



ST.MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES

EFFECT OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE IN
INCASE OF ADDIS INTERNATIONAL BANK

BY:

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JUNE 20,2020
ADDIS ABABA,ETHIOPIA

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**THESIS SUBMITTED TO ST.MATRY'S UNIVERSITY SCHOOL OF GRADUATE
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ST.MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES

FACULTY OF BUSSINESS AND ECONOMICS

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DECLARATION

I Kibralem Demisse W/semhat the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Adraw Gashie . 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 masters degree.

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JUNE 20, 2020

ENDORSEMENT

This thesis has been submitted to St. Mary's University , School of Graduate Studies for examination with my approval as a university advisor.

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DEDICATION

This study is dedicated to my friends Tekle Bekele and Dawit G/mariyam for their Constant encouragement and patience throughout continuous financial support academic struggle and my thus realizing my long Cherished dream.

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ABSTRACT

The study aimed at assessing the effect of leadership styles on employees' performance at Bank of Addis international, Ethiopia. The main objective of this study was to investigate the effect of different leadership styles (transformational, transactional, and laissez-faire leadership styles) on employees' performance of employees. A cross section descriptive survey research strategy was adopted in which 80 usable structured questionnaires were collected. The standardized questionnaires of effect of leadership style on employees' performance were adapted from previous standard questionnaire. Content analysis was used to analyse qualitative data while the quantitative data was analyzed using descriptive statistics using SPSS.20 software. Regression and Correlation analysis was used to show the relationships among the variables. The data was presented through means, and standard deviation. Descriptive and inferential statistics along with Pearson correlation and linear regression were used to analyze their relation and its effect between leadership style and employees' performance as predictor. The findings show that the leadership style in place by leaders of Addis international bank tends to be a mix of both the three major leadership styles. The leadership style has significant contribution for employees' performance. In Addis international Bank tend to be more of transformational leadership styles though there is a sentiment of a laissez-faire and transactional at times. Moreover, the study has also revealed that there is a mix of other leadership styles observed. From the results, transformational leadership could have greater effects on employee productivity and quality of performance. It is recommended therefore that Transformational leadership is the most effective leadership styles.

Key words: leadership style, transformational leadership, transactional leadership, laissez fare leadership, employee performance, job performance, banking, Addis Ababa, Ethiopia.

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CHAPTER ONE

INTRODUCTION

The introduction chapter presents and explain the background of the study, statement of the problem, research question, objective of the study, scope of the study, significance of the study

1.1 Back ground of the study

In today's society, flow of life depends on effective leadership in several aspects such as; organizations development, survival of community, work function and effective performance. Organizations have been established to address social needs and group activities. Moreover, the current global economy is constantly driven by innovation, performance and profitability. Batista-Taranet et al (2009) note that due to globalization, companies are changing their structure in order to compete in the bigger global arena.

A number of studies have discussed the impact of leadership on employee performance. Wang, Tsui and Xin(2010) analyzed the 125 Chinese firms to study the role of leadership on employee and thus organizational performance. Their study identified two types of leadership behaviors, relational behavior and task behavior. In this study, performance is measured as profitability, sales growth, market share, and competitive status. They found that leader's task related behavior is directly related to organizational performance. Further, Wang, et al. (2011) analyzed the 548 participants in Pakistan to study the role of leadership on organizational performance. Their study also identified two types of leadership behaviors. These are relational leadership, and task leadership. In their study, organizational performance is measured in terms of innovation propensity. Their study found that leaders task related behavior is key for achieving organizational performance.

Over the years, leadership has presented a major challenge to practitioners and researchers alike (Northhouse 2013). The term leadership is a highly valued phenomenon that is very complex and is a process that is similar to management in many ways as it involves influence and requires working with people, which management requires as well (Northhouse, 2013). Ologbo & Saudah (2011) asserts that a manager's leadership style and

support considerably add to employee engagement. Leadership is not "one size fits all" thing; often, a manager must adapt their style to fit a situation or a specific group and this is why it is useful to gain a thorough understanding of various leadership styles; after all, the more approaches the manager is familiar with, the more tools they will be able to use

Today organizations need to continuously improve their organizational performance in order to meet the ever increasing demands of various stakeholders. Customers demand better services at cheaper expense, employees demand higher pay and improved working conditions, shareholders demand adequate return on their investments and governments require compliance to increasing number of laws, rules and regulations. And all this is expected to be achieved in a highly volatile environment where competition is increasing from time to time both in terms of intensity and sophistication (Mekonnen, 2014).

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It is clear that these organizations are continuously looking for new ways and methods of development, especially in the administrative aspects, which can assist in achieving effectiveness and efficiency Al-Qhatine, and Al-Methheb (1999) cited by (Omar 2015). Hence to achieve the above stated need leaders will be accountable for the performance of their organization or the success of the government, which is dependent on employee's performance. Leadership style is vital to effective organizational operation since leaders lead people and is dependent on the collaborative work effort of a vital group (Pollard, 2015). The role of leadership in management is largely determined by critical importance to the overall style of leadership they adopt. Since, leadership effectiveness is important in the attainment of organizational goals and objectives (Osabiya & Ikenga, 2015).

Leadership is a special type of influential activity. It may be seen in effect in all kinds of social situations, and it is especially apparent where the situation demands that people work together toward common goals. In Organizations, leadership is a managerial activity the purpose of which is to direct the employees in one immediate chain of command toward the accomplishment of work goals (Armstrong, 2009).

Since leadership represents a combination of behaviors exhibited by one who occupies an elected, appointed, or designated position of influence in a social system. Leadership behavior is therefore officially sanctioned either formally or informally and the leader is looked to for guidance and direction by those who recognize in his or her power. Leaders get things done through people. They set the direction and get other people to follow them. As Armstrong (2009) stated 'A leader takes people where they want to go. A great leader takes people where they don't necessarily want to be, but ought to be' (Armstrong, 2004).

As the broad environment which will be referred during this research is the banking industry, the demand of different stakeholders & the historical perspective which might have governed the objective of this research shall be discussed a little bit here.

In recent years, the concept of human capital management gradually replaced the traditional concept of personnel administrative. As the management of people at work is an integral part of the management process. To understand the theoretical importance of people in the organization is to recognize that the human element and the organization are one and the same. As the research work is designed to study the role of Leadership Style on Employee's performance in an Organization. To enhance the performance of an employee; workers will depend on a large event of leadership style that is operational within an organizational setting. The present study also explains briefly the employee performance (in the case study bank) due to their leaders' styles.

Though there are too many leadership styles in the human resource subject (Mekonnen, 2014) the present study focuses only the two recently emerged and modern thinking in the society of Human Resource Management even democratic style which is highly described in the modern transformational style is also not the tendency of the present study. But predicting that some employees may prefer the transactional way for their life, transactional style shall be studied in the present survey in addition to the modern leadership style which is Transformational. Since the above mentioned research suggests the relationship between transformational leadership style and employees' commitment is weak in Ethiopia, unless it is reinforced by transactional rewards (Mekonnen 2014). Therefore, this study intended to assess the role of leadership style on employee's performance in the case of Addis International Bank and in the selected branches.

1.2 Statement of the Problem

The role of leadership style on employee's performance is the key element for organizational success. "In today's competitive business environment, organizations are expanding their business from time to time to maximize and earn large market share and face a lot of challenges in meeting their business objectives and to be more successful than from others (Kehinde and Banjo, 2014). Just like Addis International Bank which has been growing rapidly but struggling to fit in this competitive business environment and compete with other giant banks in Ethiopia. To be successful and compute with this giant banks leadership style and employees performance play a significant role in the banking industry (Temesgen, 2011).

Employee performance is perceived as executing defined duties, meeting deadlines, team input, and the unity of both leadership and performance should be evident through style and approach used by managers in the attempt to cause efficiency which requires specific leadership approaches to unique performance challenges in achieving departmental goals (Seblewongel, 2016). As pointed out by Armstrong (2009) employees' efficiency, specialization,

effective feedback by supervisors and good Organizational relationship between supervisors and employees are important element for organizational success. This captures the idea that leaders are involved with other people in achievement of organizational goals. This is an area of concern that promoted the researcher to carry out a study on the leadership style and employees performance related to the banking sector.

Annual report review of AIB (2018/2019) stated that the shareholders of the bank had recorded lower dividend than previous years, limited increased in productivity/performance of the bank's staff, lack of employee performance and innovation were observed from and some staff lack interest to stay in the bank. Thus leadership styles have a greater effect in the organization from senior management to temporary or contract employees. Further the information obtained from human resource department in 2016 only a fraction of staff received annual bonuses which were purely attached on performance implying that many employees failed to meet the set targets for the year 2020; this clearly shows that the performance of the past years has not been to the expected standards (AIB, 2019).

Moreover, some staff of the bank complaint regarding to the management and leadership practices of the offices is common. The leadership style may affect the enhancement of employee performance in order to achieve the goal of the bank effectively and efficiently. To this end, this circumstance leads the researcher to questioning the leadership practices of leaders' to develop performance of employees in Addis international Bank in Addis Ababa.

Therefore, the purpose of this study was to investigate the relationship between leadership styles and employees' performance in Addis International Bank in Addis Ababa. Since the current business environment requires innovative kind of leadership style; a style that empowers employees and raises employee performance in an effort to improve organisational performance and continued existence (Kotter, 1988).

1.3 Basic Research Questions

- ✓ What is currently practiced leadership style at Addis International Bank?
- ✓ What employees perceive the effectiveness of leadership at Addis International Bank?
- ✓ What is the employees' performance improvement system is in place at Addis International bank?
- ✓ What is the effect of leadership styles on employee performance?

1.4 Objectives of the Study

1.4.1 General Objective

The overall objective of this study is to assess the effect of the leadership styles & employee performance in the case of Addis International Bank in Addis Ababa

1.4.2 Specific Objective

Specifically, the aim of this study will be to:

- ✓ To evaluate the effects of transformational leadership style on employee performance in Addis international bank
- ✓ To evaluate the effect of transactional leadership on employee performance in Addis international bank
- ✓ To evaluate the effect of laissez-faire leadership style on employee performance in Addis international bank.

1.5 Research Hypotheses

In the study, the hypotheses were developed to identify the effect of leadership approach on employee performance.

- ✓ There is a significant relationship between transformational leadership approach and employee performance
- ✓ There is a significant relationship between transactional leadership approach and employee performance.

- ✓ There is positive relationship between leadership style and employee's performance in the bank

1.6 Significance of the study

The researcher hopes that in view of this study:

- ✓ The basis and findings of this research will be useful by future researchers, students and academicians digesting the effects and importance of different leadership styles on employee performance.
- ✓ After determining the relationship between leadership style and employee performance, the bank will be in a better position to use the findings of this research to develop leadership programmers that will see leaders acquire relevant leadership skills for effective management and organizational performance.
- ✓ This study's findings will assist different leaders in identifying the best and the most appropriate leadership style to use in relevant situations for team effectiveness and increased staff productivity

1.7 Scope of the Study

To address the problem under consideration, this research is delimited to the effect of leadership style on employee performance at Addis international bank s.c. The study focus on the internal function of the organization which is leadership, and its effect on employees' performance. To measure the effect of leadership style the research will implement a regression model, and in order to identify the relationship the research will implement correlation using primary data. The geographic area in which the study has focused on is the banking industry, specifically Addis international Bank S.C. and the study intended to assess the role of leadership style on employee's performance only from employees' perspective in the bank and the respondents are all in Addis Ababa Ethiopia and covid-19 is also a critical problem for the delimitations to collect the paper based data collection system at all. The research is conducted on the Headquarter, Gerji, Bole, and Bole mickael branch of the bank. This research has incorporated data for the financial period 2018/19

1.8 Organization of the Study

The study was organized in to five chapters. The first chapter started with the introduction part which was consisted background of the study, statement of the problem, research objectives,

scope of the study, significance of the study, limitation and organization of the study; the second chapter was discussed both theoretical, empirical related literature and conceptual framework of the study ,the third chapter also was focused on research design and methodology and the fourth chapter was also discussed data analysis and discussion and finally in chapter five presented summary of key findings, conclusions and possible recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter tries to discuss the theoretical aspect of the subject matter, summarize previous related research on the research topic, review empirical studies and finally build conceptual framework of the study.

2.1 Theoretical Literature Review

2.1.1 The Concept of Leadership

Leadership is the most thoroughly investigated organizational variable that has a potential impact on employee performance (Cummings and Schwab, 1973). As mentioned in their research, (Iqbal, Anwar and Haider, 2015) leadership is a process by which an executive can direct, guide and influence the behavior and work of others toward the accomplishment of specific goals in a given situation. Leadership is an ability of a manager to encourage the subordinates to work with confidence and enthusiasm. Leadership can be defined as the capacity to influence a group realization of the goal. Leaders are required to develop the future vision, and to motivate the organizational members to want to achieve the visions and to improve the organizational performance (Cummings and Schwab, 1973).

Leaders are the individuals in the organization who set the tone and culture. Northouse (2004) defines leadership as a process whereby one individual influences a group of individuals to achieve a common goal. An effective leader is able to influence his or her followers to reach the goals of the organization. There is a clear distinction between managers and leaders. While managers create order and consistency, leaders produce change and motivate their employees.

Building the relationship between a leader and his/her followers requires an appreciation from the leader for the personal values of those who would be willing to give their energy and talents to accomplish shared objectives. Various leadership theories have evolved to define the characteristics, traits, and styles of various leaders and leadership styles. In this study, in the variable description section, transformational leadership, transactional leadership, and Laissez-faire leadership style are discussed in detail but only the theoretical view is discussed here.

According to (Armstrong, 2009) explanation in his handbook of management & leadership, he defines leadership as - to lead is to inspire, influence and guide. Leadership is the process of getting people to do their best to achieve a desired result. It involves developing and communicating a vision for the future, motivating people and gaining their engagement.

According to Iqbal, Anwar and Haider(2015), "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals". The researcher also suggested that leadership is to deal and cope with change, focusing on the long-term and the big picture, not always doing to safe himself in fact to take risks, and concentrating on people and their values, not just the bottom line. In addition Jim (2003) as cited by the Iqbal et al (2015) published an article in the Harvard Business Review about leadership - Good to Great. In that article, titled leadership, "the most powerfully transforming executives possess a paradoxical mixture of personal humility and professional will...they are timid and ferocious. They are focus on empowerment rather than control for the development of employees' performance.

Generally, leadership is influencing people to work willingly & tirelessly towards the achievement of corporate goals. A leader cannot work alone; Leaders get things done through people. They set the direction and get other people to follow them as Ted (2008) says: 'A leader takes people where they want to go. A great leader takes people where they don't necessarily want to be, but ought to be.' (Armstrong, 2009). Since the current objective was not taken up seriously in the past, the present study tries to fill this gap.

The reactions of employees to their leaders will usually depend on the characteristics of the employees as well as on the characteristics of the leaders (Wexley and Yukl 1984) cited by (Mengesha, 2015). There are different dynamics of task and relationship-oriented dimensions of management, which propagate high and low propensities of task and relationship-oriented managers when mixed with differing circumstances as well as diverse groups of employees.

Specifically, transformational leadership is a process in which "leaders and followers raise one another to higher levels of morality and employee performance "The study of (Burns, 1978) and "is about change, innovation, and entrepreneurship" Tichy and Devanna (1996) as cited by (Dorel, 2012) & Transactional leadership implies that the leader "works within the framework of self-interests of his or her constituency, whereas the transformational leader moves to change the network" Bass and Bass (2008) cited by Dorel (2012). That is why the present study particularly focuses on the inferior innovation of Addis Bank employees which indicates low

performance due to the approach of their supervisors or leaders. Since, leaders should consider the significance of both attitudes and values in their leadership journey (Mengesha, 2015).

2.1.2 Relationship between Leadership style and Employee Performance

Leadership style is an important determinant of employee performance. The reactions of employees to their leaders will usually depend on the characteristics of the employees as well as on the characteristics of the leaders (Wexley&Yukl 1984). Performance effectiveness derives from human aspirations and human values that are invisible roots of organizational values, they determine the rationale for which organizations exist. The task of a leader in the organization in this case will be to nurture the roots of organizational values, which consists of nothing but a basic human aspiration, that is the will to give Maurik (2001). The essence here is that corporate leadership is the methodology to be used in according responsibility however the challenge that lies in this aspect is that, only giving power to the subordinates may not be wise enough since delegation, empowerment and specialization are calculated risks. Therefore, in the perspective of this study such elements as what types of situations require the use of corporate approach were not satisfactorily explored hence the necessitation of this study.

Leadership is important for all organizations to achieve goals since leadership is a key factor for improving the performance of the organization, the success or failure of an organization depends on the effectiveness of leadership at all levels. Researchers have stated that leadership is an ability to influence attitudes, beliefs, and abilities of employees to achieve organizational goals. However, over the years, leadership has been had a major topic between the researchers but dramatic social changes that have occurred over the past two decades makes the issue of leadership and its relationship with other organizational factors more remarkable (Duckett & Macfarlane, 2003). Transformational leadership style in new ideas is known as one of the effectiveness leadership style. The style has been composed of four dimensions of ideals influence, inspirational motivation, intellectual stimulation and individualized consideration (Storey, 2004). In fact, all of transformational leadership behavior (individualized consideration, inspiration, intellectual stimulation and charisma) that provide high-performance and active leadership has positive and high impact on employee satisfaction and improvement of organization situation (Hoy & Miskel, 2008).

2.1.3 The Different Leadership Styles

Leadership styles have been developed from earlier times up to now. However, the focus of this study was mainly in the Transformational, Transactional and Laissez-faire Style.

The full-range leadership theory suggests three types of leadership behaviors, transformational, transactional and Laissez-faire Style represented by nine distinct factors (Avolio & Bass, 2004). Rubin, Munz, and Bummer (2005) has termed the model as cutting-edge leadership theory. The

theory suggests that the leaders who are charismatic and motivate employees by inspiring them, consider them individually, and stimulate their intellectual needs are transformational leaders. The other category of leaders is transactional who specify tasks and monitor performance to achieve the tasks by providing a reward system.

2.1.3.1 Transformational Leadership

Transformational leadership theory concentrate on the connection developed between leaders and their subordinates (Northouse, 2004). According to Cherry (2012) transformational theories focus upon connection formed between leaders and followers. These leaders (transformational leaders) motivate and inspire their subordinates by helping them to realize the importance and higher good of the task, at hand. Transformational leaders are focused on the performance of group members, but also want each person to fulfill his or her potential. These leaders often have high ethical and moral standards.

According to Admkew, (2015) study leadership is concerned with developing a vision that informs and expresses the organization's mission and lays the foundation for the organization's strategies, policies and procedures. The transformation leader uses strategies and techniques to empower the followers, enhance their self-efficacy and change their values, norms, and attitudes, which are consistent with the leader's vision. Transformational leaders are argued to be visionary and enthusiastic, with an inherent ability to motivate subordinates (Howell and Avolio, 1993). Transformational leaders are proactive, raise follower awareness for transcendent collective interests, and help followers achieve extraordinary goals. Transformational leadership is theorized to comprise the following five 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 (Tichy and Devanna 1996).

According to Bass and Riggio (2006) Transformational leadership involves inspiring followers to commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision of both challenge and support. In transformational leadership, the central concept is change and the role of leadership in envisioning and implementing the transformation of organizational performance (Bolden *et al.* 2003). Transformational leaders motivate their followers to perform beyond expectations by influencing them to pursue higher and convincing followers to replace their self-interests with organizational interests. Transformational leaders do more with colleagues and followers than set up simple exchanges or agreements (Bass and Reggie 2006).

Transformational leadership is characterized by five components. These are: (1) idealized influence (attributed); (2) idealized influence (behavioral), (3) inspirational employee performance, (4) intellectual stimulation; and (5) individualized consideration (Bass & Avolio, 1994).

2.1.3.2 Transactional Leadership

Transactional leadership theory focuses on the role of supervision, organization, and group performance. This theory bases leadership on a system of reward and punishment. Managerial theories are often used in business; when employees are successful they are rewarded; when they fail they are reprimanded or punished (Cherry, 2012).

Here leaders communicate with their subordinates to explain how a task must be done and let them know that there will be rewards for a job done well (Avolio et al., 2004). Transactional leaders are said to be instrumental and frequently focus on exchange relationship with their subordinates (Bass and Avolio, 1994). Transactional leadership is an exchange process based on the fulfillment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes. Transactional leadership is theorized to comprise the

following three first-order factors: (a) Contingent reward leadership (i.e., constructive transactions) refers to leader behaviors focused on clarifying role and task requirements and providing followers with material or psychological rewards contingent on the fulfillment of contractual obligations; (b) management-by-exception active (i.e., active corrective transactions) refers to the active vigilance of a leader whose goal is to ensure that standards are met; and (c) management-by-exception passive (i.e., passive corrective transactions) leaders only intervene after noncompliance has occurred or when mistakes have already happened (Antonakis et al., 2003).

This approach emphasizes the importance of the relationship between leader and followers, focusing on the mutual benefits derived from a form of 'contract' through which the leader delivers such things as rewards or recognition in return for the commitment or loyalty of the followers (Bolden et al., 2003). According to Bass and Riggio (2006), transactional leadership involves rewarding the followers by the leader, when the performance of the followers is to the expected level.

Transactional leadership style is described in terms of two characteristics: the use of contingent rewards and management by exception (Bass 1985). As Northouse (2013), transactional leaders exchange things of value with subordinates to advance their own and their subordinates' agendas. Transactional leadership depends on contingent reinforcement, either positive contingent reward or an active or passive form of management-by-exception. Thus, transactional leadership style was also considered as independent variable.

These above two leadership style may be exhibited by leaders in AIB to lead subordinates or employees in one and different way.

2.1.3.3 Laissez-faire Style

The laissez-faire leader gives no continuous feedback or supervision because the employees are highly experienced and need little supervision to obtain the expected outcome. This type of style is also associated with leaders that do not lead at all, failing in supervising team members, resulting in lack of control and higher costs, bad service or failure to meet deadlines. In government, this is what the type of leadership, which may drive to anarchy (Lewin, Lippitt, & White, 1939). Laissez faire Leaders give group members the freedom to make their own decision in any process as leaders play no leadership role to subordinates (Griffin, 1993). Laissez- Faire Leaders need the less of management authority, leave responsibility to subordinates to decide goals, plans, and programs by their own within the source of possibility. In other words, laissez faire leaders do not take the responsibility and give subordinates the authority to use (Eren, 2010). Laissez-Faire Leaders do not form any control mechanism on group members, and they are completely free to take any decision (Vogt et. al., 2004). An avoidant leader may either not intervene in the work affairs of subordinates or may completely

avoid responsibilities as a superior and is unlikely to put in effort to build a relationship with them. Laissez-faire style is associated with dissatisfaction, unproductiveness and ineffectiveness (Deluga, 1992).

2.1.4 Leadership Theories

2.1.4.1 Great-Man Theory

The effort toward explorations for common traits of leadership is protracted over centuries as most cultures need heroes to define their successes and to justify their failures. In (1847, Thomas Carlyle) stated in the best interests of the heroes “universal history, the history of what man has accomplished in this world, is at the bottom of the history of the great men who have worked here”. Carlyle claimed in his “great man theory” that leaders are born and that only those men who are endowed with heroic potentials could ever become the leaders. He opined great men were born, not made.

An American philosopher, Sidney Hook, further expanded Carlyle perspective highlighting the impact which could be made by the eventful man vs. the event-making man (Dobbins & Platz, 1986). He proposed that the eventful man remained complex in a historic situation, but did not really determine its course. On the other hand, he maintained that the actions of the event-making man influenced the Course of events, which could have been much different, had he not been involved in the process. The event making man’s role based on “the consequences of outstanding capacities of intelligence will and character rather than the actions of distinction”. However, subsequent events unfolded that this concept of leadership was morally flawed, as was the case with Hitler, Napoleon, and the like, thereby challenging the credibility of the Great Man theory. These great men became irrelevant and consequently growth of the organizations, stifled (Macgregor, 2003). “The passing years have given the coup de grace to another force the great man who with Brilliance and farsightedness could preside with dictatorial powers as the head of a growing organization but in the process retarded democratization”.

Leadership theory then progressed from dogma that leaders are born or are destined by nature to be in their role at a particular time to a reflection of certain traits that envisage a potential for leadership.

2.1.4.2 Trait Theory

The early theorists opined that born leaders were endowed with certain physical traits and personality characteristics, which distinguished them from non-leaders. Trait theories ignored the assumptions about whether leadership traits were genetic or acquired. Jenkins identified two trait emergent traits (those which are heavily dependent upon heredity) as height, intelligence, attractiveness, and self-confidence and effectiveness traits (based on experience or learning), including charisma, as fundamental component of leadership (Ekvall&Arvonen, 1991).

2.1.4.3 Contingency Theories (Situational)

The theories of contingency recommend that no leadership style is precise as a standalone as the leadership style used is reliant upon the factors such as the quality, situation of the followers or a number of other variables. "According to this theory, there is no single right way to lead because the internal and external dimensions of the environment require the leader to adapt to that particular situation". In most cases, leaders do not change only the dynamics and environment, employees within the organization change. In a common sense, the theories of contingency are a category of behavioral theory that challenges that there is no one finest way of Leading/organizing and that the style of leadership that is operative in some circumstances may not be effective in others (Greenleaf, 1977). Contingency theorists assumed that the leader was the focus of leader-subordinate relationship; situational theorists opined that the subordinates played a pivotal role in defining the relationship.

However, the situational leadership stays to emphasis mostly upon the leader; it creates the significance of the focus into group dynamic. These studies of the relationships between groups and their leaders have led to some of our modern theories of group dynamics and leadership". The theory of situational leadership proposes that style of leadership should be accorded with the maturity of the subordinates (Bass, 1997). "The situational leadership model, first introduced in 1969, theorized that there was no unsurpassed way to lead and those leaders, to be effective, must be able to adapt to the situation and transform their leadership style between task-oriented and relationship oriented.

2.1.4.4 Style and Behavior Theory

The style theory acknowledges the significance of certain necessary leadership skills that serve as enabler for a leader who performs an act while drawing its parallel with previous capacity of the leader, prior to that particular act while suggesting that each individual has a distinct style of leadership with which he/she feels most contented. Like one that does not fit all heads, similarly one style cannot be effective in all situations (Yukl1989) introduced three different leadership styles, The employees serving with democratic leaders displayed high degree of satisfaction, creativity, and motivation; working with great enthusiasm and energy irrespective of the presence or absence of the leader; maintaining better connections with the leader, in

terms of productivity Whereas, autocratic leaders mainly focused on greater quantity of output. Laissez faire leadership was only considered relevant while leading a team of highly skilled and motivated people who excellent track-record, in the past. (Feidler& House 1994) identified two additional leadership styles focusing effectiveness of the leadership. These researchers opined that consideration (concern for people and relationship behaviors) and commencing structure (concern for production and task behaviors) were very vital variables.

2.1.4.5 Transactional Theory

The leadership theories, by the late 1970s and early 1980s, activated to diverge from the specific perspectives of the leader, leadership context and the follower and toward practices that concentrated further on the exchanges between the followers and leaders. The transactional leadership was described as that in which leader-follower associations were grounded upon a series of agreements between followers and leaders (House & Shamir, 1993). The transactional theory was “based on reciprocity where leaders not only influence followers but are under their influence as well”. Some studies revealed that transactional leadership show a discrepancy with regard to the level of leaders” action and the nature of the relations with the followers.

Bass and (Avolio1994) observed transactional leadership “as a type of contingent-reward leadership had active and positive exchange between leaders and followers whereby followers were that rewarded or recognized for accomplishing agreed upon objectives “From the leader, these rewards might implicate gratitude for merit increases, bonuses and work achievement.

2.1.4.6. Transformational Theory

Transformational leadership distinguishes itself from the rest of the previous and contemporary theories, based on its position to a greater good as it entails involvement of the followers in processes or activities related to personal factor towards the organization and a course that will yield certain superior social dividend. The transformational leaders raise the motivation and morality of both the follower and the leader (House & Shamir, 1993). It is considered that the transformational leaders “engage in interactions with followers based on common values, beliefs and goals”. This affects the performance leading to the attainment of goal. As per Bass, transformational leader, “attempts to induce followers to reorder their needs by transcending self interests and strive for higher order needs”. This theory conform the (Maslow 1954) higher order needs theory transformational leadership is a course that changes and approach targets on beliefs, values and attitudes that enlighten leaders” practices and the capacity to lead change.

2.1.5 The effect of leadership style on employee performance

Leadership approach is an important determinant of employee performance. The reactions of employees to their leaders will usually depend on the characteristics of the employees as well as on the characteristics of the leaders (Wexley and Yukl 1984). There are different dynamics of task and relationship-oriented dimensions of management, which propagate high and low propensities of task and relationship-oriented managers when mixed with differing circumstances as well as diverse groups of employees. While motivating people to enhance job satisfaction, Herzberg’s concept of attitude is a force powerful in determining output. Aligned to this concept is Locke’s formulation of value and its importance to work goals and subsequently job satisfaction. Therefore, leaders should consider the significance of both attitudes and values in their leadership journey.

According to Gray and Starke (1997), employee performance is actually focused on how much the person is persisting about getting their goals. It may be elaborated as factors that affect individuals internally and externally that create enthusiasm to do that specific acts for getting the desired task. It also specify the properties of employee performance, that every person has unique qualities, this fact is intentionally not automatic, it means a person have the sense to do

that task which he wants to do, it arises due to some reasons and employee performance theories predict the behavior that lead to good performance and ultimately get incentives.

Robbins et al. (2010) define employee performance as intensity of effort of an individual to get the desired goals. Key components that elaborate the employee performance are persistence, direction and intensity. It means the effort should be to a specific and production side that can produce positive and fruitful results; second one is the persistence, which means that the efforts should be consistent to achieve the required aim. Third one is intensity; this means how much the individual is keen to get the required goals for him as well as organization. Employee performance can be positive, negative and neutral. Positive employee performance will be in shape of salary, recognition and fringe benefits. But negative employee performance can demote the job performance. Employee performance actually drives the forces that exist in a person to act in the desired way.

2.2 Empirical Literature Review

2.2.1 Empirical Study in Africa

In the South African context Hayward, et al, (2003) found transformational leadership to be more effective than transactional leadership in increasing employee performance. The research (Hayward *et al.*, 2003) found a significant positive linear relationship between transformational leadership and employee performance but no significant linear relationship between transactional leadership and employee performance in a South African pharmaceutical organization. Elsewhere in Africa empirical evidence by Nuhu (2004) who sought to study the effect of leadership styles on employee performance in Kampala City Council reveals that laissez faire leadership was practiced especially in higher offices and also the laissez faire leadership was existent especially in lower offices..

According to Nuhu (2004) Laissez fare leadership style has a positive relationship with employee performance. Since most employees believed that they would rather be made comfortable at work rather than coarse them around like kids. In fact this was eminent in some departments that supervisors or managers where naturally approachable, friendly and not arrogant at employees. Since the correlation his study showed that laissez-faire leadership leads to performance, this implied that in these departments, employee performance actually existed however on a slow pace, rather than in the authoritative leadership which was filled with Tension (Celestine, 2015).

2.2.2 Leadership style in Ethiopia Banking Industry

The banking sector is a fundamental component of economy in almost any given society (Belias & Kustelios 2014). Leadership teams at financial institutions seem to not have the courage and/or capacity to embrace change - and it is up to strong leaders to both allow and push their employees to be creative and innovative. Customer behaviour, technology and competition are rapidly evolving, on-going and simultaneously; therefore, bank leaders must be ready for challenges as well. Banks, similarly to any other industries, should start viewing change as a norm rather than an exception. (Pilcher 2015) Chris Skinner (2015), one of the most influential people in financial industry the present moment, agrees that banks ignore the need for innovation and change, and focus too strongly on status and shareholder value. Skinner appeals to leaders in the bank industry to “give people the culture to create innovation”.

Brand Finance, business valuation and strategy consultancy that annually holds a Banking Forum -event, focused one of their event mainly on leadership in banking (2013). Forum discussed how leadership can valued and measured, the need that exists for strong leadership in banking, and why it is so critical. Don Wood-land (2012) discusses five leadership qualities required for being a successful leader in the banking industry in the modern world; 1) vision, 2) authentic leader-ship and values, 3) ability to adopt to change, 4) networking and communicating, 5) preparation and risk management.

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

2.3 Conceptual Framework

In this study, there are majorly three types of leadership styles which are Transformational, Transactional and Laise fair which are taken as independent variables and employee performance would be taken as dependent variable. A conceptual model is developed on the basis of their relationship with a view to analyze which one leadership style is most appropriate to improve the performance of employees of an organization.

Independent Variables

Leadership styles.

Dependent Variables

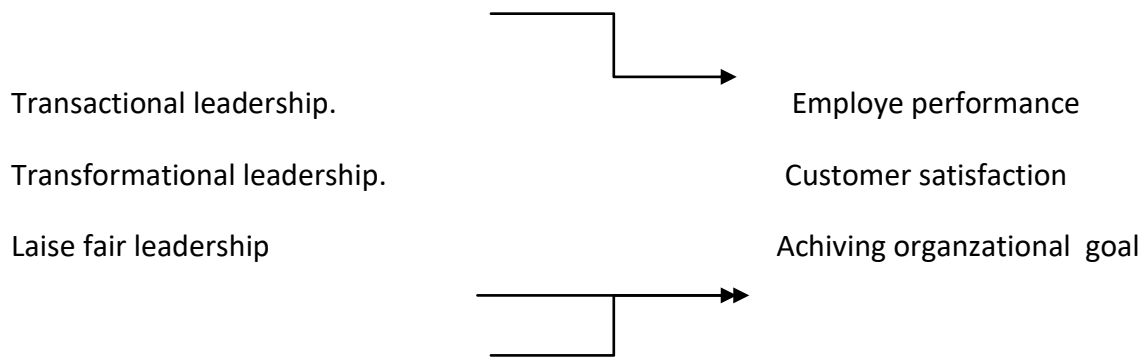


Figure 2.1: Conceptual Framework

Source: Adopted from (Avolio et al, 2004), with some modification, 2017

CHAPTER THREE

3. RESEARCH METHODOLOGY

The methodology chapter will discuss and explains the research design and methods, the target population, sampling size and techniques, as well as the data collection procedure which includes the questionnaire design and measurement of the tools. In addition, the data analysis techniques, validity and reliability of the data will be incorporated.

3.1 Research Design

This study employed descriptive research design. This design was adopted quantitative research approach to allow for descriptive and inferential analysis. Thus the researcher was used to analyze & explain the causal relationship between the effect of leadership style & employees' performance in Addis International Bank.

3.2 Sources of Data

Data for the study were gathered both from primary and secondary sources. The primary data were gathered through questionnaires from the employees of Addis International Bank.

Secondary sources of the study are different published books, internet websites, journals, previous research papers and official reports of the Addis International Bank documents were reviewed. Published books were reviewed to review related theoretical literatures to interpreted research findings. Journals and research papers were used for empirical study and used as a base for conducting this study to attempt adding some new finding on the existing knowledge. Internet web sites were the source of unpublished books, journals, and research papers.

3.3 Sampling And Sample Techniques

sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population (Adams etal, 2007). The study applied both probability sampling and non-probability Sampling techniques; the researcher used stratified sampling technique, in the case of effects of Addis international bank, It was intended to include the employees from all the departments of the sample by giving equal chance to the respondents to be selected, after that, the respondents from each stratum were selected by applying Purposive non-probability sampling so that the findings of the study will be meaningful representation from all the departments that the bank has.

There is controversy and different formulas in the literature regarding determination of representative sample size. Different types of research designs follow different approaches based on their objectives and nature of their unit of analysis. In any way, in this particular study

a simplified formula for Proportions developed by Yamane (1967) is used. Accordingly, it is written as follows

$$n = N / (1 + N(e)^2)$$

Where

n is the sample size, N stands for the population size, and e is the level of precision.

According to the Addis international bank human recourse department the total population or employees who are permanent and available in the bank are about 400. Those different departments are assigned accordingly to employees of the bank. By taking 90% precision level (e=0.01) and by rounding 80 employees sample size will be taken

$$n = 400 / (1 + 400(0.1)^2) = 80$$

3.4 Data Collection Instruments

For the purpose of this study five point Likert scale questionnaire was used as data collection instrument. Quantitative data were collected from employee of the bank in order to answer the research questions and objectives. Primary data source were what the researcher originally intended to collect from the target population. In this study the primary data were those responses of employees accessed via a questionnaire. Therefore, this study was used five point Likert scale questionnaire as an instrument for data collection from each employee being one of the most reliable measurement scales and very popular in most of current studies (Cohen, 1988). This scale is applied to present in this study.

3.5 Method of Data Analysis

In this study, the data collected from the respondents were analyzed by applying descriptive- and inferential statistics using the so called Statistical Package for Social Science (SPSS) version 22. Descriptive statistical like frequency distribution, percentage and median were calculated; whereas inferential statistics like correlation and regression analysis were computed using the SPSS software.

After the data collected, it is necessary to utilize statistical techniques to analyze the information as this study is quantitative in nature. Therefore, the survey data was processed using an SPSS (version 22). First the relevant data was coded, summarized and then transferred to SPSS was analysed and presented.

Frequency tables were used to summarize the respondents profile in the form of frequency and percentages whereas the descriptive statistics such as median of employees' answers to leadership styles and employee performance were calculated in order to determine employees' perceptions toward leadership styles.

3.6 Validity and Reliability Test

The reliability of the scale which is how the collected data is free from random error was checked. Collected data is worthwhile only if they are recorded in accurate ways. For any measurement to be valid, it must first demonstrate reliability (Frey, Botan, and Kreps 2002). Cronbach's alpha is a statistic. It is generally used as a measure of internal consistency or reliability of a psychometric instrument. In other words, it measures how well a set of variables or items measures a single, one-dimensional latent aspect of individuals.

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. (Streiner D.L., Norman G.R. (1989) New York: Oxford University Press (pages 64-65).

3.7 Ethical consideration

Informed consent: Participants were given the choice up on their willingness to participate or not to participate, and furthermore the researcher informed in advance about the nature of the study. Right to privacy: Participants were informed about confidentiality of their responses and this was stated clearly in the questionnaire, that it is only for academy purpose. Honesty with professional colleagues: These findings were reported in proper manner and honest way, without misrepresenting

. CHAPTER FOUR

DATA PRESENTATION AND ANALYSES

This chapter deals with the analysis and discussion of the data gathered from the questionnaire survey. Therefore, the findings of the study were presented and analyzed in this chapter. The questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagree. . The study used Regression Analysis was also used to test the effect of independent variable on dependent variable. For the study, 88 questionnaires were distributed to employees and 80 (90.1%) questionnaire were obtained valid and used for analysis.

4.1 Demographic Background of the Respondents

The demographic profile of the respondents was presented in this section. The personal profile of the respondents was analyzed as per their gender, age, levels of educational achievements, and years of service in the organization and service year. Descriptive statistics were performed on the demographic variables as a means of describing the respondents. In addition, statistical test was conducted to investigate the difference of effect of leadership style and employees performance.

Sex of the Respondents	Frequency	Percent
Valid Male	52	65%
Female	28	35%
Age of respondents		
Valid 20-39	48	60%
40-59	27	33.75%
60-79	5	6.25%
Level of Education		
Valid Diploma	8	10%
First degree	69	86.25%
Master's degree	3	3.75%
Marital status		
Valid Single	49	61.25%
Married	31	38.75%
Work Experience in Addis International bank		
Valid 1-10 Years	73	91.25%
11-30 Years	7	8.75%

As can be observed in the table above the respondents have been asked to questions related to their demographic characteristics and 52 (65%) of the respondents are male while the rest 28(35%) are female. Age wise 48 (between 20-39 years of age) 27 of the respondents was (between 40-59)while the remaining 5 of the respondents are found between 60-79 years of age. Respondents level of education is also taken in to consideration while collecting this data and 8 (10%) of the respondents are diploma holders, with quite large percentage of them, 69 (86.25%) of the respondents have first degree and the rest 3 (3.75%) of the respondents are graduates of master’s degree. Marital status of the respondents is also taken in to account in this study and 49 (61.25%) of the respondents are single while the remaining 31 (38.75%) of the respondents are married. Finally, the respondents’ work experience in their current company has been asked and 73 (91.25%) of the respondents have worked 1-10 years, 7 (8.75%) of the respondents have worked 11-30 years worked in Addis International Bank. It can be inferred from the above data that most of the respondents are male, yet quite larger number and representative number of female participants have participated in the study. Hence, it can be said that a proportional sample of both sexes have participated in the study. Most of the respondents of this study are said to be young and ones working at an adult level who have plenty more years ahead of them. They are believed to be evaluative of the leadership practice exercised in their respective work unit and their bank in general. The respondents’ general characteristic also shows that quite most of the respondents are first degree holders who can clearly define evaluate and analyze the leadership practice of the bank. What is more, the result of the study has also proved that relatively proportional sizes of the respondents are single and slightly some most of the respondents are married. It shows that there are a number of respondents who can take leadership position. Finally, most of the respondents (60%) of the respondents are found between the age categories of 20-39 years of age.

4.2 Leadership Approach: Laissez Faire Style

Table 2 The practice of Laissez faire leadership style

Questions	SD		D		N		A		SA		Mean	Std Div
	F	%	F	%	F	%	F	%	F	%		
When performance requirements designed my supervisor relies only on his/her own judgment	9	11.25	23	28.75	25	31.25	21	26.25	2	2.5	2.8	1.08
My supervisor does not impose policies on me	2	2.5	22	27.5	24	30	29	36.25	3	3.75	3.1	.94
There is leadership freedom in my department	4	5	20	25	26	32.5	27	33.75	3	3.75	3.08	.96
My department performs without any leadership barriers or obstacle	2	2.5	40	50	21	26.25	14	17.5	3	3.75	2.7	.9
I encourage others to do things on my way	5	6.25	22	27.5	29	36.25	21	26.25	3	3.75	2.9	.96
The manger attends to my	1	1.25	8	10	29	36.25	41	51.25	1	1.25	3.4	0.7

problems												
My supervisor allows me to express my point of view openly	12	15	14	17.5	1	1.25	47	58.75	6	7.5	3.3	1.3

As can be observed in the table above the respondents have been asked to rate their level of agreement to the statement when performance requirements designed if the respective supervisor relies only on his/her own judgment. It follows that 9 (11.25%) of the respondents have strongly disagreed 23(28.75%) of the respondents disagreed, 25 (31.25%) of the respondents have remained neutral, 21 (26.25%) of the respondents have agreed and 2(2.5%) of the respondents have strongly agreed to the statement and the mean and standard deviation are 2.8 and 1.03 respectively. To the statement that asked the respondents' level of agreement regarding the respective supervisor does not impose policies on the subordinates 22(27.5%) of the respondents have disagreed, 2(2.5%) of the respondents have strongly disagreed, 24(30%) remained neutral 29(36.25%) of the respondents have agreed and the rest 3 (3.75%) of the respondents have strongly agreed to the statement and the mean and standard deviation values as computed are 3.1 and 0.938 respectively. The respondents have also been asked to rate their level of agreement regarding the statement that said there is leadership freedom in my department and 4(5%) of the respondents have strongly disagreed, 20 (25%) of the respondents have disagreed, 26 (32.5%) of the respondents have remained neutral, 27(33.75%) of the respondents have agreed and the remaining 3(3.75%) of the respondents have strongly agreed to the statement.

The respondents have been asked a statement that said their respective department performs without any leadership barriers or obstacle; accordingly 2(2.5%) of the respondents have strongly disagreed 40(50%) of the respondents have disagreed to the statement 21 (26.25%) of the respondents remained neutral, 14 (17.5%) of the respondents have agreed and the rest 3(3.75%) of the respondents have strongly agreed to the statement. a statement requiring respondents' level of agreement regarding the extent to which the respondent encourage others to do things on their way and 5 (6.25%) of the respondents have strongly disagreed, 22(27.5%) of the respondents have disagreed, 29 (36.25%) of the respondents have remained to be neutral, 21 (26.25%) of the respondents have agreed and the remaining 3(3.75%) of the respondents have strongly agreed. Respondents have also been asked to express their level of agreement on the statement the respective manger attends to the subordinates' problems and 1 (1.25%) of the respondents have strongly disagreed 8 (10%) of the respondents have disagreed, 29 (36.25%) of the respondents have remained neutral, 41 (51.25%) of the respondents agreed and the rest 1(1.25%) of the respondents have strongly agreed to 85the statement.

Finally, on the same table above the respondents have also been asked to express their level of agreement to the statement that said the respondents' supervisor allows me to express my point of view openly 12(15%) of the respondents have strongly disagreed, 14 (17.5%) of the respondents have disagreed, 1(1.25%) of the respondents remained neutral 47 (58.75%) of the respondents have agreed and 6(7.5%) of the respondents have strongly agreed to the statement. As can be inferred from the data above that leadership approach tends to be more

of laissez faire at some point. Hence, the leadership as exercised by most of the work units lacks supervision and the employees act their own way with little if any supervision and control.

4.3 Leadership Approach: Transformational Leadership

Table 3: The practice of Transformational Leadership

Questions	SD		D		N		A		SA		Median	Std.Div
	F	%	F	%	F	%	F	%	F	%		
The employer has care and concern for individuals work as well as his personal issue	4	5	12	15	29	36.25	34	42.5	1	1.25	3.2	.892
My supervisor is quite open and receptive to new ideas	1	1.25	19	23.75	24	30	32	40	4	5	3.2	.911
My supervisor treats all subordinate employees like brother/sister	2	2.5	22	27.5	22	27.5	29	36.25	5	6.25	3.2	.983
My supervisor used the world WE instead of I	6	7.5	12	15	33	41.25	26	32.5	3	3.75	3	.951
My supervisor builds team sprites	4	5	11	13.75	34	42.5	29	36.25	2	2.5	3.2	.881
My supervisor gets people involvement in decisions making	5	6.25	19	23.75	25	31.25	30	37.5	1	1.25	3	.954

As shown in the table above the study participants have been asked to rate their level of agreement to the statement the employer has care and concern for individuals work as well as his personal issues. It follows that 4 (5%) of the respondents have strongly disagreed 12(15%) of the respondents disagreed, 29 (36.25%) of the respondents have remained neutral, 34(42.5%) of the respondents have agreed and 1(1.25%) of the respondents have strongly agreed to the statement. A statement requiring respondents' level of agreement regarding the extent to which the respondent the respective supervise is quite open and receptive to new ideas and 1(1.25%) of the respondents have strongly disagreed, 19(23.75%) of the respondents have disagreed, 24(30%) of the respondents have remained to be neutral, 32(40%) of the respondents have agreed and the remaining 4(5%) of the respondents have strongly agreed. As shown in the same table above the study participants have been asked to rate their level of agreement to the statement the respective supervisor treats all subordinate employees like brother/sister. It follows that 2 (2.5%) of the respondents have strongly disagreed 22(27.5%) of the respondents disagreed, 22(27.5%) of the respondents have remained neutral, 29(36.25%) of the respondents have agreed and 5(6.25%) of the respondents have strongly agreed to the statement. What is more, the participants of the study have also been asked to rate their level of agreement to the statement to the statement that said the respective supervisor used the world WE instead of I and 6(7.5%) of the respondents have strongly disagreed 12(15%) of the respondents disagreed, 33(41.25%) of the respondents have remained neutral, 26(32.5%) of

the respondents have agreed and 3(3.75%) of the respondents have strongly agreed to the statement.

Respondents have also been asked to express their level of agreement regarding the statement that said the respective supervisor builds team spirit 4 (5%) of the respondents have strongly disagreed 11(13.75%) of the respondents disagreed, 34(42.5%) of the respondents have remained neutral, 29(36.25%) of the respondents have agreed and 2(2.5%) of the respondents have strongly agreed to the statement. Finally, regarding the transformational leadership style the respondents were asked to rate their level of agreement a statement that said the respective supervisor gets people involvement in decisions making and 5 (6.25%) of the respondents have strongly disagreed 19(23.75%) of the respondents disagreed, 25(31.25%) of the respondents have remained neutral, 30(37.5%) of the respondents have agreed and 1(1.3%) of the respondents have strongly agreed to the statement. It can therefore be said that by far transformational leadership style is also experienced by quite most of the leaders in the respective work units.

4.4 Leadership Style: Transactional leadership Style

Table 4 Transactional Leadership

Questions	SD		D		N		A		SA		Mean	Std Div
	F	%	F	%	F	%	F	%	F	%		
My supervisor clearly clarify the responsibility for achieving targets	2	2.5	15	18.75	20	25	38	47.5	5	6.25	3.4	.961
I provide recognition rewards when others reach their goals	3	3.75	14	17.5	31	38.75	30	37.5	2	2.5	3.2	.892
I also provide punishments or demotion to subordinate workers when they are doing	6	7.5	11	13.75	40	50	21	26.25	2	2.5	3.0	.891
My supervisor content to tell other continue working in same way as always	2	2.5	20	25	30	37.5	26	32.5	2	2.5	3.1	.893

As can be seen in the table above the respondents were asked four different questions under the umbrella phrase transactional leadership style. Accordingly respective respondent supervise clearly clarify the responsibility for achieving targets and 2(2.5%) of the respondents have strongly disagreed 15(18.75%) of the respondents disagreed, 20(25%) of the respondents have remained neutral, 38(47.5%) of the respondents have agreed and 5(6.25%) of the respondents have strongly agreed to the statement. To the statement categorized under the same category and required the level of the respondents on the respondents themselves provide recognition rewards when others reach their goals and 3 (3.75%) of the respondents have strongly disagreed 14(17.5%) of the respondents disagreed, 31(38.75%) of the respondents have remained neutral, 30(37.5%) of the respondents have agreed and 2(2.5%) of the respondents have strongly agreed to the statement. Similarly the respondents have also been asked that the respective supervisor is also provides punishments or demotion to subordinate workers when they are doing and 6(7.5%) of the respondents have strongly disagreed 11(13.75%) of the respondents disagreed, 40 (50%) of the respondents have remained neutral, 21(26.25) of the respondents have agreed and 2(2.5%) of the respondents have strongly agreed to the statement. Finally the respondents have also been asked to rate their level of agreement to the statement under this sub title that said the respective supervisor is content to tell others continue working in same way as always and 2(2.5%) of the respondents have strongly disagreed 20(25%) of the respondents disagreed, 30 (37.5%) of the respondents have remained neutral, 26(32.5%) of the respondents have agreed and 2(2.5%) of the respondents have strongly agreed to the statement. It follows that transactional style of leadership is also partly exercised by some leaders of the bank.

4.5 Employee Job Performance in view of Customer satisfaction

Table 5 Customer Satisfaction

Questions	SD		D		N		A		SA		Mean	Std Div
	F	%0	F	%	F	%	F	%	F	%		
Customers have a positive feedback after they receive the service	2	2.5	8	10	27	33.75	32	40	11	13.25	3.5	.933
The service deliver processes takes short time	12	15	-	-	26	32.5	36	45	6	7.5	3.3	1.165

The respondents have been asked two questions each of which was gauged based on the level of agreement the respondents had. To begin with it said customers have a positive feedback after they receive the service 2(2.5%) of the respondents have strongly disagreed 8(10%) of the respondents disagreed, 27 (33.75%) of the respondents have remained neutral, 32(40%) of the respondents have agreed and 11(13.25%) of the respondents have strongly agreed to the statement. Moreover, respondents were also asked to rate their level of agreement to the statement that said the service delivery processes takes short time and 12(15%) of the

respondents have strongly disagreed,26 (32.5%) of the respondents have remained neutral, 36(45%) of the respondents have agreed and 6(7.5%) of the respondents have strongly agreed to the statement.

4.6 Leadership Approach employed in achieve organization goal
Table 6 Organizational Goal

Questions	SD		D		N		A		SA		Mean	Std Div
	F	%	F	%	F	%	F	%	F	%		
I worked keeping my skills up to date	2	2.5	2	2.5	19	23.75	48	60	9	11.25	3.7	.821
I actively participated in work meetings and training	4	5	6	7.5	29	36.25	35	43.75	6	7.5	3.4	.923
I were able to perform my work well with minimal time and effort	6	7.5	-	-	10	12.5	55	68.75	9	11.25	3.8	.941

As can be observed in the table above, the respondents were asked three questions associated with the leadership style in promoting the successful achievement of or realization of organizational goal and three statements have been presented to gauge study participants level of agreement in this regard. It follows that to the statement that said respective respondents have worked keeping their skills up to date 2 (2.5%) of the study participants have strongly disagreed, 2 (2.5%) of the respondents have disagreed 19 (23.75%) have remained neutral, 48(60%) have agreed and the 9 (11.25%) of the respondents have strongly agreed with the mean and standard deviation values of 3.7 and .82 respectively. Moreover the respondents were asked to express their level of agreement with a statement the respective respondents have actively participated in work meetings and training and 4(5%) of the participants have strongly disagreed, 6 (7.5%) of the respondents have disagreed, 29 (36.25%) of the study participants have remained neutral, 35(43.75%) of the respondents have agreed and the remaining 6 (7.5%) of the respondents have strongly agreed to the statement with mean and standard deviation of 3.4 and 0.94 respectively.

Finally, on the same table above the respondents have been asked to rate their level of agreement regarding the statement that required them that they were able to perform my work well with minimal time and effort 6 (7.5%) of the respondents have strongly disagreed, none of them disagreed, 10 (12.5%) of the respondents remained neutral,55 (68.75%) of the respondent have agreed and the rest 9 (11.25%) with a mean and standard deviation of 3.8 and .94 respectively.

4.7 Leadership style and Team work

Table 7 Teamwork

Questions	SD		D		N		A		SA		Mean	Std. Div
	F	%	F	%	F	%	F	%	F	%		
There is team work in my department	2	2.5	6	7.5	19	23.75	43	53.75	10	12.5	3.71	.91
My supervisor is a team player	2	2.5	12	15	29	36.25	28	35	9	11.25	3.42	.98
I am given the needed support by my supervisor to builds team spirits	2	2.5	9	11.25	33	41.25	30	37.5	6	7.5	3.31	.71

As shown in the table the respondents have been asked to rate their level of agreement the team work practice in view of the leadership style in Addis International Bank and three questions pertaining team work have been presented to them as shown in the above table. To begin with each of the statements, to the statement that said there is team work in their respective department 2(2.5%) of the respondents have strongly disagreed, 6(7.5%) disagreed 19 (23.75%) of the study participants have remained neutral, 43 (53.4%) of the respondents have agreed while the rest 10 (12.5%) of the respondents have strongly agreed with cumulative mean value of 3.7 and standard deviation of 0.91. Similarly for the statement that required the study participants' extent of agreement to the statement that said respective supervisor is a team player 2 (2.5%) of the respondents have strongly disagreed,12 (15%) of the respondents have disagreed, 29(36.25%) of the respondents have remained neutral, 28 (35%) of the respondents have agreed 9(11.25%) of the respondents have strongly agreed to the statement with mean value of 3.4 and standard deviation of 0.98.Finally, respondents have been asked to rate their level of agreement regarding a statement that said if they are given the needed support by their supervisor to build team spirit they will continue to bloom and 2 (2.5%) of the respondents have strongly disagreed, 9(11.25%) of the respondents have disagreed, 33 (41.25%) of the respondents have remained neutral, 30(37.5%) of the respondents have agreed and 6(7.5%) of the respondents have strongly agreed to the statement with cumulative mean of 3.3 and standard deviation value of 0.7. It can, therefore, be said that teamwork is exercised and considered fundamental to leaders of respective units.

4.8 Summary of Mean and Standard Deviation of Leadership Style and Work Performance

	laissez faire	Transformational	Transactional;	Customer Satisfaction	Organizational Goal	Team work
Valid	80	80	80	80	80	80
Mean	3.04	3.13	3.175	3.42	3.631	3.471
Std. Deviation	0.971	0.932	0.9075	1.001	0.891	0.861

The above descriptive statistics clearly indicates the corresponding arithmetic mean and standard deviation of every construct totals (total of every individual categorical construct). Thus laissez faire categorical total has a mean of 3.04 and a standard deviation of 0.971, transformational leadership total has a mean of 3.13 and a standard deviation of 0.932, transactional leadership total mean of 3.175 and standard deviation 0.9075, customer satisfaction categorical total has a mean 3.4 and standard deviation of 1.001, organizational goal categorical total has a mean of 3.631 and a standard deviation of 0.891, team work categorical total has a mean 3.471 and standard deviation .861

4.9 Correlation Analysis

Correlation is the degree of correspondence between variables. This implies the relationship is mutual or reciprocating, but the correlation does not make any proposition that one thing is the cause and the other the effect. Table 4.9 Pearson Correlation between Factors of Leadership Style and Customer Satisfaction.

Leadership Style		Work Performance
Laissez faire	Pearson Correlation	0.3795***
	Sig. (2-tailed)	0.00
	N	80
Transformational	Pearson Correlation	0.5065***
	Sig. (2-tailed)	0.00
	N	80
Transactional	Pearson Correlation	0.4935***
	Sig. (2-tailed)	0.00
	N	80

** . Correlation is significant at the 0.01 level (2-tailed). As shown in table 4.11 above the correlation between the three leadership styles and the factors of work performance has been computed. As shown, there is significant positive relation between transformational leadership style and work performance ($r = .3795$, $sig = .000$). There is significant positive relation between transformational leadership style and work performance ($r = .5065$, $sig = .000$). What is more, there is significant positive relation between transformational leadership style and work performance ($r = 0.4935$, $sig = .000$)

4.10 Regression Analysis

In this study multiple regressions were conducted in order to examine the relationship between laissez faire, transformational and transactional leadership styles, with another constructs of the conceptual framework; work performance indicators: team work, customer service organizational goal achievement. Here, the regression between the components of performance appraisal quality and employee performance in the form of stepwise is analyzed. R-Square (coefficient of determination) is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749a	.561	.554	.72355
2	.683a	.641	.622	.73312
3	.721a	.531	.489	.71245

a. Predictors: (Constant), transformational, laissez fair, transactional,

b. Dependent Variable: team work, customer satisfaction and organizational objectives

R Represents the relationship between dependent and the independent variables.

R² Represent how much of the dependent variable can be explained by the independent variable.

From the equation, it was realized that the two dependent variables, they had a moderate relationship with the leadership styles. The correlation value are 0.749 and .721 which are both; considered a moderate relationship because the values fall greater than 0.70 (Pallant, 2011). The values are also positive indicating that, when the independent variables increase dependent variable also increases and vice versa. The R² indicate that 56.1 % (0.561), 64.1% (.641) and 53.1% (.531) of employee work performance could be explain using the independent variables (Required level of work performance)

Table 4.13 Results of Multiple Regressions between the Combined Effect of the three Leadership Styles Variables and Work Performance Indicator

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.573 a	0.426	0.409	0.559

From the equation, it was realized that the dependent variables, have a moderate relationship with the leadership styles. The correlation value 0.573 is having a stronger relationship because the values falls less than 0.70 (Pallant, 2011). The values are also positive indicating that, when the independent variable increases dependent variable also increases and vice versa. The R² indicate that 42.26 % (0.426), of employee work performance could be explaining using the dependent variables

Table 4.14 Regression Coefficients of the Relationship between Team Work and the Leadership Styles (Predictive Variables)

U,H	Unstandardized Coefficients		Sig.
	B	Std.error	
Teamwork (Constant)	.651	.340	.056
Laissez faire	.017	.060	0 .005
Transformational	.319	.063	.043
Transactional	.234	.062	.000

From the analysis, the co-efficient value for laissez faire leadership style was 0.170. This means that all things being equal, when the other independent variables (transformational and transactional leadership) are held constant, work performance increases by 1.7 % if there is 100% improvement in the supervisor’s laissez-faire leadership style. This was statistically significant (0.00<0.05) i.e. the variable (laissez faire) is not making any significant unique contribution to the prediction of the dependent variable (teamwork).

From the analysis, the co-efficient value for transformational leadership was 0.329. This means that all things being equal, when the other independent variables (transactional and laissez-faire) are held constant, team work and the associated cohesion as a team would increase by 32.9% if there is 100% improvement in transformation. This was statistically significant (0.04<0.05) i.e. the variable (transformational leadership) is making a significant unique contribution to the prediction of the dependent variable (teamwork).

The co-efficient value for transactional leadership was 0.329. This means that all things being equal, when the other independent variables (transformational and laissez-faire) are held

constant, working as a team and cohesion among teammates both vertically and horizontally would increase by 32.9% if there is 100% improvement in transactional leadership. This was statistically significant ($0.04 < 0.05$) i.e. the variable (transactional leadership) is making a significant unique contribution to the prediction of the dependent variable (teamwork).

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working as a team and cohesion among teammates both vertically and horizontally would increase by 32.9% if there is 100% improvement in transactional leadership. This was statistically significant ($0.04 < 0.05$) i.e. the variable (transactional leadership) is making a significant unique contribution to the prediction of the dependent variable (teamwork).

Table 4.15 Regression Coefficients of the Relationship between Organizational Goal and the Leadership Styles (Predictive Variables)

	Unstandardized Coefficients		Sig.
	B	Std. Erro	
Organizational goal achievement (Constant)	.712	.321	.046
Transactional	.607	.085	.000
Laissez faire	.015	.093	.871
Transformational	.581	.073	.000

From the analysis, the co-efficient value for transactional it is indicated that 0.607. This means that all things being equal, when the other independent variables are held constant, organizational goal achievement would increase by 60.7 % if there is 100% improvement in laissez-faire. This was statistically significant ($0.00 < 0.05$) i.e. the variable (laissez faire) is making a significant unique contribution to the prediction of the dependent variable (organizational goal achievement).

From the analysis the co-efficient value for transformational leadership was 0.581. This means that all things being equal, when the other independent variables are held constant, organizational goal achievement would increase by 58.1 % if there is 100% improvement in quality of the leadership in being transformational. This was statistically significant ($0.00 < 0.05$) i.e. the variable (transformational leadership) is making a significant unique contribution to the prediction of the dependent variable (organizational goal achievement).

From the analysis, the co-efficient value for transactional leadership was 0.015. This means that all things being equal, when the other independent variables (transformational and laissez faire) are held constant, performance would increase by 1.5 % if there is 100% improvement in organizational goal achievement. This was statistically insignificant because it has value more

than $0.871 > 0.05$ i.e. the variable (laissez fair leadership) is not making any unique contribution to the prediction of (organizational goal achievement).

Table 4.16 Regression Coefficients of the Relationship between Leadership Styles and the work performance (Predictive Variables)

	Unstandardized		StandardizedCoefficients		Sig
	B	Std. Error	B	Std. Error	
Work performance (constant)	.6815	0.3305	.072	0.321	0.031
Laissez faire	.012	0.0725	.012	0.0725	0.055
Transformational	.457	0.078	.457	0.078	. 0
Transactional	.4075	0.0675	.4075	0.0675	.0420

From the analysis, the co-efficient value for Laissez faire leadership was 0.312. This means that all things being equal, when the other independent variables (transformational and transactional) are held constant, work performance would increase by 1.2 % if there is 100% improvement in organizational goal achievement. This was statistically insignificant because it has value $0.051 > 0.05$ i.e. the variable (laissez fair leadership) is not making any unique contribution to the prediction of (organizational performance). Moreover, transformational leadership coefficient is shown as 0.457, which means work performance will increase, by 45.7% while other independent variables are set aside and this is statistically insignificant since $0.0025 < 0.05$ Finally as shown in the above table the independent variable, transactional leadership has shown a coefficient of .4075 which also shows other two leadership styles remaining constant transactional leadership will enhance work performance by 40.75% and the value is significant at .00 as it is less than .05. As shown in the standardized coefficients the values are all under certain similarity as at each ends the correlation and significances are similar

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Summary of Major Findings

In organization leadership style is one of the most important tools for human resource management. Leaders encourage employees to effectively perform in the most effective way. To this end, the key to create the efficient leadership style is an answer to the question what really enhance employees' performance. Therefore, the aim of this study was to examine the relationship between effects leadership style and employees' performance in Addis International Bank.

- ✓ Most of the respondents of the study have served in the bank for less than a decade now and given the age of the bank, it is possible to infer that the participants can better describe the current leadership style.
- ✓ The composition of marital status between married and single ones in the study revealed that there is somehow balanced , yet most of the study participants are singles, not married
- ✓ The study has revealed that most of the study participants are first-degree graduates.

- ✓ Regardless of some of the measures describing laissez-faire shown that there is tendency that the leadership practice experienced by the bank, the transformational parameters and the features describing transformational leadership have proved that the bank experiences transformational leadership
- ✓ As the study, result has shown certain parameters of transactional leadership have been presented and the leadership style exercised by the bank is partly the transactional leadership style.
- ✓ Various questions have been presented in the study with regard to the job performance and customer satisfaction, customer satisfaction has weighed largely, and there is stronger view that customers have a positive feedback after they receive the service and the service deliver processes takes short time
- ✓ The respondents firmly believe that the employee work towards the realization of the organizational goal is worth it.
- ✓ The respondents believe that team work is crucial in realizing job performance.

- ✓ The study has identified that the leadership style exercised by the bank is more Contextual leadership.

5.2 Conclusion

The research findings showed that transformational leadership style is a little bit more adopted than transactional leadership style at the Addis International Bank and its branch offices. The bank applied both transactional and transformational leadership style together. Both transactional and transformational leadership styles have positive and strong relationships with employees' performance in the bank.

- ✓ Employees often describe their respective managers and the leadership styles employed by them in a different ways. As it stands the employees perceive their leaders tending towards transactional and transformational leadership approaches
- ✓ Managers using the transactional leadership style receive certain tasks to perform and provide rewards or punishments to team members based on performance results. While others implant high levels of communication from management to meet goals. Leaders motivate employees and enhance productivity and efficiency through communication and high visibility. The leadership style employed by Addis international Bank tends to be more of transformational though there is a sentiment of a laissez-faire and transactional at times.
- ✓ The style of leadership has a greater positive effect on employee performance in which situation employee feel power and confidence in doing their job and in making different decisions. The transformational leadership and the performance deliverable variables have been gauged and there has been a positive a strong and a significant relationship between transformational leadership and employee work performance. Similarly there is a strong, positive and significant relationship between transactional leadership style and employee work performance.
- ✓ Overall, the leadership style in place by the bank has a significant effect on work performance of the employees. As attested the reactions of the employees have proved that the employees have partly lacked the required level of competence as they lacked the required level of leadership dexterity they have been provided. They also believe that the leadership in place didn't help them to realize the required level of performance.

5.2 Recommendation

- ✓ The leadership style in place by leaders of Addis International bank tends to be a mix of both the three major leadership styles dealt in this paper. However, most importantly the transformational leadership should be promoted and the other two transactional and laissez faire leadership styles should not be encouraged to be exercised. Considering the susceptible nature of the financial sector, the turbulent financial environment the country is facing and the market in itself as the youngest to the country, it becomes key moment to reconsider the leadership styles in view of looking into the leadership styles that can take the bank further than it currently is being managed.
- ✓ The current study has proved that there is a significant and positive relationship between the two dominant leadership styles: transactional and transformational leadership as correlated with employee job performance. By identifying the values and the benefits to be reaped, however, the bank needs to implant the transformational leadership style more engrained to the bank's culture.
- ✓ Employee performance is an outcome of the leadership practice employed by the institutions. Leaders often take the blame and the reward for certain failure or success. Hence, if leader fails to deliver the required level of performance his leadership qualities are often considered at stake. Leadership style as identified in this particular study is positively related to the employee performance and the employee has considered that the style of leadership is linked directly to the success factors. Yet the bank, Addis international Bank, should be considerate of the performance of the bank basing its existing foundation on the style of leadership it intends to realize.

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