

**EFFECT OF LEADERSHIP STYLES ON EMPLOYEES  
ENGAGEMENT: (THE CASE OF BUNNA INTERNATIONAL BANK  
S.C. ADDIS ABABA CITY BRANCHES)**



A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY IN PARTIAL FULFILMENT OF  
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BY: HemenMekuria

ADVISOR: Assistant Professor ZemenuAynaddis

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## **Declaration**

I, HemenMekuria, declare that this study on titled “EFFECTS OF LEADERSHIP STYLES ON EMPLOYEES ENGAGEMENT: CASE STUDY ON BUNNA INTERNATIONAL BANK S.C is my original work and has not been presented for BA degree or MA degree in any other university, and all sources of materials used for the study have been acknowledged.

Declared by: HemenMekuria

Signature\_\_\_\_\_

Date \_\_\_\_\_

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

**THESIS APPROVAL SHEET**

This is to certify that the research project entitled “EFFECTS OF LEADERSHIP STYLES ON EMPLOYEES ENGAGEMENT: CASE STUDY ON BUNNA INTERNATIONAL BANK S.C” submitted in partial fulfilment of the requirements for the degree of Masters of Business Administration, School of Post Graduate Studies, has been carried out by Hemen Mekuria, under my supervision. Therefore, I recommend that the student has fulfilled the requirements and hereby can submit the research thesis to the department for defence.

Advisor: ZemenuAynaddis

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Dean, School of Graduate Studies,

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Internal Examiner

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External Examiner

Signature

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Advisor

Signature

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## Contents

Acknowledgements .....	i
ACRONYMS .....	vii
ABSTRACT .....	viii
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study.....	1
1.2 Statement of the problem .....	3
1.3. Research Question.....	4
1.4. Objective of the Study.....	4
1.4.1. General objective of the study .....	4
1.4.1. Specific Objectives .....	5
1.5. Research Hypothesis .....	5
1.6. Significance of the Study .....	5
1.7. Scope of the study .....	5
1.8. Limitations .....	6
1.9. Organization of the Study .....	6
1.10. Definition of Terms.....	6
CHAPTER TWO .....	8
REVIEW OF RELATED LITERATURE .....	8
2. INTRODUCTION .....	8
2.1. Concepts of Leadership Style.....	8
2.1.1. Leadership styles .....	9
2.1.1.1. Transformational Leadership .....	10
2.1.1.2. Transactional Leadership .....	12
2.1.1.3 Laissez Faire Leadership style .....	13
2.2. Approaches to Leadership.....	14
2.3. Definition of Employee Engagement.....	16
2.4. Levels of Employee Engagement.....	16

2.5. Empirical review of related studies.....	17
Conceptual frame work .....	19
CHAPTER THREE.....	21
Research Methodology.....	21
3.1. Introduction.....	21
3.2 Research Design.....	21
3.3. Research Approach .....	21
3.3.1 Population of the study area .....	21
3.4. Sampling Design .....	22
3.5. Sampling Technique and procedure.....	23
3.5.1. Sampling Design .....	23
3.6. Data Collection Methods .....	24
3.7. Research Procedures .....	24
3.8. Sources of data .....	24
3.9. Instruments of data collection .....	25
3.10 Data Analysis .....	26
3.11 Research model .....	26
3.12 Reliability and Validity .....	27
3.12.1. Reliability.....	27
3.12.2. Validity.....	27
3.12.2 Ethical consideration.....	27
CHAPTER FOUR.....	29
DATA ANALYSIS AND DISCUSSIONS .....	29
4.1 Introduction.....	29
4.2. Response Rate on the Questionnaires .....	29
4.3 Demographic Characteristics and relation with Employees’ engagement.....	30
4.4 Effect of Transformational Leadership Style on Employee engagement .....	31
4.5 Correlation Analysis.....	36
4.6 Regression Analysis .....	38
CHAPTER FIVE.....	43

SUMMARY, CONCLUSION AND RECOMMENDATION .....	43
5. Introduction .....	43
5.1 Summary of Findings .....	43
5.2 Conclusions .....	45
5.3 Recommendations .....	46
Reference.....	48
Questionnaire .....	54



## List of table

Table 3.1: Population of the study area .....	22
Table 3.2: Sample size proportion of the study .....	23
Table 3.- Measurement Items conducted in study .....	25
Table 3.3: Cronbach Alpha Reliability of the Items .....	27
Table 4.1: response rate .....	29
Table 4.2: Demographic Characteristics of the Respondents .....	30
Table 4.3: Statistical review of transformational leadership style on Bunna international .....	32
Table 4.4: Statistical review of transactional leadership style on Bunna international Bank S.C .....	33
Table 4.5: Statistical review of laissez fair leadership style on Bunna international Bank S.C .....	34
Table 4.6: Statistical review of employee engagement on Bunna international Bank S.C.....	35
Table 4.7 Correlation between Leadership style and Employee Engagement.....	37
Table 4.8 the Overall Regression Analysis.....	39
Table 4.9.ANOVA.....	40

## List of Figure

Fig 1. Conceptual frame work .....	20
Fig 1: Normal p-plot of the regression standardized residuals .....	39

## **ACRONYMS**

EE - Employees Engagement

ANOVA - Analysis of Variance

BIB - Bunna International Bank S.c

SPSS - Statistical Package for Social Science

VIF – Variance Inflation Factor

## **ABSTRACT**

*The purpose of the study is to assess effects of employees' engagement in Bunna International Bank s.c Addis Ababa city branches. To achieve this objective mixed research approach and cross-sectional survey research design were used.*

*The study was conducted on 187 sample size and a systematic random sampling technique was employed. The quantitative findings were presented and analysed by table, one way ANOVA independent sample T- test, bivariate correlation and multiple regression model through SPSS software version 20. The finding revealed, employees were moderately agreed on transactional, transformational and laissez fair leadership styles towards (employee's engagement). There is positive relationship between all independent variables and significant related to (employees engagement)*

*Out of 187 total distributed questionnaires 180 were returned and 7 of the returned were rejected due to missing data while the remaining 180 responses were used for data analysis. Data was analyzed using the Statistical Package for Social Sciences (SPSS). The study employed explanatory research design Correlation and linear regression were used to analyze the relationship and its effect between leadership Style and employees engagement.*

*The regression results showed that both transformational and transactional leadership Styles have significant contribution for employee's engagement. The study showed that both transactional and transformational leadership styles are the leadership styles usually implemented in the bank. Similarly transformational and transactional leadership style had a positive and strong correlation with employee's engagement. At last, the result conformed that leadership Style has effect on employee's engagement.*

*Generally, managers need to improve their behavior to the highest level to improve the employee's engagement. The researcher recommended that the bank should invest on making the organization a better working environment for all employees.*

***Keywords – Transformational Leadership Style, Transactional Leadership Style, Laissez Fair Leadership Style, Employees Engagement.***

# CHAPTER ONE

## INTRODUCTION

In this introductory chapter background of the study, statement of the problem research questions of the study, objectives of the study, significance of the study, delimitation, organization of the study as well as definitions of terms were be discussed.

### **1.1 Background of the Study**

Managers clearly agree that this century demands more efficiency and productivity than any other time in history as businesses are striving to increase their performance and to succeed in putting their company ahead of competitors. (Kompaso & Sridevi, 2015).

Batista-Taran, Shuck, Gutierrez and Baralt (2009) note that due to globalization, companies are changing their structure in order to compete in the bigger global arena. Society and businesses are witnessing unprecedented change in an increasingly global marketplace, with many companies competing for talent. She further notes that as organizations move forward into a boundary-less environment, the ability to attract, engage, develop and retain talent were become increasingly important.

Leadership has been singled out as a concept that has attracted the attention of many scholars over the past years. It is one of the most studied fields in the social sciences and carries weight in every walk of life related to business, politics, education and religion etcetera. According to Bass (1990), “there are almost as many different definitions of leadership as there are persons who have attempted to define the concept.” Leadership is therefore a complex construct that cannot be defined in two or three lines. Despite various definitions, the theoretical basis of leadership is that it is a process whereby one individual has the ability to influence a group of individuals to achieve a common goal. Kouzes and Posner (2007) describe it as an interaction between two or more people that result in some kind of action leading to an output to satisfy a set agreement.

The focus of leadership research had however, made a great shift to the full range leadership approach which is now recognized as the most suitable style of leadership in contemporary organizations of the 21st century (Bass & Riggio, 2006). This theory encompasses three leadership dimensions namely, transformational, transactional and laissez-faire leadership

styles. Essentially, transformational leaders are known to stimulate followers to go beyond their own self-interest and instead work toward the greater good of the organization. They do this by positively influencing their employees' motivational, morality and empowerment levels.

Transactional leaders monitor and control employees through economic means based on their performance and laissez-faire leaders are known to relinquish all power and use no particular leadership style to lead their employees (Bakker, Demerouti & Schaufeli, 2003). Organizational leaders, particularly those that practice a transformational leadership style, have the remarkable ability to motivate and encourage employees to be and give their best. These leaders positively influence their employees to work toward reaching the established vision and objectives of the business (Nortje, 2010). Managers and supervisors that endorse transformational leadership styles are therefore those that were cause fundamental step-changes and shift paradigms in order to drive the business forward.

Transformational leadership is therefore crucial for advancing organizations as these leaders inspire employees towards the vision and role model the attitude and behaviors expected of employees (Nortje, 2010).

Employee engagement is an important concept for organizations because it predicts productivity, job satisfaction, motivation, commitment and low turnover intention (Bakker, Bakker, Schaufeli, Leiter & Taris, 2008). According to Nortje (2010), "the Corporate Leadership Council defines employee engagement as the extent to which employees commit to something or someone in the organization, how hard they work as a result of this commitment and how long they intend to stay within an organization." Employee engagement can also be postulated as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption" according to Schaufeli, Salanova, González-Romá and Bakker (2002).

Studies show that transformational leadership is positively related to work engagement and that it is these leaders that are able to motivate employees to become more engrossed in their work. As a result this leads to higher levels of job satisfaction, commitment of employees and increased productivity within organizations. Understanding leadership and its impact on the engagement of employees has therefore become of utmost importance irrespective of

management/supervisory levels as it has been found that even first-line supervisors within an organization were directly affect the engagement of its employees (Gibbons, 2006).

This study helps to understand the effects of leadership style on employee engagement in the case of Bunna international Bank S.C. focusing on transformational and transactional and laissez-faire leadership styles. Although there could be various influencers acting at the same time on the employees to develop intentions to quit the job, the Employee Engagement ultimately decreases the Turnover Intention. Hence, it leads to the suggestion that the Transformational, Transactional and laissez-faire leadership styles need to focus on carrying out activities within the organization that ultimately can positively influence the engagement of the employees.

## **1.2 Statement of the problem**

Efforts to improve organizational performance productivity begin with positive organizational concepts like optimism, trust, and employee engagement (Kataria, Garg, &Rastogi, 2013).Implementation of adequate employee engagement and effective leadership offers competitive advantage in an organization. Engaged employees usually act in the interests of their organization they tend to generate high business outcomes as measured by increased sales, improved productivity, and profitability and enhanced employee retention (Romzek, 1990).

Prior researches have been conducted indifferent parts of the world. For instance Mutunga (2009) in her study on the level of employee engagement found that pay and benefits are not by themselves effective drivers of employee engagement. She therefore concluded that corporate leadership contributes to employee engagement. Mwangi (2011) in her study on utilization of transformational leadership style for employee engagement in public universities found out that career engagement has a strong correlation with turnover.

In different research findings on transformational and transactional leadership leads to determine the significance of their respective relationship with employee engagement of employees working in different sectors and organizations, however findings of those researches were inconsistent. Currently, Bunna International Bank has been made a change on the existing organizational structure and following this, a new Management was joined the Bank. In addition the bank has been also introduced a new performance management system

which is to be done using Balanced Score card. As a result of this, each work unit is expected to report its quarterly performance result based on previously set initiative and objective using the score card. The work units are presenting the report not following as per the score card. One of the possible reason for this, might be the employees were not well aware of the subject matter. The root cause for this issue is lack of appropriate leadership style. In this regard, as far as Bunna International Bank S.C. is concerned, a reasonable contribution regarding leadership styles and employee engagement is still needed. Due to this research gap and insufficient information, this study tried to determine the significance of relationship of transactional, transformational and laissez-faire leadership styles with employee engagement in Bunna International Bank S.C. and shows the leadership style which frequently being exercise as perceived by the employee.

Although research has been carried out on employee engagement in Bunna International Bank S.C., no research has been conducted concerning the effects of leadership styles on employee engagement in the Bank. Thus, need for this research study to be carried out. In highlighting the effects of leadership styles on employee engagement, this study aimed to draw the managers' and researchers' attention to the importance of the relationship between leadership styles and employee engagement within the banking industry, which ultimately affect job and organizational performance and employee's engagement.

### **1.3. Research Question**

1. Does transactional leadership style have effect on employee engagement?
1. Does transformational leadership style have effect on employee engagement?
2. Does laissez faire leadership style have effect on employee engagement?

### **1.4. Objective of the Study**

#### **1.4.1. General objective of the study**

The general objective of the study is to determine the effects of leadership styles on employee's engagement.



### **1.4.1. Specific Objectives**

1. To examine the effect of transactional leadership style on employee engagement
2. To examine the effect of Laissez faire leadership style on employee engagement
3. To examine the effect of transformational leadership style on employee engagement

### **1.5. Research Hypothesis**

H<sub>1</sub>: Transformational leadership style doesn't have significant relationship on employee engagement.

H<sub>2</sub>: Transactional leadership style doesn't have significant relationship on employee engagement.

H<sub>3</sub>: Laissez faire leadership style doesn't have significant relationship on employee engagement.

### **1.6. Significance of the Study**

The research finding and recommendation contribute to organizational change by providing organizations with an implication of how their styles of leadership can impact the overall environment of the organization. The outcome of this research is to provide better understanding for leaders of BIB to practice the best leadership style; to improve the relationship with their followers; to increase employees' engagement and overall productivity of the organization. Furthermore, this study were serves as an input and basis for other researchers, academicians, consultants and some associations who were conduct further researches on related fields.

### **1.7. Scope of the study**

This study were delimited to employees of Bunna international bank S.C. even though it's very important to cover all area banks across the country, yet due to the wide geographical dispersion of branches as well as time and money constraints, outlined branches were not included; the study were include only East district and head office at Addis Ababa. The studies were focused on the group of respondents from Branch and Head office level employees. Questionnaire were be used as data collection tools on the study. The analysis techniques were be employ in this study restricts the inclusiveness of detail items in the questionnaire and limits the respondents to elaborate their answers.

In order to assure manageability of the collection of data, the questionnaires were being based on Likert-scale.

## **1.8. Limitations**

During the study the research were face many problems such as Lack of up-to-date information, reference material and the likes. Although the researcher were face unwillingness of the respondents to fill the questionnaire and other related issues. And the paper was only focused on Bunna International Bank s.c and only focused on three leadership styles.

## **1.9. Organization of the Study**

This research was deal with the effects of leadership styles on employee's engagement in the case of bunna international bank s.c. It has five chapters. The first chapter dealt with the introductory parts including - background of the study, statement of the problem, general and specific objectives, research questions, research hypothesis, significance of the study, delimitation of the study, limitation of the study, operational definition key terms; chapter two dealt with literature review and its conceptual frame work; chapter three were contain methodology of the research; chapter four were dealt with chapter four were comprises compilation, analysis and discussion of data collected. Chapter five was also looks at the summary of the findings, conclusions and recommendations.

## **1.10. Definition of Terms**

**Transformational Leadership:** Transformational leadership behaviors are said to be influential in motivating employee change and transforming them to be more aware of task outcomes, activating their highest order needs and stretching them beyond their own self-interest for the benefit of the organization (Bass & Avolio, 1990; Bassi and McMurrer 2007). Usually this type of leadership is demonstrated to a greater degree at the top levels of an organization as transformational leaders are able to serve as exemplary role models, articulating business goals and providing the emotional appeal, meaning and challenge to employees in order to get the work done with enthusiasm and commitment through their employees (Demerouti, Bakker, de Jonge, Janssen & Schaufeli, 2001). Inspirational motivation, idealized influence, individual consideration and intellectual stimulation are the key dimensions of transformational leadership (Avolio, Zhu, Koh & Bhatia, 2004).

**Transactional Leadership:** Transactional leadership in its purest form is an exchange of valued things between the leader and follower in order to achieve an outcome. It has always been viewed as the method of getting subordinates to meet job requirements by reinforcing rewards or punishments (Avery, 2004; Bass, 1985). In other words, if followers do something good then they were rewarded and if followers do something wrong then they were punished. Transactional leaders were therefore identified, define and communicate what needs to be done and how the instruction was be carried out (Piccolo & Calquitt, 2006). The transactional dimensions of leadership, as determined by Bass and Avolio (1996), are summarized by the following approaches, namely, management by exception (passive and active), constructive transaction/contingent reward.

**Laissez fair leadership:** is leadership style wherein a leader gives full freedom to his/her subordinates to act own self.

**Employee Engagement:** Kahn (1990), an expert on employee engagement, describes employee engagement as the harnessing of organization members' selves to their work roles; whereby they employ and express themselves physically, cognitively, and emotionally during role performances. Devi (2009) more recently describes employee engagement as the extent to which an employee puts discretionary effort into his or her work, beyond the required minimum to get the job done, in the form of extra time, brainpower and energy.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2. INTRODUCTION**

Chapter two includes three major parts. The first part is regard to theoretical foundation of the study. The second part is empirical review of the study based on the previous studies conducted by different researchers on effects of leadership style on employee engagement. And third part is the conceptual frame work of the study

##### **2.1. Concepts of Leadership Style**

According to Yuki (2010), leadership reflect the assumption that it involves a process whereby intentional influence is exerted over other people to guide, structure, and facilitate activities and relationships in a group or organization.

Leadership is the ability to influence a group toward the achievement of a vision or set of goals. The source of this influence may be formal, such as that provided by managerial rank in an organization. But not all leaders are managers, nor for that matter, are all managers' are leaders. Just because an organization provides its managers with certain formal rights is no assurance they were lead effectively (Robbins, 2013).

Organizational leaders are tasked to cope with many challenges resulting from globalization, economic turmoil, volatile business markets, continuous consumer changing needs and complex technology impacting the commercial industry (Masood, Dani, Burns & Backhouse, 2006).

According to (Robbins, 2015), organizations need strong leadership and strong management for optimal effectiveness. We need leaders today to challenge the status que, create visions of the future, and inspire organizational members to want achieve the visions. We also need managers to formulate detailed plans, create efficient organizational structures, and oversee day to day operations.

### **2.1.1. Leadership styles**

Leadership style is the ‘relatively consistent pattern of behavior that characterizes a leader’. DuBrin (2001). Today’s organizations need effective leaders who understand the complexities of the rapidly changing global environment. Different leadership styles may affect organizational effectiveness or performance Nahavandi (2002).

According to Goh Yuan (2005) study leadership style is significantly influenced by the leader’s immediate and extended family, clan and tribe. This study finds the linkages between organizational leadership and business ethics, thereby making a contribution toward increasing the quality of organizational life which may have a positive influence on both members of the organization and the wider community.

According to Bass (1985), the new leadership model includes both transactional and transformational leadership theories. According to Yuki (2010), Transformational and transactional leadership behaviors are described in terms of two broad of behavior, each with specific sub categories. The taxonomy was identified primarily by factor analysis of a behavior description questionnaire called the Multifactor Leadership Questionnaire (MLQ). As stated in Day (2012), in its current form, the MLQ measures nine leadership factors. The first five (Idealized influence attribute, idealized influence behaviors, inspirational motivation, intellectual stimulation, and individualized consideration) measure transformational leadership; the next three (Contingent rewards, management by exception (active), and Management by exception (passive) measure transactional leadership; the last factor is concerned with non-leadership (i.e. Laissez-fair Leadership).

However, newer versions of the theory also include laissez-faire leadership as a third Meta category, it is best described as the absence of effective leadership rather than as an example of transactional leadership (Yuki, 2010). According to the revised version of the theory (Avolio, 1999) is sometimes called the Full Range Leadership Model as cited in (Yuk 2010), this label is inappropriate because some important leadership behaviors are not included in the model. As a result of such findings this particular study were highly relies on the two particular Meta leadership behaviors. On top of this most of these studies found support for the distinction between transformational and transactional leadership as broad Meta

categories, but in some cases only after eliminating many weak items or entire subscales (Yuki 2010).

### **2.1.1.1. Transformational Leadership**

Transformational leadership has the characteristics of individual influence, spiritual encouragement and intellectual stimulation. They often take individual into considerations, establish vision and aim inside, create open culture, trust the staff to reach their goals and give full play for staff's potential.

According to Bass and Avolio, transformational leaders encourage followers to view problems from new perspectives, provided support and encouragement communicates a vision, stimulates emotion and identification. Transformational leaders are able to define and articulate a vision for their organizations and their leadership style can influence or transform individual level variables such as increasing motivation and organization level variables, such as mediating conflict among groups or teams. Transformational leadership behaviors are said to be influential in motivating employee change and transforming them to be more aware of task outcomes, activating their highest order needs and stretching them beyond their own self-interest for the benefit of the organization (Bass & Avolio, 1990; Bass & McMurrer 2007).

According to (Jong and Hartog 2007); and (Kent, Crofts and Aziz 2001), transformational leaders are able to stimulate followers to see problems in new ways and help them to develop their full potential and resulted in enhanced creativity of their followers. There are four characteristics under this leadership which are:

#### **1. Idealized Influence (Attributed)**

As noted by Bass (1998), transformational leaders shift goals (of followers) away from personal safety and security toward achievement, self-actualization, and the greater good. Followers idealize these leaders, who are role models and who provide them with a vision and purpose, seem powerful and confident, and consider the moral and ethical implications of their decisions. Theoretically, these leaders focus followers on the mission of the group by arousing their need for achievement, affiliation, or power motives. Attribution idealized influence refers to attributions of the leader made by followers as a result of how they perceive the leader.

## **2. Idealized Influence (Behavior)**

It refers to specific behaviors of the leader that followers can observe directly. Among the things the leader does to earn credit with followers is to consider followers' needs over his/her own needs. The leader shares risks with followers and is consistent in conduct with underlying ethics, principles, and values. Provides vision and sense of mission, instills pride, gains respect and trust (Bass & Avolio, 1990),

## **3. Inspirational Motivation**

According to (Bass & Avolio, 1990), Inspirational motivation is leadership that inspires and motivates followers to reach ambitious goals that may have previously seemed unreachable. This factor, which is distinct from the idealized charismatic effect, emotional qualities to the influence process. Inspirational motivation, which includes communicating an appealing vision, and using symbols to focus subordinate effort (Bass & Avolio, 1990), cited in (Yuki, 2010). On top of this individual and team spirit is aroused. Enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future state, which they can ultimately envision for themselves. Communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways.

## **4. Intellectual Stimulation**

According to Yuki (2010), is behavior that increases followers' awareness of problems and influences followers to view problems from a negative perspective. This is mostly a rational and non-emotional component of transformational leadership, distinct from the other transformational components. Leader appeals to followers' intellects by creating problem awareness and problem solving, of thought and imagination, and of beliefs and values. As (Bass & Avolio, 1990), noted further that as a result of intellectual stimulation, 'followers' conceptualization, comprehension, and discernment of the nature of the problems they face, and their solutions are radically altered. Because individuals are included in the problem solving process, they are motivated and committed to achieving the goals at hand.

## **5. Individualized Consideration**

According to Bass & Avolio (1990) stated that a leader using individualized consideration provides socio-emotional support to followers and is concerned with developing followers to

their highest level of potential and empowering them. The leader in this instance gives individualized attention and a developmental or mentoring orientation toward followers. This outcome is achieved by coaching and counseling followers, maintaining frequent contact with them, and helping them to self-actualize. Individualized consideration includes providing support: encouragement, and coaching to followers (Yuki, 2010).

#### **2.1.1.2. Transactional Leadership**

According to Bass Transactional leadership is focused on staff's basic and external demand, the relationship between leaders and subordinates is based on the contract. They tend to attain organizational goal by pacific job roles and mission design, their basic purpose is to maintain a stable organization.

Transactional leadership in its purest form is an exchange of valued things between the leader and follower in order to achieve an outcome. It has always been viewed as the method of getting subordinates to meet job requirements by reinforcing rewards or punishments (Avery, 2004; Bass, 1985). In other words, if followers do something good then they were rewarded and if followers do something wrong then they were be punished.

Transactional leaders were therefore identified, define and communicate what needs to be done and how the instructions were be carried out (Piccolo & Calquitt, 2006).

Bass (1990) explained that transactional leadership depends on contingent reinforcement, either positive contingent reward or the more negative active or passive forms of management by exception. Transactional leaders motivate followers through exchange; for example, accomplishing work in exchange for rewards or preferences. Kahl et al found group efficacy was higher under the transactional leadership condition. According to Burns, transactional leader tends to focus on task completion and employee compliance and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance.

Transactional Leadership, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishment. (Bass 1990) defines Transactional Leadership as:



a. Contingent Reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments, these rewards are connected to the performance of the employee. If employee puts efforts it is recognized by their wards.

b. Management-By-Exception (Active): Watches and searches for deviations 4 from rules and standards, takes corrective action. It takes the notice of any deviations from the rules and regulations, and if there is it takes the action for correction. Whenever there is deviation from the rules and regulations management but expectation happens and the actions for corrections are also taken. The leader fallow followers to work on the mission and doesn't interfere unless goals aren't being achieved in a proper time and at the reasonable cost. Transactional leadership means the leaders or the bosses who leads primarily by using social behavior exchanges for maximum benefit at low cost.

c. Management-By-Exception (Passive): Intervenes only if standards are not met; this implies that the relationship under this leadership style is based on transaction between the leaders and followers are reward punishments, reciprocity, exchanges (economic, emotional, and physical) and also following the rule and regulation that were imply that the leaders are inflexible. That means focuses on the accomplishment of tasks & good worker relationships in exchange for desirable rewards.

### **2.1.1.3 Laissez Faire Leadership style**

It's difficult to defend this leadership style unless the leader's subordinates are expert and well-motivated specialists, such as Scientists. "Leaders let group members make all decision" (Mondy &Premeaux, 1995).

The laissez-faire leadership style is also known as the "hands-off style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible. Basically, this style looks simple and easy-going between leaders and subordinates.

Robbins (2007) explained the laissez-fair style as "Abdicates responsibilities avoid making decisions". Similar Luthans (2005), defined laissez- fair style as "Abdicates responsibilities avoids making decisions. Laissez- Fair is uninvolved in the work of the unit. It is difficult to defend this leadership style unless the leaders' subordinates are expert and well-motivated specialists, such as Scientists. "Leaders let group members make all decision" (Mondy &Premeaux, 1995).Behavioral style of leaders who generally five the group complete freedom, Provide necessary materials, participate only to answer questions, and avoided

giving feedback” (Bartol & Martin, 1994). The concept to laissez was also given by Osborn as “Abdicates responsibilities and avoiding decisions” (Osborn, 2008).

Above All the Authors defines the Laissez – Fair Leadership with their own words according to their given definitions the idea of this type of leadership is same. Authors define that in this style the Leaders normally don’t want their interference in decision making process. They normally allowed to their subordinates that they have power to get their personal decisions about the work. They are free to do work in their own way and they are also responsible for their decision. Normally Leaders avoids to making decision and don’t involve in working units because the leaders gives to subordinates to completely freedom to do decisions. Sometimes the leaders provide them to important material and they just involve the answer & question but avoiding feedback.

The laissez –faire use when employees are highly skilled, experienced, and educated, Employees have pride in their work and the drive to do it successfully on their own, Outside experts, such as staff specialists or consultants are being used And Employees are trustworthy and experienced.

## **2.2. Approaches to Leadership**

For better understanding regarding the nature of leadership and its different aspects it is necessary to discuss the different theories of leadership that have developed over time, as various schools of thought have brought their differing ideas and knowledge to this discipline. One of the more useful ways to classify leadership theory and research is according to the type of variable that is emphasized the most, (Yuki, 2010). As of him, three types of variables that are relevant for understanding leadership effectiveness include (1) Characteristics of leaders, (2) characteristics of followers, and (3) characteristics of the situation. Based on ;the book of (Yuki, 2010), and to be consistent with most of the leadership literature, the theories and empirical research reviewed leadership classified into five approaches like (i) the trait approach, (ii) the power influence approach, (iv) the situational approach, and (v) the integrative approach.

i. Trait Approach It is one of the earliest approaches for studying leadership was the trait approach; this approach emphasizes attributes of leaders such as personality, motives, values, and skills. Underlying this approach was the assumption that some people: are natural

leaders, endowed with certain traits not possessed by other people (Yuki, 2010). It focuses on personal characteristics of the leaders that consider personal qualities to differentiate leaders from non-leaders (Robbins, 2005). Hence, this was the first attempt at the theoretical understating of the nature and concepts of leadership.

ii. Behavioral Approach The failure of early trait studies led researchers in the late 1940s through the 1960s to go in different direction. They began looking at the behaviors exhibited by specific leaders. They wondered if there is if there was something unique in the way that effective leaders behave. This theory had modest success in identifying consistent relationship between leadership behavior and group performance (Robbins, 2005).

iii. The power-influence approach As of Yiki (2010), power influence approach examines influence processes between leaders and other people. Power is viewed as important not only influencing subordinates but also for influencing peers, superiors and people outside the organization, such as clients and suppliers. According to this approach, the use or different influence tactics is compared in terms of their relative effectiveness for getting people to do what the leader wants.

iv. The situational approach According to Yiki (2010), the situational approach emphasizes the importance of contextual factors that influence leadership processes. Major situational variables include the characteristics of followers, the nature of the work performed by the leader's unit, the type of organization, and the nature of the external environment. This approach has two major subcategories. The first one is an attempt to discover the extent to which leadership processes are the same or unique across different type of organizations, levels of management and cultures. The second assumption of situational research attempt to identify aspects of the situation that "moderate" the relationship of leader attributes lie traits, skills, behavior to leadership effectiveness. According to this assumption, different attributes were be effective indifferent situations, and that the same attribute is not optimal in all situations.

v. The integrative approach An integrative approach involves more than one type of leadership variable in recent years it has become more common for researchers to include two or more types of leadership variables in the same study, hut it is still rare to find a theory that

includes all of them like traits, behavior, influence processes, situational variables, and outcomes (Yuki, 2010).

### **2.3. Definition of Employee Engagement**

Different literatures define employee engagement in different way. Wereiam (1990) completed some of the earliest work on engagement and defined engagement as, “the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.”

According to Macey and Schneider (2008), Employee engagement is a desirable condition. It has an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort, and energy, so it has both attitudinal and behavioral components. Employee Engagement was defined by Kahn (1990) as “the harnessing of organization members” selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”.

Employee engagement is “a heightened emotional and intellectual connection that an employee has for his/her job, organization, manager, or co-workers that, in turn, influence him/her to apply additional discretionary effort to his/her work” (Gibbons, 2006., p.5).

Employee engagement is defined as the employee’s emotional commitment to the organization and its goal (Jeve, Oppenheimer, &Konje, 2015).Vazirani (2007) described it as the extent of association and obligation of a subordinate towards the organization and its values. Jeve, Oppenheimer and Konje (2015) explained the difference between work engagement and employee engagement, which are not synonymous. Work engagement is the employee’s commitment to work at an individual level, while employee engagement is commitment at the organizational level (Jeve, Oppenheimer, &Konje, 2015).

### **2.4. Levels of Employee Engagement**

Employee engagement, as a work-related state of mind can be characterized by vigor, dedication and absorption. Vigor means high levels of energy and mental resilience on the job, persistence in the face of difficulties and a willingness to invest effort in one’s work. Dedication refers to a sense of inspiration, pride, significance, enthusiasm and challenge at

work. Absorption is being happy, fully concentrated and deeply engrossed in one's work so that time passes quickly, with difficulty detaching from work (Corporate Leadership Council, 2004). Certain levels drive employee engagement and reflect factors that promote vigor, dedication and absorption. Engagement is also strongly influenced by organizational characteristics, such as a reputation for integrity, good internal communication and a culture of innovation (Corporate Leadership Council, 2004).

## **2.5. Empirical review of related studies**

Welbourne (2003) states that managers have to take the initiative of engagement. Welbourne is further of the opinion that the people in charge of organizations, the leadership and management teams, have a direct impact on the engagement exhibited by their subordinate teams. Harris (2007) refers to the current research interest in the effects of leadership style on employees. Findings on leadership research point to a correlation between organizations, which become draw cards for strong talented employees and organizations that boast good leadership at all levels.

Harris (2007) showed that the effectiveness of leaders' communication had a significantly strong relationship to employee's engagement and intent to stay. More specifically, their research found that each level of leadership and message communicated by that level revealed a correlation to employee engagement and intent to stay. Additionally, the study examined relationship between employee engagement and intent to stay with several significant leadership styles. More direct one-on-one communication aimed at specifically linking employee roles and behaviors to larger organization goals.

Zhu, Avolio and Walumbwa (2009) researched the relationship between transformational leadership and employee engagement. Data was collected from a sample of 140 followers and their 48 supervisors from a diverse range of industries in South Africa. Hierarchical linear modeling results shows that follower characteristics moderate the positive relationship between transformational leadership and employee engagement. However, more importantly, these researchers propose that transformational leadership has a positive effect on employee engagement particularly, when employees are intellectually stimulated to be creative and innovative thinkers.

Harter, Schmidt, & Hayes, (2002). investigated the relationship between leadership style and employee engagement in Geothermal Development company(GDC) and found that there is a direct relationship exists between leadership styles and employee engagement from the

Harris, (2007) investigated the impact of leadership styles on employee's engagement in a Larger Retail Organization in the Western Cape and found that transformational leadership is the more optimal style to foster engagement; this research has proven that transactional leadership also positively predicts engagement.

Podsakoff, MacKenzie, Moorman. And Fetter (1990), investigated the impact of leadership style on employee engagement in the Platinum Mining Sector in South Africa and demonstrated that transformational style of leadership has a great impact on engagement of employees. The study found to be substantially enhanced by the existence of a high quality relationship between employees and supervisors. Valuable insight into the emergence, characteristics and behaviors of these leaders that could be used in leader selection, promotion and development has been provided.

A study conducted by Tims, Bakker and Xanthopoulou (2011) examining how transformational leaders enhance employee engagement also confirm the findings of this study. Their sample consisted on 42 employees working at two different consulting agencies in the Netherlands. Eighty-four percent of the sample worked as consultants at an agency that recruited temps and sixteen percent worked at an industrial consultancy agency. Data was collected by means of general questionnaire and a diary survey over five consecutive workdays. Results of the study authenticate that transformational leadership positively impact employee engagement as transformational leaders are able to inspire, motivate and pay special attention to the needs of their employees.

Padmanathan (2010) who investigated the relationship between transformational and transactional leadership styles on employee engagement among a sample of 150 respondents from Intel Malaysia. Data was collected by means of two structured questionnaires namely, the Multifactor Leadership Questionnaire and the Utrecht Work Engagement Scale. Correlation analysis and multiple regression analysis conclude that transactional leadership is significantly related to employee engagement. Within a transactional leadership model, the

leader identifies which actions must be taken by their employees in order to achieve certain goals and objectives required for the organization to succeed (Den Hartog, 1997).

Metzler (2006) researched the relationship between transformational and transactional leadership styles and employee engagement using a sample of 251 university students who had work experience. His research supports the findings of the current study namely, that transactional leadership positively predicts dedication and absorption. His findings however, also indicate that transactional leadership positively predicts vigor, which is contrary to this study. Given the fundamental assumption that subordinates work in order to receive compensation, transactional leaders are able to motivate their employees through the exchange of resources such as contingent rewards. Offering valuable compensation like increased salaries, incentives and promotions to employees that perform in their duties therefore significantly influences the levels of engagement as employees feel energized, driven and dedicated to achieving organizational goals in exchange for rewards (Metzler, 2006).

Laissez-faire leadership style provides a little supervision or no directions and gives employees authority to determine goals, make decisions, and resolve issues on their own. The laissez-faire leadership can be used if employees are greatly experienced, highly educated, and skilled (Kotter, 2013; Yang, 2015). Awan and Khalid (2010) reported that the laissez-faire leadership style shows a little control on the team and does not interfere in the affairs of workers.

Many employees want to perform their task without involvement and directions from their leaders but people need a little supervision and they appreciate being left alone to manage their own matters. Yang (2015) tries to draw attention as possible positive consequences of laissez-faire leadership leading to a sense of independence and self-control (Konya and Gurel, 2014; Yang, 2015; Martin, 2016). It has been identified that the laissez-faire leadership style provides a little supervision or no directions and gives employees authority to determine goals, make decisions, and resolve issues on their own.

### **Conceptual frame work**

The main focuses of this research are transformational and transactional leadership leadership style. This is because a number of researchers like Yuki (2010), Bass (1985), (Avolio, 1999)

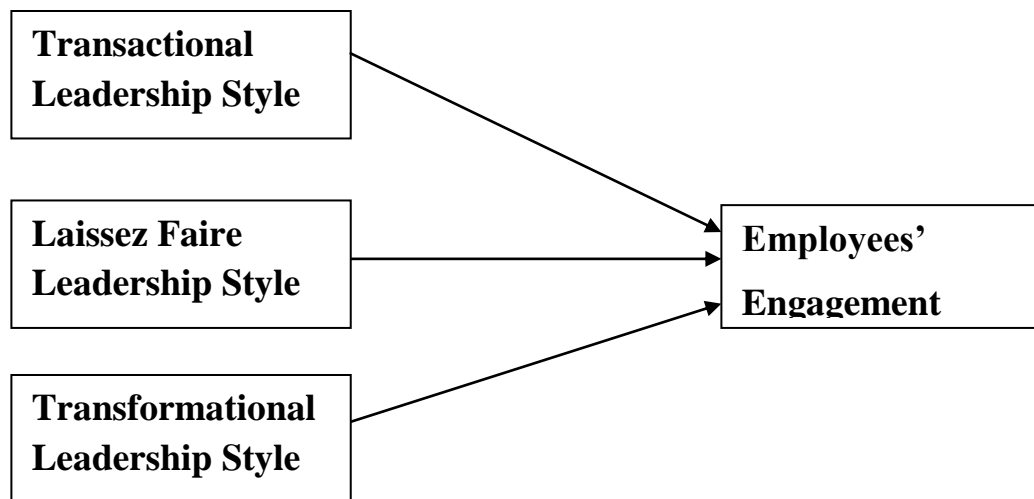
and so on considered these leadership styles are the two Meta categories of leadership style. This because different theories and research findings shows that these two leadership styles have relation and effect on employees engagement.

The brief concepts of both leadership styles can be conceived as follows. There are five dimensions of transformational leadership style namely idealized influence (behavior), idealized influence (attributed), inspirational motivation, intellectual stimulation and individualized consideration. It is assumed that each of these styles relates to employee engagement in a certain way.

There are three dimensions of transactional leadership style namely contingent rewards, management by exception (active) and management by exception (passive). Each of the three dimensions is also assumed to be related to employee engagement in a certain way.

In this model, leadership styles are regarded as independent variables and of Employee Engagement are taken as dependent variables

**Fig 1. Conceptual frame work**



**Source:** Adopted from Wendy Oliver's, 2012



## **CHAPTER THREE**

### **Research Methodology**

#### **3.1. Introduction**

This chapter were present the methodological concerns to be used in conducting the study. It comprises the research design, population and sampling techniques, data source and tools of data collection, data collection procedures, the methods which were be used to undertake the analysis, ethical considerations, and reliability and validity assurance. The details were presented in the section here under.

#### **3.2 Research Design**

This researcher was used explanatory research design to identify how Transactional Leadership style Laissez Faire Leadership Style and Transformational Leadership Styles have impacts on employee engagement. Because the research was focused on effects of leadership styles on employees engagement. In addition the researcher used descriptive form of research design such as tabulation. Descriptive statistics are very vital in reducing the data to manageable form.

#### **3.3. Research Approach**

The research conducted in this thesis was quantitative research approach. Quantitative research is a research strategy that focuses on quantifying the collection and analysis of data.

##### **3.3.1 Population of the study area**

The total population of the study consists of 350 employees of Bunna International Bank of Addis Ababa branches. From this population the target populations were calculated and included two major groups: head office and branches under East District employees included shown in the following table.

**Table 3.1: Population of the study area**

No	Strata	Number of population.
1	Branch level employees	188
2	Head office level employees	162
	Total	350

Source: own computation, 2021

### 3.4. Sampling Design

#### Sample Sizedetermination

According to the Yamane (1967) sample size determination formula with 95% confidence level the sample size of the study population calculated as follows:

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

Where :

n= sample size required

N = number of people in the population

e = acceptable level of error (0.05%)

Accordingly, the sample size of the study area population calculated as follows:

$$n = \frac{350}{1 + 350(0.05)^2} = 187$$

**Table 3.2: Sample size proportion of the study**

No	Strata	population	Proportion of the sample	The sample size
1	Branch level employees	188	0.54	100
2	Head office level employees	162	0.46	87
	Total	350	1	187

Source: own computation, 2021

According to the above table sample size determination, the total population of 350 employees sample size is 187. And these 187 employees are selected by use of proportionate stratified random sampling method from each level. Samples of 100 from branch level employees and 87 from head office level employees.

### **3.5. Sampling Technique and procedure**

The researcher was use Probability sampling in which every number of the population was has a known and equal probability of selection. Because of the target population of the study is heterogeneous; the researcher employed stratified random sampling technique by classifying the population in to two stratum namely branch level and head office level to obtain the adequate sample from each department. The sample sizes were distributed to departments proportional to the number of workers in each department. After that, individual workers in each of the departments were selected by systematic random sampling technique every Kth ( $K=350/187=1.8\approx 2$ ) interval by recognizing an initial starting employee by use of a lottery method. All the lists of workers in each department were obtained from the banks human resource management directorate.

#### **3.5.1. Sampling Design**

The researcher were used both random and non-random sampling techniques which are known as mixed approach to select target population and participants accordingly. The numbers of branches found in east district Addis Ababa city are 40 branches except outlying ones shall be considered so as to determine the target population size. All data's are obtained from the Bank's Human resource management directorate

### **3.6. Data Collection Methods**

In this study questionnaire, were used as the data collection tool. A questionnaire is a written list of questions, the answers to which are recorded by the respondents (Kumar, 2005). This data collection method is utilized because it is accurate, convenient to use, in expensive and provide anonymity for the respondents especially in the banking sector where information is highly sensitive and confidential. Research information is usually look for about peoples beliefs, attitudes, behavior and characteristics therefore; a questionnaire is suitable because it is structured to suit specific types of information requires by a researcher (Gatara, 2010). The questionnaire was adapted from the questions from the literature review conducted in this study and consists of four sections. Section one were focus on the demographics, section two were based on research question one, section three were be based on research question two and section four were based on research question three.

### **3.7. Research Procedures**

Questionnaires were be used as the data collection tool for this study and were be self-administered, and were filled by the respondents and collected by the researcher. A pilot testing was done using ten respondents and they were distributed in person by the researcher in a span of four days. The researcher then were had the opportunity to learn the various weaknesses of the questions and correct them before the questionnaire were be applied to collect data more widely (Gatara, 2010).

### **3.8. Sources of data**

The data required for this study were collected from both primary and secondary sources.

Primary sources were collected through questioners and interview. Thus, the primary data of survey were collected from the employees in the bank. This primary source of data aids to obtain important information from the target population and helps the researcher to finds out detailed information regarding the topic to answer the research question and objectives.

The secondary data were collected from annual reports of the bank, leadership style related books, manual, journals and articles to triangulate the study. The secondary source of data enables the researcher to collect information easy in that of it needs less time, cost and effort to obtain the information.

### 3.9. Instruments of data collection

The researcher were used both quantitative and qualitative data collection instrument through questionnaire in order to get valuable information about the study.

Structured questionnaire were used to collect data from 100 branch staffs and 87 Head office staffs. The questionnaire developed in this study consists four parts. The first part was regarding demographic characteristics of the respondents; the second part consists of the perception of employees about their transformational leadership styles; the third part consists of the perception of employees about transactional leadership style in the bank the fourth part is about laissez fair leadership styles and the last part consists of the perception of employees about engagement.

A/ closed ended questionnaire types were utilized to conduct effects of leadership styles on employees' engagement in the study area. The close-ended questions have five point likert scales ranging from strongly disagree to strongly agree. The researcher developed close-ended questions for its contribution to know the respondents perception and helps the respondents to choose one option from the given scale alternative that aligns with their views.

The independent variables measures in this study were prepared on selected items.

Transformational leadership style (8 items); transactional leadership style (7 items). The other independent variable measure was laissez fair leadership style (7 items); all the measure of items adapted with some modification.

Dependent variable measure in this study was employee's engagement with (8 items) which was designed by Macey and Schneider (2008), and it was adapted and modified according to the respondent's characteristics. Both independent and dependent measures items were prepared based on 5-point likert scale.

**Table 3:- Measurement Items conducted in study**

Variables	Total No of items	Scales
Employee engagement	8	Five point Likert scale
Transactional leadership	7	Five point Likert scale
Transformational leadership	8	Five point Likert scale
Laissez fair leadership	7	Five point Likert scale

### 3.10 Data Analysis

The data obtained from the selected branches and head office Employees' analyzed according to the objective of the study. Data analysis of the study was done after the required number of information is gathered. Data from the answered questionnaires was analyzed by using SPSS version 20 software by descriptive statistics like mean, percentage and Frequency. The Collected data is checked for consistency and then frequencies and percentages were used to show response distribution. Correlation analysis was used to identify the relationship between the dependent and independent variables under consideration and regression analysis was used since it shows the impact of the independent variables on the dependent variable. Finally the findings were present by using tables.

### 3.11 Research model

The purpose of the study was to assess and examine the effects of leadership styles on employee's engagement in case of Bunna international Bank S.C. The researcher used multiple regression models to determine significance level of the variables towards independent variables induced employees' engagement.

All variables =f (transformational leadership, transactional leadership and laissez fair leadership)

$$EE = \alpha + \beta_1 TS + \beta_2 TL + \beta_3 LF + e$$

#### Where

EE = Employees engagement

TS= transformational leadership

TL= transactional leadership

LF= laissez fair leadership

Thus  $\alpha$  (alpha) is constant,  $\beta$  (beta) is coefficient of estimate, and e is the error term. Employee's engagement is dependent variable and TS, TL and LF are independent variables.

### 3.12 Reliability and Validity

#### 3.12.1. Reliability

Reliability refers to the stability of the measure used to study the relationships between variables (Ghauri & Grønhaug 2005, 81). It is the degree to which a test consistently measures whatever it measures. Having established the variables of the study, and allocated appropriate names, the next part of evaluation entailed testing the reliabilities of the factors. To ensure that the factors identified were consistent, and reliable, a Cronbach's alpha was calculated for the overall scale and for each individual variable. A commonly accepted Cronbach's alpha is 0.7, The following variables are acceptable because Cronbach's Alpha for each variable between 0.711 up to 0.802. Table 3.3: Cronbach Alpha value of Employee engagement 0.711 Transformational leadership 0.779 Transactional leadership 0.802 and Laissez fair 0.763

**Table 3.3: Cronbach Alpha Reliability of the Items**

Variables	No of items	Alpha value
Transformational Leadership	8	.779
Transactional Leadership	7	.802
Laissez Fair	7	.763
Employee Engagement	8	.711

Source: Own survey, 2021

#### 3.12.2. Validity

In this research pilot test was conducted with all employees to enhance the questionnaire to be valid in content with the respondents' understanding and comprehension. Comments from professionals & respondents are solicited to ensure validity particularly content validity and all responses are valid.

#### 3.2.2 Ethical consideration

Incorporating ethical aspects in thesis dissertation have vital role. Before starting and even in the final phase of research process consensus with anybody who involved or part of research is very important to achieve the objective of research in legal way. Accordingly, before the data collection, St. Marry University College was write cooperation letter to Bunna

International Bank s.c. In this view, all the involvement in the research process was based on full consent of authorized body of the bank. During the distribution of questionnaire, the respondents were informed about the purpose of the study and its objectives by the researcher and enumerators. The HRMD were provided valid information with excellent collaboration with out ignoring the purpose of research.



## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the analysis and discussion of the findings to the study. The data is presented in form of Tables. Presentation of findings has been organized in accordance with the study objectives. Its base is the information obtained from 180 sampled employees of Bunna International Bank S.C working in branches and head office found in Addis Ababa.

The data were analysed in different sections: descriptive analysis, correlation analysis, and multiple regression analysis.

- ❖ **Descriptive statistics:** to examine the variables being used based on their response.
- ❖ **Correlation analysis** using Pearson's test was used to examine the association between independent variables (Transformational leadership, Transactional leadership and Laissez fair leadership) with dependent variables (Employee engagement).
- ❖ **Multiple regression analysis** was used in an attempt to demonstrate the impact of independent variables with the dependent one and explaining overall employee's engagement in the bank.

#### 4.2. Response Rate on the Questionnaires

For this study, a total of 187 questionnaires were distributed to the employees currently working in Buna Bank S.C to assess the effects of employee's engagement in the Bank. Out of 187 questionnaires distributed 180 questionnaires were filled and returned with response rate of 96%.

**Table 4.1: response rate**

Questionnaires	Frequency	Percent
Correctly filled	180	96.2%
Incorrectly filled	7	5.8%

*Source: SPSS output from survey data, 2021*

### 4.3 Demographic Characteristics and relation with Employees' engagement

This part commences with the analysis of the demographic data gathered from the respondents using frequencies and percentages. To describe this demographic information's the researcher used descriptive statistics such as, table, percentage and frequency. Accordingly, the general respondents' characteristics including: employment category, gender, age, educational level and year of service are presented in Table 4.2 below.

**Table 4.2: Demographic Characteristics of the Respondents**

Respondents characteristics	Categories	Frequency	Percent
Employment category	Branch Staff	93	51.7
	Head Office staff	87	48.3
Gender	Male	100	55.6
	Female	80	44.4
Age	Below 25 years	20	11.1
	26-30 years	94	52.2
	31-40 years	65	36.1
	41-50years	1	0.6
Educational qualification	Diploma	6	3.3
	Degree	131	72.8
	Masters	43	23.9
Year of service	Below 1 year	5	2.8
	1 to 5 years	75	41.7
	6 to 8 years	81	45
	9 and above years	19	10.6

**Source:** SPSS output from survey data, 2021

The above table 4.2, shows 48.3% of the respondents in the organization are head office staff and the remaining 51.7 % of respondents were branch staffs. This shows that, the majority of the bank employees are branch workers. As it can be observed gender of respondent indicated that, 44.4% of the respondents were female and 55.6% of the respondents were male. In this regard, the majority of the employees' in the organization were male.

According to the result displayed by the above table 4.2 , 77.5 % of the employees involved in the study were age below 25 years 11.1% ,52.2% the respondents are between 26-30 years, 36.1% of the respondent age lied between 31-40 years, 0.6 % of the respondents age lied between 41-50 years. The above result indicate that, majority of the respondents age lies

between 21-30 which means most of the workers in the bank are at productive work stage. But they are highly exposed to leave the current organization and absenteeism at work place. This is why because research conducted by Al- Kahtani (2012) analysed on 1022 valid respondents result shown that age is positively related to organizational engagement and the older employees tend to be more engaged than the younger employees.

The result of the study regarding educational status of the respondent in the bank shown that, 72.8 % of the respondents were degree holders, 23.9 % of respondents were master holders, and the remaining 3.3% were diploma holder. The result point out that, the degree holder respondents are greater in number than others. Hence the organization can't maintain committed employees because of the employees who have less qualified in educational status are less intention to leave and more committed (Khan &Zafar, 2013).

As shown in table 4.2, 2.8 % of the respondents had work experience below one year's 41.7% of the respondents indicated that they were worked for 1-5 years, 45% of the respondents indicated that, they had experience for 6-8 years, and the remaining 10.6 % of the respondents were worked for above 9 years. The results indicate that, the workers of the respondent have less work experience and year of service. As a result, the bank might be loss the potential and qualified employees if they improper managed them. This why because employees who have short period of service year employees seems mostly exposed to intention to leave and not emotionally attached with their organization (Rabindarang, et al, 2014). Therefore, the organization is better to coach new comers and those had less work experience.

#### **4.4 Effect of Transformational Leadership Style on Employee engagement**

The respondents were asked to rate several Transformational Leadership Style factors and their Effect on employee engagement.

##### **Table.4.2. Descriptive statistics of employee's engagement on transformational leadership style.**

As can be learned from table 4.2 item (1) that describes the simplicity to discuss between employee" and leader, approachable and friendly, the majority (85.8%) are agreed. Similarly from table 4.1 item (2) the majority (88.1%) respondents are agreed Managers maintained a friendly working relationship with subordinates. Transformational leadership is leadership

approach that causes change in individual and social system.

The feedback of the respondents for the variables indicated below were measured on five point Likert scale with measurement value 1= Strongly disagree; i.e. very much not engaged with the case described; 2= Disagree, i.e. not engaged with the case described; 3= Neutral, i.e., uncertain with the case described; 4= Agree, i.e., feeling all right with the case described and considered as engagement; and 5 =strongly agree, i.e. very much supporting the case described and considered as highly engagement. To make easy interpretation, the following ranges of values were reassigned to each scale: 1-1.8= strongly disagree; 1.81-2.6 = Disagree; 2.61-3.4= Neutral; 3.4-4.20= Agree; and 4.21-5 = Strongly Agree Best, (cited in Simachew, 2014). To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20 software.

**Table 4.3: Statistical review of transformational leadership style on Bunna international Bank S.C**

Items	Number	Mean	St.deviation
My leader is approachable and friendly.	180	4.21	.986
My manager maintains a friendly working relationship with subordinates	180	4.11	1.017
My manager does little things that make it pleasant to be a member of the group.	180	4.03	1.067
All team members are given opportunities to attend relevant trainings and conferences	180	3.92	1.118
My leader Spends time teaching and coaching.	180	3.63	1.041
Our leader puts suggestions made by us into actions.	180	3.73	.925
My leader assigns me to particular tasks.	180	3.64	.869
My manager listens receptively to subordinates ideas and suggestions.	180	3.84	1.247
<b>Grand mean</b>		<b>3.88</b>	

**Source:** SPSS output from survey data, 2021

Table 4.2.shows that leaders are approachable friendly is scored more of mean value of 4.21, indicating that the respondents agreed in their response showing that they feel all right with the case described managers going to their subordinates made friendlier and approachable is significant for the organization. And manager maintains a friendly working relationship with subordinates with mean score value of 4.11.Managers does little things that made it pleasant to be members of the group as resulting mean of 4.03 shows that managers doing the little

things that were pleasant to employees was significant. All team members are given opportunities to attend relevant trainings and conferences as shown resulting mean of 3.92 shows that employees “teams are given equal opportunities was significant.

Manager’s puts suggestions made by us into actions shown by agreed; the resulting mean of 3.73 shows that managers puts suggestions made by employees”into actions was significant.

Managers Spend time teaching and coaching as shown by the resulting mean of 3.63 shows that, Managers assign employees”to particular tasks. As shown by respondents that agreed; the resulting mean scores of 3.64 shows that managers assign employees”to particular tasks was significant. Managers listens receptively to subordinates ideas and suggestions as shown by respondents that agreed; the resulting mean score of 3.64 shows that it was significant.

In general, the above table reveals that the scored mean value of the respondents to all sub-constructs lies between the range 3.63 and 4.21 signifying an agreement range. This shows that the employees engagement initiated by managers on transformational leadership.

**Table 4.4: Statistical review of transactional leadership style on Bunna international Bank S.C**

Items	Number	Mean	Standard deviation
My leader maintains definite standards of performance.	180	4.17	.994
My leader makes clear what one can expect to receive when performance goals are achieved	180	4.08	1.080
My leader is effective in meeting organizational requirements	180	4.16	.987
Provides me with assistance in exchange for my efforts	180	4.09	1.059
Concentrates his/her full attention on dealing with mistakes, complaints, and failures.	180	3.69	1.090
Makes clear what one can expect to receive when performance goals are achieved	180	3.95	1.079
Expresses satisfaction when I meet expectations	180	4.07	1.057
<b>Grand mean</b>		<b>4.02</b>	

*Source: SPSS output from survey data, 2021*

Table 4.4.Shows that, Managers are maintains definite standards of performance as shown by mean score value of 4.17 shows that, managers” maintains definite standards of

performance was significant. Managers makes clear what one can expect to receive when performance goals are achieved as shown average mean score value of 4.08 shows that managers" makes clear what one can expect to receive when performance goals was significant. Managers effective in meeting organizational requirements as shown by the respondents that agreed; the resulting mean of 4.16 shows that a manager effective in meeting organizational requirements was significant.

Managers provide assistance in exchange for employee's effort as shown by mean score of 4.09 was significant. Concentrates of full attention on dealing with mistakes, complaints, and failures shown that the agreed mean score value of 3.69 and significant because of majority of respondents on the agreed value.

Managers makes clear what one can expect to receive when performance goals are achieved is shown that the average mean score value of the item is 3.95 and was accepted and significant. In general, the above table reveals that the scored mean value of the respondents to all sub-constructs leis between the ranges 3.69 to 4.17 signifying an agreement range. This shows that employee engagement initiated by managers on transactional leadership.

**Table 4.5: Statistical review of laissez fair leadership style on Bunna international Bank S.C**

Items	Number	Mean	Standard deviation
My leader is lacking of control directing, which he/she not explains the actions to us.	180	4.20	.971
My leader refuses to explain his/her actions.	180	4.06	1.074
My leader avoids him/her from goal Setting and decision making.	180	4.21	1.018
My leader delay responding to urgent questions.	180	3.89	1.040
My leader avoids him/her from getting involved when important issues arise.	180	4.11	.832
My leader waits for things to go wrong before taking action.	180	3.85	1.038
My managers Avoids making decisions.	180	3.74	.820
<b>Grand mean</b>		<b>4.00</b>	

*Source: SPSS output from survey data, 2021*

As shown from table 4.5 item (1) that describes shows that managers are lacking of control directing, which he/she not explains the actions to them. As shown the resulting mean of 4.20

shows that, managers' being unwillingness is a big issue. From Table 4.5 item (2) Managers refuse to explain his/her actions as shown; the resulting mean of 4.06 shows that managers' refuses to explain his /her action was significant and agreed issues.

From table 4.5 item (3) Managers avoids him/herself from goal setting and decision making as shown mean of 4.5 shows that managers avoids him/herself from goal setting and decision making was very significant. From table 4.5 item (4) Managers delay responding to urgent questions as shown by mean of 3.89 shows that, managers' being reluctant is a big issue.

From table 4.5 item (5) Managers avoids him/herself from getting involved when important issues arise as shown mean of 4.5 shows that managers' avoids him/herself from getting involved when important issues arise was significant. Managers waits for things to go wrong before taking action as shown by mean of 3.85 shows that managers waits for things to go wrong before taking action was significant.

All items mentioned in lasses fair leadership style shown that agreed item on average mean value of 4.00. and The standard deviation of the second sub-construct was 1.040; this implies that the relative homogeneity of the respondents on their responses.

In general, the above table reveals that the scored mean value of the respondents to all sub-constructs lies between the range 3.66 and 4.29 signifying an agreement range.

**Table 4.6: Statistical review of employee engagement on Bunna international Bank S.C**

Items	Number	Mean	Standard deviation
I know what is expected of me at work.	180	3.94	.904
I have the materials and equipment I need to do my work right.	180	4.29	.829
At work, I have the opportunity to do what I do best every day.	180	4.13	.791
In the last seven days, I received Recognition or praise for doing good work.	180	4.12	.796
My supervisor, or someone at work, seems to care about me as a person.	180	4.25	.968
There is someone at work who encourages my development	180	3.66	1.047
At work my opinions seem to count.	180	3.94	.946
The mission/purpose of my company makes me feel my job is important.	180	4.06	1.109
<b>Grand mean</b>		<b>4.04</b>	

*Source: SPSS output from survey data, 2021*

Table 4.6 show that, employees knows what is expected from them at work as shown by mean value 3.94 was significant. Employees have materials and equipment's they need which are important for their work right shown a mean score value of 4.29 and is strongly significant .employees have a good opportunity from the office to do best activity everyday with agreed mean value of 4.13 and it was significant. Employees have received recognition or praise on last seven days for doing good work with agreed mean value of 4.12 and it was significant. Supervisor have been seems care for employees as person with mean value of 4.25 it was strongly significant. For employees there was someone at wok who encourages their development with agreed mean value of 3.66 and it was significant. Employees at work their opinion seems to count with mean value of 3.94 and it was significant. Employees have been feel important by the mission/purpose of my company with mean value of 4.06 it was significant.

In general, the above table reveals that the scored mean value of the respondents to all sub-constructs lies between the range 3.66 and 4.29 signifying an agreement range.

#### **4.5 Correlation Analysis**

The correlation between dependent and independent variables along with the causal effect was analysed using Statistical Package for Social Science (SPSS). Below correlation matrix shows correlation between variables in the questionnaire with a Pearson Correlation coefficient to show the strength of relationship among the variables considered in the questionnaire. As per table Below, the coefficient show that all independent variables were positively related with dependent variable (Employees engagement) within the range of 0.546-0.747, were all are significant at  $p < 0.01$  level.

The correlation analysis result was performed to see the association between Leadership style and employee engagement. Therefore, the correlation analysis revealed the relationship between leadership styles with overall employee engagement factors. If the correlation result lies between -1 and 0, the two variables are negatively related. But if the correlation result of the two variables lies between 0 and 1, the two variables are positively related. Furthermore, according to Field (2005) general guidelines correlations of 0.1 – 0.29 are considered small, correlations of 0.30 – 0.49 are considered moderate and correlations above  $= > 0.5$  are considered large. The correlations of the variables are shown in Table 4.7, however, each



variable correlates perfectly with itself, as evidenced by the coefficients of +1.00 at the intersection of a particular variables' row and column.

**Table 4.7 Correlation between Leadership style and Employee Engagement**

		Transformational Leadership	Transactional Leadership	Laissez Fair Leadership	Employees Engagement
Transformational Leadership	Pearson Correlation Sig. (2-tailed) N	1 180			
Transactional Leadership	Pearson Correlation Sig. (2-tailed) N	.692** .000 180	1 180		
Laissez Fair Leadership	Pearson Correlation Sig. (2-tailed) N	.725** .000 180	.747** .000 180	1 180	
Employees Engagement	Pearson Correlation Sig. (2-tailed) N	.690** .000 180	.700** .000 180	.546** .000 180	1 180

\*\* Correlation is significant at the 0.01 level (2-tailed).

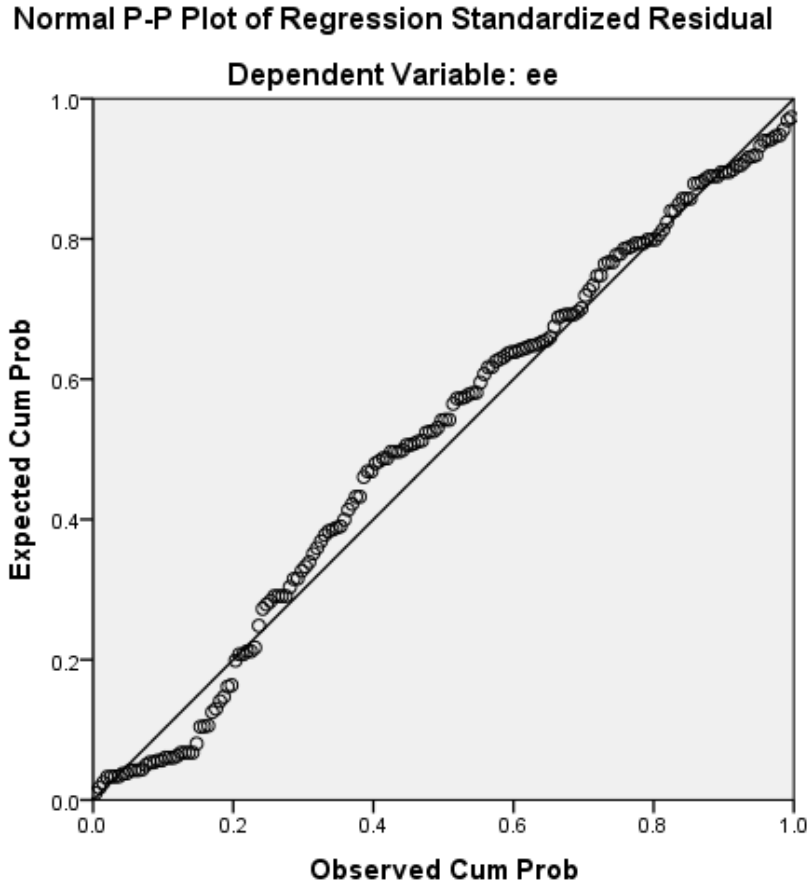
*Source: SPSS output from survey data, 2021*

Based on The Pearson correlation result that is association with independent variables with employee engagement presented on the above table 4.7, transformational with employee engagement correlation coefficient is 0.690, this explain that there is positive relationship between the two variables. Transactional and employee engagement correlation coefficient is 0.700; this result indicates that there is positive relationship between the two variables. Laissez faire and employee engagement correlation coefficient is 0. 546, this explains that there is strong and positive relationship between the two variables. Hence the result implies there is a positive relationship between independent variables and employee engagement. Independent variable (employee's engagement) is having correlation with themselves.

## 4.6 Regression Analysis

Preliminary analyses were conducted to indicate if there were any violations of the assumptions of multi co linearity, normality, and reliability before applying linear multiple regression. To indicate if multi co linearity was violated, the tolerance, VIF and condition indexes were evaluated from a Co linearity Diagnostics table in SPSS.

The tolerance values for each of the variables scales ranged from 0.359 to 0.423 which are not less than 0.20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 2.367 to 2.783 which are under 10 suggesting that the assumption of no multi co linearity is tenable (Tabachnick & Fidell, 2007). The condition index indicated values ranging from 15.366 to 25.282. All variables values are below 40 so none of which suggest serious multi co linearity problems. Based on the results of the tests, the assumption of no multi co linearity is tenable. To test the assumption of normality, a Normal P-Plot of Regression Standardized Residuals was conducted for each of the three variables. For all variables, Normal P-Plots of Regression Standardized Residuals were examined. The points lied in reasonably straight lines, therefore, the assumption of normality was found tenable.



**Fig 1: Normal p-plot of the regression standardized residuals**

Regression fit a predictive model to data and uses that model to predict the values of dependent variables from one or more independent variables. Linear multiple regression estimates the coefficients' of the linear equation ,involving one or more independent variables the best predict the value of the dependent variable.

### **Model Summary**

**Table 4.8 the Overall Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.762a	.581	.574	.34943	1.991

A. Predictors: (Constant), Transformational Leadership, Transactional leadership and Laissez Fair Leadership.

B. Dependent Variable: Employee Engagement.

As indicated in table 4.8, the model summary which states that employee engagement as a function of transformational, transactional and laissez faire. Based on the model summary R square value indicated that the independent variables explained the dependent variable by 0.581. This result implies that transformational, transactional and laissez faire are accounted for 58.1 percent of the variance in employee engagement. Therefore, transformational, transactional and laissez faire were explained the employee engagement by 54.3 percent

As it can be seen in the above model summary  $R = 0.762$  which indicates the positive relationship between employees engagement and explanatory variables (transformational, transactional and laissez fair leadership styles.).R-square also measures the goodness of the fit of those explanatory variables in explaining the variation in dependent variable. The adjusted  $R^2$  is called the coefficient of determination. This value tells us how Employees engagement is varied with effects of leadership styles (transformational, transactional and laissez fair leadership). Again adjusted  $R^2$  is 0.574. This implies that, there was a variation of 57.4 % of effects on Employees engagement in Buna Bank S.C due to transformational, transactional and laissez fair leadership styles. For this study, liner multiple regression analysis was employed. Employees' engagement was used as the dependent variable while the underlying factors of Employees engagement were used as the independent variables.

**Table 4.9.ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.772	3	9.924	81.278	.000b
	Residual	21.490	176	.122		
	Total	51.262	179			

A. Dependent Variable: Employees Engagement

B. Predictors: (Constant), Transformational Leadership, Transactional leadership and Laissez Fair Leadership

As per ANOVA results indicated on above table, there was a statistical significant correlation between dependent and independent variable at 1% significant level due to the sig value 0,000.reveals that the explanatory variables.

In terms of F-statistics 81.278 at a significant level of 0.000, which means there is a relationship between independent variables and employees engagement in .Bunna International Bank S.C.

According to table 4.9 the standardized coefficients for the three independent variables Transformational Leadership, Transactional leadership and Laissez Fair Leadership are (0.461, 0.503 and -0.165) and their significance levels are .000, .000, .45, respectively which are all less than 0.05. This indicates a significant relationship between the independent variables and the dependent one.

transformational leadership ; hence the first hypothesis which states that there is no significant relationship between transformational leadership and employees engagement is rejected and accept null hypothesis because the P-value of training is 0.000 which is less than 0.05, hence the independent variable; Buna Bank S.C transformational leadership has significant relationship with employees engagement. Null hypothesis is rejected and accept alternative one

The second hypothesis which states, there is no significant relationship between transactional leadership style and employees engagement is also rejected and accept null hypothesis because the P-value of differentiation is 0.000 which is less than 0.05, hence transactional leadership has significant relationship with employees engagement; hence, the null hypothesis is accepted and alternative hypothesis is rejected..

The third hypothesis which states, there is a no significant relationship between lasses fair and employees' engagement is also accepted due to the P-value of laissez faire leadership style is 0.45 which is greater than 0.05; hence lasses fair leadership has no significant and negative relationship with employee engagement .so accept alternative hypothesis and reject null hypothesis. The coefficient of lasses fair leadership is negative and insignificant. The negative value implies that Buna Bank S.C managers should give priority on other factors of employees' engagement aspects instead of the issue of lasses fair leadership.

Transformational leadership style has positive influence (0.379) on Employees engagement and transactional leadership style also by (0.379) but laissez fair leadership has negative influence on employees' engagement which is negative 0.141 and p-value is greater than 0.05 which is 0.45 .this is concluded that the researcher accept alternative hypothesis and reject null hypothesis because doesn't affect employees engagement.

## Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error					
(Constant)	1.610	.178		9.070	.000		
Transformational leadership	.379	.062	.461	6.145	.000	.423	2.367
Transactional Leadership	.379	.059	.503	6.476	.000	.395	2.534
Laissez Fair Leadership	-.141	.070	-.165	-2.022	.045	.359	2.783

### A Dependent Variable: Employee engagement.

By using the B coefficients for all significant predictors, we can create a prediction equation to Use for overall Employees engagement.

$$ee = 1.610 + 0.379 * \text{transformational} + 0.379 * \text{transactional} + -0.141 * \text{laissez fair} + e$$

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5. Introduction

This chapter mainly focused to present summary of the study, conclusions, recommendations and future research suggestion based on the objective of the study and basic research questions.

#### 5.1 Summary of Findings

The aim of this research was to investigate effects of leadership styles on employee's engagement on Bunna international bank s.c on head office and east district.

In this study, the researcher come-up with mixed approach and cross-sectional research design. The source of the data was both primary and secondary source. Instruments of data collection tools in this study are structured questionnaire (open-closed ended questionnaire). The participants of the study were 99 branch staff and 81 head office staffs. After the classification of the population by stratified random sampling the researcher used systematic random sampling.

The study variables were transformational leadership, transactional leadership lasses fair leadership and demographic factors. The questionnaires in the study were developed based on five point likert scale ranging from one to five and the reliability of variables tested by Cronbach alpha.

The findings of quantitative results were presented and analyzed by table to describe the demographic variables. Bivariate correlation and multiple regression models were used to investigate the relation and effect of independent variables (transformational leadership, transactional leadership lasses fair leadership styles) and dependent variable (employees' engagement).

A total of 187 questionnaires were distributed to the target population in the study area. Out of the total 187 questionnaires 180 (96.2%) of the questionnaire were obtained from the respondent with complete answered of each dimensions of the questionnaire. SPSS software version 20 was employed for the analysis.

- The demographic Statistics of respondents indicates that:-

- ❖ 51.7 % of employees' work at branch in Bunna International Bank S.C
  - ❖ Among 180 respondents 55.6 % were male and 44.4% were female. Beside this, age wise description indicates that 52.2% of respondents were between 26-30 years of age which indicates that large no of employees are young
  - ❖ .In terms of educational level, 72.8% of the respondents were first degree holders.
  - ❖ In terms of year of the service year or experience 41.7% of respondents are from 6 to 8 years.
    - the result of descriptive statistics of transformational leadership style, transactional leadership style and laissez fair leadership style indicates that:-
  - ❖ Transformational leadership was one of leadership style. From this, the scored mean value of the respondents to all items or sub-constructs lies between the range 3.63 and 4.21 signifying an agreement range one is strongly agreed item.
  - ❖ From transactional leadership style all items lies Between 3.69 to 4.17 that all are agreed items.
  - ❖ Laissez fare leadership style has agreed mean score values from 3.74 to 4.21.
- **The result of Pearson's correlation coefficient**
    - ❖ The independent variables transformational leadership style, transactional leadership style and laissez fair leadership style has positive relation (.690, .700 and .546 respectively) with dependent variable (employees engagement).
  - **The result of the multiple regressions**
    - ❖
    - ❖ The regression model summary show that  $R= 0.762$ ,  $R\text{-square}=0.581$  and adjusted  $R\text{-square}$  value for the regression model is 0.574. This implies that 57.4% of the dispersion in employees' engagement is expressed by the three independent variables jointly.
    - ❖ From ANOVA in terms of F-statistics (81.278) with p-value of 0.000 indicates that overall the model is good to fit.



- ❖ Transformational leadership style with coefficient value of 0.379 is positively and significantly affects employees' engagement. Of 100% improvement in transformational leadership styles of bunna international bank s.c leads to 37.9% change in employees' engagement.
- ❖ Transactional leadership style also has coefficient value of 0.379 and implies that a 100% change in Transactional leadership style stands for 37.9% also change employees' engagement.
- ❖ Laissez fair leadership style has negative 0.141 coefficient and insignificant at 5% margin of error to employees engagement.

## **5.2 Conclusions**

The study was conducted to assess and examine the effects of leadership styles employees' engagement in east district Addis Ababa city branches and head office staff in Bunna International Bank s.c From the finding show that the values of Cronach's Alpha for the all of independent and dependent variables were good reliability so the results of this paper are reliable.

The demographic analysis shows that, the majority of the bank employees were branch workers. Therefore, the bank needs to identify what types of leadership style affecting those large percentages of employees and how they can motivate and inspire them to serve customers bravely.

The result of this study shows that there is significant relationship between Transformational, and employee engagement. Transactional leadership also had a positive effect on the significant subscales of Employee Engagement and laissez-faire leadership had a positive effect as well on the significant sub-contracts of Employee Engagement. The subscales of leadership style were that significant to Employee Engagement.

Hence, based on this research finding it is possible to generalize, that leadership behaviours particularly transactional and transformational styles have significant positive relationship with employees' engagement.

Generally from this study concluded that leadership styles (transformational and transactional) had positive and significant impact to bunna international bank's employees'

engagement t. But laissez fair leadership style had negative but significant impact on employee's engagement.

### **5.3 Recommendations**

Based on the findings and conclusions of this study, the researcher suggested the following recommendations which they possibly be considered by management to increase employee engagement within the bank.

.It is possible to recommend that Bunna International Bank S.C should give more attention to implement leadership development program by giving training and evaluation of performances of managers. It is important to implement leadership styles.

- ❖ Also it can possible to suggest that, the Bank management needs allocate sufficient budget to offer the necessary training, to improve the skills and knowledge of managers and to improve the quality leadership styles.
- ❖ In addition to this, the boards of the Bank should to take step for redefining HR policies and strategies regarding- training, and performance evaluation and others to create conducive environment for employees. Besides to this, the Bank needs to give feedback to their managers.
- ❖ Bunna International Bank s.c managements and branch managers, had better commonly use transformational and transactional leadership styles to maintain balance between the work have to be done and employee engagement using financial rewards.
- ❖ In the fact that, transactional and transformational leadership styles were the contributing factor which affecting employees 'engagement
- ❖ Transformational and transactional leadership styles are more significant than laissez fair leadership style, so bunna international bank is better to focus on those two leadership styles to become more advanced management structure.
- ❖ Laissez fair leadership style has significant impact on employee's engagement but negative relationship.

Generally, transformational and transactional leadership styles have significant and positive impact on employees' engagement which is a signal for Buna international Bank S.C to modernize and share other institutions experience to delight its employees and to become world class bank. And employees should be viewed as the most valued resources in an

organization. This is because the success or failure of an organization is determined by the effort and engagements of workers whom they are satisfied by their job.

### **Suggestions for future research**

The entire finding of this research can help to give hints and directions for future research and academic purpose to give solutions to the community as well. Accordingly, the following suggestions forwarded for academicians.

Foremost, the study was only alerted only three leadership styles of transformational transactional and laissez fair leadership styles but the other dimensions like autocratic, authoritative and delegative leadership styles are not mentioned or not included. Thus, the future researcher is better to include these dimensions more to understand the perception of employee's engagement.

Secondly, the researcher used time bounded study (cross-sectional research design) to conduct the behavior of employees at single point of time. Thus, it cannot provide sufficient evidence to conclude the general behavior of employees. As a result the future research is better to conduct study in longitudinal research design which is important to understand the perception of employees via gathering information at different time to come up with valuable conclusion.

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## Questionnaire

### St. Mary's University School of Graduate

Dear! Respondent,

The purpose of this questionnaire is to assess the leadership style of your managers and your engagement. The questionnaire is designed to collect data for master's thesis with the title "*The Effect of Leadership Style on Employee Engagement the case of Bunna International Bank S.C.* So, you are kindly requested to give genuine and appropriate response. The researcher would like to assure you that the information you give will be kept confidential and used only for academic purpose. The researcher is interested to thank you in advance for your cooperation and kindness.

This survey questionnaire contains two parts of statements intended to measure managers perceived leadership styles.

General Direction:

- ◆ You are not required to write your name.
- ◆ Read the statements carefully.
- ◆ For the 1<sup>st</sup>, 2<sup>nd</sup>& 3<sup>rd</sup> Sections respond by putting a "√" mark in the blank space beside your choice.

Once again thanks for your cooperation!

Hemen Mekuria

Email:hemenmekurianeed2010@gmail.com

**Section one: Demographic Information:**

Please kindly answer by putting a tick mark “√” to the following questions of your response in the box provided for each item.

1. Gender: Male  Female
2. Age : below25  26-30  31-40  41- 50
3. What is your highest educational level attainment?  
Diploma  Degree  Masters  PhD and above
4. How long have you been working in BIB?  
Below 1 year  1-5 year  6-8 year  Above 9 years
5. What is the title of your job position?  
Branch level staff  Head office level staff

**Section Two: Questions Leadership styles**

This questionnaire provides a description of your manager’s/supervisors’ leadership style. Twenty three descriptive statements are listed below. Judge how frequently each statement fit with him/her.

Put tick (√) mark by each statement that best represents the extent to which you demonstrate the given behaviors using the scale given below. Read through the entire list to get a feel for how to rate each statement before you start. Note: no right or wrong answers, and your honest opinion are very valuable to the success of this study. All your responses will be kept confidential.

If an item is unfamiliar or if you are unsure or do not know the answer, leave the answer blank

Please rate your response as follows

1 –Strongly disagree 2- Disagree 3-Neutral 4- Agree 5- Strongly agree

No.	Transformational Leadership	Scales				
		1	2	3	4	5
1	My leader is approachable and friendly.					
2	My manager maintains a friendly working relationship with subordinates					
3	My manager does little things that make it pleasant to be a member of the group.					
4	All team members are given opportunities to attend relevant trainings and conferences					
5	My leader Spends time teaching and coaching.					
6	Our leader puts suggestions made by us into actions.					
7	My leader assigns me to particular tasks.					
8	My manager listens receptively to subordinates ideas and suggestions.					

No.	Transactional Leadership	Scales				
		1	2	3	4	5
1	My leader maintains definite standards of performance.					
2	My leader makes clear what one can expect to receive when performance goals are achieved					
3	My leader is effective in meeting organizational requirements					
4	Provides me with assistance in exchange for my efforts					
5	Concentrates his/her full attention on dealing with mistakes, complaints, and failures.					
6	Makes clear what one can expect to receive when performance goals are achieved					
7	Expresses satisfaction when I meet expectations					

No.	Laissez-fair Leadership	Scales				
		1	2	3	4	5
1	My leader is lacking of control directing, which he/she not explains the actions to us.					
2	My leader refuses to explain his/her actions.					
3	My leader avoids him/her from goal Setting and decision making.					
4	My leader delay responding to urgent questions.					
5	My leader avoids him/her self from getting involved when important issues arise.					
6	My leader waits for things to go wrong before taking action.					
7	My leader waits for things to go wrong before taking action					

**Section Three.** Questions for Employees Engagement (Dependent variable)

Please rate your response as follows:

1=strongly disagree 2 = Disagree 3=Neutral 4= Agree 5=strongly agree

No.	Employees Engagement	Scales				
		1	2	3	4	5
1	I know what is expected of me at work.					
2	I have the materials and equipment I need to do my work right.					
3	At work, I have the opportunity to do what I do best every day.					
4	In the last seven days, I received Recognition or praise for doing good work.					
5	My supervisor, or someone at work, seems to care about me as a person.					
6	There is someone at work who encourages my development					
7	At work my opinions seem to count.					
8	The mission/purpose of my company makes me feel my job is important.					