005).

Therefore, this study used quantitative research approach to gain an understanding of underlying details because it used structural questionnaire data collection method and statically data analysis techniques.

Research design is a comprehensive plan for data collection in a research project. It is a "blueprint" for empirical research aimed at answering specific research questions or testing specific hypotheses Tayie, (2005).

Additionally, the type of research design employed in this study is a non-experimental or quantitative design through survey study. A survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population Creswell, (2004).

Since the purpose of explanatory research design is explaining and interpreting relationships between two or more aspects of a situation or phenomenon, it is used to explain and interpret the relationship between reward and motivation in the current study Creswell, (2004). With this respect,

the main target of the study was to investigate the consequence of transformational leadership on employee motivation and organizational commitment in Dashen Bank S.C. Therefore, co-relational design was used to assess the relationship that exists between the variables, i.e. independent variables (transformational leadership) and dependent variable (job satisfaction and organizational commitment).

15. Population and Sampling Techniques

The population is the whole set of individuals to which findings of the survey are to be extrapolated and Sample is some portion of the population that is considered to be representative of the complete population. S.Levy and Lemeshow, (2008).

The total population was Dashen Bank S.C employees who were working at the head office as well as at city and up country branches.

The target populations of the study have been those employees of Dashen Bank S.C, Who were working at the city branches and head office.

Based on the data from human resource department of Dashen Bank S.C., the bank is staffed with 2672 workers. The target population of the research contains customer service officer, assistant managers and managers who are working in Dashen Bank S.C Addis Ababa branch offices at least a year.

According to Singh and Micah (2014), the degree of variability in the attributes being investigated, refers to the distribution of attributes in the population. The variables with more homogeneous population, the smaller the sample size required. Otherwise the more heterogeneous population, the larger the sample size required to obtain a given level of precision.

According to Cochran's 1977, sample size assumption that above 95 % of the respondent needs to respond the question.

Formula ➜ $n = (t^2 * s^2)/d^2 => n = (1.96^2 * 1.25^2)/0.15^2 = 267$

Where t= the value for selected alpha level of 0.025 in each tail equals 1.96 this implies the alpha level of 0.05 indicates the level of risk the study is willing to take.

s= approximation standard deviation of the population is 1.25

d=acceptance margin error for average being estimated is 0.15

From the total population of 2672 employees who are employed in Dashen Banks S.C, the study focused on 276 professional staffs.

Finally, we used our sample 276.

3.2. Data Type and Source

Since the main objective of this study was to determine the consequences of transformational leadership on employee motivation and organizational commitment, primarily data was gathered using questionnaire from respondents and questionnaire incorporated with closed-ended questions. Before the actual administration of the questionnaire, it was pre-tested and modified/refined for reliability and validity issue.

The questions for the questionnaire were adopted from Schwab (1993) and according to Armstrong (2006) the level of employee motivation can be measured by using attitude survey, methods like structured questionnaire.

Secondary data was collected using the Bank's human resources policy and procedures, annual reports, published and unpublished information about the study area, books and journals from library and internet.

3.3. Data Collection instruments and procedures

First, the primary data was collected from head office and selected branches staffs using questionnaire. The adapted questionnaire is created in order to incorporate demographic substance and Likert scales to measure relations between independent variable and the dependent variables, job satisfaction and organizational commitment.

We used a series of questioner to gather information. A couple distinct instruments were used to gather appropriate data for this study. Multifactor Leadership Questionnaire (MLQ) for leadership styles, Job Satisfaction Survey (JSS) for measuring employees' job satisfaction and Organizational Commitment Questionnaire (OCQ) for measuring employee's commitment.

3.4. Description of the variables

Table 3.1 Independent and Dependent Variables

INDEPENDENT VARIABLES		
Variables	**Scale**	**Indicators**
	Idealized influence	3,4,5,7,8,9,10
	Inspirational motivation	6,11,16
	Intellectual stimulation	2,13,15
	Individual consideration	1,3,12,14
DEPENDENT VARIABLES		
Variables	**Scales**	**Indicators**
Job Satisfaction	General working conditions	1,2,3,4
	Salary and compensation	5,6,7,8
	Work relationship	9,10,11
	Affective commitment	1,4,9,10
Organizational	Continuance commitment	7,8,11,12
Commitment	Normative commitment	2,3,5,6

16. Data Analysis and presentation

Since variables were measured with numeric indicators, quantitative analysis methods were used. After careful collection and coding of data, and the entry of those data into SPSS, both descriptive and inferential statistics were calculated for each variable of interest. Accordingly, regression analysis used to see if there is a significant relationship between transformational leadership styles and employees' job satisfaction and organizational commitment. Logistic regression is appropriate to test the primary hypotheses for dependent variables measured on a binary scale Siemsen, Roth, & Oliveira, (2010).Logistic regression analysis explains likelihood variations in the dependent variable job satisfaction and

organizational commitment because of the change in the independent variables/transformational leadership styles. Therefore, statistical analysis was done using the Statistical Package for Social Sciences (SPSS) version 17.

17. Reliability Test

Before the researcher distribute the survey questions, the researcher made its own survey test to decide the trustworthiness of the questioner. Most researchers used Cronbach's alpha. It is a usually used verify the inside reliability. A calculated alpha coefficient varies between 1, denoting perfect internal reliability, and 0, denoting no internal reliability. As a common rule to measure the reliability of the questioner is believed when it is greater than 0.70 used as an accepted level of reliability.

Table 3.2: Cronbach's Alpha Reliability analysis

Variables	Cron. Alpha	Assessment Result
Transformational Leadership style	.842	Good
Job satisfaction	.0.88	Good
Organizational commitment	.703	Good
Total (Average)	0.808	Good

18. Potential Ethical Issues

We addressed ethical careful thoughts of confidentiality and privacy. An assurance was given to the employee those respond the questions that their names should not be disclosed in the questionnaire and research report. We gave assurance that this questionnaire was used for academic purpose only. Involvement in the study was willful, and all player responses were confidential.

CHAPTER FOUR

RESULTS AND DISCUSSION

Under this chapter the result gathered through this research is analyzed and interpreted briefly. We applied descriptive and inferential statistics. Descriptive statistics and regression analysis was used to investigate the relationship between transformational leadership and job satisfaction and organizational commitment employees working in Dashen Bank S.C.

19. Sample Response Rate

The sample was taken from Dashen Bank S.C Addis Ababa Ethiopia. Questionnaire was comprised of 35 items, out of which 20 questions analyzed transformational leadership; seven questions were related to job satisfaction whereas eight items measured organizational commitment of employees. From 276 questionnaires were circulated in the bank out of which 219 were returned back showing 79% response rate. The total reply rate was 78.6 %. As a result, the analysis of this research is based on the number of questionnaires collected. For our analysis, data was inserted SPSS17.0.

20. Demographic Characteristics of the Study Population

Table 4.1 below shows the respondents those contributed in this research are summarized in the form of frequency and percentage. We presented characteristics of respondents such as gender, age, work experience, position and salary.

Table 4.1. Demographic profile of respondents who filled & returned Questionnaires

No	Description	Frequency	Percent
1	**Gender**		

	MALE	130	59.3%
	FEMALE	89	40.7s%
	Total	**219**	**100.0**
2	**Position**		
	CLERK	197	89%
	MANAGERS &SUBORDINATE	22	11%
	Total	**219**	**100.0**
3	**Age**		
	<25	60	27%
	25<35	54	24%
	35<45	60	27%
	45<	45	20%
	Total	**219**	**100.0**
4	**Salary**		
	<6000	56	25%
	6000<10 000	64	29%
	10000<15000	57	26%
	15000<	42	19%
	Total	**219**	**100.0**
5	**Service year**		
	<2	53	24%
	2<6	64	29%
	6<8	65	29%
	8<	37	17%
	Total	**219**	**100.0**

Table 4.1 shows summary of frequency and percentage of the respondent's demographic characteristics. Male respondents encounter 59.3% and female respondents cover 41.7% this

implies that there are more male respondents than female.

Respondents about 27% were ages less than 25 and between 35 and 45 years old. Percentage of respondent age between 25 and 35 years old is 24%. Similarly, above 45 years respondents were 20%. This is an indicator that Dashen Banks S.C is staffed with age less than 45 years old. Thus, the majority employees were within the productive age.

Around 24% of the respondents worked less than two year with in the bank, 29% of the respondents have two to five years worked in the bank, 29% of the respondents have a worked five to eight years and 17% works more than eight year within the bank. This implies that most of the respondents served a minimum of two years. This indicates that the respondents have good understanding about the form of leadership primarily practiced in the bank.

Majority of the respondents about 89% were clerk and 11% was managers and subordinates. This indicates clerk staff members more participated than managements. This helps to understand employee job satisfaction and commitment

About 25% of the respondent's salary per month is less than 6000 and 29% salary was between 6000-10000, 26% of the respondents earn 10000 to 15000 per month, 19 % of the respondents earn more than 15000 per month This implies that majority of the respondents earns greater than 10000.00birr per month.

4.1.   Descriptive Statistics Results

Table 4.2. Mean Scores and Standard Deviation Dimension Code Valid (N) Mean Standard Deviation

Dimension	N	Mean	Std. Deviation
Idealized influence	219	2.52	.855
Intellectual stimulation	219	2.36	.821
Inspirational motivation	219	2.44	.838
Individual consideration	219	2.39	.883
Salary & Compensation	219	2.37	.964
General working conditions	219	2.51	.935
Work relationship	219	3.7	.307
Affective commitment	219	3.79	.725
Normative commitment	219	3.16	.776
Continuance commitment	219	3.14	.758

Table 4.2 shows calculated mean, standard deviation and suggested mean for the four transformational leadership measurements, three job satisfaction measurements and three organizational commitment measurements.

The sample size for all leadership variables was 219. The mean and standard deviation value for each of the transformational leadership measurements ranges between were calculated between 2.36 to 2.52 and 0.82 to 0.85 respectively. Whereas for each job satisfaction measurements of mean and standard deviation value ranges from 2.37 to 3.70 and 0.307 to 0.96 consequently. From the leadership scale the highest mean was for idealized influence with 2.52mean followed by Inspirational motivation with a mean of 2.44 and the least mean was for Intellectual stimulation with a mean of 2.36.   From leadership subscales, the highest score value of standard deviation was for Individual consideration with 0.88 standard deviation. The next highest standard deviation was for Idealized influence which attained 0.85 standard deviation scores. The highest standard deviation indicates that highest dispersion around the mean.

With the mean of 2.52 for idealized influence scale indicates that some employees perceive their leaders as they have ability to build trust in their followers, inspire power and pride in their followers, by going beyond their own individual interests and focusing on the interests of the group and of its members. Thus they have ability to become reference models for their followers. The inspirational motivation scale mean was 2.44. it indicates that some of the respondents perceive

their leaders as they inspire others, shared goals and mutual understanding of what is right and important, they provide visions of what is possible and how to attain them and as they enhance meaning and promote positive expectations about what needs to be done.

The intellectual stimulation scale mean was 2.36. This identifies some of Dashen Bank managers inspire innovative thinking, help others to think about old problems in new ways, encourages to question their own beliefs, assumptions, and values, and, when appropriate, let their subordinates to learn how to tackle and solve problems on their own by being creative and innovative.

The mean for individual consideration scale is 2.39 this indicate the respondent's perception of their leaders as they coach people, understand and share others' concerns and developmental needs and treating each individual uniquely, develop employee's full potential, Provide opportunities and develop organizational cultures supportive of individual growth.

The mean for salary & compensation is 2.51 with a standard deviation of .964which is the second highest satisfied dimension of job satisfaction. This implies employees of Dashen Bank are satisfied with these three items of pay and promotion potential dimensions. This is actually consistent with the assumption employees working in Private Banks get better benefit package compared to Government Banks.

The general working conditions mean is 2.37 it is an indication of least satisfied dimension which includes variety of work responsibility, flexibility in scheduling, paid vacation time or sick leave offered, work independence and adequate opportunity.

Work relationship is the highest dimensions compared to the other two job satisfaction dimensions. It includes; relationships with co-workers, relationship(s) with supervisor(s) and relationships with subordinate showed 3.7 mean score with a standard deviation of .307. This implies employees are more or less satisfied with the internal organizational leadership but it needs to be taken into consideration for relation with subordinates for those applicable.

The desired pattern is highest scores for affective commitment, followed by normative commitment, then continuance commitment. The mean scores of the research data reflect that affective commitment scores higher than normative and continuance commitment.

Table 4.2 indicates the affective commitment, normative commitment and continuance commitment means and standard deviations. For each commitment scales 3.79, 3.16 and 3.14 were obtained. The highest standard deviation score was 0.77 for normative commitment. This implies that normative commitment scale has widely dispersed response.

However, Meyer and Allen (1997) cited in Garg and Ramjee (2013) suggested a desired pattern for organizational commitment which is the highest mean scores for affective commitment, followed by normative commitment and then continuance commitment. Accordingly, the highest mean of affective commitment (3.79) implies that employees have strong affective commitment at Dashen Bank S.C. Employees had high bond to organization because they see their organization as their own and have affective relation. They were highly willing to remain in the organization because of their emotional attachment, involvement in and identification with the organization and its goal. Employees consider themselves as belonging to Dashen Bank S.C.The mean score of normative commitment was 3.16 and it indicated that employees had high level of feeling of moral obligation to continue working for an organization. The mean score of continuance commitment was 3.14 and it implies that employees stay in Dashen Bank S.C. because of the cost of leaving the organization. They are willing to remain in the organization because of investments that they had such as staff loan, relationship with other employees.

Of all three organizational commitment components affective commitment had the highest mean, followed by normative commitment and continuance commitment in this study. This results are consistent with the finding by Meyer and Allen (1997), who suggest that, the optimal organizational commitment profile should have affective commitment with the highest score, followed by normative and continuance commitment scores that are considerably lower. The greater mean value of affective commitment indicated that employee staying with the organization was related to wanting to, rather than needing to or feeling they ought to. It is imperative for organizations to have employee who feel affective and normative commitment but continuance commitment is not desirable because employee may leave the organization if they get other alternatives.

As per the research finding we can conclude there is closer mean score for all type of organizational commitment scale. This implies that there is no much gap with those employees that has emotional attachment to the organization, those employees psychological feels obligated to remain in the organization and with those employees continue to work for the organization due to cost of leaving the organization is higher.

21. Regression Analysis

Linear regression was performed to examine the predictive relationship between transformational leadership styles (independent variable) and worker job satisfaction and worker organizational

commitment (dependent variables). The regression analysis was carried out on the data set obtained from 219 research participants. The regression analysis was used in exploring the presence of a statistically significant effect of the independent variables on the dependent variable at the significance level of $\alpha < 0.05$.

4.1.1. Regression Analysis of Transformational Leadership on Worker Job Satisfaction

Table 4.3. Summary of the Regression Analysis Examining the Effect of Transformational Leadership on Worker Job Satisfaction

Source of variance	Sum of Squares	Df	Mean of Squares	R	R^2	F	Sig.
Regression	91.400	4	56.172	0.61	.37	19.00*	.000
Residual	101.420	214	32.160				
Total	192.820	218					

*p<0.05

Table 4.3 shows that transformational leadership had statistically significant effects on worker job satisfaction. Multiple correlation coefficient value was 0.61 and the coefficient of determination, $R^2 = 0.37$, indicates that transformational leadership was capable of accounting for 37% of the changes in worker job satisfaction. Moreover, as can be seen in Table 4.3, the F-test for linear regression indicated that all the four elements of transformational leadership combined together make statistically significant contribution in predicting worker job satisfaction ($F_{(4, 214)} = 19.00$, p=.000). Overall, the results from the regression analysis suggest accepting the alternative hypothesis which states that: transformational leadership positively and significantly affects worker job satisfaction in Dashen Bank S.C.

In order to know the significance of each predictor variable and its independent contribution (effect) to the prediction of worker job satisfaction, the beta weights and t-test were computed for each predictor variable and the results are presented in Table 4.4 below.

Table 4.4. Calculated Beta Weights for the Elements of Transformational Leadership in Predicting Worker Job Satisfaction

Variables	Unstandardized Coeffcients		Standardized Coefficients	t	Sig.
	B	St. Error	Beta		
Idealized influence	0.308	0.245	0.372	7.401*	.000
Inspirational motivation	0.414	0.317	0.433	10.040*	.000
Intellectual stimulation	0.311	0.049	0.314	6.548*	.000
Individual consideration	0.197	0.104	0.244	5.331*	.000

*p<0.05

As indicated in Table 4.4, the independent contribution of each of the elements of transformational leadership to worker job satisfaction is positive and statistically significant. The standardized coefficients, the t-value, and significance level of each of the four predictors are: individualized influence (B=0.372, t=7.401, p=.000), inspirational motivation (B=0.433, t=10.040, p=.000), intellectual stimulation (B=0.341, t=6.548, p=.000), and individual consideration (B=0.244, t=5.331, p=.000). In general, all the four elements of transformational leadership were found to have significant positive impact on job satisfaction.

4.4.2. Regression Analysis of Transformational Leadership on Worker Organizational Commitment

Multiple linear regression was also performed with the aim to test the second hypothesis which states that: transformational leadership positively and significantly affects worker organizational commitment in Dashen Bank S.C. Results are presented in the subsequent tables.

Table 4.5. Summary of the Regression Analysis Examining the Effect of Transformational Leadership on Worker Organizational Commitment

Source of variance	Sum of Squares	Df	Mean of Squares	R	R^2	F	Sig.
Regression	79.380	4	62.011	0.634	.402	27.33*	.000
Residual	94.420	214	31.181				
Total	173.800	218					

*p<0.05

Table 4.5 shows that transformational leadership had statistically significant effects on organizational commitment, multiple correlation coefficient value was 0.634 and the R^2 was 0.402 which indicates that a 40.20% variation in organizational commitment has been explained by the variation of transformational leadership. This contribution was statistically significant as evidenced by the F-test for linear regression ($F_{(4, 214)} = 27.33$, p=.000). Hence, the second alternative hypothesis, "transformational leadership positively and significantly affects worker organizational commitment in Dashen Bank S.C.", is confirmed and accepted.

The independent contribution of each of the four elements of transformational leadership was further tested by examining the standardized coefficients and t-values of each independent variable. The results are shown in Table 4.6 below.

Table 4.6. Calculated Beta Weights for the Elements of Transformational Leadership in Predicting Worker Organizational Commitment

Variables	Unstandardized Coeffcients		Standardized Coefficients	t	Sig.
	B	St. Error	Beta		
Idealized influence	0.108	0.043	0.562	11.030*	.000
Inspirational motivation	0.314	0.117	0.355	6.934*	.000
Intellectual stimulation	0.211	0.025	0.611	7.457*	.000
Individual consideration	0.447	0.092	0.432	6.722*	.000

*p<0.05

Table 4.6 clearly depicts that the regression coefficients of each of the elements of transformational leadership in predicting organizational commitment are all positive. Moreover, the t-tests are significant as all the p-values are less than the alpha level used for the analysis, i.e. p<0.05. This implies that each of the four independent variables had significant positive impact on worker organizational commitment.

22. Discussion

The first hypothesis states that transformational leadership positively effects job satisfaction. The regression results suggest that the hypothesis was accepted transformational leadership brings 37% change in the total of job satisfaction. The finding is consistent with the previous literature. The

inspirational motivation dimension of transformational leadership suggests that transformational leaders motivate and inspire their subordinates to complete challenging assignments by sharing their vision and strategies with employees (Bass & Riggio, 2006). The idealized influence dimension of transformational leadership suggests that transformational leaders influence their subordinates by being role models (Bass & Riggio, 2006; Weber, 2009). The intellectual stimulation dimension of transformation leadership implies that transformational leaders.

In the second hypothesis of the study indicates a positive relationship among transformational leadership and employees' organizational commitment. Our arithmetical results propose that transformational leadership completely relates with organizational commitment of the experimented workforces. Transformational leadership leads 40.2% change in organizational commitment which shows a constructive and reasonable association between transformational leadership and organizational commitment. Based on these results we can draw to a close that our second hypothesis of the research has been acknowledged. From this research we learnt that if managers inspire employees' creative intellectual, devotes time to show and train them, think carefully about their own state of mind before applying a conclusion, supports them to progress their assets, it will raise the level of demonstrative closeness that workforces have by means of their firms. Staff will sense self-importance to be a part of the organization.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

23. Summary

In this part our goal to summarize the result that the study that have arose from the data analysis presented in this chapter. The overall objective of this research was to study the consequence of transformational leadership on job satisfaction and organizational commitment for employees on Dashen Bank S.C. Knowledgeable and experienced human resources are one of the major success variables for any companies. At this time people change from one job to another job to get job satisfaction, carrier advancement and better benefit. Better leadership is very important to hold experienced and knowledgeable employee's is through increment of their commitment. One of the major problems that disturbs workforce commitment is the leadership style displayed in the organization. In order to address this problem, 276 respondents contributed and they are arbitrarily chosen based on their workforce list, Multifactor Leadership Questionnaire were used to evaluate

employee's insight about their leader and Organizational Commitment Questionnaire were used to find the level of employee's commitment and descriptive and inferential statistics were used to evaluates and present the data.

Male respondents were 59.3%, 27% of the respondents were below 25 years and between 35 and 45 age. Most of the respondents served minimum of 2 to 5 years and the mean was 29%. 89%of the respondents were clerk and 29% of respondents earns between 6000-10,000 birr salaries per month.

The mean and standard deviation value for the transformational leadership measurements ranges between were calculated between 2.36 to 2.52 and 0.82 to 0.85 respectively. From the leadership scale the highest mean was for idealized influence with 2.52mean followed by Inspirational motivation with a mean of 2.44 and the least mean was for Intellectual stimulation with a mean of 2.36. From leadership subscales, the highest score value of standard deviation was for Individual consideration with 0.88 standard deviation. The next highest standard deviation was for Idealized influence which attained 0.85 standard deviation scores. The highest standard deviation indicates that highest dispersion around the mean.

For each job satisfaction dimensions of mean and standard deviation value ranges from 2.37 to 3.70 and 0.307 to 0.96 consequently. From job satisfaction dimensions the highest mean was for work relation with 3.7 mean followed by salary and compensation with a mean of 2.51and the least mean was for general work condition with a mean of 2.37. The affective commitment, normative commitment and continuance commitment means and standard deviations. For each commitment scales 3.79, 3.16 and 3.14 were obtained. The highest standard deviation score was 0.77 for normative commitment.

Results from regression analysis pointed out to know the relationship between transformational leadership variables and the job satisfaction level of the respondents, a standardized coefficients of the independent variables idealized influence, (B=0.372, t=7.401, p=.000), Inspirational motivation (B=0.433, t=10.040, p=.000), Intellectual stimulation, (B=0.341, t=6.548, p=.000, Individual consideration, (B=0.244, t=5.331, p=.000)are positively and significantly related to job satisfaction.

Outcomes from regression analysis pointed out to know the relationship between transformational leadership variables and the organizational commitment level of the respondents, a standardized coefficients of the independent variables individualized influence (B=0.562, t=11.030, p=.000),

inspirational motivation (B=0.355, t=6.934, p=.000), intellectual stimulation (B=0.611, t=7.457, p=.000), and individual consideration (B=0.432, t=6.722, p=.000). are positively and significantly related to organizational commitment.

24. Conclusions

This study has measured the effect of transformational leadership on job satisfaction and organizational commitment in Dashen Bank S.C. Ethiopia. We found that transformational leadership positively effects employees' job satisfaction. In addition, it was also found that the transformational leadership has a significant effect on organizational commitment.

Most of the organization wants to deliver high quality of service or goods. In order to address this needs human resource is one of the major variables that hurts the organizations function. Production output, fulfillment and performance of an organization build upon the job satisfaction and organizational commitment of its workforce and to increase profits. Transformational leadership, a method of improved interactive association between manager and subordinate, is a means to generate advanced level of career gratification and organizational commitment of staffs. Transformational leaders aid staffs or workers to grow in to more innovative, advanced and bring great thoughts which permit the business to grow in a way to get more profit and familiarize itself to the altering outside situation. Somehow, this type of leadership is not being workaround by the subordinates or managers of Dashen Bank S.C at Addis Ababa Ethiopia.

Our findings concluded that when leaders demonstrate more idealized influence and inspirational motivation behavior employees' affective commitment will enhance positively. It can be concluded that transformational leadership style and has significant positive relation with employees' affective commitment. It also has significant positive relation with continuance commitment too. Thus, Transformational leadership has positive consequences on affective and continuance commitment. Transformational leadership style is exceptionally identified with employee work relation. It also has significant relationship with salary and compensation and general work condition. Thus Transformational leadership was observed to be definitely corresponded with employee job satisfaction.

25. Recommendations

Considering the discoveries of this study, Dashen Bank S. C. should recommend the accompanying focuses in connection to the impact of transformational leadership style and their employees' job satisfaction and employees' organizational commitment. The result of the present study emphasizes the significance of transformational leadership style in such organizational settings Thus the researcher forwarded the following recommendations:-

There is no much gap showed in employees commitment mean. The mean for affective commitment greater than the normative and continuance commitment but there is also many number of employees continue with the bank for the socialization and cost related issues. Dashen Bank S.C should work in bringing those employees that has normative and continuance commitment to affective commitment and should conduct researches on factors that affects their commitment.

The suggested level of transformational leadership is not exhibited in Dashen Bank S.C. This affects the employee's commitment mainly the affective commitment. Thus the bank should find a strategy to implement and monitor the leadership style that will be practiced. When the transformational leadership style exhibited are higher, there is a proactive response, raise follower awareness for transcendent collective interests, and help followers achieve extraordinary goals

The transformational leadership style is future oriented and they are successful in higher level management, work to change organizational culture by implementing ideas, enables employees to achieve their organization objective with ideal and moral values. Thus Dashen Bank S.C should focus on promoting the transformational leadership style.

The effectiveness of reasonable salary & compensation, convenient work condition and quality of work relationship are directly affects employee job satisfaction. Therefore, the proper implementation of all transformational leadership aspects leads to high employee job satisfaction because of without employee job satisfaction, organization cannot achieve its objectives. When employees are committed turn over, absenteeism and training expenses will reduce. On the other hand when employees are committed to their organization their job satisfaction will enhance, their job performance will increase, they delegate their time to achieve their organizational objective this lead to the organization success.

The study also recommends that future research may explore to find out other unaddressed variables of job satisfaction and organizational commitment. Dashen bank S.C. should facilitate trainings

and forums, should give recognition to leaders that displays transformational leadership style.

5.1. Limitation of the study

As per Simon (2011) limitation definition a limitation is a potential weakness of the study that is out of the researcher's control.

Due to time and other constraints,

- The results of the study gained only from employees of the bank located in Addis Ababa city.
- Because of a study conducted during a specified period, it represents a snapshot of that time and depends on the conditions of the period (Salthouse, 2011).
- Other variables, beyond the earlier mentioned have not considered in this research
- In summary, the assumptions of this study related to the truthful responses of the participants to the survey questions, as well as the accurateness of the information provided.

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Appendix 1: Employee Opinion questioner

I am General Masters of business administration (GMBA) graduating class student at ST. Marry University. Thus, I would like to ask your kind collaboration in filling this questioner to provide me information for my research conducted in Dashen Bank S.C in studying the consequence of transformational leadership on job satisfaction and organizational commitment. If you are uncertain or do not know the answer please leave the response blank. Please indicate the amount of your agreement or disagreement with to each question about your manager or supervisor by stroking ($\sqrt{}$) symbol in the space given. At all information you give me is strictly private and only used for academic purpose. I would like to thank you in advance for your essential support.

Below are some questions to get a better overall view of the respondent. Please note that all data remains anonymous.

1. What is your gender?

☐ Male   ☐ Female

2. What is your current job category within the organization?

☐ Clerk   ☐ Manager or Subordinate

3. What is your age range?

☐ <25   ☐ 26 – 35   ☐ 36 – 45   ☐ 46 >

4. What is your average monthly salary range (in Birr)?

☐ <6,000.00   ☐ 6,001.00 – 10,000.00   ☐ 10,001.00 – 15,000.00   ☐ >15,001.00

5. Which range indicates the number of years you have served within the organization?

☐ <2 Year   ☐ 2 – 5 years   ☐ 5 – 8 years   ☐ >8 years

Multifactor Leadership Questionnaire (MLQ) has a scale of 0 to 4 rating for the statement (Bass & Riggio (2006).

0= Not at all   1= Ones in a while   2 = Sometimes   3= fairly often   4 = frequently if not always

Employee's commitment was measured by 12-items of organizational commitment questioner by the Allen & Meyer's (1990) and employees' job satisfaction was measured by 18 items. The statements represent feelings that individuals might have about the company or organization for which they work. Put (√) sign in the space provided to show your level of agreement.

NO.	Transformational leadership style indicating questions	0	1	2	3	4
1	Provide me assistance in exchange for my effort					
2	Re-examine critical assumptions to question whether they are appropriate					
3	Fails to interfere until the problem become serious					
4	Talks about their most important values and beliefs					
5	Talks passionately about what needs to be accomplished					
6	Specifies the importance of having a strong sense of purpose					
7	Goes beyond self-interest for the good of the group					
8	Acts in ways that build my respect					
9	Considers the moral and ethical consequences of decisions					
10	Displays a sense of power and confidence					
11	Articulates(communicates) a compelling vision of the future					
12	Considers me as having different needs, abilities and aspirations from others					
13	Gets me to look at problems from many different angles					
14	Helps me to develop my strengths					
15	Suggests new ways of looking at how to complete assignments					

| 16 | Expresses satisfaction when I meet expectations | | | | | |

1= strongly disagree   2 = disagree   3= can't decide   4 = agree   5 = strongly agree

Organizational commitment measurement Questions	**1**	**2**	**3**	**4**	**5**
1	I feel like part of the family at this organization					
2	Too much of my life would be disrupted if I decided that I wanted to leave this organization now					
3	I would not leave this organization right now because of what I would stand to lose					
4	This organization has a great deal of personal meaning for me					
5	It would be very costly for me to leave this organization right now					
6	For me personally, the cost of leaving this organization would be far greater than the benefit					
7	Even if it were to my advantage, I do not feel it would be right to leave my organization now					
8	I would violate a trust if I quit my job with this organization now					
9	I feel a strong sense of belonging to this organization					
10	I feel emotionally attached to this organization					
11	I would feel guilty if I left my organization now					
12	I would not leave this organization right now because I have a sense of obligation to the people in it.					

Job satisfaction measurement Questions	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
GENERAL WORKING CONDITIONS					
1 worked each week					
2 Flexibility in scheduling					
3 Location of work					
4 Amount of paid vacation time/sick leave offered					
Salary and Compensation					
5 Salary & Benefits					
6 Benefits					
7 Job Security					
8 Recognition for work accomplished					
WORK RELATIONSHIPS					
9 Relationships with your co-workers					
10 Relationship(s) with your supervisor(s)					
11 Relationships with your subordinates (if applicable)					