ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

EFFECTS OF LEADERSHIP STYLES ON EMPLOYEE'S JOB PERFORMANCE IN AWASH BANK IN ADDIS ABABA

BY
HALELUYA WORKNEH

JULY, 2023
ADDIS ABABA, EHIOPIA

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

ADVISOR: Tewodros Mekonen (PhD)

JULY, 2023

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, Haleluya Workneh hereby declare that a thesis work entitled "the effects of leadership styles on employee's job performance in Awash Bank in Addis Ababa" submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (Mba) is a record of original work done by me during 2023 academic year under the supervision and guidance of Tewodros Mekonen (PhD) and it has not formed the basis for the award of any Degree/ Diploma/ Associate ship/ Fellowship or other similar title of any candidate of any university.

Haleluya Workneh

_____   _____

Name   **Signature**

St. Mary's University, Addis Ababa JULY, 2023

ENDORSEMENT

This is to certify that the thesis entitled " the effects of leadership styles on employee's job performance in Awash Bank in Addis Ababa" submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (Mba) is a record of original research carried out by Haleluya Workneh, under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

Tewodros Mekonen (PhD)

_____   _____

Advisor   **Signature**

St. Mary's University, Addis Ababa JULY, 2023

ACKNOWLEDGEMENTS

First and for most, I want to thank God. Secondly I would be glad to extend my deepest thankfulness and appreciations to my advisor Tewodros Mekonen (PhD) for his unreserved effort in providing me all the necessary guidance and supervision at all steps of the work. His critical comment and encouragement have contributed a lot to the successful completion of the study.

Furthermore, my indebted gratitude is expressed to all of the employees of Awash Bank in Addis Ababa for their co-operation in providing the necessary data.

Finally, I would like thank to all my family, particularly my family for the moral and financial supports.

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Acronym

ANOVA	Analysis of the Variance
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor

ABSTRACT

The general objective of the study was to investigate the effects of to determine the effect of leadership styles on the employee's job performance the case of Awash Bank in Addis Ababa. The study was considered the three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership as the independent variables and employee job performance as the dependent variable. The study used quantitative research approach and explanatory research design. The representative 293 respondent employees from the selected branches were selected by using non probability sampling approach specifically convenient sampling technique. Quantitative data gathered via questionnaire was edited, coded and entered into statistical software SPSS and analyzed by both descriptive and inferential statistics. The finding of the study showed that, all the selected three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership have a significant and positive impact on employee performance which implies leadership styles has indirect impact on employee job performance. Compared to other relationships considered in this study, transformational leadership is ranked third in its magnitude of correlation, transactional leadership is ranked first and laissez-fair leadership is ranked second in its magnitude of correlation. Finally, the study forwards the recommendations for the management regarding using certain leadership styles in order to increase employee performance and meeting the leadership abilities, behaviors and knowledge necessary to satisfy organizational needs and forward suggestion for other researchers.

Keywords: Leadership Styles, Employee Job Performance, Awash Bank

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Leadership is one of the most observed and least understood phenomena on Earth. Leadership is the use of a leading strategy to provide motivating motives and to enhance the capacity for growth and development of the staff (Fry, 2003). Similarly, Ivansevich and Matteson (2008) described leadership as the ability to use the power of the organization's environment or circumstances to create a positive effect and environmental impact on the achievement of difficult goals. According to Wati (2010), leadership style is the way leaders influence others or subordinates that the person is willing to do the way of the leadership to achieve organizational goals, although personally, it may be unpopular. In addition to this, Kippenberger (2002) defines leadership style as the style that a leader adopts in their dealings with those who follow them. He also explains that style in this type of context is generally taken to mean a way of behaving. The appropriate style will depend on a wide variety of criteria, including the relationship between the parties involved, the nature of what needs to be done, and the match or mismatch between the difficulty of the task and the competencies available. On the other hand, Workhybels (2002) states that leaders often have an impact not only because they are highly gifted but also because their leadership styles mesh perfectly with specific ministry needs.

There are various leadership styles to choose from. Transactional leadership, transformational leadership, and laissez-faire leadership are the three types. According to Robinson (2003), transformational leadership inspires followers to put the organization's needs ahead of their own; leaders can have a profound and desirable impact on followers to motivate them to make the necessary changes. Transformational leaders, on the other hand, are able to inspire followers to see challenges in different ways and help them develop their full potential (Crotts and Aziz (2001). Furthermore, according to Walumbwa, Avolio, and Zhu (2008), transformational leadership is linked to subordinate skills and job worth when evaluating employee results. They educated their employees, set up meetings with their subordinates, and solicited input from them, resulting in increased employee productivity. Also, the majority of companies improve employee efficiency by empowering their employees (Ozaralli, 2002).

Transactional leadership is described by Robbins as "leaders who lead primarily through social exchanges for transactions" (Robbins, 2007). Furthermore, according to Bass, Avolio, Jung, and

According to Berson (2003), this leadership style is typically at the top of the leader's functional specialty and has little insight into why reform is required or what the implications of sticking with the same practices may be. Leader-follower relationships are founded on a set of exchanges or bargains between leaders and followers, according to popular belief.

The laissez-faire style, according to Robbins (2007), abdicates obligations to avoid making Luthans (2005) described a laissez-faire style as someone who "abdicates responsibilities and avoids making decisions. Bhatti, Maitlo, Shaikh, Hashmi, and Shaikh (2012) stated that a laissez-faire leadership style includes a "non-interference policy and complete freedom for all workers, and no particular way of achieving goals. It's also described as the inability or a sign of general failure to take responsibility for managing and organizing activities, thus demonstrating leaders who avoid making decisions, hesitate to act, and are absent when required in critical situations" (Eagly, Johannesen-Schmidt, & Van Engen, 2003).

Employee performance is characterized as an individual's self-control and behavior that affect the achievement of organizational goals (Parlinda, 2012). According to Rotundo and Sackett, (2002), performance is described as the individual's actions and behaviors that contribute to the organization's goals. Employee performance typically also refers to the amount of production produced from job execution by an employee over a given period of time in an organization. Also, achieved or demonstrated accomplishment is referred to as performance (Indonesian Dictionary, 2001). Additionally, the concept is often used to describe the results or accomplishments of individuals and groups of individuals in terms of their success rate (Parlinda, 2012).

The style of leadership affects performance since performance cannot be achieved in the absence of leadership that can adapt to the changes and challenges of the environment, that knows how to motivate the employees, and that encourages them to take more ownership for their work. Anyango (2015). Wang and Xu (2011) stated that there is a positive relationship between individual levels of performance and transformational leadership practice. In addition, the study shows that there is a positive correlation between transformational leadership style and group performance. As with other leadership styles, transactional leadership styles can also effects of job performance either positively or negatively. It depends on employee assessment. Transactional leadership will have both a negative and positive effect on employee performance depending on the perception of employees and the level of loyalty, honesty, and transparency of

leaders (Yitawok, 2020). Tamerat (2019), in his study entitled the effects of leadership styles on employee performance at the Sheraton Addis Hotel, found that laissez-faire leadership style had no significant effects on employees' performance. Abdul and Javed (2012) suggested laissez-faire leadership has a positive relationship with employee motivation, but the relationship is not significant enough to show that laissez-faire leadership is not important to boost employee motivation compared to other leadership styles.

The study by Gebrehiwet, (2021) used the four leadership style variable namely transformational, transformational, laissez-faire and authoritative to assess their effect on the employee performance at commercial bank of Ethiopia. The finding shows that, transactional leadership is most practiced leadership style followed by authoritative, transformational and laissez-faire leadership respectively. Transactional, transformational and laissez-faire found to be positively correlated with employee performance but authoritative leadership found negatively correlated. Leadership is a process whereby an individual influences a group of individuals to achieve common goals (Northouse, 2007). Leadership style is the combination of attitude and behavior of a leader, which leads to certain patterns in dealing with the followers (Dubrin 2004). It is the result of the philosophy, personality and experience of the leader. There are several leadership styles such as: autocratic, bureaucratic, charismatic, democratic, participative, situational, transformational, and transactional and laissez faire leadership (Mosadeghrad, 2003a). Leadership style has been the deciding factor of more than one facet of employee behavior in organizations.

One of the most prominent formats for classifying and studying leadership includes three styles transformational, transactional and laissez-faire leadership. The present study uses charismatic leadership approach to identify the leadership style of the managers. In this approach, leadership is conceptualized by the behavioral areas from laissez-faire style (non-leadership), through transactional leadership (which hinges on reward system and punishments), to transformational leadership (which is based on inspiration and behavioral charisma) (Winkler, 2010).

In this study the researcher used the three styles of leadership such as transformative, transactional and laissez-faire to assess their effect on the employee performance at Awash Bank. The reason behind selecting these leadership styles is because they are the most practiced leadership styles in organization in addition and if any new ideology is developed through research, these three leadership styles can be further enhanced and organizations can be more

also successful. The survey was therefore designed to focus only on these three styles of leadership.

1.2. Statement of the Problem

The three types of leadership are transactional leadership, transformational leadership, and laissez-faire leadership. Bass, (2006) asserts that transformational leadership encourages followers to put the demands of the organization before their own. Leaders can have a significant and positive influence on followers to inspire them to make the required adjustments. On the other hand, transformational leaders are able to encourage followers to view problems from new angles and support them in realizing their full potential (Hill & McShane, 2008). Mangundjaya, Utoya and Wulandari, (2015) add that when assessing employee results, transformational leadership is related to subordinate skills and job worth. Employee productivity grew as a result of the education they provided their staff with, the meetings they organized with them, and the input they sought from them. The term leaders who lead primarily through social exchanges for transactions is used by Robbins to define transactional leadership (McGuire, 2003). Furthermore, this leadership style is often at the top of the leader's functional specialty, according to Bass and Riggio, (2006), and has little understanding of why reform is necessary or what the consequences of continuing with the same methods may be. According to Northouse, (2004) the laissez-faire approach disregards responsibilities to prevent making A laissez-faire person is one who abdicates responsibilities and avoids making decisions, according to Luthans (2005). Bhatti, Maitlo, Shaikh, Hashmi, and Shaikh (2012) stated that a laissez-faire leadership style includes a "non-interference policy and complete freedom for all workers, and no particular way of achieving goals.

Tamerat (2019), in his study, showed that authoritative leadership style had a significant positive outcome on the performance of workers however Less-faire leadership style had no significant effect on workers performance. Haimanot (2019) conducted research titled the Influence of Leadership Styles on Employee Performance. Accordingly, laissez-faire leadership styles positively affect employees' performance. Liya (2018), in her descriptive research on the impact of leadership style on workforce performance at Wegagen Bank and her findings showed that the leadership style practiced by the bank's leaders is a collection of the three major leadership styles and pointed out that leadership styles have a significant impact on employee performance. Joseph (2018) also concluded that autocratic leadership style prevents the use of creative ideas in problem solving; therefore, leaders should learn to exercise restraint in the use of the style in the

running of their institutions. Getu and et al. (2019) showed transformational and transactional leadership styles were found to be strongly correlated with employee performance, but laissez-faire had a weak correlation with employee performance. Woineshet (2019) reported findings laissez-faire leadership style positively affects employees' performance, and autocratic leadership behavior affects employee performance insignificantly and negatively. Tariku et al. (2020) transformational leadership affects the workplace by encouraging and motivating subordinates to make changes, create new things, and innovate and to go beyond what they actually agreed to perform, a transactional leadership style that rewards employees and makes recognition in exchange for employee job performance, and giving close directions and guidance to employees have a positive and significant effect on promoting the bank's performance.

Even though several significant studies in Ethiopia (Gebrehiwet, (2021); Tamerat, (2019); Haimanot, (2019); Liya, (2018); Joseph, (2018); Getu and et al. (2019); Woineshet (2019); Tariku et al. (2020)) but they used the different variables to evaluate the effect of leadership styles on the employee's job performance but it affects the result on the limited scope and under the influence of few variables. This study by taking this as a literature gap to investigate the effect of leadership styles on the employee's job performance the case of Awash Bank in Addis Ababa by using the conceptual model identified by Yitawok, (2020) the three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership to evaluate their effect on the employee's job performance the case of Awash Bank in Addis Ababa. Accordingly the study tried to answer the following research questions:

1. What is the effect of transformational leadership style on the employee performance at Awash Bank?
2. What is the effect of transactional leadership style on the employee performance at Awash Bank?
3. What is the effect of laissez-faire leadership style on the employee performance at Awash Bank?

1.3. Objective of the Study

1.3.1. General Objective

The general objective of the study is to determine the effect of leadership styles on the employee's job performance the case of Awash Bank in Addis Ababa.

1.3.2. Specific Objectives

The specific objectives of the study are: -

i. To investigate the effect of transformational leadership style on the employee performance at Awash Bank.

ii. To analyze the effect of transactional leadership style on the employee performance at Awash Bank.

iii. To examine the effect of laissez-faire leadership style on the employee performance at Awash Bank.

1.4. Hypothesis of the Study

H01. The transformational leadership style has a significant positive effect on employee's job performance at Awash Bank.

H02. The transactional leadership style has a significant positive effect on employee's job performance at Awash Bank.

H03. The laissez-faire leadership style has a significant positive effect on employee's job performance at Awash Bank.

1.5. Significance of the Study

The study has the following immense importance. First, the study was a step towards the researcher's future educational career. Second, even though there are studies related to the effect leadership styles on the employee's job performance there are scant studies conducted in the context of the Awash Bank in Addis Ababa of in our country. This study, therefore, attempts to contribute to this scant body of literature by investigating the how the independent variables such as three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership to evaluate their influence the dependent variable employee performance. And also this study will be an input to the Awash Bank management when developing a strategy regarding the implementation of leadership styles. Last but not least, the study will notably contribute to other studies made in different sectors by showing the generalize-ability of the effect leadership styles on the employee performance.

1.6. Scope and Limitation of the Study

Theme wise, the scope of the study was delimited on investigates the effect of leadership styles on the employee's job performance the case of Awash Bank in Addis Ababa. The study was considered how the independent variables such as three leadership styles namely transactional

leadership, transformational leadership and laissez-faire leadership influence the dependent variable employee performance. The study was limited to Awash bank and pertinent data that was collected the employees in Addis Ababa.

In methodological terms, the researcher used quantitative research approach and explanatory research design and both descriptive and inferential statistics as well for the analysis purpose. Inferential statistical tools such as correlation analysis and multiple regressions were used determine the effect performance appraisal on the employee performance. The demographic data of the respondents were analyzed by descriptive statistical tools frequency and percentage.

The study is conducted on the employees from the four districts of Awash Bank in Addis Ababa (North Addis District, West Addis District, South Addis District and East Addis District) and further extending the sample population will help to generalize the result. This study utilized respondents residing in three leadership styles only and the researcher would recommend that similar studies as to the current study be conducted on a larger scale that is a larger sample size and larger geographic regions and on the other companies in Ethiopia. This would allow for more diversity in the sample and more informed results.

1.7. Definition of the Key Terms

Employees Performance: is the individual actions and behaviors that contribute to the organization's goals (Rotundo and Sackett, 2002).

Leadership Styles: is the way leaders influence others or subordinates so that the person is willing to do things the way of the leadership to achieve organizational goals, although personally, it may be unpopular (Hill & McShane (2008).

Laissez-faire Leadership: is the act as if they are free of the obligations and duties that have been entrusted to them (Hill & McShane, 2008).

Transformational Leadership: is the leaders inspires followers to put the organization's needs ahead of their own; leaders can have a profound and desirable impact on followers to motivate them to make the necessary changes (McGuire, 2003).

Transactional leadership: is the leaders who lead primarily through social exchanges for transactions (Bass & Bass, 2009).

1.8. Organization of the Study

The study was divided into five chapters in order to provide clarity and coherence on the discussion of the study. The first part of the study was discussed the background, problem statement, questions and objectives and the significance and limitations. The second chapter was discussed the relevance of the study in the existing literature. The third part of the study was discussed the methods and procedures used in the study. The chapter was comprised the presentation of the utilized techniques for data collection and research methodology. The fourth chapter was discussion of the results of the study. The data was presented statistically treated in order to uncover the relationship of the variable involved in the study. The last chapter was comprised three sections: the summary of the major findings, conclusions of the study, and the recommendations. With the three portions, the chapter was addressed the problem stated in the initial chapters of the study. Reference and annex was provided in the final part of the paper.

CHAPTER TWO

REVIEW OF THE RELATED LITRATURE

2.1. Review of the Theoretical Literature

2.1.1. Concepts of Leadership

Leadership is one of the most observed and least understood phenomena on Earth, according to Bass, (1990). Northouse, (2014), on the other hand, described leadership as "the use of a leading strategy to provide motivating motives and to enhance the capacity for growth and development of the staff." Similarly, Yazdanifard (2015) described leadership as the ability to use the power of the organization's environment or circumstances to create a positive effect and environmental impact on the achievement of difficult goals. He went on to say that leadership is the method of persuading others to act in order to achieve predetermined objectives. He also defied leadership because leadership often entails someone influencing the behavior of a follower or followers in a situation. Furthermore, according to Bass (1990), leadership is an interaction between two or more members of a community that often includes a structuring or reforming of the situation as well as the members' views and expectations". McGuire (2003) described leadership as the process of influencing a subordinate in such a way that the subordinate is motivated to ensure that the group maintains cooperation and the agreed task is completed, with the help of external groups. Moreover, Sharma & Jain (2013) defines leadership as "the task of persuading others to work against a purpose that they find attractive." Also, according to Bass and Bass (2009), leadership is the process of establishing a clear vision, instilling self-confidence in subordinates, and achieving this through teamwork and attention to detail. In addition to this, Bass and Avolio, (1997) defines leadership as "a polarization point for party cooperation." Northouse (2014), on the other hand, defines leadership as a mechanism by which a person influences a group of people to achieve a common goal. Also, Kotter (1996) defines leadership as "a group member's belief that another group member has the authority to recommend behavior practices for the former in his activity as a member of a specific group". Additionally, according to David (2016), a leader is someone who can persuade others to help him achieve his objectives. The path goal theory (destination path theory) of leadership has been developed to understand how a leader's behavior influences subordinate satisfaction and success. On the other hand, leadership, according to Bass (2006), is described as "personal social power". Leadership appears to be the activity of a group leader influencing a group member to accomplish the group's objectives (Hill

& McShane, 2008). Not only that but Sansom (1998), on the other hand defines leadership as "the practice of persuading others to do what one desires". Moreover, according to Sharma & Jain (2013), leadership is described as the ability to control a group's goals. Furthermore, Northouse (2004) defines leadership as "an individual who is more than normally efficient in providing psychosocial stimuli to others and is thus successful in conditioning collective responses." In addition to this, a leader, according to Mangundjaya et al. (2015), is an individual who takes the lead in interactions and influences the behavior of other members of the community. He is an individual who has power over others and is in charge of directing their behavior. Davis (2016), on the other hand, defines leadership as "the dynamic force that motivates and coordinates the organization in achieving its objectives."

2.1.2. Leadership Styles

According to Wati (2010), leadership style is the way leaders influence others or subordinates that the person is willing to do the way of the leadership to achieve organizational goals, although personally, it may be unpopular. In addition to this, Kippenberger (2002) defines leadership style as the style that a leader adopts in their dealings with those who follow them. He also explains that style in this type of context is generally taken to mean a way of behaving. The appropriate style will depend on a wide variety of criteria, including the relationship between the parties involved, the nature of what needs to be done, and the match or mismatch between the difficulty of the task and the competencies available. On the other hand, Workhybels (2002) states that leaders often have an impact not only because they are highly gifted but also because their leadership styles mesh perfectly with specific ministry needs. Similarly, Uris (1991) standardized leadership style instruments can help uncover an individual's leadership style, which may assist in being effective or even more effective in leadership.

2.1.3. Types of Leadership Styles

There are various leadership styles to choose from. Transactional leadership, transformational leadership, and laissez-faire leadership are the three types.

2.1.3.1. Transformational Leadership

According to Robinson (2003, transformational leadership inspires followers to put the organization's needs ahead of their own; leaders can have a profound and desirable impact on followers to motivate them to make the necessary changes. Transformational leaders, on the other hand, are able to inspire followers to see challenges in different ways and help them

develop their full potential, according to Crotts and Aziz (2001), resulting in increased imagination among their followers. This is a leadership style that inspires followers to perform beyond and above expectations by appealing to higher standards and moral principles. It can change both individuals and organizations (Bass, 1985).

Furthermore, according to Walumbwa, Avolio, and Zhu (2008), transformational leadership is linked to subordinate skills and job worth when evaluating employee results. They educated their employees, set up meetings with their subordinates, and solicited input from them, resulting in increased employee productivity. Also, the majority of companies improve employee efficiency by empowering their employees (Ozaralli, 2002). Additionally, when a company uses a transformational leadership style, employees are more likely to share their experiences (Behery, 2008). Furthermore, according to Zafra, Retamero, and Landa (2008), transformational leaders have high emotional intelligence and emerge as leaders during group cohesiveness, which boosts their followers' confidence, inspiration, and morals (Bass, 1999). It also pays attention to the more delicate aspects of organizational interactions, such as vision, culture, principles, growth, teamwork, and operation (Fairholm, 2001).

The transformational leader makes the difference by stressing the symbolic and expressive dimensions of task-goal activities as well as the essential principles involved (Bass, 1998). In addition, transformational leadership, according to Aldoory & Toth (2004), builds loyalty to organizational goals and then inspires subordinates to achieve those objectives and improve worker efficiency. Moreover, transformational leaders are, according to Bass and Riggio (2006), those who enjoy motivating and encouraging their followers to achieve extraordinary results while honing their own leadership skills. This implies that transformational leadership is about change oriented, especially in terms of how objectives are met. These leaders are concerned not only with achieving organizational targets that exceed specified objectives but also with the growth of their employees' and subordinates' capabilities.

According to Avolio & Popper (2001), transformational leadership is beneficial for organizational creativity in the age of competition. This leadership style allows subordinates to look beyond their own interests in order to accomplish organizational objectives that go beyond what is specified. This is also accomplished by influencing their perceptions, behavior, morals, thoughts, desires, and values (Bass, 1985). It's important to note that Burns (1978) introduced

this idea, which was later expanded by researchers such as Bass and Avolio (1990); Bass, Avolio, Jung, and Berson (2003); and Antonakis, Avolio, and Sivasubramanian (2008).

2.1.3.1.1. Characteristics of Transformational Leadership Style

Idealized attributes, idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation are the five distinct components of a transformational leadership style. (Bass & Avolio, 1997).

i. Idealized Influence (Charisma)

The leader acts admirably, causing his or her supporters to identify with him or her. Charismatic Leaders typically demonstrate their beliefs, take stands, and speak to their followers on an emotional level. Furthermore, idealized influence extends beyond the subordinate, defining the leader's characteristics that are deemed important to their actual behavior or acts, especially in their ability to clearly express the organization's vision to the followers and inspire them to embrace and internalize the vision (Bass, 1999). These traits of transformational leadership style, on the other hand, make the leader charismatic and a role model for their followers (Avolio & Bass, 2004). It also applies to the leader's emotional effect on subordinates, which motivates them to work beyond their own self-interest in order to achieve mutual goals (Avolio & Bass, 2004). On the contrary, it is a leader's ability to win his followers' esteem and affection so that they emulate him (Barbuto and Burbach 2006).

ii. Inspirational Motivation

The degree to which a leader articulates a vision that is appealing and encouraging subordinates is referred to as inspirational motivation. It entails motivational behaviors that offer subordinates' duties significance. In addition, the leader inspires followers to contribute to the organization's vision by performing symbolic deeds. They also encourage positive team spirit as a way of motivating team members to achieve their objectives (Avolio & Bass, 2004). On the other hand, inspirational motivation refers to how much a leader pushes his or her subordinates by instilling trust and a sense of mission in them, allowing the organization to achieve its goals. (Yukl, 2013). Moreover, this implies that the leader exhibits a high level of enthusiasm, optimism, and communication with the proper use of words with the aim of upgrading his or her commitment. Furthermore, this means that the leader demonstrates a high degree of passion, motivation, and communication through the correct use of terms in order to increase his or her loyalty pledge to

the organization's goals and shared vision. Not just that, but transformational leaders should aim to boost their followers' morale, excitement, and focus (Al-Jaroudi 2010).

iii. Intellectual Stimulation

Intellectual simulation refers to how often the leader questions expectations and takes chances, and solicits feedback from his or her supporters. Leaders who have this characteristic often stimulate and facilitate innovation in their followers. This refers to behaviors that motivate subordinates by rephrasing issues, pushing them to create creative and innovative ideas, and solving old situations in novel ways (Nicholson, 2007). Employees are also trained and upgraded to become more aware, inventive, and imaginative (Krishnan 1998).

iv. Individualized Consideration

Individualized concern refers to leaders paying close attention to the desires of their subordinates. The leader takes on the role of a coach or mentor (Nicholson, 2007). Furthermore, individualized consideration or individualized attention demonstrates that the leader pays attention to the needs of each follower, serves as a tutor or coach for the follower, and listens to the follower's concerns and needs. In addition, the leader's attitude as a mentor and coach demonstrates individualized consideration. In addition, the leader demonstrates appreciation and concern, attends to the needs of each member of the group, and expresses joy when the followers achieve the organization's mutual objectives (Winkler, 2010). Also, intellectual stimulation is measured by how much a leader defies expectations or the status quo, takes chances, and is open to new ideas from his or her followers without being critical (Bass et al., 2003).

2.1.3.2. Transactional Leadership

Transactional leadership is described by Robbins as "leaders who lead primarily through social exchanges for transactions" (Robbins, 2007). Furthermore, according to Bass, Avolio, Jung, and According to Berson (2003), this leadership style is typically at the top of the leader's functional specialty and has little insight into why reform is required or what the implications of sticking with the same practices may be. Leader-follower relationships are founded on a set of exchanges or bargains between leaders and followers, according to popular belief. Not only that, but transactional leadership arises when the leader's motivation and control are dependent on the quality of the follower's output (Bass, 1998).

Transactional leadership is defined by the contractual arrangement that occurs between the leader and his or her subordinates, which is based on their individual benefits (Winkler, 2010). Furthermore, analyzing, praising, and evaluating a leader does not truly ensure the followers' honesty; thus, transformational leadership is rendered ineffective (Parry & Thomson, 2002). Leaders can also use a transactional leadership style. This leadership style is often based on the authority and prestige of the organization's bureaucracy. Expectations for the job, assignments, and task-oriented goals are all emphasized. It also stresses work fulfillment and employee enforcement, and employee performance is based on organizational rewards and penalties (Burns, 1979).

The transactional style of leadership is known for using the carrot and stick approach to achieve organizational objectives (Bass, 1997). Furthermore, this implies that workers are compensated based on the completion of their duties and that, in order to escape termination, they must also meet the leader's criteria (Aarons, 2006). As indicated by Avolio and Bass (2004), Kuhnert & Lewis (1987) also stated that transactional leadership is described as an exchange between followers and leaders that achieves the leader's and followers' desired outcomes by satisfying the leader's and followers' expectations through promises or commitments based on respect and trust. Similarly, Jung (2000–2001) describes transactional leadership as a leader's ability to recognize and clearly demonstrate how to meet the needs and desires of followers in return for their success.

2.1.3.2.1. Characteristics of Transactional Leadership Style

There are different characteristics of transactional leadership styles. Avolio and Bass (2004), Transactional leadership comprises three elements: contingent reward, active management by exception, and passive management by exception.

i. The Contingent Reward

Contingent reward refers to a leader's setting of goals and performance standards for his or her followers, as well as the use of incentives such as rewards and promotions to motivate them to achieve the desired results (Akram, Lei, Hussain, Haider, &Akram, 2016). This trait also reveals a leader's style of connecting the target to rewards, clarifying goals, and providing a variety of rewards for good performance.

ii. Active Management by Exception

The leader's continuous monitoring to ensure that activities are completed and problems are identified and resolved, and processes are strengthened, is known as active management by

expectation (Gill, 2012). Furthermore, this means that the leader is aware of the actions of their followers. This trait is divided into two types: passive and active leaders.

iii. Passive management by exception

Leaders who are reactive to problems and respond to them only when they occur demonstrate passive management through expectation. These leaders respond to problems as they arise (Yahaya & Ebrahim, 2016). Furthermore, according to Avolio, Bass, & Jungnd to them only when they occur demonstrate passive management through expectation. These leaders respond to problems as they arise (Yahaya & Ebrahim, 2016). Furthermore, according to Avolio, Bass, & Jung (1999), appropriate use of contingent reward is a valuable feedback tool to assemble expectations with followers in terms of their success in order to make transactional leadership more successful.

2.1.3.3. Laissez-faire Leadership Style

The laissez-faire style, according to Robbins (2007), "abdicates obligations to avoid making Luthans (2005) described a laissez-faire style as someone who "abdicates responsibilities and avoids making decisions." On the other side, unless the leader's subordinates are expert and well-motivated professionals, such as scientists, it is difficult to justify his leadership style. "Leaders delegate all decision-making authority to community members" (Mondy & Premeaux 1995). Similarly, Bhatti, Maitlo, Shaikh, Hashmi, and Shaikh (2012) stated that a laissez-faire leadership style includes a "non-interference policy and complete freedom for all." workers, and no particular way of achieving goals." Also, this leadership style is distinguished by its physical appearance, but it is lacking in leadership (Lewin, Lippitt, & White, 1939). It's also described as "the inability or a sign of general failure to take responsibility for managing and organizing activities, thus demonstrating leaders who avoid making decisions, hesitate to act, and are absent when required in critical situations" (Eagly, Johannesen-Schmidt, & Van Engen, 2003).

The laissez-faire leadership style is also known as the "hands-off" style. It is also one in which the boss has little to no guidance and allows workers as much flexibility as possible. Basically, this style looks straightforward and easy-going between leaders and subordinates. In studies of different types of organizations, however, both transformational and transactional leadership styles have been shown to be positively associated with organizational outcomes (Snodgrass & Schachar, 2008). Laissez-faire leadership is also described by Bass and Avolio (1990) as "the absence of leadership" and "the avoidance of action." Furthermore, laissez-faire leaders also act

as if they are free of the obligations and duties that have been entrusted to them (Lewin, Lippit, & White, 1939). Not only that, but this leadership style parallels Blake and Mouton's (1985) concept of "impoverished management," which describes a leader who makes limited effort to complete necessary tasks and shows little regard for subordinates (Einarsen, Aasland, &Skogstad, 2007).

According to Lewin et al. (1939), laissez-faire leaders are nominated to leadership positions and physically hold them, but they lack the roles and duties that have been delegated to them. As a result, laissez-faire leadership should be viewed as "zero leadership" as well as "lack of presence." Schyns and Schilling (2013), on the other hand, disagree with this assertion, and Einarsen et al. (2007) regard laissez-faire leadership as a form of destructive leadership. Furthermore, Einarsen and colleagues (2007) claim that laissez-faire leadership undermines organizational goals and/or subordinates' well-being, thereby violating the legitimate interests of organizations and their employees. In addition, Bass and Avolio (1997) consider laissez-faire leadership, as well as active corrective leadership (leading by tracking and reflecting on mistakes) and passive corrective leadership, as ineffective leadership styles (waiting for things to go wrong before intervening).

2.1.4. Employee Performance (Job Performance)

Employee performance is characterized as an individual's self-control and behavior that affect the achievement of organizational goals (Campbell, 1990). According to Rotundo and Sackett, (2002), performance is described as the individual's actions and behaviors that contribute to the organization's goals. Employee performance typically also refers to the amount of production produced from job execution by an employee over a given period of time in an organization. Also, achieved or demonstrated accomplishment is referred to as performance (Indonesian Dictionary, 2001). The level of accomplishment of the activities, programs, and policies in realizing the organization's goals, priorities, purpose, and vision as described in the strategic planning of an organization is referred to as performance. Additionally, the concept is often used to describe the results or accomplishments of individuals and groups of individuals in terms of their success rate (Parlinda, 2012). Moreover, according to Robbins (2007), performance is the product of a comparison of an individual's work to defined standards, and the concept of performance is a result of the quality and quantity of work completed by individuals in carrying out their duties in accordance with the responsibilities assigned.

The execution of a particular activity assessed against predefined, recognized standards of accuracy, completeness, cost, and time is referred to as performance. Employee performance is the contribution of employees to the achievement of the organization's objectives. Employees are expected to perform at an acceptable level of the standard, and managers follow up and evaluate the performance of employees to attain the stated objective of an organization (Armstrong Michael, 2009). According to Cooke (2000), performance can be measured by level of accuracy, task completeness, cost, and speed of the planned task and measured against a predetermined standard of performance. In an employment contract, performance is deemed to be the accomplishment of a commitment in such a manner that releases the performer from all liabilities laid down under the contract.

In one research study, Kaithen (2002) defined performance as organizational ability to produce something related to desired targets. Performance is the work results achieved by someone or a group of people in an organization in accordance with their respective authority and responsibility to reach the organizational goal legally, without breaking laws, and in accordance with morals and ethics (Prawirosentono, 2000).In another study by Richard et al. (2008), the concept of organizational performance was defined as one of the most important dependent variables of interest for researchers concerned with just about any area of management. Although the notion of organizational performance is widely used in academic literature, defining it is challenging due to its numerous interpretations by different academicians. For this reason, there isn't a universally accepted definition of this concept. Similarly, in the 1950s, organizational performance was defined as the extent to which organizations, viewed as a social system, fulfilled their objectives (Tannenbaum, 1957). Performance evaluation during this time was focused on work, people, and organizational structure. Managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency). As a result, organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by its limited resources (Lusthaus & Adrien, 1998; Campbell, 1970). In this context, profit became one of the many indicators of performance.

2.1.5. Leadership Style and Employee Performance

The style of leadership affects performance since performance cannot be achieved in the absence of leadership that can adapt to the changes and challenges of the environment, that knows how to

motivate the employees, and that encourages them to take more ownership for their work. Anyango (2015).

2.1.5.1. Transformational and Employee Performance

A transformational leadership approach emphasizes developing employees and considering individual employees' needs. The development of an overall value-based system that helps employee moral development, skill development, and the motivation of followers is the main focus of transformational leadership style. Bass and Avolio (1994) concluded that higher performance is achieved when leaders adopt transformational leadership. According to Bass and Avolio (1994), transformational leadership occurs when leaders broaden or elevate the interests of their employees. Leaders who encourage followers to look beyond their self-interest practice more transformational leadership behaviors. In so many situations, transformational leaders are effective due to several reasons, such as the fact that the leaders may be charismatic in terms of inspiring the followers, they may meet the emotional demands of the employees, or they could inspire the employees intellectually (Bass & Avolio, 1994).

Wang et al. (2011) stated that there is a positive relationship between individual levels of performance and transformational leadership practice. In addition, the study shows that there is a positive correlation between transformational leadership style and group performance. Xu and Wang (2010) stated that employee performance is the output of skills, knowledge, abilities, and motivation directed toward the expected behavior. In addition, the study also indicated that the overall development of employees (followers) can be enhanced when leaders adopt transformational leadership behaviors. The behavioral charisma and idealized influence of transformational leaders motivate employees to associate with and follow the leader (Jyoti & Bhau, 2015). Follower-leader association is a self-defining and satisfying relationship for the individual and the team or organization.

A transformational leader develops a personalized relationship with its followers, and employees feel happily motivated, and as a result, overall performance increased. It can be said that transformational leadership and organizational performance are positively interlinked (Jyoti & Bhau, 2015). Sofi and Devanadhen (2015) indicated that there is a significant impact on organizational performance upon the adoption of transformational leadership practices. The above research was conducted in the banking sector, and the results showed that transformational leadership styles have a direct and positive impact on organizational performance.

Yitawok (2020), citing Suharto (2005), described the frequent implementation of transformational. Leadership will have a significant positive impact on enhancing the psychological empowerment of followers and motivating employees to achieve targets. Similarly, leaders with transformational leadership behaviors give attention to individual employee needs. Providing motivational support and creating innovative and smart ways to achieve effective implementation of goals

2.1.5.2. Transactional and Employee Performance

As with other leadership styles, transactional leadership styles can also impact job performance either positively or negatively. It depends on employee assessment. Transactional leadership will have both a negative and positive effect on employee performance depending on the perception of employees and the level of loyalty, honesty, and transparency of leaders (Yitawok, 2020). When leaders are loyal and transparent about their agreements, leadership will have a positive impact, and the reverse will affect employee performance negatively. Transactional leaders who link job performance to valued rewards help organizations achieve their current and future objectives by ensuring employees have access to the resources needed (Zhu, Chew, and Spengler, 2005).

2.1.5.3. Laissez-Faire and Employee Performance

Tamerat (2019), in his study project titled "The Impact of Leadership Styles on Employee Performance at the Sheraton Addis Hotel," found that laissez-faire leadership style had no significant effects on employees' performance. Abdul and Javed (2012) suggested laissez-faire leadership has a positive relationship with employee motivation, but the relationship is not significant enough to show that laissez-faire leadership is not important to boost employee motivation compared to other leadership styles. Many researchers have found that laissez-faire styles are associated with employee dissatisfaction, unproductiveness, and ineffectiveness. In fact, it is debatable, and it can't be concluded because there are favorable environments for this leadership style. In laissez-faire leadership style, decision-making is performed voluntarily by an employee who is willing to accept the leadership role.

2.2. Review of Empirical Literature

Tamerat (2019), in his study, showed that authoritative leadership style had a significant positive outcome on the performance of workers however Less-faire leadership style had no significant

effect on workers performance. Haimanot (2019) conducted research titled "The Influence of Leadership Styles on Employee Performance: The Case of Carter Center Ethiopia and Orbis International." Ethiopia discovered that managers' leadership styles had an impact on staff performance, either favorably or adversely. Accordingly, laissez-faire leadership styles positively affect employees' performance.

Liya (2018), in her descriptive research on the impact of leadership style on workforce performance at Wegagen Bank and her findings showed that the leadership style practiced by the bank's leaders is a collection of the three major leadership styles and pointed out that leadership styles have a significant impact on employee performance. Managers used to have both transactional and transformational leadership styles at Wegagen Bank, though sometimes there was a tendency toward laissez-faire leadership practices. In addition, the study findings showed that mixed leadership practices were observed. Joseph (2018) also concluded that autocratic leadership style prevents the use of creative ideas in problem solving; therefore, leaders should learn to exercise restraint in the use of the style in the running of their institutions. Marjorine and Muturi (2017), in their study titled "Effect of Leadership Styles on the Performance of Microfinance Institutions in Nairobi, Kenya," found that the democratic leader was the most favorite leadership style. The style did not increase employee turnover, but it increased employee productivity. Transformational leadership also did not increase employee turnover, but laissez-faire leadership increased employee turnover. Transactional leadership affected employee productivity. A majority of the respondents believed that leadership style played a role in the performance of the organization. The study, therefore, concluded that leadership styles have an effect on performance at microfinance institutions. This study recommends that most managers in microfinance institutions adopt transformational leadership in order to ensure staff retention, enhanced employee satisfaction, and increased employee performance.

Aishat et al. (2015) in their study "Leadership styles of managers and employees jobs "Performance in the Banking Sector" revealed that transformational leadership behavior has a positive correlation with job performance and is the most commonly used leadership style by managers in the banking sector. The findings of the study have therefore brought the researchers to summarize that transformational leadership style is the greatest type of leadership that improves worker job commitment within the organization, signifying that practicing an effective leadership style within the banking sector improves employee job performance and overall job performance within the employees in the banking sector in Nigeria. Similarly, Faisal et al. (2015)

researched the relationship between leadership behaviors of leaders and organizational performance and found that transformational and transactional leadership styles had positive effects on employee performance.

Getu and et al. (2019) showed transformational and transactional leadership styles were found to be strongly correlated with employee performance, but laissez-faire had a weak correlation with employee performance. In addition, there was a strong relationship between overall leadership styles and employee performance. From the regression analysis, 48.8% of employee performance is affected by three leadership styles. Basically, the regression analysis showed that employee performance is predicted more by transformational leadership styles than transactional leadership styles. But laissez-faire leadership was found to negatively predict employee performance. Woineshet (2019) reported findings from her study titled "The Effect of Leadership Style on Employee Performance in Some Selected Non-Governmental Organizations: Orbis International Ethiopia, Family Guidance Association, and Fred Hollows Foundation." Laissez-faire leadership style positively affects employees' performance, and autocratic leadership behavior affects employee performance insignificantly and negatively.

Tariku et al. (2020) researched the effect of leadership styles on the Ethiopian banking industry performance as a result. Transformational leadership affects the workplace by encouraging and motivating subordinates to make changes, create new things, and innovate and to go beyond what they actually agreed to perform, a transactional leadership style that rewards employees and makes recognition in exchange for employee job performance, and giving close directions and guidance to employees have a positive and significant effect on promoting the bank's performance.

Even though several significant studies in Ethiopia (Gebrehiwet, (2021); Tamerat, (2019); Haimanot, (2019); Liya, (2018); Joseph, (2018); Getu and et al. (2019); Woineshet (2019); Tariku et al. (2020)) but they used the different variables to evaluate the effect of leadership styles on the employee's job performance but it affects the result on the limited scope and under the influence of few variables. This study by taking this as a literature gap to investigate the effect of leadership styles on the employee's job performance the case of Awash Bank in Addis Ababa by using the conceptual model identified by Yitawok, (2020) the three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership to

evaluate their effect on the employee's job performance the case of Awash Bank in Addis Ababa.

2.3. Conceptual Frame Work

The study was investigated the relationship between performance appraisal and employee performance. In this regard how the independent variables such as three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership influence the dependent variable employee performance of Awash Bank.
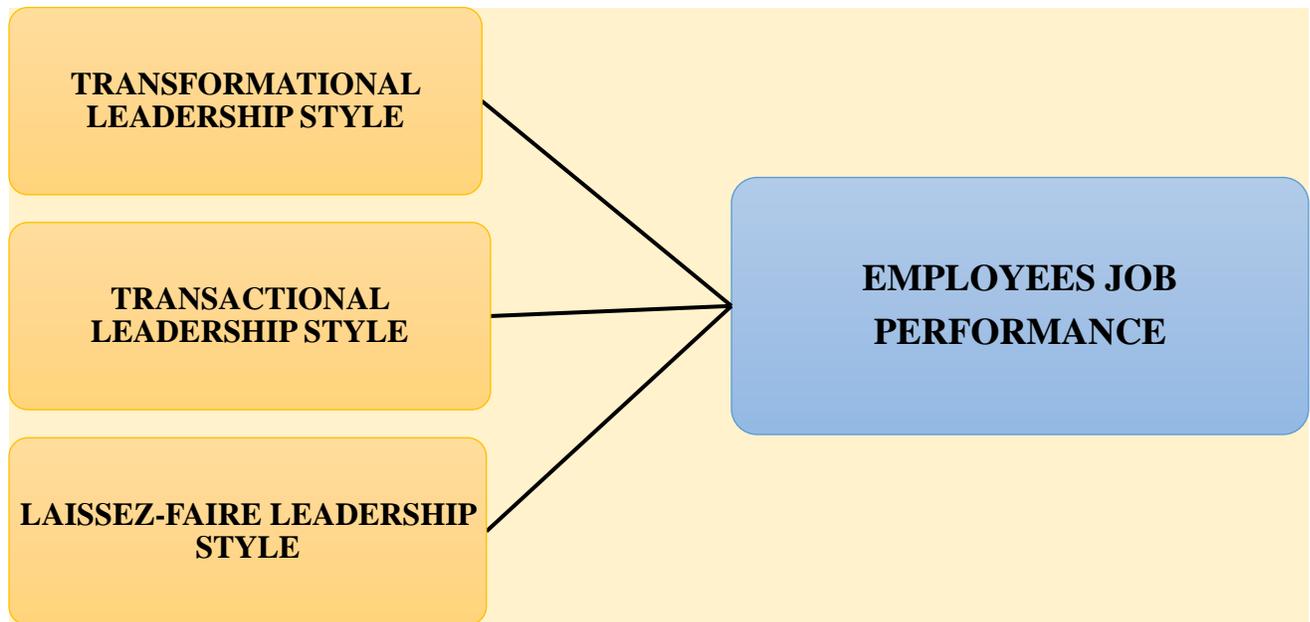

Figure 2.1. Conceptual Frame work Source; Yitawok, (2020) ,

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Approach

Based on the type of research data collected researches are classified as qualitative and quantitative. This study was applied quantitative data that was the numeric values that indicate how much or how many of something. Quantitative research was based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Quantitative research is a means for testing objective theories by examining the relationship among variables. Quantitative research is often regarded as being purely scientific, justifiable, and precise and based on facts often reflected in exact figures. This approach often appears when the audience consists of individuals or readers with a quantitative orientation. This quantitative research approach can be further sub classified into inferential (survey research), experimental and simulation approaches to research.

3.2. Research Design

Based on the nature of the research enquiry, research design is classified as exploratory, descriptive, explanatory (causal) or predictive research. This study was used explanatory research design. Explanatory research is the most common type of research method and is responsible for establishing cause-and-effect relationships that allow generalizations to be extended to similar realities. This is because the researcher was interested in determining the influence of the three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership on the employee performance.

3.3. Data Type and Source of Data

Both primary and secondary sources of data collection were employed in the study. Well designed and structured questionnaire will be utilized. This was completed by employees and customers Awash Bank. Secondary data obtained from other sources was used to provide additional information where appropriate. Besides, variety of books, published and/or unpublished government documents, reports and newsletters were reviewed to make the study fruitful.

3.4. Sampling Technique and Sample Size

According to Hair *et al.* (2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures

and information. Therefore, for this study, the target populations were 3,628 employees from the four districts of Awash Bank in Addis Ababa (North Addis District, West Addis District, South Addis District and East Addis District).

Awash Bank in Addis Ababa has 222 Branches in the four districts in Addis Ababa. Multi stage sampling techniques will be employed to select the study respondents. For the purpose of this study the branches from the four districts of Awash Bank were selected by nonprobability sampling approach and simple judgmental sampling technique. Non-probability sampling approach relies on the personal judgment of the researcher rather than on chance to select sample elements. The researcher can arbitrarily or consciously decide what elements to include in the sample. Judgmental sampling technique is a form of convenience sampling in which the population elements are selected based on the judgment of the researcher. The researcher, exercising judgment or expertise, chooses the elements to be included in the sample because he or she believes that they are representative of the population of interest or are otherwise appropriate.

The sample size was determined using Taro Yamane's statistical formula (1967:886) with 95% confidence level and 5% error. From the total population of 3,628 the sample size from the total population will identify as per this formula.

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

= **360.27**

Where n is the sample size, N is the population size, and e is the level of precision. Using this formula appropriate sample size was determined. Accordingly, 360 respondent employees were taken as the representative sample size in order to have sufficient and reliable data. For these eligible samples were identify from the total populations, sample proportion allocation among the four districts were perform. Therefore, the researcher was used the percentage ratio of sample size 360 to target population 3,628 to get the number of participants for questionnaire distribution to each bank. Finally, the number of employees participating in each districts were determined using the population proportionate sampling (PPS).

n= nf * N in a Addis district

$\quad$ N total

Where, n= Proportion of employees participate in the study in a given district, nf= Final sample size obtained using correction formula (360), N=is the total number of four Addis Ababa districts (3,628) i.e. N $_{total}$ = Total number of employees in the selected branches.

Table 3.1. Population Proportionate Sampling

No	Districts	No of Branches'	PPS	Sample Size
1	North Addis Ababa Region	54	0.24	88
2	East Addis Ababa Region	52	0.23	84
3	West Addis Ababa Region	58	0.26	94
4	West Addis Ababa Region	58	0.26	94
	Total	**222**		**360**

Accordingly the 360 respondent employees from the selected branches from each districts were selected by using non probability sampling approach specifically convenient sampling technique. Convenience sampling technique attempts to obtain a sample of convenient elements. Often, respondents were selected because they happen to be in the right place at the right time. Convenience sampling is the least expensive and least time-consuming of all sampling techniques.

3.4. Data Gathering Technique and Instruments

The primary data was gathered particularly using survey questionnaire. The researcher was distributed the questionnaire to sampled respondents. For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires were administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. The Likert-type scale method was used a range of responses: 'Strongly Disagree', 'Disagree', 'Neutral', 'Agree', and 'Strongly Agree' and the 5-point rating scale also used a range of responses. The usage of this particular scaling method was ensured that the research study was illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend was produced in order to assess research objective. A pilot study was conducted to refine the methodology and test the questionnaire before administering the final phase. Questionnaires were tested on potential respondents to make the data collecting

instruments objective, relevant, suitable to the problem and reliable. Issues raised by respondents were corrected and questionnaires were refined.

3.6. Method of Data Analysis

The data that was collected and edited, coded and entries was made into statistical software (Statistical Package for Social Sciences, SPSS version 20). This was involved converting quantitative (nominal and ordinal data) into numerical codes. Both descriptive and inferential statistics was used to analyze and interpret the findings. Demographic variables of the respondents were interpreted using descriptive statistics whereas inferential statistics was used to find out the relationship between the study variable using correlation analysis. The study was adopted multiple linear regression and Pearson correlation analysis to establish the relationship between variables of interest. Specifically, multiple linear regression analysis was used to determine the joint relationship between independent and dependent variables.

3.7. Validity and Reliability

3.7.1 Validity

Construct validity is referred to as the establishment of the correct operational measures for the research topic under study (Yin, 2014). For this research, construct validity will be achieved through the triangulation of research techniques using different sources of evidence. Internal validity refers to the appropriateness of the data analysis techniques utilized to analyze the collected data. It is therefore important that the theoretical propositions are linked with the data accurately in addition to the appropriate application of the analytical strategies. For this research, to increase internal validity, a careful and comprehensive review of the literature related to the topic of choosing a research design to enable the selection of an accurate data analysis technique will be conducted, and the analysis steps will be followed precisely. In addition, by fulfilling all research objectives, internal validity will be achieved.

3.7.2. Reliability

Reliability means that the process (such as data collection procedures) of the study can be repeated to obtain the same results (Yin, 2014). For this research, reliability will be achieved by selecting and following an appropriate research methodology model to ensure that the aim and objectives were fulfilled. In order to measure the consistency of the questionnaire and the overall reliability of the constructs that it is measuring, the reliability test was carried out based on

Cronbach's Alpha coefficient. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules of thumb: " > 0.9 – Excellent, > 0.8 – Good, > 0.7 - Acceptable, > 0.6 – Questionable, > 0.5 – Poor, and < 0.5 – Unacceptable".

As shown in the following table the reliability statistics Cronbach's Alpha coefficient of this study is 0.908 which is acceptable. This implies that both functions of the covariance among items and the number of items in the analysis are the mark of a "good" or reliable set of items and the question designed was accurately measuring the variable of interest of the study.

Table 3.2. Reliability Statistics

Variables	Cronbach's Alpha	N of Items
TFL	0.752	6
TAL	0.869	6
LFL	0.760	6
EJP	0.885	6
Total	0.908	24

Source: Own Survey, (2023)

3.8. Ethical Considerations

This study was entirely devoted to identify the Impacts of Leadership Styles on Employee's Job Performance in the case of Awash Bank and determine how these factors significantly affecting the success of their businesses so as to forward possible recommendation for future improvements and maintain the employees performance. It was be interested to defame or abuse or expose secrets (if any) in any way to the public. To realize this fact, formal letter will be written from the St Mary University for permission of the bank from which the information was required. The study participants were informed about the purpose of the study and the informed verbal consent was obtained from each participant before data collection. The Impacts of Leadership Styles on Employee's Job Performance in the case of Awash Bank was measured objectively, based on information collected from respondents. Finally confidentiality was assured and the data was made to be kept by avoiding personal identifiers.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter deals with the data presentation, analysis, and discussion of the findings. The first three sections present the response rate, the reliability analysis, and the demographic data of the respondents, and the remaining three sections deal with the correlation analysis, hypothesis testing, regression analysis, and discussion. Whereas inferential statistics were used to predict the relationship between the employee's job performance and the various independent variable factors affecting the employee's job performance of Awash Bank employees, namely transformational leadership, transactional leadership and laissez-fair leadership. The study has adopted multiple linear regression and Pearson correlation analysis to establish the relationship between the variables of interest. Specifically, multiple linear regression analysis is used to determine the joint relationship between independent and dependent variables.

4.1. Response Rate

From the data gathered, out of the 360 questionnaires distributed, 293 copies were completed and returned making a response percent of 81.32%. This rate concurs with Mugenda and Mugenda (2003) who explains that for hypothesis a response rate of half is palatable for examination and reporting, 60% is extraordinary and a response rate of 70% is tremendous, thus 81.32% was surprising for an examination. This high response rate can be credited to the data gathering systems, where the researcher pre-told the potential individuals and associated the drop and pick technique where the surveys were picked at a later date to allow the respondents enough time to fill the reviews.

4.2. The Demographic Characteristics of the Respondents

Identifying the respondent characteristics in any study is crucial since it describes the type of respondents who have taken part, in particular their gender, educational attainment, and age, all of which jointly influence their comprehension levels. The researcher took into account the respondents' distribution on education levels and the working experiences of the respondents in the Awash Bank.

As it can be seen on Item 1 of Table 4.2, regarding gender distribution of the respondents, 65% of the respondents were men, while the rest, 35%, were women. This confirmed that male respondents were more represented than their female counterparts.

On Item 2 of the same table, it sought to determine the respondents' education level. The majority (59%) of the respondents had a bachelor's degree, and the rest (5%, 3%, 5%, 14%, and 14% of the respondents were grade 10 or grade 12 completers, certificate holders, diploma holders, or had graduated with a second degree or higher, respectively. The discoveries along these lines show that the respondents have the ability to answer the inquiries effectively.

Table 4.1: The Demographic Characteristics of the Respondents

Items	Alternatives	Frequency	Percentage
1. Gender	Male	190	65
	Female	103	35
	Total	293	100
2.Educational qualification:	Grade 10 completed	15	5
	Grade 12 completed	9	3
	Certificate	15	5
	College diploma	41	14
	First Degree	173	59
	Second Degree and above	41	14
	Total	293	100

Source: Own Survey, (2023)

4.3. Analysis of the Descriptive Statistics

The descriptive analysis of this study presents the mean and standard deviation of findings. The tables contain mean and standard deviation of their response. Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value.

To determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by (5 − 1 = 4) then divided by five as it is the greatest value of the scale (4 ÷ 5 = 0.80). Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. The range of the mean values interpreted in the scale of likert when: from1 to 1.80 represents (strongly disagree); from 1.81 until 2.60 represents (do not agree); from 2.61 until 3.40 represents (neutral); from 3:41 until 4:20 represents (agree); from 4:21 until 5:00 represents (strongly agree). The mean indicates to what extent the sample population averagely agrees or does not agree with the different statements. The higher the mean, the more the respondents agree with the statement. The standard deviation on the other hand indicates the variability of an observed response from a single sample.

Table 4.2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TFL	293	1.83	5.00	3.7861	.71190
TAL	293	1.33	5.00	3.2799	1.02387
LFL	293	1.83	5.00	3.8464	.78023
EJP	293	1.50	5.00	3.4611	1.00589
Valid N (listwise)	293				

Source: Own Survey, (2023)

As it can be seen the descriptive statistical result the mean scores of the statements of dependent variable employee's job performance and the various independent variables of leadership styles such as, transformational leadership, transactional leadership and laissez-fair leadership which fall within the range of 3.279 to 3.846. The mean value for the transformational leadership is 3.786, for transactional leadership is 3.279, laissez-fair leadership is 3.846 and for the employees' job performance 3.46. From the results observed that most respondents have neutral attitude towards the statements about the transactional leadership. On the other hand the majority of the respondents agree with the statements about the transformational leadership, laissez-fair and employee's job performance.

4.4. Analysis of the Inferential Statistics

4.4.1. Correlation Analysis

The bivariate Pearson Correlation produces a sample correlation coefficient, r, which measures the strength and direction of linear relationships between pairs of continuous variables. By extension, the Pearson Correlation evaluates whether there is statistical evidence for a linear relationship among the same pairs of variables in the population, represented by a population correlation coefficient, ρ ("rho"). The Pearson Correlation is a parametric measure.

The bivariate Pearson Correlation is commonly used to measure: the Correlations among pairs of variables, Correlations within and between sets of variables; The bivariate Pearson correlation indicates

➢ Whether a statistically significant linear relationship exists between two continuous variables

➢ The strength of a linear relationship (i.e., how close the relationship is to being a perfectly straight line)

➢ The direction of a linear relationship (increasing or decreasing)

Correlation can take on any value in the range [-1, 1]. The sign of the correlation coefficient indicates the direction of the relationship, while the magnitude of the correlation (how close it is to -1 or +1) indicates the strength of the relationship (-1 indicates a perfectly negative linear relationship, 0 indicates no relationship and +1 indicates perfectly positive linear relationship) The strength can be assessed by these general guidelines (which may vary by discipline):

- $< |r| < 0.3$ … small / weak correlation
- $< |r| < 0.5$ … medium / moderate correlation
- $0.5 < |r|$ ……… large / strong correlation

The Flag significant correlations is checking this option will include asterisks (**) next to statistically significant correlations in the output. The statistical alpha result is less than 0.01 interpreted as there is significance relationship between variables.

Table 4.3 Correlation

		TFL	TAL	LFL	EJP
TFL	Pearson Correlation	1	.570**	.620**	.481**
	Sig. (2-tailed)		.000	.000	.000
	N	293	293	293	293
TAL	Pearson Correlation	.570**	1	.720**	.942**
	Sig. (2-tailed)	.000		.000	.000
	N	293	293	293	293
LFL	Pearson Correlation	.620**	.720**	1	.829**
	Sig. (2-tailed)	.000	.000		.000
	N	293	293	293	293
EJP	Pearson Correlation	.481**	.942**	.829**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	293	293	293	293
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Own Survey, (2023)

From the above correlation matrix, the researcher found the following results under each construct, supported by their related empirical evidence:

The result of the Pearson correlation test between transformational leadership (the independent variable) and the employee's job performance (the dependent variable) showed that there is a positive relationship between the two variables at the significance level of (R=0.481), (P<0.01). According to MacEachron's (1982) measure of association, the magnitudes of the relationship between the two variables are moderate. Compared to other relationships considered in this study, transformational leadership is ranked third in its magnitude of correlation.

A Pearson correlation test was conducted to determine the degree of association between employee's job performance and transactional leadership. Hence, the result of the study showed that both variables are positively correlated to one another at a significant level of (R=0.942), (P<0.01). Based on MacEachron's (1982) measure of association, the magnitudes of the relationship between the two variables are strong. Compared to other relationships considered in this study, transactional leadership is ranked first in its magnitude of correlation.

The result of the Pearson correlation test between employee's job performance and laissez-fair leadership showed that there is a statistically significant positive relationship between the two variables at the level of (R=0.829), (P<0.01). MacEachron (1982) classified this magnitude of the relationship as a strong one. Compared to other relationship variables considered in this study, laissez-fair leadership is ranked second in its magnitude of correlation.

4.4.2. Test of Assumptions

Statistical assumptions that must be met for the analysis of correlation and regression are tested and the results are presented in this section. Accordingly, basic assumptions were checked and found acceptable and their results are discussed as follows.

Assumption 01. Test of Normality

One of the assumptions for most parametric tests to be reliable is that the data is approximately normally distributed. The normal distribution peaks in the middle and is symmetrical about the mean. Data does not need to be perfectly normally distributed for the tests to be reliable.

Figure 4.1. Normality Histogram
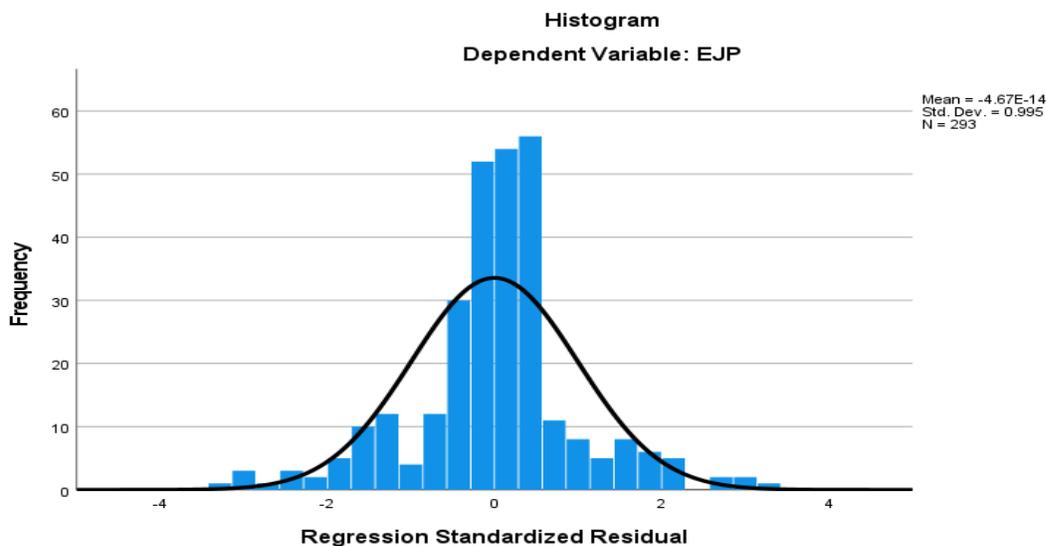
Source: Own Survey, (2023)

In this study the normality histogram reveals that it is very unlikely that a histogram of sample data was produce a perfectly smooth normal curve like the one displayed over the histogram. As long as the data is approximately normally distributed, with a peak in the middle and fairly symmetrical, the assumption of normality has been met.

Assumption01- Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables.

Figure 4.2: Normal P-P plot graph
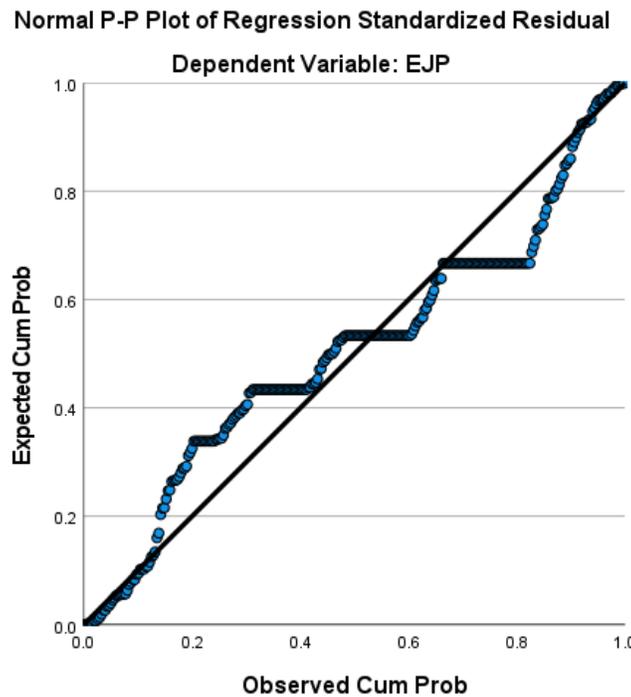
Source: Own Survey, (2023)

The p-plot of residuals discloses that there is no large deviation in the range of the residuals. As we look from left to right on the figure it looks like almost all residuals lay on the linear straight line. Therefore, this tells us the relationships between the independent variable with the dependent variable are linear.

Assumption02 - Homoscedasticity (Equal Variance)

Heteroscedasticity is a hard word to pronounce, but it doesn't need to be a difficult concept to understand. Put simply, heteroscedasticity (also spelled heteroskedasticity) refers to the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. The model errors are generally assumed to have an unknown but

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finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption (Weisberg, 2005, as cited by, Matt, Carlos, and Deson, 2013).

It means simply that, the variance of Y for each value of X is constant in the population. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. The following scatter plot was obtained from the average results of the dependent variable; employee's job performance and the various independent variables transformational leadership, transactional leadership and laissez-fair leadership to see whether homoscedasticity is really a pressing problem of this particular study.

Figure -4.3. homoscedasticity between variables
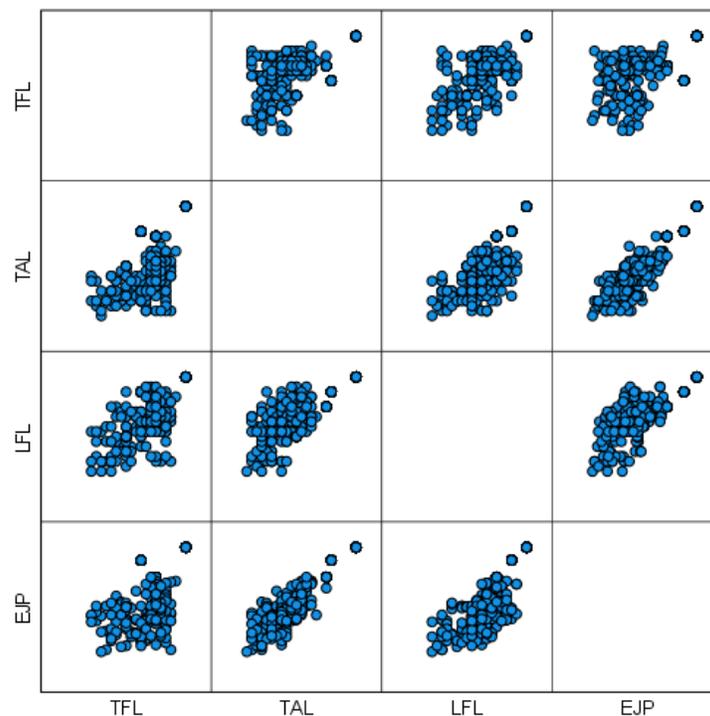
Source: Own Survey, (2023)

As it can be seen on the graph 4.2 the set of data exist on the same scatter, the points have the same distance from the line and the scatter plot roughly rectangular-shaped. This shows that the sample fit with the assumption of equal variances (i.e. assumption of homoscedasticity). This implied that even if the data came from different samples have the same variance.

Assumption03 -Independent of Residuals

Linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other. In other

words when the value of y(x+1) is not independent from the value of y(x). For instance, this typically occurs invariable, where the variable is not independent from the previous variable. A value of 2.0 means there is no autocorrelation detected in the sample. Values from zero to 2.0 indicate positive autocorrelation and values from 2.0 to 4.0 indicate negative autocorrelation (Chatterjee&Hadi, 2012; Fox, 1997; Weisberg, 2005). Breach of this assumption leads to, biased estimate of standard errors and significance, even if the estimate of the regression coefficient remain unbiased but yet inefficient (Chatterjee&Hadi, 2012, as cited by, Matt, Carlos, and Deson, 2013).

The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic will always have a value between 0 and 4, a value of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation. The table below showed the Durbin-Watson test of this study. .

Table 4.4 Durbin-Watson test result Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.953[a]	.908	.907	.30732	.908	946.44	3	289	.000	1.615
a. Predictors: (Constant), LFL, TFL, TAL										
b. Dependent Variable: EJP										

Source: Own Survey, (2023)

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Babatunde O.S, Oguntunde P.E, Ogunmola A. O and Balogun O.S, 2014). In this case, Durbin-Watson is 1.615, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption**.**

Autocorrelation, also known as serial correlation, can be a significant problem in analyzing historical data if one does not know to look out for it. A positive autocorrelation would indicate that the transformational leadership, transactional leadership and laissez-fair leadership yesterday has a positive correlation on the transformational leadership, transactional leadership and laissez-fair leadership today so if they fell yesterday it is also likely that falls today. Having the negative autocorrelation, on the other hand, has a negative influence on itself over time so that if the

transformational leadership, transactional leadership and laissez-fair leadership fell yesterday, there is a greater likelihood it will be raised today.

Assumption 04- Multicolinearity

The term multicollinearity describes a perfect or exact relationship between the regression exploratory variables. Multiple linear regression analysis assumes that there is no perfect exact relationship among exploratory variables. In regression analysis, when this assumption is violated, the problem of Multicollinearity occurs.Multiple linear regressions assume that there is little or no multicollinearity in the data. Multicollinearity occurs when the independent variables are not independent from each other. A second important independence assumption is that the error of the mean is uncorrelated; that is that the standard mean error of the dependent variable is independent from the independent variables.

Multicollinearity is checked against three key criteria:

1) Correlation matrix – when computing the matrix of Pearson's Bivariate Correlation among all independent variables the correlation coefficients need to be smaller than 0.9.

2) Tolerance – the tolerance measures the influence of one independent variable on all other independent variables; the tolerance is calculated with an initial linear regression analysis. Tolerance is defined as $T = 1 - R^2$ for these first step regression analysis. With T

3) Variance Inflation Factor (VIF) – the variance inflation factor of the linear regression is defined as VIF = 1/T. Similarly with VIF > 10 there is an indication for multicollinearity to be present.

Basically this study used two ways to detect multicollinearity. One way is by computing tolerance values and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when Tolerance is below 0.10 and the average variance inflation factor (VIF) is greater than 2.5. The other method is to assess multicollinearity by examining correlations among the independent variables. If a correlation matrix demonstrates correlations of 0.90 or higher among the independent variables, there may be a problem with multicollinearity.

According to (Hair et al., 2006) the pair-wise correlation among the independent variable should not exceed 0.90. As it is portrayed in the above table, the bold values showed the pair-wise correlation result and hence none of them exceeded the tolerable range of 0.90 to the maximum. Armed with this, we can say that multi co-linearity was not a problem in this particular study.

Table 4.6 Tolerance and Variance Inflation Factor

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	TFL	.604	1.655
	TAL	.321	3.111
	LFL	.293	3.413

a. Dependent Variable: EJP

Source: Own Survey, (2023)

As it can be seen on table 4.6 the Multicollinearity test by computing tolerance valuesfor each independent variable are ranging from 0.293 to 0.604. In this case all the tolerance values are greater than 0.10 and the Variance Inflation Factor (VIF) for each independent variable are ranging from 1.655 to 3.413 which are greater than 2.5. Hence, the researcher assumed Multicollinearity was not a problem.

4.4.3. Regression Analysis Results

Once all the regression assumption was met, the researcher decided on the data and further processed it. Analysis of variance (ANOVA) is a method of splitting the total variation into meaningful components that measure different sources of variation. In other words, it split the total sum of squares into 'between groups (sample) sum of squares' and 'within group (sample) sum of squares'. Analysis of Variance (ANOVA) is a parametric statistical technique used to compare datasets. It is similar in application to techniques such as t-test and z-test, in that it is used to compare means and the relative variance between them. However, analysis of variance (ANOVA) is best applied where more than two populations or samples are.

Under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the ANOVA test and the Beta coefficient. The average response obtained from the employees under the dependent variable, employee's job performance and each of the predictor variables, the transformational leadership, transactional leadership and laissez-fair leadership were used.

Table 4.7 Model Summaryof the regression result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.953[a]	.908	.907	.30732	.908	946.44	3	289	.000	1.615
a. Predictors: (Constant), LFL, TFL, TAL										
b. Dependent Variable: EJP										

Source: Own Survey, (2023)

The regression model considered employee's job performance as dependent variable and the transformational leadership, transactional leadership and laissez-fair leadership scores as the independent variables. The regression analysis is conducted to evaluate how well the transformational leadership, transactional leadership and laissez-fair leadership predict employee's job performance. As it is depicted under the model summary table, the linear combination of the three variables significantly related to employee's job performance (R^2 =0.908 and P<0.001). This means that, 90.8 percent of the positive variance of employee's job performance in the sample can be accounted for by the linear combination of the transformational leadership, transactional leadership and laissez-fair leadership.

Table 4.8 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	268.156	3	89.385	946.441	.000[b]
	Residual	27.294	289	.094		
	Total	295.450	292			
a. Dependent Variable: EJP						
b. Predictors: (Constant), LFL, TFL, TAL						

Source: Own Survey, (2023)

ANOVA (Analysis of variance), used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides, the result of test of significance for R and R^2 using an F-statistic. According to Cohen, J (2010), if the result of the test is significant, with the value below 0.05, then we reject the null hypothesis that R^2 is equal to zero and accept the research hypothesis that R^2 is significantly different from zero and there is a relationship between the independent and dependent variable in the population.

As it is depicted on the ANOVA table above, the P-value of the dependent variable employee's job performance and the independent variables the transformational leadership, transactional leadership, promotion, brand awareness, laissez-fair leadership is well below .05 (P<0.001). Therefore, we concluded that the **R** and **R^2** between the dependent variable employee's job performance and the independent variables the transformational leadership, transactional leadership and laissez-fair leadership are statistically significant (different from zero), based on the opinion collected from respondents.

Table 4.9 Beta coefficient of regression result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.358	.110		3.270	.000		
	TFL	.192	.032	.136	5.902	.000	.604	1.655
	TAL	.812	.031	.826	26.192	.000	.321	3.111
	LFL	.303	.043	.235	7.126	.000	.293	3.413
a. Dependent Variable: EJP								

Source: Own Survey, (2023)

Under the Beta Coefficient table, the researcher highly emphasized on the values of the standardized Beta coefficient in order to figure out the relative importance of each independent variable, in predicting the dependent variable and the unstandardized Beta coefficient in order to weight how much change in the criterion variable might expect with a one-unit change in the predictor variables holding all other predictor variables constant and formulate the linear regression equation.

A. Standardized Beta Coefficient

Standardized beta coefficient is sometimes called relative importance weight. More specifically, RIWs are the proportionate contribution from each predictor to R^2, (i.e. in our case to the $R^2=0.908$), after correcting for the effects of the inter-correlations among predictors (Lorenzo-Seva et al., 2010). This method is recommended when the researcher is examining the relative contribution each predictor variable to the dependent variable (Johnson, 2000 and 2004).

From table 4.9 we can infer that, transactional leadership in determining the variation in employee's job performance which accounted for 82.6%% of the beta coefficient. The second most important element of laissez-fair leadership that contributed most, to the positive variation in the dependent variable employee's job performance is accounted for 23.5% of the beta coefficient, followed by, transformational leadership, which had a beta coefficient share of 13.6%.

In the case of Awash Bank, as laissez-fair leadership contributed least to the variance in the response variable among the others, accounted for only 13.6% and it is statistically significant at p-value less than Alpha, (0.00<0.05).

Note that: This doesn't mean that laissez-fair leadership has no contribution; rather its contribution was significant.

B. Unstandardized Beta Coefficient

This is sometimes called the Beta Weights. According to Pedhazur, (1997), a β weight coefficient informs us, as to how much change in the criterion variable (i.e. employee's job performance in our case) we might expect with a one-unit change in the predictor variables, (i.e. transformational leadership, transactional leadership and laissez-fair leadership in our case) holding all other predictor variables constant.

The linear regression formula for one dependent variable, the employee's job performance and more than one independent variables transformational leadership, transactional leadership and laissez-fair leadership, took the form of:

$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + e$

Where, Y' = the dependent variable employee's job performance

a = y axis intercept (the constant beta value)

b_1, b_2, b_3, b_4, b_5 and b_6 = beta weight for each independent variables

X_1, X_2, X_3, X_4 and X_5 = transformational leadership, transactional leadership, laissez-fair leadership respectively.

e = the error term (0.05 in our case)

Taking in to consideration the unstandardized beta value in the table above, the regression equation of this particular study to the nearest decimal was written as:

$Y' = 0.358 + 0.192X_1 + 0.812X_2 + 0.303X_3 + 0.05$

The findings from the regression equation by taking in to consideration the unstandardized beta value inferred that:

➢ For every unit increase in the value of transformational leadership, setting all other predictor variable to zero, the value of the response variable employee's job performance will increase by 19.2%.

➢ For every unit increase in the value of transactional leadership, setting all other predictor variable to zero, the value of the response variable (employee's job performance) will increase by 81.2%.

➢ For every unit increase in the value of laissez-fair leadership, setting all other predictor variable to zero, the value of the response variable (employee's job performance) will increase by 30.3%.

4.5. Hypothesis Testing

The findings of transactional leadership were consistent with the majority of the findings of prior research discussed in chapter two. See, for example, Tariku and et al (2020) and Getu et al (2019) for a sample of workers in the Ethiopian banking industry, Aishat and et al (2015) for a sample of bank managers and employees in Nigeria, and Marjorie and Mutri (2017) for a sample of Microfinance and employees in Nirobi Kenya. Similarly, the results of the transformational leadership style were consistent with the majority of the prior study findings discussed in chapter two. The findings are consistent with previous studies such as Bass and Avalio (1994), Bahu and Jyoti (2015) on sample workers, Yitawek, (2020) on the influence of transformational leadership on employee motivation, and Aishat and et al (2015) on bank managers and employees in Nigeria.

Likewise, the results of laissez-faire leadership behavior demonstrated a link with follower performance, proving the fourth hypothesis. Woinishet (2019) on sample non-governmental employees in Ethiopia, and as evaluated in the literature, there is no agreed-upon outcome, like Abdul B and et al (2018) and Anyago (2015) on sample employees in the Bank of Africa in Kenya. Prior study has not shown convincing results on whether laissez-faire has a good or bad influence on follower performance. As a result, the findings of this study provide only shaky support for earlier studies that found a negative connection. In contrast to other leadership characteristics, authoritative leadership has a negligible influence on follower performance; hence, the research findings refute the third hypothesis, which claims that autocratic leadership style has a favorable effect on employee performance in the bank. Despite the fact that the results of prior study assessed in the literature are well-known, the results are compatible with previous studies carried out by Joseph (2018) und Anyago (2015) on sampled employees in the bank of Africa Nairobi kenya.

Table 4.10 Summary of hypotheses testing

No	Hypothesis	Result
H1	The transformational leadership style has a significant positive effect on employee's job performance at Awash Bank.	Accepted
H2	The transactional leadership style has a significant positive effect on employee's job performance at Awash Bank.	Accepted
H3	The laissez-faire leadership style has a significant positive effect on employee's job performance at Awash Bank.	Accepted

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

According result of the Pearson correlation test compared to other relationships considered in this study, transformational leadership is ranked third in its magnitude of correlation, transactional leadership is ranked first in its magnitude of correlation and laissez-fair leadership is ranked second in its magnitude of correlation.

The regression model considered employee's job performance as dependent variable and the transformational leadership, transactional leadership and laissez-fair leadership scores as the independent variables. As it is depicted under the model summary table, the linear combination of the three variables significantly related to employee's job performance (R^2 =0.908 and P<0.001). This means that, 90.8 percent of the positive variance of employee's job performance in the sample can be accounted for by the linear combination of the transformational leadership, transactional leadership and laissez-fair leadership.

The findings from the regression equation by taking in to consideration the unstandardized beta value inferred that: For every unit increase in the value of transformational leadership, setting all other predictor variable to zero, the value of the response variable employee's job performance will increase by 19.2%. For every unit increase in the value of transactional leadership, setting all other predictor variable to zero, the value of the response variable (employee's job performance) will increase by 81.2%. For every unit increase in the value of laissez-fair leadership, setting all other predictor variable to zero, the value of the response variable (employee's job performance) will increase by 30.3%.

The main purpose of the study was how the independent variables such as three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership influence the dependent variable employee performance. The study was conducted on Awash bank and pertinent data that was collected the employees in Addis Ababa. In order to meet this general objective, non-probability sampling approach specifically convenient sampling technique was used.

All the selected three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership have a significant and positive impact on employee performance which implies leadership styles has indirect impact on employee job performance.

5.2. Recommendation

Based on the findings of the study, the researcher forwards the following recommendations to the management of the Awash bank and suggestion for other researchers.

The leadership style in place by leaders of Awash bank tends to be a mix of both the three major leadership styles dealt in this study. However, most importantly the transformational leadership should be promoted and the other two transactional and laissez faire leadership styles should be encouraged to be exercised. Considering the susceptible nature of the financial institution, 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 bank's upper management expects both employees and supervisors to meet business objectives and operate in accordance with agreed-upon performance criteria. The study's findings provide a thorough perspective on employees' supervisors' leadership styles as well as the leadership that influences employee performance. The study's findings might be beneficial in developing organizational strategy and meeting the leadership abilities, behaviors, and knowledge necessary to satisfy organizational needs.

According to the findings of the study, certain leadership styles should be used by supervisors in order to increase employee performance. The adoption of transactional leadership behavior by supervisors leads to improved staff performance in the bank. Managers should pay attention to the requirements of their followers, and employees should be rewarded or penalized based on their performance achievements. Employees and managers should agree on performance goals in advance. Employee performance should be measured using measures that measure customer satisfaction, teamwork, and the achievement of corporate goals.

Supervisors practicing transformational leadership styles will increase employee performance, and bank management should support or train supervisors to adopt this style. Supervisors should encourage followers to have their own vision in addition to the supervisor's and organization's vision. Followers desire idealized qualities of leadership behaviors from their supervisor since they can enhance employee performance. Supervisors should work to get faith from their subordinates, and their relationship should be beyond their self-interest. Employees' motivation to satisfy customers, teamwork spirit, and organizational goal achievement increase, and overall organizational performance also increases and meet its target goal.

It is advisable for the leaders of the bank to follow laissez-faire leadership style need to leave responsibility to subordinates to decide goals, plans, and programs by their own within the source of possibility so as to improve organizational performance by becoming more involved in guiding their subordinates. So, the leaders should clarify expectations and provide goals and standards to be achieved for the followers; respond to urgent questions and make decisions promptly and precisely, should monitor and give feedback on time.

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 their leadership qualities are often considered at stake. Leadership styles as identified in this particular study are positively related to the employee performance and the employee has considered that the styles of leadership are linked directly to the success factors. Awash Bank should be considerate of the performance of the bank basing its existing foundation on the style of leadership it intends to realize.

5.3. Suggestion for Future Research

The current study leaves opportunity for further future research in the field of how the independent variables such as three leadership styles namely transactional leadership, transformational leadership and laissez-faire leadership influence the dependent variable employee performance. There is an opportunity for researchers to either explore the same variables of this study in greater depth or to add new variables that could potentially predict consumer's buying decision more accurately or differently. This study utilized respondents residing in three leadership styles only and the researcher would recommend that similar studies as to the current study be conducted on a larger scale that is a larger sample size and larger geographic regions and on the other companies in Ethiopia. This would allow for more diversity in the sample and more informed results.

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APPENDICS

APPENDIX I

ST MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION (MBA)

Questionnaire to be distributed for the Employees Awash Bank

Dear Respondents.

This questionnaire is developed for an academic effort planned for the collection of data to conduct a thesis paper on the title **"*The Effect of Leadership Styles on the Employee's Job Performance in Awash Bank in Addis Ababa*"**, in order to fulfill the University's (St Mary's University) requirement set for awarding of a Master of Business Administration. The information obtained from this questionnaire will be kept confidential and will not be used for any other purposes. Hence, I am kindly asking respondents to give your candid information.

NB:

➢ It is not necessary to write your name
➢ Try to address all the question given below
➢ For the closed ended questions use (√) mark for your choice in the given box

Contact Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience

Thank you for your cooperation!

PART 1: DEMOGRAPHIC INFORMATION

1. Gender

Male ☐ Female ☐

2. Educational Qualification:

Grade 10 completed ☐ Grade 12 completed ☐ Certificate ☐

College diploma ☐ First Degree ☐ Second Degree and above ☐

PART 2: QUESTIONS DIRECTLY RELATED WITH THE STUDY

Here under the questions with regard to regard how the independent variables such as Leadership Styles influence the dependent variable Employee's Job Performance therefore, you are kindly requested to put "√" "X" mark on the box which represents your degree of agreement. 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree,

I	TRANSFORMATIONAL LEADERSHIP STYLE	5	4	3	2	1
1	The manager gives personal attention to others who seems rejected.					
2	I am proud to be assessed with my manager.					
3	I have complete faith in my supervisor.					
4	My manager gets others to rethink ideas that they had never questioned before.					
5	My manager enables others to think about old problem in new ways.					
6	My manager expresses in a few simple words what could and should do.					
II	LAISSEZ-FAIRE LEADERSHIP STYLE	5	4	3	2	1
1	My supervisor abstains from getting included when significant issues emerge					
2	My supervisor neglects to meddle until issues become genuine					
3	My supervisor is missing when required					
4	My manager shows that he/she is a firm adherent to "On the off chance that it isn't down and out, don't fix it."					
5	My supervisor postponements reacting to earnest inquiries					
6	My supervisor abstains from deciding					
III	TRANSACTIONAL LEADERSHIP STYLE	5	4	3	2	1
1	My manager gives me reward or recognition when I reach the goal.					
2	My manager tells me what to do if I want recognition or reward from work.					
3	My manager gives attention to what others can gate for what they accomplish.					
4	As long as things are working, my managers don't try to change anything.					
5	My manager tells me the standards I have to know to carry out work.					
6	My manager satisfied when I meet agreed standard					

Adopted from: Jemilah, (2021)

IV	EMPLOYEE PERFORMANCE	5	4	3	2	1
1	My performance is limited by poor leadership of my manager.					
2	There is team work in my department.					
3	I am motivated to work.					
4	My colleagues encourage me to perform well.					
5	My manager is team player.					
6	I have good relationship with my manager.					

Adopted from: Jemilah, (2021)

"THANK YOU"