



**ST. MARY'S UNIVERSITY COLLEGE SCHOOL OF
GRADUATE STUDIES**

**THE EFFECT OF LEADERSHIP ON EMPLOYEE COMMITMENT
IN AWASH WINE SHARE COMPANY AT ADDIS ABABA**

BY:

GETACHER DEBALKE

(ID-SGS/0152/2012A)

December, 2021

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY
COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF
BUSINESS ADMINISTRATION**

December, 2021

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SCHOOL OF GRADUATE STUDIES
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DECLARATION

I, undersigned, declare, this thesis is my original work, prepared under the guidance of my advisor Dr. Aderaw Gashaye. All sources 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 to earn any degree.

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December, 2021

ENDORSEMENT

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

Advisor

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December, 2021

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Acknowledgment

First of all, I would like to thank my God for his valuable care, support, charity, and willingness that helped me through my life. Second, my gratitude goes to my advisor Dr. Aderaw Gashaye for his valuable effort and constructive & harmonious comments. Thirdly, I would like to thank my family. My gratitude goes to all the respondents of Awash Wine Share Company managers, directors and employees for their polite acceptance and their providing of valuable information.

List of Acronyms

AWSC - Awash Wine Share Company

SOEs – State-owned Enterprises

SPSS - Statistical Package for Social Sciences

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Abstract

Leadership and the different associated styles have an immense impact on how employees commitment, and leads positive organisational outcomes. The purpose of this study would be to investigate the impact of leadership style on employee's commitment and to forward the possible solution to the concerned bodies. This study was used a descriptive research method. To achieve the overall objectives of the study consisted of a qualitative and quantitative method to analyse the effect of leadership on employee commitment in Awash Wine Share Company. A Researcher had selected 64 samples from AWSC. Questionnaire and interview were the main data collection instruments. Awash Wine Share Company was implemented and practiced mostly transformational leadership style and transactional leadership style. These leadership styles were best for respondents in Awash Wine Share Company. Employees absenteeism from work place was the major problem faced AWSC and the main reason for their absences was uncomfortable work environment and take its first rank. The other reasons were low salary payment and inappropriate treatment of employees by leaders. The other problem faced AWSC was high rate of staff turnover. Only few staffs were retained in their organization AWSC. AWSC exercise laissez-faire leadership style, transformational leadership style, transactional leadership style and democratic leadership style. But it does not exercise autocratic leadership style. Therefore, AWSC used contingency approach of leadership style. The most types of employees commitment to AWSC was affective commitment and continuance commitment but was not normative commitment. AWSC should create conducive work environment to reduce employee's absenteeism and to increase employee's commitment. The other solution for employee's absenteeism should be revision of employee's salary scale and appropriate treatment of employees by their leader. The major problem faced AWSC was high rate of staff turnover. Therefore, the company should investigate the problem deliberately and take corrective actions based on the investigation made by professionals. Therefore, most types of employee's commitment in AWSC were affective commitment and continuance commitment. The most employees' commitment in AWSC was not normative commitment. So, the AWSC should plan how to produce normative committed employees.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Sharma & Jain (2013) defined leadership as a process of which a person influences other people to accomplish an objective and directing in a way that makes it more cohesive and coherent. Leadership style, as defined by Gharibvand (2012) is how the leader communicates in general and relates to people, the way in which the leader motivates and trains the subordinates and the way leaders provides direction to his/her team to execute their tasks.

Employee commitment is one of the variables that have received great attention from researchers because it affects organization success. It is a factor that connects between leaders to their organization and its success. The subject of employee commitment is an important subject of study especially in light of environmental changes such as downsizing, globalization, diversity, acquisitions and mergers. Leaders influence employee's attitudes and behaviors. Leaders have adopted various tactics when they lead others in the organization (Brown, 2003).

Therefore, leaders must possess special ability to diagnose the organizational environment, accurately identify the contingent factors and subsequently make a sound decision in leading the organization towards success. Employee commitment is a common phenomenon, which has been extensively addressed by many researchers worldwide due to its importance to the organization. Employee's commitment has been linked to the performance of organizational constituents, their loyalty, organizational citizenship behaviour, counterproductive behaviour, employees' aggression, job satisfaction, and other individual and group constructs.

The leaders also use different leadership style to increase productivity of the organization as well as to increase the job performance of the employees. To achieve their goal leaders can apply different leadership style and may use the different leadership style collectively. So the main purpose of this study was to identify the effect of leadership on employee commitment in the Awash Wine Share Company context.

1.2 Statement of the Problem

The effectiveness of any organization is highly dependent upon the leaders to be successful in achieving its goals. Leaders can facilitate the improvement of both leadership capability and performance as well as commitment of followers. This ultimately contributes to enhancing organizational performance. Leadership behavior in an organization is one of the factors that play significant role in enhancing the interest and commitment of the individuals in the organization (Obiruwu, 2011).

Employee commitment is also an important variable to understand the culture of organization and affects employee's attitudes towards work such as a desire to stay in the organization, absenteeism rate, and job satisfaction and work turnover rate. Organizationally committed employees have high motivation rates and better job performance. One of the important variables to strengthen employee commitment is the existence of a leadership quality that motivates employees and makes them feel the importance of the leader presence and work with him. (Scheck, 2000).

Employee commitment accumulation will lead to good organizational performance. Awash Wine Share Company face many challenges such as globalization, rapid change and other related challenges, which requires from their leaders to use leadership qualities that believe in change and administrative innovation in the face of competition and market conditions, making them the most dynamic and innovative source of competitive advantage. This study is therefore; conduct to assess the effect of leadership on employee's commitment. In addition this study also contributes to literature on leadership issues with evidence from Awash Wine Share Company. Moreover, it contributes meaningfully to the body of growing literature and knowledge in this area of study in winery.

The major problem identified regarding to Awash Wine Share Company (AWSC) was that the organization has high employee dissatisfaction. There were observed problems in the organization such as frequent turnover and hire new employees every month. So this research addresses this problem and provides different recommendation. Therefore, it fills practical gap and literature gap.

1.3 Research Questions

This study would try to answer the following question.

- What kinds of leadership style to be followed in Awash Wine Share Company for commitment of the employees?
- What is the importance of leadership in Awash Wine Share Company for employee's commitment?
- How the effective leadership can improve the commitment of employee's by reduce employee's absenteeism rate and employee's turnover rate at Awash Wine Share Company?

1.4 Objectives of the study

Purpose of the study was to evaluate the effect of leadership on employee's commitment and its impact on organization success, which will help them in lessening or crediting the effect of leadership on organization success in this case study organization

1.4.1 General objective

The general objective of this study was assessment of the effect of leadership on employee's commitment in Awash Wine Share Company.

1.4.2 Specific objectives

- To identify the leadership style to be implemented by Awash Wine Share Company for commitment of the employees.
- To understand the importance of leadership in Awash Wine Share Company for employee's commitment.
- To identify the problems faced Awash Wine Share Company related to leadership style that effect on employee's commitment.
- To explain employees participation in decision-making process.
- To analyse the effective leadership that improves the commitment of employee's.

1.5 Definition of Terms

Leadership –A process of social influence, which exploits the exertion of other people in order to attain goals of the organization

Employee’s Commitment –Employee’s take responsibility to work in their organization to achieve organizational mission

Employee –A paid worker within the organization

1.6 Significance of the Study

This study has significant contribution in enhancing employee’s commitment through indication of gaps that may exist in Awash Wine Share Company.

- ❖ This study is vital for Awash Wine Share Company in order to set important information about employees and understand their problem.
- ❖ It is serving as a base for other researchers who are interested to conduct research on this area in depth.
- ❖ Also it helps enhance the researchers’ ability and skill to conduct further research and researcher got more experience.

1.7 Scope of the Study

These study have geographical and conceptual delimitation. The study focuses on the effect of leadership on employee commitment in Awash Wine Share Company which is located at City Government of Addis Ababa, Lideta sub-city, district 02. Conceptually, this study would emphasize only leadership variable that affect employee commitment. The research time duration would take eight month starting from May to December of 2021.

1.8 Organization of the Thesis

This thesis organized with five chapters. The first chapter is an introductory part of which, includes background of the study, statement of the problem, research question, objective, significance of the study and scope of the study. Chapter two includes related literature review. Chapter three dealt with the research methodology. Chapter four dealt with result and discussion. The last and chapter five dealt with conclusion and recommendation.

CHARTER TWO

2. RELATED LITERATURE REVIEW

Introduction

This chapter presents related literature to the effect of leadership on employee's commitment. It consists of theoretical review, empirical review and conceptual framework. The theoretical review deals with the concept of leadership, theory of leadership, types of leadership style, the concept of commitment, components and characteristics of employee's commitment.

2.1 Theoretical Review

2.1.1 The Concept of Leadership

Different scholars viewed the concept of leadership in different contexts. However, two related definitions of leadership would adapt for this study. Yukl (2008) viewed the concept as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives.

The above definitions suggest few common components. First, leadership is a process. This means that it is a process of social influence, which exploits the exertion of other people in order to attain goals of the group or organization. Several researchers contented that leadership is a position of authority that an individual holds in a group (MacBeath, 2005). Second, leadership entails influencing the followers. Such a position of authority offers a leader the opportunity to utilize their interpersonal influence. This suggests that leaders efficacy in their positions depends on the interpersonal influence they have on their followers (Ahlquist & Levi, 2011). Third, leadership occurs in a situation where there is a group of people. Fourth, leadership entails the attainment of predetermined goals. In other words, leaders must possess distinctive competencies to organize and direct their followers' efforts towards common and pre-set goals.

Leadership is a concerted and interactive process between the leadership and followers rather than a linear or one-way process in which the leadership affects its followers but these do not affect the leaders. Viewing leadership as a process makes it possible that every person can be developed into a leader instead of just a selected few individuals who may be perceived to have

shown leadership propensities (Avolio & Gardner, 2005; Brotheridge *et al.*, 2008; Hannah *et al.*, 2008). For that reason, leadership positions were not regarded as offices confined to a few individuals who were formally appointed. Instead, anyone willing and having the capacity to lead can still be afforded an opportunity to lead others (Avolio & Gardner, 2005; Brown & Trevino, 2006). The preceding sections have thus far reviewed literature related to functions of leaders, leadership theories and leadership styles. Since this study seeks to determine the connection between leadership and employees commitment, the next section considers prior studies that have examined the aspect.

2.1.2 Theory of Leadership

2.1.2.1 Great Man Theory

Great man theories assume that the capacity for leadership is inherent, that great leaders are born, not made. These theories often portray leaders as heroic, mythic and destined to rise to leadership when needed. The term great man was used because, at the time, leadership was thought of primarily as a male quality, especially military leadership (Ololube, 2013).

2.1.2.2 Trait Theory

Similar in some ways to great man theories, the trait theory assumes that people inherit certain qualities or traits make them better suited to leadership. Trait theories often identify particular personality or behavioral characteristics that are shared by leaders (Matthews, Deary & Whiteman, 2003).

2.1.2.3 Contingency Theory

Contingency theories of leadership focus on particular variables related to the environment that might determine which style of leadership is best suited for a particular work situation. According to this theory, no single leadership style is appropriate in all situations. Success depends upon a number of variables, including leadership style, qualities of followers and situational features (Charry, 2012). A contingency factor is thus any condition in any relevant environment to be considered when designing an organization or one of its elements (Naylor, 1999). Contingency theory states that effective leadership depends on the degree of fit between a leader's qualities and leadership style and that demanded by a specific situation (Lamb, 2013).

2.1.2.4 Behavioral Theory

Behavioral theories of leadership are based upon the belief that great leaders are made, not born. Rooted in behaviorism, this leadership theory focuses on the actions of leaders, not on mental qualities or internal states. According to this theory, people can learn to become leaders through teaching and observation (Wagner, 2008).

2.1.3 Types of Leadership Styles

2.1.3.1 Autocratic Leadership Style

In the autocratic leadership style, also called dictatorship, the leaders are the focal point of power and regard their decisions and judgment as supreme (Burke *et al.*, 2006; VigodaGadot, 2007). The style has its roots in the transactional theory, which accentuates the relationships that exist between leaders and their followers. In this case, followers perform because of the reward systems or punishment for non-compliance (Burke *et al.*, 2006; Rad & Yarmohammadian, 2006). The disadvantages of the autocratic leadership style appear to outweigh the advantages. For that reason, the autocratic leadership style is not popular among employees (and colleagues) in most organizations. If used in organizations, the leaders may apply it accidentally. The literature identifies the democratic leadership style as the complete opposite of the autocratic leadership style.

2.1.3.2 Democratic Leadership Style

The democratic leadership style, also known as participative leadership style, derives its roots from the Transformational theory (Burke *et al.*, 2006; Rad & Yarmohammadian, 2006; Vigoda-Gadot, 2007). In this style, leadership focuses on change, visionary leadership and enhancing individual and organizational outcomes. Members are given the chance to build up their leadership skills, participate in leadership and contribute to decision-making (Vigoda-Gadot, 2007). This leadership style is arguably more efficient than autocratic leadership (MacBeath, 2005). Employees feel their opinions; suggestions and ideas are taken into consideration. Although members enjoy a certain level of autonomy, it works effectively in situations where members are highly skilled, passionate and more satisfied about their job as is the situation where the laissez-faire leadership style is utilized.

2.1.3.3 Laissez-Faire Leadership Style

With regard to the laissez-faire leadership style, the leader does not directly supervise the members, and does not rely on regular communication or feedback. Specifically, it allows the members total autonomy and self-rule to make decisions that relate to the completion of the assignment (Eagly, Johannesen-Schmidt & Van Engen, 2003; MacBeath, 2005; Rad & Yarmohammadian, 2006). However, the leader is available to offer guidance at any point should the member's request assistance (Eagly, Johannesen-Schmidt & Van Engen, 2003). According to Hannah *et al.* (2008), 12 It is not the best style when members have insufficient knowledge or skills required for completing the task or making decisions; If members cannot set deadlines on their own, manage projects and solve problems, then the task may not be completed, may be completed after the deadline, may be completed with lots of mistakes or may go off-course completely; There may be lack of cohesiveness within the group because the absence of the leader may be misconstrued as suggesting that leaders are not even concerned; This style may need to be adopted only when the leader is satisfied that group members will not face challenges rather than adopting it throughout normal business functions.

2.1.3.4 Transactional Leadership Style

The locus of the relationship is on an exchange. Each party to the exchange recognizes the value of the exchange as well as the value of the relationship, but these bargainers have no reason to remain together subsequent to the exchange. There is nothing enduring about their relationship; no actual engagement has occurred. That is, transactional leaders expect certain work behaviors from their subordinates who are compensated for these behaviors by both monetary and nonmonetary rewards.

Bass (1998) has more fully developed the concept of transactional leadership, identifying three levels. The first depends on positive contingent reward, a "reasonably effective" (p. 6) leadership style where the leader and follower agree on specific behaviors which are duly rewarded after satisfactory performance. The two lower levels of transactional leadership, management by exception and laissez-faire leadership, Bass (1998) believes are the two most ineffective types. The management by exception leader or manager only intervenes after a task has been incorrectly performed to rectify the problem.

2.1.3.5 Transformational Leadership Style

The term 'transformational leadership' was first coined by J.V. Downton in *Rebel Leadership: Commitment and Charisma in a Revolutionary Process* (1973). Transformational Leadership, proposed by Burns and extended by Bass and associates, has been conceived as a more complete model of leadership than that advocated by the trait, style, contingency, or exchange theorists. Burns (1978) first clearly distinguished between leaders who were oriented to exchange and those who were oriented to change, the latter identified as Transformational Leaders. Transformational Leadership, because of the components of idealized influence, inspiration, intellectual stimulation and individualized consideration, has been suggested as the optimum style for managing change. Bass, Waldman, Avolio, and Bebb (1987) discovered that leaders scoring higher on Transformational Leadership factors have followers who display greater levels of transformational behaviours.

2.1.4 The Concept of Commitment

Employee commitment is defined as the degree of identification and involvement that individuals have with their organization's mission, values and goals. It is a multidimensional construct that comprises affective commitment, normative commitment and continuance commitment.

Allen and Meyer (1997) define affective commitment as the employee's emotional attachment to, identification with, and involvement in the organization. Continuance component is defined as commitment that is based on the costs that the employee associates with leaving the organization, while normative component is defined as the employee's feelings of obligation and sense of loyalty to remain with the organization and serve to the best of his potential.

Stum (1999) Argues that employee commitment reflects the quality of the leadership in the organization. Therefore it is logical to assume that leadership behavior has a significant relationship with the development of organizational commitment.

2.1.5 Components of Employee Commitment

Employee commitment literature reveals that an employee develops more than one type of commitment and each type of commitment corresponds with the potential of sought benefits (Carmeli & Gefeni, 2005:64). This is referred to as a multidimensional approach to understanding employee commitment. This school of thought is based on the fact that each

employee develops different components of commitment that affect work outcomes differently and each component is reflected in various degrees that are tinted by employee expectations. However, three strands of employee commitment exist among employees, namely affective, continuance and normative commitment (Meyer, Morin & Vandenberghe, 2015:57; Cohen, 2007:337).

2.1.5.1 Affective Commitment

Affective commitment refers to employees' adoption of the values, attitudes and beliefs of the organisation (Meyer, Stanley, Herscovitch & Topolnytsky, 2002:21). The commitment to an organisation's values infers the preparedness of subordinates to exert extra effort to achieve the goals of the organisation. This means employees typically accept organisational goals and values as their own. This component of commitment involves value equivalence between the employees and the organisation and is often consequent upon the compatibility between employee goals and values and organisational objectives (Suliman & Iles, 2000:408).

According to Riketta and Van Dick (2005:491), affective commitment of employees occurs when they feel psychologically closer to the organization. Thus, affective commitment essentially relates to employees' affection for and identification with an organization. Chang, Leach and Anderma (2015:318) state that employees feel a sense of affection when they perceive their leaders to be fair, supportive and flexible, which makes it easy for a working partnership of managers and employees to form. The strength of affective commitment is therefore influenced by the extent to which the individuals' needs and expectations are met. As such, the level of affection increases when employees consider their relationship with the organization to be relational, leading them to perform beyond the expectation through engagement in optional activities on behalf of the organization (Chong, Muethel, Richards, Ping Fu, Peng, Shang & Caldas, 2013:375; Gellatly, Meyer & Luchak, 2006:333).

A high level of affective commitment is desirable by organizations because of the perception that employees who possess a high level of this component of commitment tend to identify with the organization and as a result are prompted to participate actively in the workplace and further show loyalty to the organization, which consequently results in a decline in staff turnover (Vandenberghe & Tremblay, 2008:282). Furthermore, high levels of affective commitment tend

to be shown by employees who bear feelings of belonging, self-importance and loyalty (Rousseau & Aube, 2010:323). Essentially, the belief is that employees with a high level of this component of commitment continue to work for an organization because they are proud to be members of the organization and therefore want to remain in the organization irrespective of the available attractive external opportunities.

2.1.5.2 Continuance Commitment

Continuance commitment is referred to as an employee's psychological bond to an organisation which is premised on the perceived costs and risks related to leaving the organisation (Curtis & Wright, 2001:60). The costs of leaving the organisation may include time spent in the organisation, organisation-specific skills, monetary rewards and loss of attractive benefits offered in the organisation, giving up seniority-based privileges, disrupting family life or lack of alternative employment opportunities outside the organisation (Powell & Meyer, 2004:165).

For these reasons it can be said that employees are drawn to the organization because of the accumulated investments and the continued benefits of staying in the organization (Aube, Rousseau & Morin, 2007:481). Holmes, Chapman and Baghurst (2013:802) as well as Ronnie (2016:32) postulate that continuance commitment may be evident in the South African public sector where employees maintain their employment contract with the employer for lengthy periods of time due primarily to job security considerations.

Irrespective of the strategies which may be employed by black top managers to influence the commitment levels of employees, it is possible that employees continuously undertake a comparison of work conditions in SOEs with those of other organizations in the public and private sectors so as to evaluate the opportunity cost of staying/leaving the SOE. This is bound to make it even more challenging for black top managers to retain talent that is capable of contributing positively towards the business performance of SOEs. Iles, Forster and Tinline (1996:19) posit that in the instance where employees feel disgruntled because their perception is that their organizations are not meeting their expectations, their inclination to commit to the organization would primarily be out of necessity, not choice, which may lead to an increased level of continuance commitment and low organizational performance.

2.1.5.3 Normative Commitment

Normative commitment is defined as the employee's moral obligation to remain with the organisation (Allen & Meyer, 1996:253). Employees who can be said to display normative commitment to the organisation are found as a result of their intrinsic sense of obligation which may have been brought about by socialization experiences developed prior to and following entry into the organisation (Allen & Meyer, 1990:4). This implies that an organisation through the investment made in the employees over a period of time builds normative commitment and therefore indirectly instils a sense of obligation to reciprocate (Fullerton, 2014:670).

Employees reciprocate to the extent to which they feel that the organization has fulfilled their needs and expectations (Aselage & Eisenberger, 2003:494). Therefore, it may be said that the normative commitment of employees in SOEs may be driven by the extent to which they are satisfied with opportunities offered to them by their leaders. As a result, the ability of black top managers to present opportunities for improvement and advancement of their employees may result in increased normative commitment. Generally, some studies (Bansal, Irvin & Taylor, 2004; Bloemer & Odekerken-Schroder, 2007) have found that normative commitment tends to have similar antecedents as affective commitment and therefore it is likely to have similar outcomes in relation to its impact on the performance of the organization.

Several studies have argued that normative commitment can be shown to have similar antecedents as affective commitment, such as employee trust in the firm, employee satisfaction, flexibility, cohesion, as well as partaking in decision making (Yucel, McMillan & Richard, 2014:1173), and this is therefore likely to have similar outcomes in relation to its impact on the performance of the organization (Meyer et al., 2002; Bansal, Irvin & Taylor, 2004). Due to the similarities of the antecedents of affective and normative commitment, limited research has been done on the effects of normative commitment. Hence, Meyer et al. (2002) argue that the positive contributors of affective commitment indirectly affect the employees' feeling to reciprocate. Consequently, black top managers who display behaviors that might encourage affective commitment, could also be able, to indirectly increase the levels of normative commitment.

2.1.6 Characteristics of Employee Commitment

Employee commitment literature presents a variety of characteristics that underpin the reasons for the attitudes and behaviors of employees. These attitudes and behaviors are believed to have an effect on the decisions of employees to stay or leave the organization. These characteristics have been analyzed by researchers with the objective of understanding the behavioral indicators of employee commitment and are thus categorized into personal, organizational and work characteristics (Nijhof, De Jong & Beukhof, 1992:243).

2.1.6.1 Personal Characteristics

Personal characteristics are recognised as the antecedent of employee commitment. While there may be other personal characteristics, the study specifically considers those of age, gender and level of education.

2.1.6.2 Job Characteristics

Several studies (Gallie & White, 1993; Peeters & Meijer, 1995; Cuyper & Witte, 2006; Humphrey, Nahrgang & Morgeson, 2007) have shown that job characteristics are the most important factor to predict commitment. Job characteristics provide a set of principles for implementation to enrich the nature of jobs in organisational settings and it has been looked at through Hackman and Oldham's model which presents five different dimensions of job characteristics, such as: skills variety, task identity, task significance, autonomy and job feedback (Slattery, Selvarajan, Andreson & Sardesai, 2010:1540).

Skills variety refers to the extent to which a job requires the application of a variety of skills or abilities. This characteristic promotes high role ambiguity, which results in employees becoming overwhelmed. The provision of necessary support and guidance to employees by their managers tends to promote a structured working environment. Job feedback refers to the degree or manner in which the employee receives direct and clear information about the effectiveness of his or her performance. Managers who use encouragement feedback to enhance followers' belief in their capabilities may ultimately promote employee commitment.

2.1.6.3 Organizational Characteristics

Research has indicated that employees' need for organisational support accentuates the importance of leadership behaviour towards employees' willingness to remain in the organisation (Avolio, Hannah, Reichard & Walumbwa, 2009; Muchiri, Cooksey, Milia & Walumbwa, 2011; Yukl, 2010). Notwithstanding others, organisational support may be provided in the form of career growth and development and benefit packages to influence employee commitment (Lesabe & Nkosi, 2007:38).

2.2 Empirical Review

Several studies found a positive relationship between leadership and employee commitment (Agarwal, 1999; 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 employee's commitment is a crucial element to be addressed to. The most importance of leader's effect in persuade employee's behavior has been shown by preceding studies (Asgari, Silong, Ahmad, & Abu Sama, 2008; Bhal, Gulati, & Ansari, 2009).

The job environment created by the employee's supervisor influences employee's commitment. 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. However, Eisenberger et al. (1986) showed that employee's commitment is strongly influenced by perceived (generalized) organizational support. However, employees are more likely to feel an obligation to return the supportive behavior in terms of affective commitment.

Therefore, during year 1995, Liou examined the relationship between the broad construct of employee commitment and the outcome measures of supervisory trust, job involvement, and job satisfaction. In all three areas, reported positive relationships with employee commitment. More specifically, perceived trust in the supervisor, an ability to be involved with the job, and feelings of job satisfaction were major determinants of employee commitment.

In another study, Becker (1992) examined whether employees' commitment to different constituencies or to the overall organization were better predictors of job satisfaction and pro social behavior. He discovered that employees' commitment to top management, supervisors and workgroups contributed significantly beyond commitment to the organization. When initial research suggests that leaders who acquired a variety of encouraging states or traits, goals, values, and character strengths are competent to positively persuade follower states, behavior, and performance (Liden, Wayne, Zhao, & Henderson, 2008; Peterson, 2009; Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008).

2.3 Conceptual Framework

The main aim of the study was to establish the inter-relationships between leadership styles and employee commitment. As part of the effort, the employee commitment construct (affective commitment, continuance commitment, and normative commitment) was also examined as a possible mediator of the relationship between leadership styles (autocratic leadership style, democratic leadership style, laissez-faire leadership style). The leadership style is independent variable to employee's commitment, which is dependent variable.

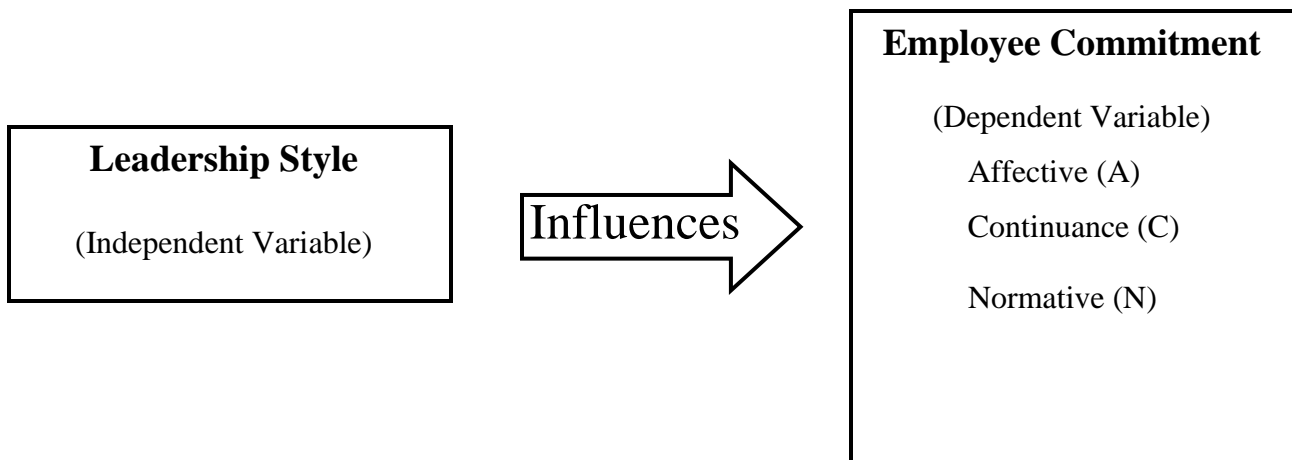


Figure 2.1 Conceptual Model (Source: Tabea Regina, 2018)

CHAPTER THREE

3 RESEARCH DESIGN AND METHODOLOGY

This chapter presents the research method, sources and data, sample population and sampling technique, instrument of data collection, procedures of data collection and methods of data analysis.

3.1 Research Design

More of descriptive research design was used in this study in addition to explanatory design. This enabled researcher to describe the effect of leadership on the commitment of employees at Awash Wine Share Company. Based on time coverage, this study was cross-sectional because it was studied at once. Based on data collection techniques, this was more of quantitative research specifically survey research design.

3.2 Population and Sampling Techniques

Awash Wine Share Company organized in different organizational units /departments. For this study, five departments in which there has been selected to get samples for the opinion survey. The total population in the five departments was 630. From these population 10% were selected as sample respondents, that is 10% (64) employees. To select individual respondent's simple random sampling technique lottery system has been applied. The distribution of employees in each department and the samples selected from each office/department is shown in Table 3.1 As follows.

Table 3.1: Number of sample size from each department

S/N	Name of Department	Total number of Employees	Number of Samples Selected (10%)
1	Administration	68	7
2	Finance	61	6
3	Commercial	205	21
4	Cellar	105	11
5	Bottling	191	19
	Total	630	64

3.3 Types of Data and Tools of Data Collection

Both primary and secondary data was gathered in this study. To collect primary data, prepared questionnaire and distribute to selected five departments' employees. In collecting the secondary data, different company published documents was used as source of information. Researcher was used structured interview to get detailed information from respondents.

3.4 Data Collection Methods

For collecting primary data, a questionnaire was used. The questionnaires were consisting of profile of respondents, which is general information on the respondents and main research question on leadership style and employee's commitment. The researcher collected data personally using both structured interview and unstructured interview.

3.5 Methods of Data Analysis

Data obtained from primary sources were analysed by using simple descriptive inferential statistical tools such as frequency and percentage. Analysed data were presented in tables and all the necessary narration and interpretations were made on the findings obtained data through interview, and questionnaire were computed with the use of Microsoft Excel Data analysis tool, and software programs SPSS Version 26. And the data also grouped into tables and charts in data analysis and presentation. Before the analysis, the collected questionnaires through data processing were tabulated and analysed quantitatively. The researcher were used descriptive statistics such as frequency counts, percentage for the questionnaire and qualitative analysis for open ended questions and for semi-structured items, and it was interpreted according to the findings and finally for data obtained from both questionnaire and interview analysis were made to have a triangulated harmonization.

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1 Result

4.1.1 Reliability Analysis

After researcher complete filling the data into SPSS, first checked Cronbach's Alpha reliability test which described in table 4.1 as follows. This study also consisted of 64 variables as shown in table 4.2.

Scale: All Variables

Table 4.1: Case Processing Summary

		N	%
Cases	Valid	64	100.0
	Excluded ^a	0	.0
	Total	64	100.0
a. Listwise deletion based on all variables in the procedure.			

Source: Filed Survey, 2021

Table 4.2: Reliability Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gender	92.8438	99.467	.226	.780
Marital Status	92.4219	98.502	.387	.777
Level of Education	91.0469	104.458	-.203	.796
Position	91.3594	95.916	.249	.779
Work Experience	91.8594	103.551	-.150	.793
Which leadership style is mostly implemented in your organization	90.0313	102.412	-.078	.797
Which leadership style is best for you?	90.2344	89.865	.546	.763
How can you express the rate of staff absences from work place?	91.5938	95.451	.537	.770

If you replied “A” & “B” for question number “3” above, what is the main reason?	90.3438	82.991	.533	.761
How can you express the rate of staff turnover in your organization?	90.2344	92.976	.432	.770
Do employees participate towards the growth of their company?	93.1563	101.658	.041	.784
If the employees are committed to their organization, what is the basis of commitment?	92.9219	100.772	.089	.783
What is the best way of increasing employee’s commitment at AWSC?	93.0000	102.254	-.062	.787
Employee have a chance to build up their leadership skills	90.3125	96.187	.236	.780
Employee participate in leadership and contribute to decision-making	90.0469	97.664	.296	.777
Employees feel their opinions; suggestions and ideas are taken into consideration.	89.9063	97.197	.252	.778
Leader directly supervise the employee	91.5625	85.869	.574	.758
Allow employees self-rule to make decisions	89.8906	102.131	-.056	.791
Leaders expect certain work behaviors from their employees and compensated for monetary and nonmonetary rewards	89.6719	99.684	.125	.783
Leaders are influenced their employees by their idea	89.8281	93.383	.404	.771
Leaders inspired their employees and stimulated intellectually.	89.6563	97.943	.278	.778
Leaders considered individuals in their activities	90.4063	93.293	.380	.772
Employees accept organizational goals and values as their own	90.0156	98.174	.202	.780
Employees show loyalty to the organization	90.1094	100.416	.073	.785
Employees want to remain in AWSC irrespective of the available attractive external opportunities	91.3750	83.349	.670	.751
I am afraid of what might happen if I quit my job without having another one lined up	90.8750	91.540	.618	.763
Too much in my life would be disrupted if I decided I Wanted to leave my organization now.	91.1719	89.287	.567	.761

Changing work place from organization to organization does not seem an ethical to me/employees.	92.0781	94.137	.327	.775
One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	91.8906	93.178	.388	.772
If I got another offer for a better job elsewhere, I would not feel it is right to leave my organization	92.0469	93.696	.352	.774

Source: Filed Survey, 2021

4.1.2 General Information of Respondents

As illustrated in the table 4.3 below, the male employees were greater than female employees at Awash Wine Share Company. Most employees in Awash Wine Share Company were married. This implies that most employees were had family responsibility. This study was consists of more of managers in their position. This implies that they provide genuine information about the leadership of Awash Wine Share Company. Most employees work for the organization within a range of three and five years. This implies that most managers leave the company after they hold minimum three years experiences.

Table 4.3: General Information of Respondents

Gender		Marital status		Level of Education		Position		Work Experience	
Male	41	Single	14	Certificate	2	Director	5	< 2 years	6
Female	23	Married	50	Diploma	3	Manager	23	3-5 years	33
Total	64	Total	64	Degree	47	Supervisor	13	6-9 years	22
				Masters ≥	7	Other	23	10 years & >	3
				Other	5	Total	64	Total	64
				Total	64				

Source: Filed Survey, 2021

4.1.3 Analysis of questions related to leadership style

4.1.3.1 Autocratic and Democratic Leadership Style

In this study 48.4% of respondents were agreed that employees have a chance to build up their leadership skills and 28.1% of respondents were strongly agreed that employees have a chance to build up their leadership skills. In addition 12.5% of respondents were disagreed that employees have a chance to build up their leadership skills. About 9.4% of respondents were neutral to the idea of employees chance to build up their leadership skills. Only 1.6% of respondents were strongly disagreed that employees have a chance to build up their leadership skills. See table 4.10 below.

Table 4.4: Employees have a chance to build up their leadership skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.6	1.6	1.6
	disagree	8	12.5	12.5	14.1
	neutral	6	9.4	9.4	23.4
	agree	31	48.4	48.4	71.9
	strongly agree	18	28.1	28.1	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

In the analysis of employees' participation in leadership and decision making, 65.6% of respondents were agreed that employees were participate in leadership and contribute to decision-making. About 26.6% of respondents were strongly agreed that employees were participate in leadership and contribute to decision-making. In addition 4.7% of respondents were neutral about employee's participation in leadership and decision making. Only 3.1% of respondents were disagreed that employees were participate in leadership and contribute to decision-making. See the table 4.11 below.

Table 4.5: Employees participate in leadership and contribute to decision-making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	2	3.1	3.1	3.1
	neutral	3	4.7	4.7	7.8
	agree	42	65.6	65.6	73.4
	strongly agree	17	26.6	26.6	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

In this study 51.6% of respondents were agreed that employees were feel their opinions, suggestion and ideas are taken into consideration and 42.2% of respondents were strongly agreed that employees were feel their opinions, suggestion and ideas are taken into consideration. And also 3.1% of respondents were strongly disagreed that employees were feel their opinions, suggestion and ideas are taken into consideration and 3.1% of respondents were neutral about employees feeling whether their opinions, suggestion and ideas are taken into consideration as illustrated in table 4.12 below

Table 4.6: Employees feel their opinions and ideas are taken into consideration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	3.1	3.1	3.1
	neutral	2	3.1	3.1	6.3
	agree	33	51.6	51.6	57.8
	strongly agree	27	42.2	42.2	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.3.2 Laissez-Faire Leadership Style

In this study 25% of respondents were strongly disagreed that leaders were directly supervise the employees and again 25% of respondents were disagreed that leaders were directly supervise the

employees. About 23.4% of respondents were neutral about leader’s supervision. The rest 14.1% of respondents were agreed that leaders were directly supervise the employees and 12.5% of respondents were strongly agreed that leaders were directly supervising the employees as briefly illustrated in table 4.13 below.

Table 4.7: Leaders directly supervise the employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	16	25.0	25.0	25.0
	disagree	16	25.0	25.0	50.0
	neutral	15	23.4	23.4	73.4
	agree	9	14.1	14.1	87.5
	strongly agree	8	12.5	12.5	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

About 50% of respondents were strongly agreed that leaders were allowed employees selfrule to make decision and 34.4% of respondents were agreed that leaders were allowed employees self-rule to make decision. The rest 12.5% of respondents were neutral to the concept that leaders allowed employees self-rule to make decision and only 3.1% of respondents were disagreed that leaders were allowed employees self-rule to make decision as shown in table 4.14 below.

Table 4.8: Allow employees self-rule to make decisions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	2	3.1	3.1	3.1
	neutral	8	12.5	12.5	15.6
	agree	22	34.4	34.4	50.0
	strongly agree	32	50.0	50.0	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.3.3 Transactional Leadership

About 60.9% of respondents were strongly agreed that leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards and 34.4% of respondents were agreed that leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards. The rest 3.1% of respondents were disagreed that leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards and 1.6% of respondents were neutral about leaders expectation from their employees as shown in table 4.15 below.

Table 4.9: Leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	2	3.1	3.1	3.1
	neutral	1	1.6	1.6	4.7
	agree	22	34.4	34.4	39.1
	strongly agree	39	60.9	60.9	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.3.4 Transformational Leadership

In this study 59.4% of respondents were strongly agreed that leaders were influenced their employees by their idea and 29.7% of respondents were agreed that leaders were influenced their employees by their idea. Also 7.8% of respondents were disagreed that leaders were influenced their employees by their idea and 1.6% of respondents were strongly disagreed that leaders were influenced their employees by their idea. The rest 1.6% of respondents were neutral whether leaders influenced their employees by their idea as presented in table 4.16 below.

Table 4.10: Leaders are influenced their employees by their idea

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.6	1.6	1.6
	disagree	5	7.8	7.8	9.4
	neutral	1	1.6	1.6	10.9
	agree	19	29.7	29.7	40.6
	strongly agree	38	59.4	59.4	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

Based on this study 60.9% of respondents were strongly agreed that leaders inspired their employees and stimulated intellectually and 34.4% of respondents were agreed that leaders inspired their employees and stimulated intellectually. The rest 1.6% of respondents were disagreed that leaders inspired their employees and stimulated intellectually and 3.1% of respondents were neutral about leaders inspired their employees as illustrated in table 4.17 below.

Table 4.11: Leaders inspired their employees and stimulated intellectually

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	1	1.6	1.6	1.6
	neutral	2	3.1	3.1	4.7
	agree	22	34.4	34.4	39.1
	strongly agree	39	60.9	60.9	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

In this study 35.9% of respondents were neutral whether leaders considered individuals in their activities and 34.4% of respondents were strongly agreed that leaders considered individuals in their activities. The rest 20.3% of respondents were agreed that leaders considered individuals in their activities and 9.4% of respondents were disagreed that leaders considered individuals in their activities as illustrated in table 4.18 below.

Table 4.12: Leaders considered individuals in their activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	6	9.4	9.4	9.4
	neutral	23	35.9	35.9	45.3
	agree	13	20.3	20.3	65.6
	strongly agree	22	34.4	34.4	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.4 Analysis of Questions Related to Commitment

In this study employee's commitment were analysed as affective commitment, continuance commitment and normative commitment as follows.

4.1.4.1 Affective Commitment

This study shows 54.7% of respondents were agreed that employees accept organizational goals and values as their own in Awash Wine Share Company and 34.4% of respondents were strongly agreed that employees accept organizational goals and values as their own in Awash Wine Share Company. About 7.8% of respondents were neutral whether employees accept organizational goals and values as their own in Awash Wine Share Company. The rest 1.6% of respondents were strongly disagreed that employees accept organizational goals and values as their own in Awash Wine Share Company again 1.6% of respondents were disagreed that employees accept organizational goals and values as their own in Awash Wine Share Company as illustrated in table 4.19 as follows.

Table 4.13: Employees accept organizational goals and values as their own

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.6	1.6	1.6
	disagree	1	1.6	1.6	3.1
	neutral	5	7.8	7.8	10.9
	agree	35	54.7	54.7	65.6
	strongly agree	22	34.4	34.4	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

In this study 57.8% of respondents were agreed that employees show loyalty to the Awash Wine Share Company and 26.6% of respondents were strongly agreed that employees show loyalty to the Awash Wine Share Company. The rest 14.1% of respondents were neutral whether employees show loyalty to the Awash Wine Share Company and 1.6% of respondents were disagreed that employees show loyalty to the Awash Wine Share Company as shown in table 4.20 below.

Table 4.14: Employees show loyalty to the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	1	1.6	1.6	1.6
	neutral	9	14.1	14.1	15.6
	agree	37	57.8	57.8	73.4
	strongly agree	17	26.6	26.6	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

About 37.5% of respondents were disagreed that employees want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities and 15.6% of respondents were strongly disagreed that employees want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities. And also 17.2% of respondents were agreed that employees want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities and 17.2% of respondents were strongly agreed that employees want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities. The rest 12.5% of respondents were neutral whether employees want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities. See table 4.21 below.

Table 4.15: Employees want to remain in AWSC irrespective of the available attractive external opportunities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	10	15.6	15.6	15.6
	disagree	24	37.5	37.5	53.1
	neutral	8	12.5	12.5	65.6
	agree	11	17.2	17.2	82.8
	strongly agree	11	17.2	17.2	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.4.2 Continuance commitment

This study shows 42.2% of respondents were neutral whether they afraid of what might happen if they quit their job without having another one lined up and 39.1% of respondents were agreed that they afraid of what might happen if they quit their job without having another one lined up. About 12.5% of respondents were disagreed that they afraid of what might happen if they quit their job without having another one lined up and 1.6% of respondents were strongly disagreed that they afraid of what might happen if they quit their job without having another one lined up.

The rest 4.7% of respondents were strongly agreed that they afraid of what might happen if they quit their job without having another one lined up as shown in table 4.22 below.

Table 4.16: I am afraid of what might happen if I quit my job without having another one lined up

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.6	1.6	1.6
	disagree	8	12.5	12.5	14.1
	neutral	27	42.2	42.2	56.3
	agree	25	39.1	39.1	95.3
	strongly agree	3	4.7	4.7	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

About 37.5% of respondents were agreed that too much in their life would be disrupted if they decided to leave their organization AWSC and 4.7% of respondents were strongly agreed that too much in their life would be disrupted if they decided to leave their organization AWSC. And also 31.3% of respondents were disagreed that too much in their life would be disrupted if they decided to leave their organization AWSC and 6.3% of respondents were strongly disagreed that too much in their life would be disrupted if they decided to leave their organization AWSC. The rest 20.3% of respondents were neutral whether too much in their life would be disrupted if they decided to leave their organization AWSC as shown in table 4.23 below.

Table 4.17: Too much in my life would be disrupted if I decided to leave my organization AWSC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	6.3	6.3	6.3
	disagree	20	31.3	31.3	37.5
	neutral	13	20.3	20.3	57.8
	agree	24	37.5	37.5	95.3
	strongly agree	3	4.7	4.7	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.1.4.3 Normative commitment

This study show 51.6% of respondents were disagreed that changing work place from organization to organization does not seem an ethical to respondents or employees in Awash Wine Share Company and 26.6% of respondents were strongly disagreed that changing work place from organization to organization does not seem an ethical to respondents or employees in Awash Wine Share Company. About 9.4% of respondents were neutral whether changing work place from organization to organization does not seem an ethical to respondents or employees in Awash Wine Share Company. The rest 7.8% of respondents were agreed that changing work place from organization to organization does not seem an ethical to respondents or employees in Awash Wine Share Company and 4.7% of respondents were strongly agreed that changing work place from organization to organization does not seem an ethical to respondents or employees in Awash Wine Share Company as shown table 4.24 below.

Table 4.18: Changing work place from organization to organization does not seem an ethical to me/employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	17	26.6	26.6	26.6
	disagree	33	51.6	51.6	78.1
	neutral	6	9.4	9.4	87.5
	agree	5	7.8	7.8	95.3
	strongly agree	3	4.7	4.7	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

In this study 48.4% of respondents were disagreed that one of the major reasons employees continue to work for AWSC was that they believe loyalty is important and therefore feel a sense of moral obligation to remain and 18.8% of respondents were strongly disagreed that one of the major reasons employees continue to work for AWSC was that they believe loyalty is important and therefore feel a sense of moral obligation to remain. About 7.8% of respondents were agreed that one of the major reasons employees continue to work for AWSC was that they believe loyalty is important and therefore feel a sense of moral obligation to remain and 4.7% of respondents were strongly agreed that one of the major reasons employees continue to work for AWSC was that they believe loyalty is important and therefore feel a sense of moral obligation

to remain. The rest 20.3% of respondents were neutral whether the major reasons employees continue to work for AWSC was that they believe loyalty is important and therefore feel a sense of moral obligation to remain as illustrated in table 4.25 below.

Table 4.19: One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	18.8	18.8	18.8
	disagree	31	48.4	48.4	67.2
	neutral	13	20.3	20.3	87.5
	agree	5	7.8	7.8	95.3
	strongly agree	3	4.7	4.7	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

These study shows 51.6% of respondents were disagreed that if they got another offer for a better job elsewhere, they would not feel it is right to leave their organization and 25% of respondents were strongly disagreed that if they got another offer for a better job elsewhere, they would not feel it is right to leave their organization. And also 10.9% of respondents were neutral whether if they got another offer for a better job elsewhere, they would not feel it is right to leave their organization. The rest 7.8% of respondents were agreed that if they got another offer for a better job elsewhere, they would not feel it is right to leave their organization and 4.7% of respondents were strongly agreed that if they got another offer for a better job elsewhere, they would not feel it is right to leave their organization as shown in table 4.26 below.

Table 4.20: If I got another offer for a better job elsewhere, I would not feel it is right to leave my organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	16	25.0	25.0	25.0
	disagree	33	51.6	51.6	76.6
	neutral	7	10.9	10.9	87.5
	agree	5	7.8	7.8	95.3
	strongly agree	3	4.7	4.7	100.0
	Total	64	100.0	100.0	

Source: Filed Survey, 2021

4.2 Discussion

4.2.1 Questions related to leadership style

4.2.1.1 Autocratic and Democratic Leadership Style

According to the respondents almost 92.2% of employees were participate in leadership and contribute to decision-making. The rest 7.8% of employees were not participate in leadership and contribute to decision-making. This confirms that Awash Wine Share Company follows and implemented democratic leadership style. About 93.8% of respondents were agreed and strongly agreed that employees were feel their opinions, suggestion and ideas are taken into consideration and the rest 6.3% of respondents were strongly disagreed and neutral that employees were feel their opinions, suggestion and ideas are taken into consideration. Therefore, Awash Wine Share Company leadership style was democratic. These findings were consistent with researcher Lewin (2006), delegates' authority; encourages participation in decisionmaking; and makes use of feedback. Quality of work and people satisfaction is high under this style.

4.2.1.2 Laissez-Faire Leadership Style

About 84.4% of respondents were strongly agreed and agreed that leaders were allowed employees self-rule to make decision and the rest 15.6% of respondents were neutral and disagreed that leaders were allowed employees self-rule to make decision. Therefore, Awash Wine Share Company exercises laissez-faire leadership style because it allows the members total autonomy and self-rule to make decisions. But AWSC did not implement full laissez-faire leadership style. This result is consistent with study of (Sabah, 2015). Also this result indicates that practicing laissez faire leadership style contain avoiding decision making and solving work problems which cause decreasing employee commitment.

4.2.1.3 Transactional Leadership

About 95.3% of respondents were strongly agreed and agreed that leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards and the rest 4.7% of respondents were neutral and disagreed that leaders expect certain work behaviours from their employees and compensated for monetary and nonmonetary rewards. Therefore, Awash Wine Share Company exercises transactional leadership style. This finding was consistent with Solomon Araya (2019), transactional leadership style was a significant factor in employee commitment in his study.

4.2.1.4 Transformational Leadership

In this study 89.1% of respondents were strongly agreed and agreed that leaders were influenced their employees by their idea and the rest 10.9% of respondents were neutral, strongly disagreed and disagreed that leaders influenced their employees by their idea. Therefore, Awash Wine Share Company exercises mostly transformational leadership style. Based on this study 95.3% of respondents were strongly agreed and agreed that leaders inspired their employees and stimulated intellectually and the rest 4.7% of respondents were neutral and disagreed that leaders inspired their employees and stimulated intellectually. Therefore, Awash Wine Share Company exercises mostly transformational leadership style. This finding was supported by other research, the positive relationship between transformational leadership style and the level of employees commitment was emphasized (Bateman & Strasser, 1984; Bycio et al., 1995; Carlson & Perrewe, 1995; Morris Sherman, 1981). The effects of transformational leadership styles on employees commitment were consistent with Bass's augmentation theory of leadership.

Generally, AWSC exercise all the types of leadership style such as laissez-faire leadership style, transformational leadership style, transactional leadership style and democratic leadership style. But it does not exercise autocratic leadership style. Therefore, AWSC uses contingency approach of leadership style. This was supported by a theory of leadership style. Leaders may adjust their styles depending on the situation, Thus, one leader might be autocratic, another democratic, and a third mix of the two styles (Lahloub and Sarayra, 2012). Hersey and Blanchard pointed out in their situational theory that the effective leader chooses the right style in the right situation, depending on the degree of subordinate's maturity and subordinates readiness to take responsibility for their behavior, degree of experience, education and motivation for achievement.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Based on the result and discussion, the following major conclusions were made.

- Awash Wine Share Company was implemented and practiced mostly transformational leadership style and transactional leadership style and these leadership styles was best for respondents in Awash Wine Share Company respectively. Employees absenteeism from work place was the major problem faced AWSC and the main reason for their absences was uncomfortable work environment and take its first rank. The other reasons were low salary payment and inappropriate treatment of employees by leaders. The other problem faced AWSC was high rate of staff turnover. Only few staffs were retained in their organization AWSC.
- The major basis of employee's commitment at AWSC was organizational goals, values and job security reason. The most type of employee's commitment at AWSC was affective commitment and continuance commitment. In addition, the best way of increasing employee's commitment at AWSC was supportive communication with management.
- The leadership style was mostly characterized by democratic leadership style at AWSC. This is because leaders gives chance to employees to build up their leadership skills, employees were participate in leadership and contribute to decision making, and employees were feel their opinions, suggestion and ideas are taken into consideration. Awash Wine Share Company exercises laissez-faire leadership style in half way. Because leaders were not directly supervise the employees, and allowed employees self-rule to make decision. Awash Wine Share Company exercises transactional leadership style because leaders expect certain work behaviours from their employees. Awash Wine Share Company exercises mostly transformational leadership style because leaders were influenced their employees by their idea, leaders inspired their employees and stimulated intellectually, and leaders considered individuals in their activities. Generally, AWSC exercise laissez-faire leadership style, transformational leadership style, transactional leadership style and democratic leadership style. But it does not exercise autocratic leadership style. Therefore, AWSC used contingency approach of leadership style.

- Therefore, most types of employee's commitment in AWSC were affective commitment because employees take AWSC goals and values as their own and show loyalty to AWSC. But most employees did not want to remain in Awash Wine Share Company irrespective of the available attractive external opportunities. The other types of employee commitment at AWSC were more or less continuance commitment because employees afraid of what might happen if they quit their job without having another one lined up and think that too much in their life would be disrupted if they decided to leave their organization AWSC. The most employees' commitment in AWSC was not normative commitment. Because employees changing work place from organization to organization and does not relate to an ethical issue. In addition, if employees got another offer for a better job elsewhere, they would feel it is right to leave their organization. Generally, the most types of employees commitment to AWSC was affective commitment and continuance commitment but was not normative commitment.
- Based on this study, the major kinds of leadership style to be followed in Awash Wine Share Company for commitment of the employees were transformational leadership style and transactional leadership style. Leadership is importance in motivation and inspiration of employees at Awash Wine Share Company for employee's commitment. The major problems faced Awash Wine Share Company related to leadership style that effect on employee's commitment were lack of trust, employees absenteeism, high employees turnover, lack of unity and team work. The major ways leaders motivate employees in decision-making process at AWSC were by giving chance to make decision, provide good work environment, and empowerment and delegation of duties.

5.2 Limitation of Study

This study may not free from limitation. The small sample size of this study was one of the limitations of this study. The other limitation of this study was its scope. It did not include other company other than Awash Wine Share Company and even it was limited only in the area of Awash Wine Share Company at the head office level.

5.3 Recommendations

Based on the result, discussion and conclusion made from the above, the following recommendations were made.

- AWSC should create conducive work environment to reduce employee's absenteeism and to increase employee's commitment. The other solution for employee's absenteeism should be revision of employee's salary scale and appropriate treatment of employees by their leader.
- The major problem faced AWSC was high rate of staff turnover. Therefore, the company should investigate the problem deliberately and take corrective actions based on the investigation made by professionals.
- Therefore, most types of employee's commitment in AWSC were affective commitment and continuance commitment. The most employees' commitment in AWSC was not normative commitment. So, the AWSC should plan how to produce normative committed employees.
- AWSC should motivate employees to increase employee's commitment and the organizational performance. So it would better to design reward system and recognition system of the employees.

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Appendix I-Questionnaire



ST. MARY'S UNIVERSITY COLLEGE SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS

Dear respondent,

Thank you so much for taking the time to complete this research questionnaire. I'm Getacher Debalke, a student of Master's in Business Administration, School of Business at St. Mary's University College researching on "THE EFFECT OF LEADERSHIP ON EMPLOYEE COMMITMENT IN AWASH WINE SHARE COMPANY AT ADDIS ABABA" under the guidance of Dr. Aderaw Gashaye. The purpose of this questionnaire is to assess the effect of leadership on employee commitment in Awash Wine Share Company at Addis Ababa". Your participation is entirely voluntary, and the accuracy and honesty with which you respond are critical to the study's success. Please be assured that your comments will be kept confidential, and that the results will be utilized solely for this study, and that they will be provided only in aggregate form, with no attention paid to any particular company. As a result, please return the questionnaire after properly completing each item.

Thank you in advance for your cooperation!

Regards,

Getacher Debalke

Part 1- General Information of Respondents

Please put a checkmark (√) in the box

Table 4.3: General Information of Respondents

Gender		Marital status		Level of Education		Position		Work Experience	
Male		Single		Certificate		Director		< 2 years	
Female		Married		Diploma		Manager		3-5 years	
				Degree		Supervisor		6-9 years	
				Masters ≥		Other		10 years & >	
				Other					

Part 2- Main Research Question

1. Which leadership style is mostly implemented in your organization?

- A) Autocratic D) Democratic
 B) Laissez-Faire E) Transformational
 C) Transactional

2. Which leadership style is best for you?

- A) Autocratic D) Democratic
 B) Laissez-Faire E) Transformational
 C) Transactional

3. How can you express the rate of staff absences from work place?

- A) Always B) Sometimes C) Never

4. If you replied “A” & “B” for question number “3” above, what is the main reason?
- A) The work environment is uncomfortable C) Low salary payment
- B) The leaders are not treat employees correctly D) To work par-time
5. How can you express the rate of staff turnover in your organization?
- A) Very low B) Low C) No
- D) High E) Very high
6. Do employees participate towards the growth of their company?
- A) Yes B. No
7. If the employees are committed to their organization, what is the basis of commitment?
- A) Most employees shared the organizational goals and values
- B) Most employees prefer AWSC for job security reason
- C) Most employees feel moral obligation to remain in AWSC
8. What is the best way of increasing employee’s commitment at AWSC?
- A) Supportive communications with management
- B) Personal and family-oriented policies and actions
- C) Sufficiency of pay, benefits and rewards

Part 3- Questions related to leadership style

Leadership Style		1= strongly disagree 2= disagree 3 =neutral 4 = agree 5 = strongly agree				
A.	Autocratic and Democratic Leadership Style					
1.	Employees have a chance to build up their leadership skills					
2.	Employees participate in leadership and contribute to decision-making					
3.	Employees feel their opinions; suggestions and ideas are taken into consideration.					
B.	Laissez-Faire Leadership Style					

4.	Allow employees self-rule to make decisions					
C.	Transactional Leadership					
5.	Leaders expect certain work behaviors from their employees and compensated for monetary and nonmonetary rewards					
D.	Transformational Leadership					
6.	Leaders are influenced their employees by their idea					
7.	Leaders inspired their employees and stimulated intellectually.					
8.	Leaders considered individuals in their activities					

Part 4- Questions Related to Commitment

	Commitment of employee's	1= strongly disagree 2= disagree 3 =neutral 4 = agree 5 = strongly agree				
A.	Affective Commitment					
1.	Employees accept organizational goals and values as their own					
2.	Employees show loyalty to the organization					
3.	Employees want to remain in AWSC irrespective of the available attractive external opportunities					
B.	Continuance commitment					
4.	I am afraid of what might happen if I quit my job without having another one lined up					
5.	Too much in my life would be disrupted if I decided I Wanted to leave my organization now.					
C.	Normative commitment					
6.	Changing work place from organization to organization does not seem an ethical to me/employees.					
7.	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and					

	therefore feel a sense of moral obligation to remain					
8.	If I got another offer for a better job elsewhere, I would not feel it is right to leave my organization					

Appendix II- Interview



**ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

1. From your experience, what circumstances/reasons cause employees to leave an organization?

2. What actions have you used that enable employees to stay committed to an organization?

3. What obstacles prohibit leadership from increasing employee commitment?

4. What kinds of leadership style to be followed in Awash Wine Share Company for commitment of the employees?

5. What is the importance of leadership in Awash Wine Share Company for employee's commitment?

6. What are the problems faced Awash Wine Share Company related to leadership style that effect on employees commitment?

7. How leaders motivate employees in decision-making process?

8. How the effective leadership can improve the commitment of employee's by reduce employee's absenteeism rate and employee's turnover rate at Awash Wine Share Company?
