



**EFFECTS OF LEADERSHIP PRACTICE ON  
ORGANIZATIONAL PERFORMANCE: THE CASE OF  
ETHIOPIAN SHIPPING AND LOGISTICS SERVICES  
ENTERPRISE**

**BY**

**MISRAK TESHOME**

**ADVISOR: HABTAMU ABEBAW (PhD)**

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

**MARCH 2023  
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**ADDIS ABABA, ETHIOPIA**

## Declaration

This thesis is my original work and has not been presented in any other university and college.  
All sources and materials used are duly acknowledged.

Misrak Teshome

\_\_\_\_\_

Name of candidate

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

This thesis has been submitted for final examination with my approval as an advisor.

\_\_\_\_\_

Name of Advisor

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

## Approval

We, the undersigned certify that we have and here by recommendation to the St. Mary's University to accept the thesis submitted by Misrak Teshome entitled "**the Effects of leadership practice on organizational performance: in the case of Ethiopian shipping and logistics services enterprise**" the fulfillment of the requirement for the award of a Master's degree in Business Administration.

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Director: Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

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## **Acronyms**

ESLSE.....Ethiopian Shipping and Logistics Service Enterprise

ICT.....Information and Communication Technology

IT.....Information Technology

KII.....Key Informant Interview

LPI.....Limited Price Indexation

MLQ.....Multifactor Leadership Questionnaire

## **Abstract**

*This study aims to investigate the effect of leadership style practices on organizational performance: in the case of Ethiopian shipping and logistics services enterprise. Descriptive and explanatory study designs were employed. Simple random sampling technique was used to select 257 samples out of the total population of 717. The target populations of the study were experts, team leaders and department heads who are working as logistic service. Both primary and secondary data were used. Questionnaire and interview were used to gather information from the respondents. Descriptive and inferential statistics were used to analyze the data. The finding depicted that supervisor makes others feel good to be around them, expresses in a few simple words what they could and should do and provides appealing images about what they did in the organization but employees didn't completely faith with their supervisor, gets others to rethink ideas that they had never questioned before and supervisors haven't provided personal attention to others who seem rejected in the organization. In the context of effect of transactional leadership style practice on organization performance in ESLSE, the finding disclosed that supervisor didn't provides recognition/rewards when others reach their goals as well as didn't calls attention to what others can get for what they accomplish. In addition to the democratic perspective of leadership style indicated that leaders helped subordinates accept responsibility for completing their work and effective leaders have given orders and explain procedures in the organization while the autocratic leadership style indicated that employees need to be supervised closely in the organization. The study concluded that democratic leadership, autocratic leadership, transformational leadership and transactional leadership have a significant effect on organizational performance at the significant effect of 0.05. The study recommended that top managements and employees work together to perform the shipping and logistics services in a good manner.*

**Key words:** *democratic leadership, transformational leadership, transactional leadership, autocratic leadership*

# **CHAPTER ONE:**

## **INTRODUCTION**

This study comprised the background to the study, a statement of the research problem, the objectives of the study, research questions, the significance of the study, the scope of the study, and finally the organization of the paper outlined.

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

The importance of leadership in organizations cannot be overemphasized. The concept is critical in as far as it influences the present and future sustenance and productivity of an organization. According to Xu and Wang (2008), leadership is crucial to the organization as it charts the vision and mission of an organization as well as determining and establishing its objectives, strategies, procedures and means of effectively and efficiently achieving those objectives. Al Khajeh (2018) suggests that the leadership phenomenon is fundamental in providing employees with direction and psychological gratification to acquire the best out of them. It is vital that an organization places unbridled focus on its leadership because it is the leaders' decisions that may decide the difference between the success and failure of an organization. It is, therefore, generally believed that employees' success emanates from the actions of an effective leader which stimulate the desires of subordinates, translating to enhanced performance (Kužnin & Walker, 2017).

Various authors elude to different leadership styles namely autocratic, transactional, transformational, participative, visionary, and culture-based styles (Mohammad et al., 2017; Sofi & Devanadhen, 2015) with varying influences on employee performance hence organizational productivity. Therefore, leadership styles/practices targeting mobilization of human resources are an important factor in determining organizational performance (Khan & Adhan, 2014).

Leadership has a direct cause-effect relationship on organizations and their performance. Leaders determine values, culture, tolerance for change, and motivation for employees. They shape organizational approaches, including their efficacy and implementation. It must be emphasized that leaders could be seen at any organizational level and aren't exclusive to management (Igbaekemen, 2015).

Therefore, leaders' impact everyone to help achieve team and corporate objectives. It is observed, though, at a given point in time the use of suitable style of leadership is a medium for organizational performance. Leadership is any company's heart and soul and its significance should not be overlooked.

A style of leadership is the method that managers use to practice their leadership role, according to Armstrong Sofi (2015). It is seen as a specific behavior employed by a leader in a company to empower staff to achieve the organization's set of goals. Leadership style plays a vital role in today's businesses. Leadership style is the manner in which a director or boss wants to behave with his or her staff or colleagues and the manner in which they exercise the leadership role (Xenikou, 2017).

Leaders must be capable of knowing whether their leadership skills affect their followers as it supports or does not help the followers (Saleem, 2015). This may have an effect on the actions of employees to follow their leaders; followers or employees who do not have respect towards the leaders may be susceptible to disappointment, which may give rise to an employee's intention of leaving. Some researchers have concluded that styles of leadership can influence the level of job satisfaction of an employee and job satisfaction is a function of leadership style (Iqbal, 2015). It indicates that style or conduct of leadership has an effect on job satisfaction and the willingness and purpose of an employee to quit an organization or not. It is worth noting that the right leadership style practiced in a given point in time, regardless of low pay, could still inspire an employee to offer his / her best in the company.

The Ethiopian Shipping and Logistics Services Enterprise is the result of this merger. This newly amalgamated enterprise came into being following the issuance of Regulation by the Council of Ministers (Regulation No. 255/2011), and is vested with the huge responsibility of rendering sea transport & logistics services to the country's importers, exporters, and investors in a more effective and efficient way, by reducing transit time, cost and handoffs. Besides, a truck operating company named Comet Transport SC has recently been transferred to ESLSE following a government decree issued in the mid of (2014).

ESLSE play vital role in the country economy in general foreign trade in particular. As set out in the regulation issued by the federal government of Ethiopia in 2011 (Regulation No. 255/2011), the objectives for which the ESLSE is established are: to reduce coastal and international marine and inland water transport services, to reduce freight forwarding agency, multimodal transport, shipping agency, to provide the services of stevedore, shore-handling, dry-port, warehousing and

other logistics services, to provide container terminal services, to engage in the development, management and operation of ports, to establish and run human resources development and training center in the fields of maritime profession, to study the country's, import and export trade demand and thus develop technological capacity in order to render maritime and transit transport services and to engage in other related activities conducive to the achievement of its objectives( Addis,2017).

Therefore, the study was examined the effect of leadership practices on organizational performance in Ethiopian shipping and logistics services enterprise.

## **1.2. Statement of the problem**

The economic growth in recent years has brought about a rapid increase in volume and type of Ethiopia's import–export trade. The country's logistics systems, however, are facing a number of logistics constraints to delivering an effective humanitarian response. In particular, challenges include high freight transit time, longer cargo dwell time as well as ships' turnaround time in ports (National Logistics Strategy, 2018-2028).

Leadership is considered one of the managerial roles that result from and complimented top management's main organizational functions, or managers, such as; planning, organizing, directing, and control (Ibrahim & Daniel, 2019). However, leader's efforts to balance economic benefits and environmental performance are gradually becoming essential for companies facing regulatory, competitive, and societal pressures (Shultz & Holbrook, 2009). The current competitive condition that reflects the business environment, which includes the increasing pressures on environmental sustainability, requires companies to use strategies to reduce the environmental impacts of their products and services and define their ecological image, which requires organizations to reconsider their purpose. Consequently, the leader's responsibility is to manage the organization and confirm that other's work efforts aim to achieve them (Adair, 2002 & Yukl, 2002).

Leadership is also the ability to direct the group's behavior and influence it in a way that prompts it to cooperate with satisfaction and conviction to achieve the organizational goals (Knies et al., 2016). Successful leadership works to create a spirit of cooperation and teamwork to achieve the organization's goals. Achieving these goals requires that the organization's leaders have the necessary leadership skills. Therefore, the failure of managers to practice leadership skills may lead to the inability to achieve the desired goals.

The appointment of influential leaders in jobs that are not commensurate with their qualifications and experiences may lead to failure to achieve the required effective organizational performance and business competitiveness (Al-Zureikat &Nour, 2012; Uzcategui et al., 2018).

The major government organs that constitute for betterment of the LPI are Ethiopian Customs Authority and ESLSE provided that the major role is played by ESLSE. Organizational performance of the ESLSE regulates the performance measure of logistics, facilitates coordinated integration among sectors and promotes mobilization of the logistics service to foreign direct investors and creates opportunity to economic development of the country.

There are several empirical studies undertaken on ESLSE supporting the above assertions. Addis (2017) in his study on the same enterprise revealed that the dimensions of logistics performance (logistics differentiation, logistics efficiency and logistics effectiveness) are poorly performed. Aklile (2017) undertaken a study in effectiveness of multimodal transport determinants of ESLSE and concluded that shortages of logistics infrastructures resulted in increased transit cost and time. Lack of ICT usage at each level, lack of railway infrastructure, and lack of clear laws and regulations that support the involvement of privately-owned service providers (Tilahun & Mekonnen, 2016).

Logistics implicates to the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements. It comprises the management of raw materials flow to finished goods through an organization. Logistics means planning and organizing activities that ensure that resources are in place so that the process can be effectuated accordingly in efficient and effective manner (Mellat-Parast & Spillan, 2014).

The logistics performance of Ethiopia is characterized by lack of coordination in the chain, lack of coordination in areas of inventory planning and warehouse management, less attention on customer satisfaction, inadequate vehicles in delivery of goods to customers and also lack of coordination with transporters (Addis, 2017).

However, ESLSE is playing great and very important role for the development of the country, it is not doing up to the level where it is expected due to poor logistics management system and lack of coordination of goods transport, low level of development of logistics infrastructure and inadequate fleets of freight vehicles in number and status (Old aged vehicles), as well as warehouse.



This coupled with lack of sea port resulted in poor linkage of producers (farmers) to the consumers (market) and non-competitiveness of Ethiopian goods on global market, which in turn compromised livelihood of the people and economy of the country (Addis, 2017).

As far as my knowledge was concerned there wasn't adequate research conducted on the effect of leadership practice on organizational performance in Ethiopian shipping and logistics services enterprise. However, Girma (2019) has a studied on the effect of leadership style on organizational performance in case of Addis Ababa police commission. The researcher only focused on democratic, laissez-faire leadership and autocratic leadership style. Similarly, Omar (2015) has a studied on the effect of leadership styles and organizational culture on organizational performance of the public Sector in Saudi Arabia. The above studies have a time gap and issue gap on the study area. To address this gap, the researcher tried to investigate the effect leadership practice on organizational performance in Ethiopian shipping and logistics services enterprise.

### **1.3. Basic Research Questions**

The study attempted to answer the following key research questions:

1. To what extent transformational leadership style practice influences on organization performance in ESLSE?
2. To what extent transactional leadership style practice affects organization performance in ESLSE?
3. What is the effect of democratic Leadership style on organization performance in ESLSE?
4. What is the effect of Autocratic leadership style on organization performance in ESLSE?

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

#### **1.4.1 General Objective**

The main objective of this study was to investigate the effects of leadership practice on organization performance in Ethiopian shipping and logistics services enterprise.

#### **1.4.2 Specific Objectives**

In alignment with the main objective, this study tried to address the following specific objectives.

1. To evaluate the effect of transformational leadership style practice on organization performance in ESLSE
2. To determine the effect of transactional leadership style practice on organization performance in ESLSE

3. To analyze the effect of democratic Leadership style on organization performance in ESLSE
4. To evaluate the effect of Autocratic leadership style on organization performance in ESLSE

### **1.5. Significance of the Study**

The study has a great significance for logistics service in Ethiopian shipping and logistics services enterprise. It involves being able to monitor logistics related activities of a company, well leadership, the role of leadership in organizational performance, encouraging the participants' are to deliver the best results, and constantly develop innovative solution to optimize the supply chain strategy. The Logistics service firms will be benefited since the outcome of the study helps them to easily understand the gap on their logistics practices and take corrective actions that can enhance their capacity to compete with best logistics service. The logistics performance construct reflects the organization's performance as it relates to its ability to deliver goods and services in the precise quantities and at the precise times required by customers. Incorporate performance metrics such as customer satisfaction, delivery speed, delivery dependability, and delivery flexibility. Marketing performance reflects the organization's ability to increase sales and expand market share as compared to its competition.

It will also help these firms to identify, evaluate and monitor the key areas which can help them to maintain their pace and speed of their logistics success. The government policy makers will benefit also from the outcome since it will assist them in examining the current policies towards the logistic sectors and improve them accordingly.

The findings of this study can also provide prospective investors with a realistic idea and informational base of what to expect when operating in the logistic sector of Ethiopia.

### **1.6. Scope of the study**

The study has thematic, methodological, time and geographical scope. Thematically, the study was mainly focused on democratic, autocratic, transactional and transformational leadership style on organization performance. Methodologically, the study was used descriptive and explanatory method. Timely, the study was covered from September 2022 to March 2023. Geographically, the study was delimited in Ethiopian shipping and logistic service enterprise which is located in Addis Ababa.

## **1.7 Limitations of the Study**

This limitation to research work in this part of the country was the inability of the researcher to get the necessary information, which could have made the work richer weren't obtained due to the unwillingness of the officials to give out rich information. So the researcher resorted to getting the little to give out rich information, only very limited data were gotten by the researcher for this work. In addition, lack of time in gathering and processing of this data as well as transportation cost were hindered this study.

However, in spite of all these limitations and other constraints which have mentioned here, it didn't in any way affect the reliability of the research work. To manage this problem, the researcher tried to provide orientation for the respondents to fill the questionnaire to be return on time. At the same time, the researcher used related recent data in order to reduce the data need for this study.

## **1.8 Organization of the study**

The study consisted of five chapters. The first chapter deals with the problem, its nature and level Objective and importance of the study briefly discuss in this chapter. The review of the related literature has discussed in the second chapter. This chapter presents the conceptual frame works, empirical studies or a brief review of recent related studies that serve as a basis and proof to support the basic questions of the study. Chapter three addressed research methods which explain the design, sample procedures, and instrument and data analysis techniques issued to achieve the purpose of the study. Chapter four focuses on the presentations, analysis and interpretation of the data. Finally, the Fifth and last chapter deals with summary of major findings, conclusions and recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE REVIEW**

#### **2.1 Introduction**

The extent to which the researcher builds his or her study on what has already been done is an indication of his or her command of the current state of the field, and an indication of the extent to which the proposed work moves the field ahead in some significant manner. This study wasn't an exception. It seeks an elaborate but critical assessment of effective leadership and its effect on organizational performance.

Therefore, the following literatures have been reviewed: leadership and organizational performance, organizational performance, measures of organization performance, different theories of leadership, empirical studies and conceptual framework of the study.

#### **2.2 Theoretical Review**

##### **2.2.1 Theories of Leadership**

Among the various theories of leadership and motivation relating to effective organizational change management, perhaps the most prominent is the transformational-transactional theory of leadership. As explained in Saowalux & Peng (2007) conceptualizes two factors to differentiate "ordinary" from "extraordinary" leadership: transactional and transformational leadership. Transactional leadership is based on conventional exchange relationship in which followers' compliance (effort, productivity, and loyalty) is exchanged for expected rewards. In contrast, transformational (extraordinary) leaders raise followers' consciousness levels about the importance and value of designated outcomes and ways of achieving them. They also motivate followers to transcend their own immediate self-interest for the sake of the mission and vision of the organization.

Such total engagement (emotional, intellectual and moral) encourages followers to develop and perform beyond expectations (Burns, 1978; Bass, 1985). Burns (1978), observes that transformational leadership involves the process of influencing major changes in organizational attitudes in order to achieve the organization's objectives and strategies.

Bass (1985), observed that transactional leaders work their organizational cultures following existing rules and procedures, while transformational leaders change their cultures based on a new vision and a revision of shared assumptions, values and norms. When an organization must adapt to changes in technology, its leadership is a critical factor in its successful change.

Bass (1985), operationalized the work of Burns (1978) by developing a model of transformational and transactional leadership, referred to in more recent publications as the “full range leadership model” (Bass & Avolio, 1997).

### **2.2.1.1 Transformational Leadership**

The difference between transformational and transactional leadership lies in the way of motivating others. A transformational leader’s behavior originates in the personal values and beliefs of the leader and motivates subordinates to do more than expect (Bass, 1985). Burns (1978), identified transformational leadership as a process where, “one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality”.

For transformational leadership style, the follower feels trust, admiration, loyalty and respect towards the leader, and is motivated to do more than what was originally expected to do (Katz & Kahn, 1978). The transformational leader motivates by making follower more aware of the importance of task outcomes, inducing them to transcend their own self-interest for the sake of the organization or team and activating their higher order needs. He encourages followers to think critically and seek new ways to approach their jobs, resulting in intellectual stimulation (Bass et al., 1994). As a result, there is an increase in their level of performance, satisfaction, and commitment to the goals of their organization (Podsakoff et al, 1996).

Inspirational motivation is usually a companion of charisma and is concerned with a leader setting higher standards, thus becoming a sign of reference. Bass (1985), points out followers look up to their inspirational leader as one providing emotional appeal to increase awareness and understanding of mutually desirable goals. This is characterized by the communication of high expectations, using symbols to focus efforts, and expressing important purpose in simple ways. The leader always behaves talking optimistically about the future, articulating a compelling vision for the future and providing an exciting image of organizational change (Bass&Avolio, 1994).

The motivation occurs by providing meaning and challenge to the followers' work; individual and team spirit are aroused and enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future states, for the organization and themselves (Bass et al, 1997).

Intellectual stimulation provides followers with challenging new ideas and encourages them to break away from the old ways of thinking (Bass, 1985). The leader is characterized as one promoting intelligence, rationality, logical thinking, and careful problem solving. The attributes include seeking differing perspectives when solving problems, suggesting new ways of examining how to complete assignments and encouraging re-thinking of ideas that have not been questioned in the past (Bass & Avolio, 1994).

The leader encourages the followers to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Finally, the fourth dimension of transformational leadership is "individual consideration" which is concerned with developing followers by coaching and mentoring (Bass, 1985). The leader pays close attention to the inter-individual differences among the followers and act as mentor to the follower. He teaches and helps others develop their strengths, and listens attentively to others' concerns (Bass & Avolio, 1994). Followers are treated individually in order to raise their levels of maturity and to enhance effective ways of addressing their goals and challenges (Bass, 1985).

#### **2.2.1.2 Transactional Leadership**

Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to task objective. The leader focuses on having internal actors perform the tasks required for the organization to reach its desired goals (Boehnke et al, 2003). The objective of the transactional leader is to ensure that the path to goal attainment is clearly understood by the internal actors, to remove potential barrier within the system, and to motivate the actors to achieve the predetermined goals (House & Aditya, 1997).

Transactional leaders display both constructive and corrective behaviors. Constructive behavior entails contingent reward, and corrective dimension imbibes management by exception. Contingent reward involves the clarification of the work required to obtain rewards and the use of incentives and contingent reward to exert influence. It considers follower expectations and offers recognition when goals are achieved. The clarification of goals and objectives and providing of recognition once goals are achieved should result in individuals and groups achieving expected levels of performance (Bass, 1985).

Active management by exception refers to the leader setting the standards for compliance as well as for what constitutes ineffective performance, and may include punishing followers for non-compliance with those standards. This style of leadership implies close monitoring for deviances, mistakes, and errors and then taking corrective action as quickly as possible when they occur.

### **2.2.1.3 Democratic Leadership**

Democratic leaders involve team members in the decision-making process, although the final decision may vary from the leader having the final say - to facilitating consensus in the group. Democratic leaders get result by leading discussions, asking questions to involve others, encourage others to take responsibility, confirming commitments (Haimanot, 2020). According to Bass (1981), employees who work for participative leader tend exhibit greater involvement, commitment and loyalty than employees who work under a directive leader.

Consequently, employees who are allowed to participate in decision making process are likely to be more committed to that decision implementation and probably better outcome is expected to achieve. The argument that in this feature granting all power to the employee has it is own risks. Even though there is a general believe that democratic leadership style can increase employees' job performance and it has the great value to achieve organizational goals.

### **2.2.1.4 Autocratic Leadership**

Autocratic leaders are known as authoritative leaders whose provide clear objectives for the subordinates for what needs to be done, who should be done, when it should be done, and how it should be done. Autocratic leadership is strongly focused on both instructions by the leader and control of the subordinates. There is also a clear division between the leader and the members of the organization. Autocratic leaders make decisions individually with little or no input from the rest of the group who works in the organization.

Autocratic leadership is best practiced to situations where there is little time for group decision making or where the leader is the most skilled members of the organization. The autocratic approach can be a good one when the situation calls for rapid decisions and decisive actions. However, it tends to create dysfunctional and even hostile environments, often pitting followers against the domineering leader. This is a leadership style that motivates employees by engaging higher goals and good values which can move employees to perform past desires and change both people and organizations (Bass, 1985).

### **2.3 Concept of Organizational Performance**

According to Venkataraman (1997, 119-138), organizational performance is a sign of the capacity of a company to effectively achieve independent goals. The level of productivity of employees is one of the elements that are assessable in employee performance. The methods of evaluating organizational performance include quality, quantity and knowledge or creativity of the individuals towards the accomplished work that is done in relation to the responsibility assigned during a specific period of time (Wong & Wong 2007, 361-381). In other words, some standard parameters must be relied upon during assessment.

Organizational performance enables an enterprise to achieve such objectives as high profits, market share and product quality in relation to other enterprises in the same industry. It is however a reflection of productivity of employees in an organization which is measured in terms of profit, revenue, growth, development and expansion (Obiwuru et al. 2011, 100-111).

According to Chen, et al. (2006), organizational performance means the “transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved the outcome (effectiveness)”.

According to Bolman & Deal (2003), DeClerk (2008) and Scott & Davis (2015), there is no general agreement in the literature on the standards to be used in measuring the organizational performance. However, there are four main dominant approaches:

**Goal Approach.** People create organizations for a specific purpose which is determined by the stakeholders. The organizational performance is the ability of the organization to achieve its goals.



**The System Resource Approach.** This approach discovers the relation between the organization and the environment. As said by Cutler et al. (2003) an organization is effective when it takes advantage of its environment in the attainment of high value and rare resources to approve its operations.

**Constituency Approach.** According to Agle, et al. (2006), an organization is effective when multiple stakeholders perceive the organization as effective. The organizations with more control over resources are likely to have the most influence on the performance.

**Competing Values Approach.** It was developed by Cameron and Quinn (2006) and it states that organizational goals are created in different ways by the various expectations of multiple districts. Therefore, organizations may have different criteria to measure performance. According to Cameron, et al. (2014), stakeholders support the adaptability of their organizations; they want them to be flexible, stable and effective. According to Cohen & Bradford (2005), a performant and effective organization has a high degree of collaboration and commitment among stakeholders through work groups and management.

Performance has been defined by Hellriegel et al (1999) as presented by Oluseyi and Ayo in their European journal of Economics, finance and Administrative science (2009) as the level of an individual's work achievement after having exerted effort. They also present the views of Cummings and Schwab on the same issue who believe that performance is ultimately an individual phenomenon with environmental variables influencing performance primarily through their effect on the individual determinants of performance ability and motivation.

There is a direct link between the statement of problems and the objectives stated. This is because the availability of conducive work environment and proper motivation will equally lead to high performance and the lack of it will have an opposite effect.

In view of the above, Oluseyi and Ayo again state the view of Behling & Mcfillen (1996) who confirmed the link between high performance and leadership in the United States by developing a model of charismatic/transformational leadership where the leaders' behavior is said to give rise to inspiration, awe and empowerment in this subordinates, resulting in exceptionally high effort, exceptionally high commitment and willingness to take risks. They concluded by using the words of (Maritz, 1996; Ristow et al 1999). That it has been widely accepted that effective organizations required effective leadership and organizational performance will suffer in direct proportion to the neglect of this (Oluseyi& Ayo, 2009).

### **2.3.1 Leadership and Organizational Performance**

Leadership is one of the vital factors for improving firm performance. Leaders, as the key decision makers, determine the acquisition, development, and deployment of organizational resources, the conversion of these resources into valuable products and services, and the delivery of value to organizational stakeholders. Thus, they are strong sources of managerial and sustained competitive advantage (Avolio et al., 1999; Rowe, 2001).

Numerous studies have stated positive relationships between transformational leadership and outcomes at the individual level and firm levels (Avolio 1999)(Kirkpatrick & Locke, 1996). Likewise, a number of relative studies (Waldman, Ramirez, House, & Puranam, 2001) have also reported that transformational leadership behaviors are more positively related to subordinate effectiveness in a variety of organizational settings than are transformational behaviors. The transformational behaviors of leaders have influenced employee' motivation to make them more aware of their duties outcomes and develop their self-interest for the organization's performance.

As stated by Zhu, et al. (2005), in their study on the connection between the transformational leadership style and organizational performance, they identified within 170 companies from Singapore, a positive relationship between the transformational leadership and the organizational performance. They also demonstrated that effective human resources management arbitrates the relationship between leadership and performance through increased commitment, higher motivation and intellectual motivation.

Kieu (2010) emphasized that transformational leadership relates positively and significantly to organizational performance based on 151 companies from IT industries. The study used a Multifactor Leadership Questionnaire (5X) and it exposed that transformational leadership is a stronger analyst for the performance, satisfaction and commitment within organizations by building commitment, empowerment and demanding a higher degree of respect and trust for the leader. Intellectual stimulation and inspirational motivation were found to improve the organizational performance (Hancott, 2005). Based on the studies on leadership style and organizational performance the organizations today have to be performance and to meet the competing expectations of the stakeholders in a manner which is obvious and ethical, it is necessary that leaders adopt transformational behaviors as the survival of the organizations may depend on it.

### **2.3.2 How to Measure Organizational Performance**

According to Scherbaum et al (2006) in Avery 2008 how to measure organizational performance has been a persistent source of debate and critique. They said that previous researches have been heavily criticized for the measures of performance used. Such performance measures according to Hoogh et al (2004) in (Avery 2008) includes: knowledge of prior performance, self-reports of commitment to organizational goals, satisfaction with the leader and perceived leader effectiveness. Other researchers such as Koene et al, (2002); in (Avery 2008) are of the opinion that organizational performance can be done through the use of net profit margin, business unit sales and percentage of goals met regarding business unit performance. In their view, the above performance method can only be applied to organizations that are profit oriented and that nonprofit making organizations can rely on performance measures using such methods as environmental constraints which may reflect forces outside the control of the leader. Avery also is of the view that several scholars have neglected to focus attention on issues such as the correlation between financial performance, customer satisfaction and employee satisfaction when considering organizational performance and that if the net financial and cost controllable are combined with the environmental constraints, employees and customer satisfaction will enhance the validity of the research work.

Numerous empirical studies such as Baur198; George, 1990; Johnson, 1996; Reynierse & Harncer, 1992; and a lot others as presented by Avery suggest that positive changes in employee satisfaction and – customer satisfaction will lead to positive changes in organizational performance. Therefore, they are strongly convinced that employee satisfaction and customer satisfaction remain useful measures of organizational performance. On the other hand, the customers both the organizations where corps members are posted to and the corps members are not too satisfied as a result of posting of corps members without considering their training and the relevance of their discipline to their places of primary assignments which has resulted in several corps members being rejected which cause frustration among the corps members and lack of satisfaction (Avery, 2009).

Literatures on the logistic industry are in abundance in the form of survey-based empirical research and reviews of the existing literatures from user perspectives. However, it is still rare. Noted previously, the importance and complexity of logistics performance measurement has led to the development of numerous performance measurement frameworks and models by scholars Griffis, Goldsby, Cooper & Closs, (2004).

One such model developed by Fugate, Mentzer, & Stank (2010), logistics performance is supported by several other scholars who agree logistics performance is a multidimensional function of efficiency, effectiveness, and differentiation (Fugate, 2010) and that all can and should be “pursued simultaneously,” (Fugate et. al., 2010). Thus, the model provides a useful lens from which to compare the identified body of literature (treatise) to the industry data (diffusion) in order to assess the fashion setting role of logistics scholars.

Performance measures play an important role in the management of any organization (Griffis, Goldsby, Cooper & Closs, 2007) and are of particular value to logistics managers. Performance measurement is seen as an avenue for logistics managers to achieve sustainable competitive advantage providing timely, reliable indications of both performance successes and shortcomings (Griffis, Cooper, Goldsby & Closs, 2004). Research in the area of logistics performance measurement supports this vital role of performance measures, and, furthermore, has concluded that success in the performance of logistics activities and capabilities is linked to improved organizational performance (Fugate, Mentzer & Stank, 2010).

Therefore, the present study mainly used effectiveness, efficiency and differentiation to measure the performance of Ethiopian shipping and logistics service enterprise.

**Logistic Effectiveness:** In logistics, it has been described as the ability to achieve pre-defined objectives, for example, in meeting customer requirements in critical result areas (e.g., product guarantee, in-stock availability, fulfillment time, convenience) (Langley & Holcomb, 1992). Similarly, we adopt Mentzer & Konrad's (1991) definition of logistics effectiveness as the extent to which the logistics functions goals are accomplished.

**Logistic Efficiency:** refers to the internal functioning of logistics and generally is considered best represented through some ratio of the normal level of inputs to the real level of outputs (Chamberlain 1968; Van der Meulen & Spijkerman, 1985). Specifically, it is the ratio of resources utilized against the results derived (Mentzer & Konrad 1991).

**Logistic Differentiation:** gain superiority when compared to competitors gain superiority (Bobbit, 2004).

## **2.4 Empirical Studies**

There is no adequate research conducted on the effect of leadership practice on organizational Performance the case of Ethiopian shipping and logistic service enterprise.

Girma (2019) has a studied on the effect of leadership style on organizational performance in case of Addis Ababa police commission. The finding of the study depicted that the descriptive statistics result shows that the practice of leadership style at the Addis Ababa Police Commission is democratic leadership. The result of the regression analysis indicated that effective kind of leadership style has a positive relationship with organizational performance that shows organizational performance is predicted and explained by the three type of leadership style. The researcher suggested that since the effect of leadership style has a significant effect on organizational performance, it is recommended that Addis Ababa Police Commission management should provide various training programs to the leaders of Addis Ababa Police Commission in order to create a higher level of organizational performance.

Afework(2021) has a studied on effect of leadership styles on organizational performance in north Shewa zone agriculture office. The descriptive statistics result shows that the practice of leadership style at the North Shewa Zone Agriculture Office is democratic leadership and Transformational leadership style. The result of the regression analysis indicated that the three leadership styles have positive and the two leadership negative significant relationship with Organizational Performance that shows organizational performance is predicted and explained by the five types of leadership style. The practice of leadership style in North Shewa Zone Agriculture office is Democratic leadership style and Transformational leadership style as it is found in the range which is considered as moderate. The researcher suggested that since the effect of leadership style has a significant effect on organizational performance, it is recommended that North Shewa Zone Agriculture office management should provide various training programs to the leaders of the North Shewa Zone Agriculture office to create a higher level of organizational performance.

Similarly, Yoseph (2015) has a studied on the effect of leadership style on organizational performance: the case of selected Ethiopian banks. The finding depicted that result showed that both transformational and transactional leadership styles had significant positive effect on the performance of banks in Ethiopian context. The study concluded that both transformational and transactional leadership styles were more appropriate in inducing performance in banks and, therefore, recommended to practice the combination of both transformational and transactional leadership styles according to the work situation

Thus, it appeared that leaders who tend to apply transactional and transformational leadership aspects appear most likely be more effective in enhancing organizational goal accomplishment in that respondents tend to perceive such leadership style as supporting improved work performance. Finally, based on the findings, workable recommendations and implications for further studies were forwarded.

Akram& Chung (2020) have a studied on the impact of leadership styles on organizational performance. The finding of the study depicted that leadership styles definitely have a strong relationship towards a company's success, as the way the leader manages his employees will ultimately decide the performance of the organization itself. When a leader is engaging and puts employees' ideas and input into account when making decisions, productivity will indirectly increase especially from the employees as they feel like they are a part of an input that leads to motivation. It all comes down to human behavior and psychological views when it comes to having the right leadership style a leader wants to adopt in an organization. A few recommendations were made to further improve organizational performance in the long run. According to this report, democratic leadership is the most effective style of leadership towards attaining and enhancing organizational performance. In depth explanations are given in this report.

Obiwuru, Okwu; Akpa&Nwankwere(2011) has a studied on effects of leadership style on organizational performance: a survey of selected small scale enterprises in Ikosi-Ketu council development area of Lagos state, Nigeria. The result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance.

The study concluded that transactional leadership style was more appropriate in inducing performance in small scale enterprises than transformational leadership style and, therefore, recommended transactional leadership style for the small enterprises with inbuilt strategies for transition to transformational leadership style as the enterprises developed, grew and matured.

However, there is no adequate research conducted in the local context effect of transformational leadership style practice on organization performance, the effect of transactional leadership style practice on organization, the effect of democratic Leadership style on organization and the effect of Autocratic leadership style on organization performance in Ethiopian shipping and logistics services enterprise. To fill this gap the researcher tried to address the above leadership style practice in the study area.

Tesfaye (2018) has studied on assessment of leadership practice and challenges: the case of federal documents authentication and registration agency. The finding of the study revealed that democratic, and bureaucratic, leadership styles practiced in the Agency at different times. As the study, depicted, dominantly practiced leadership style was democratic followed by the bureaucratic. The study also point out major leadership challenges that DARA faced were: limited team building, inappropriate exerting pressure to improve performance, limitation of giving credit and reward for other performance while lack of qualified and competent human resource etc. Based on the findings of the study, it recommended that the concerned bodies should strive for applying people-oriented leadership style according to nature of the agency, in line with giving space for employees to engage in various phases from planning to practice. Recommend further study on the cause of employee turnover and low performance. This may demonstrate different results regarding to employment challenges for Agency.

## **2.5 Research Hypothesis Development**

**Transformational leadership style:** The transformational leaders raise the motivation and morality of both the follower and the leader House and Shamir, (1993). It is considered that the transformational leaders “engage in interactions with followers based on common values, beliefs and goals”. This impacts the performance leading to the attainment of goal. Khajeh (2018) investigate that transformational leadership have a positive relationship with the organizational performance.

Therefore, the study was hypothesized that;

**H1:** Transformational leadership has significant a positive effect on organization performance

**Autocratic leadership style:** In autocratic leadership style, the leaders are very conscious of his position. He has little trust and faith in his subordinates and he feels that “pay” is a just reward for work and is the only reward that will motivate a worker (Chris & Abeh, 2016). Ethelmary & Chidi (2020) indicated that autocratic leadership has a significant positive effect on organization performance.

Therefore, the study was hypothesized that;

**H2:** Autocratic leadership style has significant a positive effect on organization performance

**Transactional leadership style:** The transactional leader will first validate the relationship between performance and reward and then exchange it for an appropriate response that encourages subordinates to improve performance. Transactional leadership in organizations plays an exchange role between managers and subordinates (Nanjundeswaras & Swamy, 2014). Melkamu (2021) stated that Transactional leadership style has a significant effect on organization performance. Therefore, the study was hypothesized that;

**H3:** Transactional leadership style has significant a positive effect on organization performance

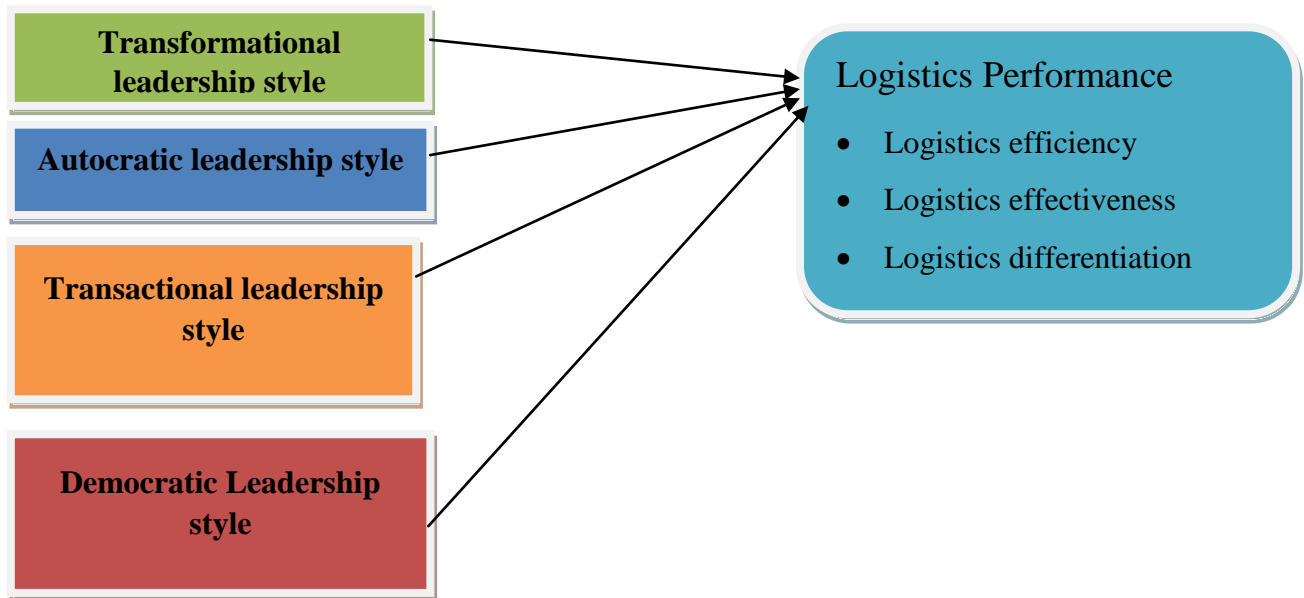
**Democratic Leadership style:** Democratic leadership, also known as participatory leadership, is a kind of leadership style in which members of the group play a more participatory part in the decision-making process. Success and people are the subjects of this leadership style (Bhargavi & Yaseen, 2016). Style of democratic leadership encourages staff to engage in the company's decision-making process (Nwokocha & Iheriohanma, 2015).

**H4:** Democratic Leadership style has significant a positive effect on organization performance



## 2.6 Conceptual Framework of the Study

In this section, the researcher indicated independent and dependent variables. For this case, transformational leadership style, autocratic leadership, transaction leadership and democratic leaderships were the independent variables identified in the study while organizational performance was the dependent variable which measured by logistics efficiency, logistics effectiveness and logistics differentiation. Each of the variables indicated figure 2.1



**Figure 2.1 Conceptual framework of the study**

Source: Adapted from Afework (2021)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents the research design and the method employed to undertake the study. In doing so, this chapter presents the underlying principle of research design, research approaches, sources of data and data collection instruments, sampling design, data analysis, reliability and validity and finally ethical considerations have conducted in line with the research questions and objectives.

#### **3.1. Research Design**

Research design is a systematic process of identifying and formulating, by setting objective and method for collecting, editing and tabulating data to find solution. In any research undertaking, the methodology to be followed is determined by the nature of the problem statement or more specifically by the research objectives. This study was employed descriptive survey and explanatory method. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group (Kothari, 2004). The study used descriptive survey because the research questions another "what" questions. Therefore, the study has used descriptive to describe data collected about different leadership style for boost organizational performance in Ethiopian shipping and logistics services enterprise. Similarly, the study has used explanatory research design to explain the different leadership style practices variables on the organization performance of Ethiopian shipping and logistics services enterprise.

#### **3.2 Research Approaches**

In this research mixed research approaches have used. Mixed research approach methods involve the processes of collecting, analyzing, interpreting, and writing the results of a study (Creswell, 2009). For this study, both quantitative and qualitative data approaches were used. The combination of two research approaches gives better interpretation as the information missed by one might be captured by the other and thus an enhanced and integrated result may emerge from the analysis.

### **3.3 Population of the Study**

The first step in developing any sample design was to clearly define the set of objects, technically called the Universe, to be studied. The target population for the research, the group to which the findings are applicable should be defined, consistent with the statement of the problem and objectives. The target population of the study comprised employees, team leaders and department heads specifically who are working in logistics department. According to the human resource development and management directorate (2022), the total numbers of employees working in the enterprise was 717.

### **3.4 Sample Unit and Sample Frame**

The sample unit of this study was employees, team leaders, directors and advisor of the organization while the sample frame was different supporter and core directors found in the organization.

### **3.5 Sample Techniques and Sample Size Determination**

The study was used both probability and non-probability sampling technique. First of all, the researcher selected Ethiopian shipping and logistics services enterprise purposively because it familiar with providing different logistics and shipping services for the country as a whole. Then the researcher used simple random sampling technique to select respondents who are working from each directorate in the organization. Simple random sampling was preferable to provide equal chance being selected the respondents to fill the questionnaire and return on time. On the other hand, purposive (non-probability sampling technique) were employed to select key informants for interview. In this case, key informants such as senior expert, agents, directors, advisors and top management leaders were incorporated for interview purpose. These key informants were selected based on their experience, skill, knowledge and the capacity to get rich information from them.

To determine the sample size of the population, the researcher used Taro Yamane sample size formula (1967) case of finite population ( $n = \frac{N}{1 + N(e^2)}$ ) where

N= target population

n=the sample size

e= error of the sample ( $\pm 5\%$  of precision)

$z = \text{confidence level (95\%)}$ .

$n = \frac{717}{1 + 717(0.05)^2}$

$n = \frac{717}{1 + 717 * 0.0025}$

$n = 717 / 2.79$

$n = 257$

Therefore, the sample size of the respondents about the questionnaire was 257.

### **3.6 Source of Data and Data Collection Instruments**

#### **3.6.1 Source of Data**

**A. Primary data source:** This was the first-hand information gets from the researcher for the first time. Therefore, the researcher utilized interview and questionnaire in order to get precise information with regarding to the effect of leadership practice on organization performance in Ethiopian shipping and logistics services enterprise.

**B. Secondary data source:** In order to well articulate this study, different secondary data were employed in this study like journal articles, books, governmental reports, previous studies and document review from Ethiopian shipping and logistics services enterprise.

#### **3.6.2 Data Collection Instruments**

**A. Structured Questionnaires:** is a written list of questions, the answers to which are recorded by respondents (Kumar, 1999.p.198).Similarly, the author noted that closed questions are extremely useful for eliciting factual information and open-ended questions for seeking opinions, attitudes and perceptions. Some of the questionnaires adopt from the literature specially the leadership style and organizational performance. In this study, both open and closed-ended questionnaire were used to achieve the objective of effect of leadership practices on organization performance in Ethiopian shipping and logistics services enterprise. The questionnaire comprised 47 items for the main objective and five questionnaires were demographic characteristics of the respondents.

**B. Semi-Structured Interview:** for the purpose of obtaining firsthand qualitative information, an interview was applied appropriately. *"Interviews provide in-depth information pertaining to participants' experiences and viewpoints of a particular topic"* (Turner, 2010. p.56).

This method helps the interviewer in order to gather more information in greater depth and provides greater flexibility in restructuring questions whenever necessary (Kothari, 2004). So that, for the sake of support other methods and getting the heart feeling of respondents both the senior experts, team leader, advisor and directors were interviewed.

### **3.7 Method of Data Analysis**

#### **3.7.1. Quantitative Data Analysis**

To analyze the raw data were gathered through questionnaires, quantitative methods of data analysis was employed. The collected raw data were organized and checked to identify the not properly responded questions.

The collected data were tallied and grouped while tabulation was used to present the raw data. To undertake the quantitative analysis inferential statistical tools were used to present the data. Regarding the explanatory type, inferential, percentile, and Pearson correlation values were suitable tools of presentation.

The quantitative data were gathered through questionnaire coded, tabulated, organized and treated with statistical techniques for analysis and inference. While doing these all emphasis were given to satisfy the basic question raise and the objectives of the study.

##### **3.7.1.1. Model Specification**

Multiple linear regressions were employed to show the cause and effect relationship between independent and dependent variables. This model was employed because the dependent variable is continuous.

Generally, the model of data analysis technique will be indicated as follows

$$Y_i = \beta_0 + \beta_1 \times X_1 + \beta_2 \times X_2 + \beta_3 \times X_3 + \beta_4 \times X_4 + \beta_n \times X_n + E$$

Where Y is the dependent variable of Organization performance

X1, X2, X3, X4 and X5 are the independent) variables such as democratic leadership style, autocratic leadership style, transformational leadership and transaction leadership style.  $\beta_0$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

Whereas  $\beta_1$ ,  $\beta_2$  and  $\beta_3$  refer to the coefficient of their respective independent variable which measures the changes in the mean value of Y, per unit change in their respective independent variables while **E** is the Error.

The qualitative data will be collected through interview and open-ended questionnaires based on the following procedure. First, the recorded data will be translated into textual data. The data will code manageability and ethical reasons. All the data will analyse and crosscheck with the quantitative findings. Finally, the data will analyse thematically.

### **3.7.2. Methods of Qualitative Data Analysis**

The qualitative data was collected through interview and open-ended questionnaires based on the following procedure. First, the recorded data was translated into textual data. The data was coded manageability and ethical reasons. All the data was analysed and crosschecked with the quantitative findings. Finally, the data was analysed thematically.

### **3.8 Validity**

Validity is the extent to which the instrument measures what it purports to measure. The validity of a measure refers to the extent to which the research findings accurately represent what the measuring instrument claims to measure. Validity, often called construct validity, refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure. For this research purpose validity tests were checked by the content, criteria and construct test by piloting to make more accurate and meaningful results.

### **3.9 Reliability**

Reliability is concerned with the findings of the research and refers to the consistency of a measuring instrument (questionnaire). Reliability is internal consistency used to measure consistency between different items of the same construct. Cronbach's alpha is a reliability measure designed by Lee Cronbach in 1951.

Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees.

Hence, according to Nebro (2013), coefficients of 0.90 or greater are nearly always acceptable, 0.80 or greater is acceptable in most situations, and 0.70 may be appropriate in some exploratory studies for some guides. By tracing this literature the researcher tested the internal consistency of the items which was developed for respondents.

**Table-3.1: Alpha Coefficient for Each Section of Questionnaire**

| No | Section                                      | No. of Items | Alpha Value |
|----|--|--------------|-------------|
| 1  | Factors of organization performance          | 17           | 0.738       |
| 2  | Factors of democratic leadership style       | 6            | 0.763       |
| 3  | Factors of Autocratic leadership style       | 6            | 0.708       |
| 4  | Factors of Transformational leadership style | 12           | 0.769       |
| 5  | Factors of transactional leadership style    | 6            | 0.706       |

*Source: Research Questionnaire (2022)*

As shown the reliability result indicated above, the internal consistency of the data was acceptable because the *alpha coefficient was greater than 0.7*.

### **3.10. Ethical Considerations**

In the course of this study, all requirements of the selected organization and the research procedures of the Saint Mary's university were properly adhered. All the scientific evidences and supporting documents were consulted and acknowledged. All the participants in this study were appropriately informed about the purpose of the research and their consents were secured before the commencement of the data gathering process. The researchers also informed the subject that their response was only used for the purpose of the study. In addition, the researcher assured the respondents that their identity and that of their organizations. Confidential issues were kept confidential.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS

#### 4.1 Introduction

This chapter presents the analysis and interpretation of both quantitative and qualitative data collected from respondents. The data results obtained via questionnaire and interview were analysed, presented and interpreted by using frequency distributions, tables, figures, percentage, mean, standard deviation and correlations and regressions.

#### 4.2 Response Rate

**Table-4.1: Response rate of respondents (N=245)**

| No | Questionnaire          | Number | %    |
|----|------------------------|--------|------|
| 1  | Dispatched/distributed | 257    | 100  |
| 2  | Return                 | 245    | 95   |
| 3  | Usable for analysis    | 245    | 95   |
| 4  | Interview              | Three  | 100% |

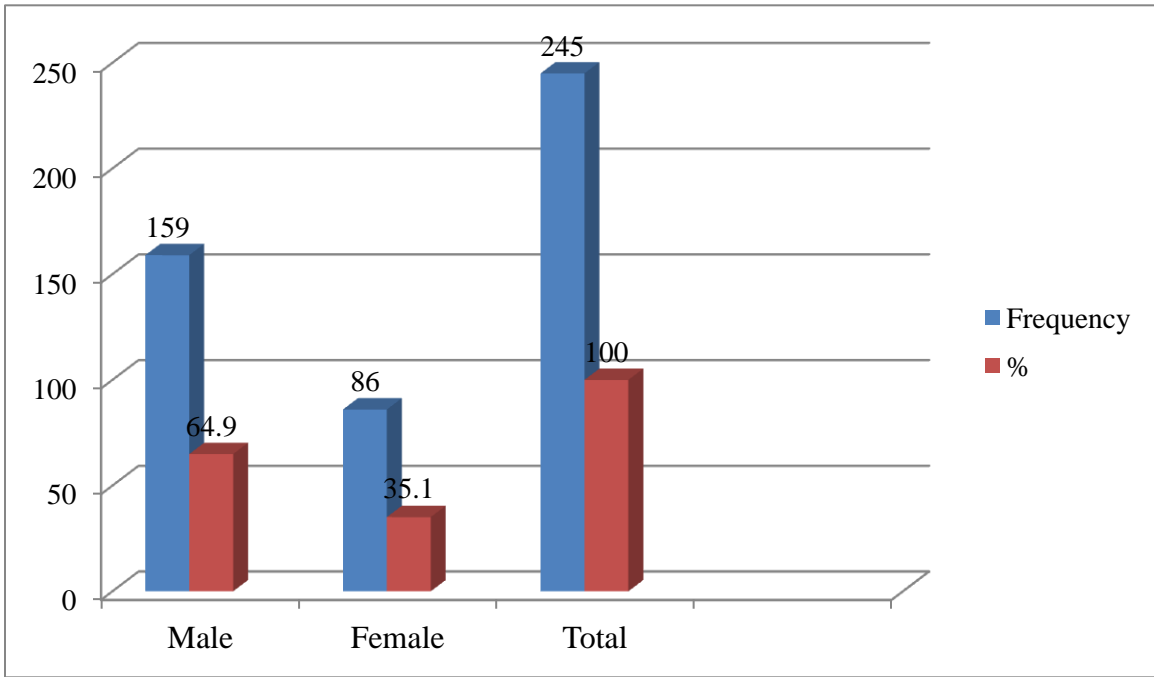
**Source: own constructed (2022)**

Table 4.1 demonstrates the response of respondent rate. In this case, the researcher Dispatched/distributed 257(100%) questionnaire. Having to this, 245(95%) of the respondents returned the questionnaire. Therefore, the researcher used 245(95%) for usable for analysis. However, the remaining twelve questionnaires weren't returned on time because the respondents were busy by other tasks while the researcher went to the office again and again. In the same way, three (100%) of the respondents were used for interview.

#### 4.3 Demographic Characteristics of the Respondents

The demographic characteristics of the respondents of the study include gender, age, educational status, experience and position in the organization. Therefore, each demographic variable was briefly discussed as follows.

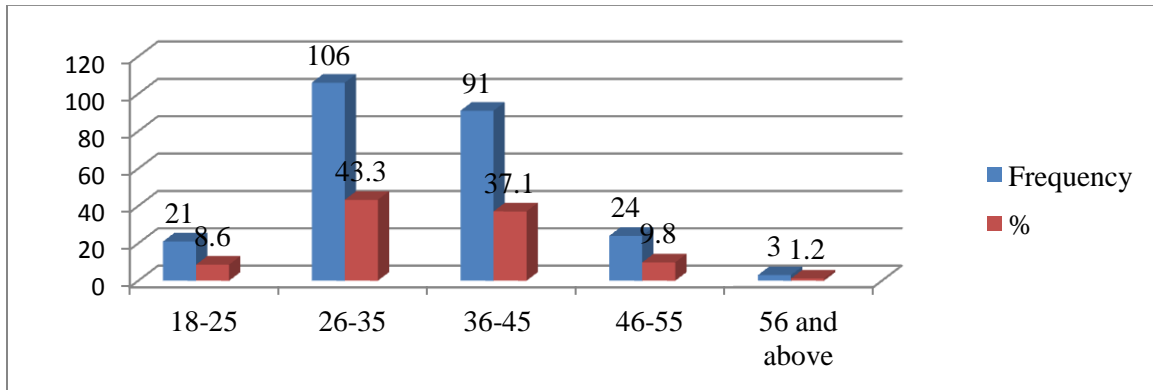




Source: field survey (2022)

**Figure 4.1 Gender of the respondents**

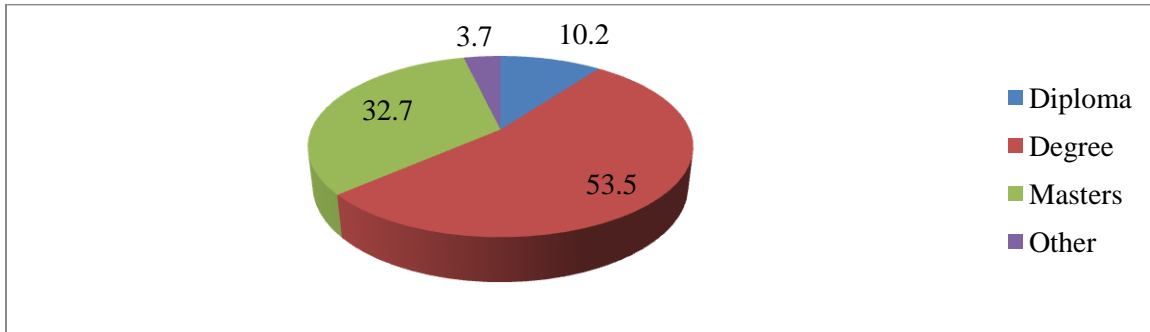
Figure 4.1 illustrates the gender of respondents found in the organization. Based on this, 159(64.9%) of the respondents replied male while 86(35.1%) of the respondents replied female. Therefore, the finding of the study indicated that majority of the respondents were male found in the organization.



Source: filed survey (2022)

**Figure 4.2 Age of the respondents in years**

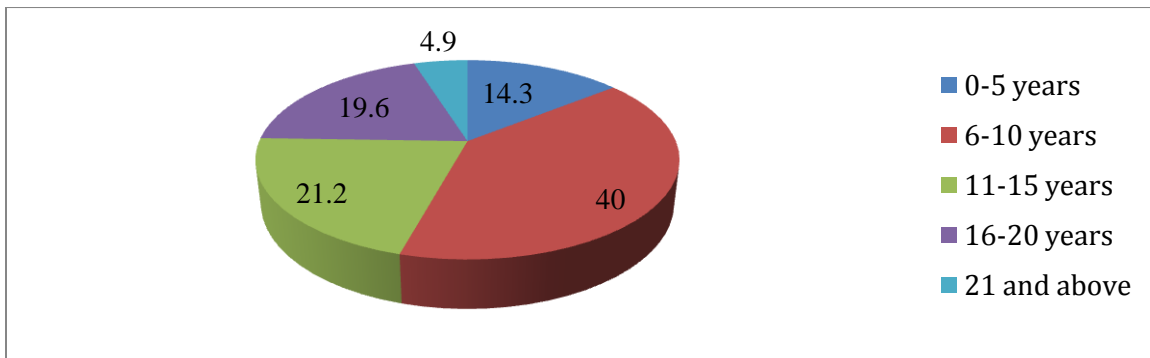
Figure 4.2 shows the age of respondents existing in the organization. Regarding this, 21(8.6%) of the respondents replied that their age ranges between 18-25 years. Likewise, 106(43.3%), 91(37.1%), 24(9.8%) and 3(1.2%) of the respondents found the age ranges between 26-35 years, 36-55 years, 46-55 years and 56 and above years respectively. As can be seen in figure 4.2, majority of the respondents found the age ranges between 26-35 years. This indicates as the age of the respondents increase then the expected service offered by the organization can be accomplished for a responsible manner.



Source: field survey (2022)

Figure 4.3 Educational backgrounds of the respondents

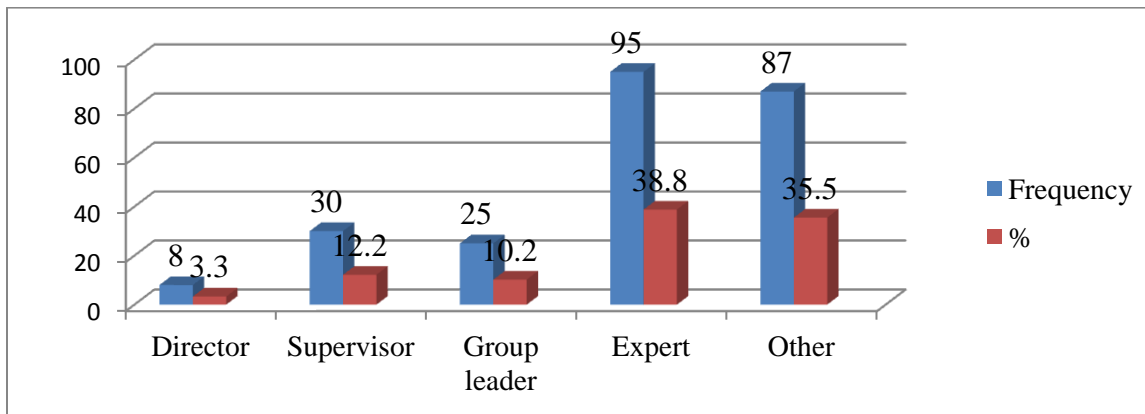
Figure 4.3 displays the educational background of the respondents. Based on this, 10.2 of the respondents replied diploma educational background. In the same way, 53.5% of the respondents replied degree educational background, 32.7% of the respondents said masters' educational background while 3.7% of the respondents said other educational background. As can be seen in the above figure, majority of the respondents have degree holder educational background. This shows that respondents who have more educational background help to know the organization culture at large.



Source: field survey (2022)

Figure 4.4 experience of the respondents in the Organization

Figure 4.4 demonstrates the experience of respondents served in the organization. Based on the response of the respondents, 14.3% replied 0-5 years' experience, 40% of the respondents have 6-10 years' experience and 21.2% of the respondents have 11-15 years' experience while 19.6% and 4.9% of the respondents have 16-20 years and 21 and above work experience respectively in the organization. Therefore, the findings of the study revealed that majority of the respondents have 6-10 years' work experience in the organization. This showed that respondents have the advantage to understand the organization overall working environment.



**Figure 4.5 Positions of the respondents in the Organization**

Based on figure 4.5, eight (3.3%) and 30(12.2%) of the respondents have director and supervisor positions. In the same way, 25(10.2%), 95(38.8%) and 87(35.5%) of the respondents have group leaders, expert and other educational leadership positions. Therefore, the finding of the study depicted that majority of the respondents were experts. This shows that employees served the organization for the long run at large.

#### **4.4 Descriptive Analysis**

##### **4.4.1 Organization Performance in Ethiopian Shipping and Logistic Service Enterprise**

According to Scherbaum et al (2006) in Avery 2008 how to measure organizational performance has been a persistent source of debate and critique. They said that previous researches have been heavily criticized for the measures of performance used. But for the purpose of this study, organizational performance can be measured by logistics differentiation, logistics efficiency and logistics effectiveness. Therefore, each of the variables was discussed briefly as follows.

**Table 4.2 Logistics Differentiation**

| No                  | Statement   | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|---|-----|---------|---------|-------------|----------------|
| 1                   | ESLSE provides damage free deliveries                 | 245 | 1.00    | 5.00    | 2.51        | 1.04           |
| 2                   | ESLSE makes completed goods inventory                 | 245 | 1.00    | 5.00    | 2.51        | 1.03           |
| 3                   | ESLSE has forecasting accuracy                        | 245 | 1.00    | 5.00    | 2.47        | .83            |
| 4                   | ESLSE time between order receipt and delivery is fair | 245 | 2.00    | 5.00    | 2.34        | .78            |
| 5                   | ESLSE has fair time on backorder                      | 245 | 1.00    | 5.00    | 2.27        | .72            |
| 6                   | ESLSE has good record of total inventory turns        | 245 | 1.00    | 5.00    | 2.49        | .88            |
| 7                   | ESLSE has good on time delivery trend                 | 245 | 1.00    | 5.00    | 2.42        | .87            |
| <b>Overall mean</b> |   |     |         |         | <b>2.43</b> |                |
| <b>Overall SD</b>   |   |     |         |         |             | <b>0.88</b>    |

**Source: Field survey (2022)**

Table 4.2 displays the response of respondents about logistics differentiation. In this regard, the average mean score ( $M=2.51, Sd=1.04$ ) of the respondents accepted that Ethiopian shipping and Logistics service enterprise didn't provide damage of free deliveries. This implies that there was a problem of reported damage items in the organization.

Table 4.2 of item-2 of the respondents asked to indicate their response about the statement "ESLSE makes completed goods inventory." Based on this statement, the mean score ( $M=2.51, Sd=1.03$ ) of the respondents replied that ESLSE makes completed goods inventory. This indicates that there was low attention to conduct goods inventory in the organization.

Respondents also asked to show their opinion whether ESLSE has forecasting accuracy or not. In this context, the mean score ( $M=2.47, Sd=0.83$ ) of the respondents disproved that about ESLSE has forecasting accuracy. This implies that forecasting accuracy of different items in the logistics services haven't well conducted in the organization.

Item-4 of table 4.2 of the respondents asked to show their response whether ESLSE time between order receipt and delivery is fair or not. As a result of this, the average mean score ( $M=2.34, Sd=0.78$ ) of the respondents said that there wasn't fair order receipt and delivery logistics services in the organization. This indicates that there was delay of order receipts and delivery to offer the expected logistics service in the organization. The mean score ( $M=2.27, S=0.78$ ).

Respondents asked to indicate their opinion about the statement "ESLSE has fair time on backorder." (See table 4.2, item-5). In this regard, the average mean score ( $M=2.27$ ,  $Sd=0.721$ ) of the respondents indicated that there hasn't fair time on backorder in the organization. This implies that the organization didn't consider offering backorder on time.

Table 4.2 of item-6 of the respondents asked to show their view whether ESLSE has good record of total inventory turns or not. Concerning this, the mean score ( $M=2.49$ ,  $Sd=0.88$ ) of the respondents answered that ESLSE hasn't good record of total inventory turns. As can be seen in the above table, the study finding depicted that ESLSE hasn't well conducted good record of total inventory turns.

The last item of table 4.2 indicates the response of respondents whether ESLSE has well on time delivery trend or not. Based on this, the mean score ( $M=2.42$ ,  $Sd=0.87$ ) of the respondents explained that ESLSE hasn't well on time delivery trend in the organization. Therefore, the finding of the study disclosed that time delivery trend in the logistics services hasn't taken into consideration in the organization.

**Table 4.3 Logistics Efficiency**

| No                  | Statement  | N   | Minimum | Maximum | Mean       | Std. Deviation |
|---------------------|--|-----|---------|---------|------------|----------------|
| 1                   | Efficiency of ESLSE ship orders to customers from the primary location | 245 | 1.00    | 5.00    | 3.17       | 1.32           |
| 2                   | Efficiency Of ESLSE Deliver Of Shipped Orders On Time                  | 245 | 1.00    | 5.00    | 2.13       | 1.21           |
| 3                   | Efficiency Of ESLSE To Shipments Requiring Expediting                  | 245 | 1.00    | 5.00    | 3.39       | 1.49           |
| 4                   | Efficiency Of ESLSE To Inventory Turns Per Year                        | 245 | 1.00    | 5.00    | 2.34       | 1.25           |
| 5                   | Efficiency Of ESLSE To Average Order Cycle Time                        | 245 | 1.00    | 5.00    | 1.95       | 1.35           |
| <b>Overall mean</b> |  |     |         |         | <b>2.6</b> |                |
| <b>Overall SD</b>   |  |     |         |         |            | <b>1.32</b>    |

**Source: field survey (2022)**

Table 4.3 shows the logistics efficiency in the organization. In this context, the average mean ( $M=3.17$ ,  $Sd=1.32$ ) of the respondents said neutral about the efficiency of ESLSE ship orders to customers from the primary location. This implies respondents haven't ensured the efficiency of ESLSE ship orders to customers from the primary location.

Item-2 of table 4.5 of the respondents asked to show their view about the statement "Efficiency of ESLSE deliver of shipped orders on time." In this context, the average mean score (M=2.13, Sd=1.21) of the respondents replied that there the efficiency of ESLSE deliver of Shipped Orders on Time has a serious problem. This means that there has delay of time to deliver shipped orders for the customers at large.

Table 4.3 of the respondents asked to show their level of opinion about the statement "Efficiency of ESLSE to Shipments Requiring Expediting." Based on this statement, the average mean score (M=3.39, Sd=1.49) of the respondents hasn't replied any response about the issues in that order.

Table 4.3 of item-4 of the respondents asked to show their level of opinion about the statement "efficiency of ESLSE to inventory turns per year." Based on this statement, the average mean score (M=2.34, Sd=1.25) of the respondents replied that the efficiency of ESLSE to inventory turns per year hasn't good.

The last item of table 4.3 indicates that the Average order cycle time (time in days between order receipt and order delivery) was very poor. This means there was a delay between order receipts and order delivery of logistics service.

**Table 4.4 Logistics Effectiveness**

| No                  | Statement  | N   | Minimum | Maximum | Mean         | Std. Dev    |
|---------------------|--|-----|---------|---------|--------------|-------------|
| 1                   | The Effectiveness of Transportation costs Of ESLSE is increase | 245 | 1.00    | 5.00    | 3.53         | 1.18        |
| 2                   | The Effectiveness Of Warehousing Cost Of ESLSE is high         | 245 | 1.00    | 5.00    | 3.24         | 1.05        |
| 3                   | The Effectiveness Inventory Cost Of ESLSE is high              | 245 | 2.00    | 5.00    | 3.30         | .89         |
| 4                   | The Effectiveness Of Total Logistics Cost Of ESLSE is high     | 245 | 1.00    | 5.00    | 3.47         | 1.00        |
| 5                   | The Effectiveness of Sales in Birr Of ESLSE is increase        | 245 | 2.00    | 5.00    | 3.62         | 1.00        |
| <b>Overall Mean</b> |  |     |         |         | <b>3.432</b> | <b>1.02</b> |
| <b>Overall SD</b>   |  |     |         |         |              |             |

Source: field survey (2022)

Table 4.4 of the respondents asked to show their view regard on logistics effectiveness. Concerning this, the average mean score (3.53.Sd=1.18) of the respondents replied that the effectiveness of transportation costs of ESLSE was high. This means the organizations has allocated highest cost about the transport service.

Table 4.4 of the respondents asked to indicate their response on the effectiveness of warehousing cost of ESLSE is high. Based on this, the average mean score (M=3.24, Sd=1.05) of the respondents said neutral that the effectiveness of warehousing cost. Therefore, the finding of the study showed that most of the respondents haven't sure whether the effectiveness warehousing cost of ESLSE was high or not.

Item-3 of table 4.4 of the respondents asked to show their about the statement "The Effectiveness Inventory Cost of ESLSE is high." Concerning this, the average mean score (M=3.47,Sd=1.00) of the respondents replied the effectiveness of total logistics cost of ESLSE is high. This implies that total logistics cost of ESLSE too high to deliver rapid service for the customers.

The last item of table 4.4 of the respondents asked to show their opinion about the statement "The Effectiveness of Sales in Birr of ESLSE is increase." Based on this issue, the study finding accepted the Effectiveness of Sales in Birr of ESLSE has increased in the organization with the average mean score (M=3.62,Sd=1.00).

#### **4.4.2The Effects of Transformational Leadership Style Practices on Organization Performance in ESLSE**

A transformational leader's behavior originates in the personal values and beliefs of the leader and motivates subordinates to do more than expect (Bass, 1985). This type of leadership has four dimensions namely idealized influence, inspirational motivation, intellectual stimulation and individual consideration. Therefore, the responses of the respondents were indicated briefly as follows.

#### 4.4.2.1 Idealized Influence (II)

Ideal influence is one of the dimensions of transformational leadership style which mainly generate ideas and persuade others for the sake of attain the expected mission and vision of the organization. In this context, the study finding obtained from the respondents indicated as follows.

**Table 4.5 respondent's perceptions towards idealized influence (ii) of Transformational leadership style practices**

| No                  | Statement   | N   | Minimum | Maximum | Mean       | Std. Deviation |
|---------------------|---|-----|---------|---------|------------|----------------|
| 1                   | My supervisor makes others feel good to be around him / her | 245 | 1.00    | 5.00    | 3.58       | .81            |
| 2                   | I have complete faith in my supervisor                      | 245 | 1.00    | 5.00    | 2.55       | .83            |
| 3                   | I am proud to be associated with my supervisor              | 245 | 1.00    | 5.00    | 3.46       | .74            |
| <b>Overall Mean</b> |   |     |         |         | <b>3.2</b> |                |
| <b>Overall SD</b>   |   |     |         |         |            | <b>1.89</b>    |

**Source: field survey (2022)**

Table 4.5 of the respondent's shows the perceptions towards idealized influence of transformational leadership style practices. In this regard, the average mean score ( $M=3.58$ ,  $Sd=0.81$ ) of the respondents indicate that their supervisor makes others feel good to be around him/her. This means supervisors help employees to motivate them for the success of the organization at large.

Item-2 of table 4.5 of the respondents asked to show their view whether respondents completely faith in their supervisor or not. For this reason, the average mean score ( $M=2.55$ ,  $Sd=0.83$ ) of the respondents replied that respondents didn't completely faith in their supervisor. This indicates that respondents weren't believed their supervisor what they did in their organization.

Table 4.5 of the respondents asked to indicate their view whether they proud to associated with their supervisor or not (See table 4.5, item-3). Based on this issues, the average mean score ( $M=3.46$ ,  $Sd=0.74$ ) indicates that respondents were proud associated with their supervisor.



#### 4.4.2.2 Inspirational Motivation (IM)

Inspirational motivation is usually a companion of charisma and is concerned with a leader setting higher standards, thus becoming a sign of reference. Bass (1985), points out followers look up to their inspirational leader as one providing emotional appeal to increase awareness and understanding of mutually desirable goals. Therefore, the responses of the respondents were indicated briefly as follows.

**Table 4.6 respondent's perceptions towards Inspirational Motivation (IM) Transformational leadership style practices**

| No                  | Statement   | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|---|-----|---------|---------|-------------|----------------|
| 1                   | My supervisor expresses in a few simple words what we could and should do | 245 | 1.00    | 5.00    | 3.56        | .82            |
| 2                   | My supervisor provides appealing images about what we can do              | 245 | 1.00    | 5.00    | 3.56        | .82            |
| 3                   | My supervisor helps me find meaning in my work                            | 245 | 2.00    | 5.00    | 3.53        | .75            |
| <b>Overall Mean</b> |   |     |         |         | <b>3.55</b> |                |
| <b>Overall SD</b>   |   |     |         |         |             | <b>2.39</b>    |

**Source: field survey (2022)**

Table 4.6 of the respondents showed the view of respondents the effects of inspirational motivation of transformational leadership style practices. In this regard, the average mean score (M=3.56, Sd=0.82) of the respondents indicated that their supervisors expresses in a few simple words what they could and should do in their organization. This implies that supervisors can easily express their view so as to motivate employees for the accomplishment of their tasks given in the organization.

Item-2 of the respondents indicates their view whether their supervisor provides appealing images about what they can do. In this context, the mean score (M=3.55, Sd=0.81) of the respondents accepted that supervisors give attractive images for their employees. This indicates that there was a positive view about supervisors on the employees.

The last item of table 4.6 indicates whether their supervisor helps them to find meaning in their work. For this reason, the average mean score (M=3.53, Sd=0.75) of the respondents accepted the statement. This means they believed that their supervisors assisted respondents to be successful in their work place.

#### 4.4.2.3 Intellectual Simulation (IS)

In the literature, intellectual stimulation provides followers with challenging new ideas and encourages them to break away from the old ways of thinking (Bass, 1985). The leader is characterized as one promoting intelligence, rationality, logical thinking, and careful problem solving. Based on this, the data collected from the respondents were discussed briefly as follows.

**Table 4.7** respondent’s perceptions towards the Intellectual Stimulation (IS) of Transformational leadership style practices

| No                  | Statement  | N   | Minimum | Maximum | Mean        | Std. Dev    |
|---------------------|--|-----|---------|---------|-------------|-------------|
| 1                   | My supervisor enables others to think about old problems in new ways             | 245 | 1.00    | 5.00    | 3.49        | .84         |
| 2                   | My supervisor provides others with new ways of looking at puzzling things.       | 245 | 1.00    | 5.00    | 3.66        | .77         |
| 3                   | My supervisor gets others to rethink ideas that they had never questioned before | 245 | 1.00    | 5.00    | 2.58        | .86         |
| <b>Overall mean</b> |  |     |         |         | <b>3.24</b> |             |
| <b>Overall SD</b>   |  |     |         |         |             | <b>0.82</b> |

**Source: field survey (2022)**

Table 4.7 respondent's specifies the perceptions of respondents towards the effects of Intellectual Simulation (IS) Transformational leadership style practices. Based on the respondents response, the average mean score ( $M=3.49, 0.84$ ) indicated that their supervisor enables others to think about old problems in new ways. This implies that supervisors help employees to realize previous problems with in a new way.

Respondents asked to show their view with in the statement "My supervisor provides others with new ways of looking at puzzling things." (See table 4.7, item-2). Based on this statement, the average mean score( $M=3.66, Sd=0.77$ ) showed that their supervisor provides others with new ways of looking at puzzling things. This means the supervisors that working in the organization gives others to look alternative things about different tasks in the organization.

The last item of table 4.7 indicates the view of respondents whether their supervisor gets others to rethink ideas that they had never questioned before. Based on this view, the average mean score ( $M=2.58, Sd=0.86$ ) of the respondents indicates that there was lack of providing attention to find out alternative solutions about the problems raised in the organization.

#### **4.4.2.4 Individual Consideration**

The fourth dimension of transformational leadership is "individual consideration" which is concerned with developing followers by coaching and mentoring (Bass, 1985). The leader pays close attention to the inter-individual differences among the followers and act as mentor to the follower. Based on this, the respondents obtained from the respondents indicated briefly as follows.

**Table 4.8 respondent’s perceptions towards the effects of Individual Consideration (IC) Transformational leadership style practices**

| N<br>o              | Statement  | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|--|-----|---------|---------|-------------|----------------|
| 1                   | My supervisor helps others develop themselves                      | 245 | 1.00    | 5.00    | 3.56        | .76            |
| 2                   | My supervisor lets others know how he /she thinks we are doing     | 245 | 1.00    | 5.00    | 3.59        | .83            |
| 3                   | My supervisor gives personal attention to others who seem rejected | 245 | 1.00    | 5.00    | 2.32        | .83            |
| <b>Overall mean</b> |  |     |         |         | <b>3.16</b> |                |
| <b>Overall SD</b>   |  |     |         |         |             | <b>0.81</b>    |

**Source: field survey (2022)**

Table 4.8 displays the response of respondents about the effects of Individual Consideration (IC) of transformational leadership style practices. In this context, the average mean score (M=3.56,Sd=0.76) showed that their supervisor helps others develop themselves. This implies that supervisors assisted respondents to develop their gaps found in the organization. In other words, supervisor’s helps respondents to develop their skill by facilitate short term as well as long term training program.

Respondents asked to indicate their view whether their supervisor lets others know how he /she thinks what they were done. Based on this statement, the average mean score (M=3.59, Sd=0.83) of the respondents accepted the statement that supervisors considers others to accomplish different tasks given in the organization for a good manner.

The last item of table 4.8 indicates whether their respondents help supervisor gives personal attention to others who seem rejected or not. Based on this statement, the average mean score (M=2.32, Sd=0.83) of the respondents rejected the issues. This implies that supervisors haven’t given personal attentions to other what seems rejected issues in the organization.

In addition to the data obtained from the questionnaire, the data obtained from the qualitative through interview were briefly discussed as follows.

*"One of the human resource management and development department directorate director pointed out that transformational leadership practice in this company, they had worked by enterprises resource planning, organizational structure, strategic planning, human resource, financial resource, procurement strategy using automated work are done by the last few years. However, the key informant argue that there was overloaded work are to face out date to day action. In addition to this, he added that there wasn't walk by enough extent to satisfy the company's strategic plan. To encourage and inspire employee to innovate and develop new ways to grow they have started to strategic plan. This means there was Annual plan which was created and done by this procedure like:-How many cargos are reached by the scheduled time? How many cargo's are transporting by this schedules And How many cargos are to use from china to Djibouti port. Therefore, the company has implemented to attain its expected plan through Two times salary incremental to the employees.(Bones also added to the employees) and using stock card, financial, customer area to participate the employees were some of the changes brought in the company(KIII,2022)."*

*"In the same way, the Ethiopian shipping logistics planning business investment head added that transformational leadership practice better to participate involve employee idea and encourage, transformational leadership used to top level to lower level management strategy used. Under this shadow all employees to participate their own work. This leadership its goes time to time increasing change and manifestations to express its work (KII2, 2022)."*

#### **4.4.3The Effects of transactional leadership style practice on organization performance in ESLSE**

Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to task objective. The leader focuses on having internal actors perform the tasks required for the organization to reach its desired goals (Boehnke et al, 2003). In line with this, the data obtained from the respondents were discussed briefly as follows.

**Table 4.9 respondent’s perceptions towards Contingent Reward (CR) of transactional leadership style practices**

| No                  | Statement  | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|--|-----|---------|---------|-------------|----------------|
| 1                   | My supervisor tells others what to do if they want to be rewarded for their work | 245 | 1.00    | 5.00    | 3.75        | 1.16           |
| 2                   | My supervisor provides recognition/rewards when others reach their goals.        | 245 | 1.00    | 5.00    | 2.15        | 1.21           |
| 3                   | My supervisor calls attention to what others can get for what they accomplish.   | 245 | 1.00    | 5.00    | 2.11        | 1.19           |
| <b>Overall Mean</b> |  |     |         |         | <b>2.67</b> |                |
| <b>Overall SD</b>   |  |     |         |         |             | <b>1.19</b>    |

**Source: field survey (2022)**

Table 4.9 shows the respondent’s perceptions towards the effects of Contingent Reward (CR) transactional leadership style practices. Based on this, the average mean score (M=3.75, Sd=1.16) of the respondents indicated that their supervisor tells others what to do if they want to be rewarded for their work. This implies that supervisor has told the respondents how to get reward in the work place.

This idea supported the data obtained through interview as follows;

*"One of the human resource management and development department director pointed out that transaction leadership in this company to rely on rewards and punishments to achieve optimal job performance from their subordinate’s. Based on exchange or transaction. The organization has implemented monetary compensation, medication facilities and fuel allowances were used to motivate their employees by promoting the reward to achieve the target of the companies’ goals."(KIII, 2022).*

Respondents asked to show their view about the statement "their supervisor provides recognition/rewards when others reach their goals."(see table 4.9,item-2). Based on this statement, the average mean score (M=2.15,Sd=1.21) of the respondents accepted the statement. This showed that there was lack of providing recognition/rewards for the respondents so as to attain the intended goal of the organization. The implication of this finding revealed that supervisors found in the organization didn't taken into consideration providing recognition about the most influential employees that accomplished their tasks.

The last item of table 4.9 indicates the response of respondents whether their supervisor calls attention to what others can get for what they accomplish or not. Regard to this, the average mean score (M=2.11, Sd=1.19) of the respondents accepted the statement. This implies that their supervisor calls hasn't given attention to what others can get for what they accomplish.

**Table 4.10 respondent's perceptions towards Management by exception (MBE)transactional leadership style practices**

| No                  | Statement  | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|--|-----|---------|---------|-------------|----------------|
| 1                   | My supervisor is always satisfied when others meet agreed-upon standards   | 245 | 1.00    | 5.00    | 3.97        | 1.32           |
| 2                   | As long as things are working, my supervisor do not try to change anything | 245 | 1.00    | 5.00    | 2.11        | 1.19           |
| 3                   | My supervisor tells us the standards we have to know to carry out our work | 245 | 1.00    | 5.00    | 3.68        | 1.18           |
| <b>Overall Mean</b> |  |     |         |         | <b>3.25</b> |                |
| <b>Overall SD</b>   |  |     |         |         |             | <b>1.23</b>    |

**Source: field survey (2022)**

Table 4.10 specifies the respondent's perceptions towards the effects of Management by exception (MBE) of transactional leadership style practices. In this context, respondents asked to show their view about the statement "My supervisor is always satisfied when others meet agreed-upon standards." (See table 4.10, item-1). In this regard, the average mean score ( $M=3.97, Sd=1.32$ ) of the respondents accepted the statement that their supervisor is always satisfied when others meet agreed-upon standards. This means that supervisors were satisfied when employees have accomplished different tasks based on the organization standard.

Item-2 of table 4.10 of the respondents asked to indicate their view whether as long as things are working, their supervisor don't try to change anything or not. In this regard, the average mean score ( $M=2.11, Sd=1.19$ ) of the respondents accepted the statement. This means respondents agreed that their supervisor hasn't ready to change anything even if things are working in the organization.

The last item of table 4.10 indicates respondents view about whether their supervisor tells them the standards they have to know to carry out their works. In this regard, the average mean score ( $M=3.68, Sd=1.18$ ) of the respondents accepted the statement. Therefore, the finding of the study depicted that most of the supervisors has told the employees about the standards they had known to carry out about their work in the organization.

In addition to the above quantitative data, the data obtained through interview supported about transaction leadership style in the organization. As a result of this, the *Ethiopian shipping logistics planning business investment head explained the following points.*

*Transactional leadership practice to work practically change management process in the organization. This means change by change to improve its work and to pass reaches its target goal of the mission and participating employee practical to used management ideas by using: best evaluation to reward best credit, poor evaluation to reward poor credit and bonus paid to the employees in the organization (KII2,2022).*



#### 4.4.4 The Effect of Democratic Leadership style on organization performance in ESLSE

Democratic leaders involve team members in the decision-making process, although the final decision may vary from the leader having the final say - to facilitating consensus in the group. Democratic leaders get result by leading discussions, asking questions to involve others, encourage others to take responsibility, confirming commitments (Haimanot, 2020). Based on this, respondents responded their view about democratic leadership as follows.

**Table 4.11 The effect of democratic Leadership style on organization performance in ESLSE**

| No                 | Statement   | N   | Minimum | Maximum | Mean        | Std. Deviation |
|--------------------|---|-----|---------|---------|-------------|----------------|
| 1                  | Leaders need to help subordinates accept responsibility for completing their work | 245 | 1.00    | 5.00    | 3.80        | .95            |
| 2                  | Leaders should give subordinates total freedom to solve problems on their own.    | 245 | 1.00    | 5.00    | 3.47        | 1.14           |
| 3                  | Providing guidance with no pressure is the key to be a good leader                | 245 | 1.00    | 5.00    | 3.54        | 1.14           |
| 4                  | Effective leaders give orders and explain procedures.                             | 245 | 1.00    | 5.00    | 3.81        | .94            |
| 5                  | People are basically capable and if given a task will do a good job               | 245 | 1.00    | 5.00    | 3.69        | .82            |
| 6                  | I am involved in performance appraisals to my department and decision making      | 245 | 1.00    | 5.00    | 3.47        | .96            |
| <b>Overall Men</b> |   |     |         |         | <b>3.63</b> |                |
| <b>Overall SD</b>  |   |     |         |         |             | <b>0.99</b>    |

Source: field survey (2022)

Table 4.11 specifies the effect of democratic Leadership style on organization performance in ESLSE. In this context, the average mean score ( $M=3.81, Sd=0.95$ ) of the respondents indicated that leaders need to help subordinates accept responsibility for completing their work. Similarly, respondents asked to show their view whether leaders should give subordinates total freedom to solve problems on their own or not. Based on this statement, the average mean score ( $M=3.47, Sd=1.14$ ). This implies that leaders have given subordinates total freedom to solve problems on their own.

Respondents asked to show their view whether providing guidance with no pressure is the key to be a good leader or not (see table 4.11, item-3). Based on this issue, the average mean ( $M=3.54, Sd=1.14$ ) of the respondents accepted the statement that providing guidance with no pressure is the key to be a good leader. This implies that leaders in the organization have given guidance without any pressure so as to perform different tasks.

Item-4 of the respondents asked to show about the statement "Effective leaders give orders and explain procedures." Based on this issues, the average mean score ( $M=3.81, Sd=0.94$ ) of the respondents indicated that effective leaders in the organization has given orders and explain procedures.

Respondents have also asked to indicate their view whether people are basically capable and if given a task will do a good job or not. According to the response of respondents, the average mean score ( $M=3.69, Sd=0.82$ ) showed that peoples were basically capable and has given a tasks will do a good job.

The last item of table 4.11 of the respondents asked to show their view about the statement" employees have involved in performance appraisals to their department and decision making." Based on this statement, the average mean score ( $M=3.47, Sd=0.96$ ) of the respondents accepted that employees have incorporated in performance appraisals about their department and decision making in the organization.

*"Furthermore, the data obtained from the interview indicated that effective democratic leadership practice used in this companies through empowerment of employees, authority (use any one to participate their) ideas (indirectly), top management to decide and making process to shared ideas, another one may be top management and division management to pass decision making and good democratic leader's decision can bring out group creativity."(KIII, 2022).*

Similarly, the finance head of working in Ethiopian shipping and logistics service enterprise added that democratic leadership's are used in this company to get a good decision making idea. This means actively participates in discussion, but also make sure to listen to the views of others. Others lead positive, inclusive and collaborative work environment. This can be achieved through high employee engagement, wide range of idea and increase job satisfaction (KII3, 2022).

#### 4.4.5 The Effect of Autocratic Leadership Style on Organization Performance in ESLSE on Organization Performance in ESLSE

According to Bass(1985) Autocratic leaders are known as authoritative leaders whose provide clear objectives for the subordinates for what needs to be done, who should be done, when it should be done, and how it should be done. In this context, respondent's answered different response about this type of leadership as indicated below in table 4.12.

**Table 4.12 the effect of Autocratic leadership style on organization performance in ESLSE on organization performance in ESLSE**

| No                  | Statement   | N   | Minimum | Maximum | Mean        | Std. Deviation |
|---------------------|---|-----|---------|---------|-------------|----------------|
| 1                   | Employees must be given rewards or punishments in order to motivate them to achieve organizational objectives | 245 | 1.00    | 5.00    | 3.27        | 1.24           |
| 2                   | My performance is assessed by my supervisor alone.  | 244 | 1.00    | 5.00    | 2.12        | 1.19           |
| 3                   | Employees need to be supervised closely   | 245 | 1.00    | 5.00    | 3.35        | 1.51           |
| 4                   | Performance requirements are designed according to the leader's needs   | 245 | 1.00    | 5.00    | 2.32        | 1.25           |
| 5                   | It is fair to say that most employees in the general population are lazy                                      | 245 | 1.00    | 5.00    | 1.91        | 1.33           |
| 6                   | Leaders make decisions independently  | 245 | 1.00    | 5.00    | 2.55        | 1.46           |
| <b>Overall mean</b> |   |     |         |         | <b>2.59</b> |                |
| <b>Overall SD</b>   |   |     |         |         |             | <b>1.33</b>    |

Source: field survey (2022)

Table 4.12 shows the effect of Autocratic leadership style on organization performance in ESLSE on organization performance in ESLSE. In this context, the mean score ( $M=3.27$ ,  $Sd=1.24$ ) of the respondents replied that employees have given rewards or punishments in order to motivate them to achieve organizational objectives. Based on these statements, the finding of the study depicted that employees hasn't sure whether rewards or punishments given to attain the intended objective of the organization.

Respondents asked to show their view about the statement "their performance is assessed by them supervisor alone." (See table 4.12, item-2). Based on this statement, the average mean score ( $M=2.12$ ,  $Sd=1.19$ ). In this context, the response of the respondents indicates that employees performance was assessed not only their supervisors. This means performance assessment was accomplished by their subordinates and supervisors.

Item-3 of the respondents asked to show their opinion about the statement "Employees need to be supervised closely." In this regard, the average mean score ( $M=3.35$ ,  $Sd=1.51$ ) of the respondents not sure about the statement. This implies that employees haven't sure whether employees supervised closely or not.

Table 4.12 of item-4 of the respondents asked to show their view about the statement "performance requirements are designed according to the leader's needs or not." In this regard, the average mean score ( $M=2.32$ ,  $Sd=1.25$ ) of the respondents depicted that performance requirements haven't designed according to the leader's needs. This means that performance requirements have mainly designed based on employees need

Respondents asked to show their view about the statement "It is fair to say that most employees in the general population are lazy." (See table 4.12, item-5). Based on this statement, the average mean score  $M=1.91$ ,  $Sd=1.33$ ) of the respondents disproved that all employees in the organization hasn't lazy. This means that there are employees who have played a vital role to attain the organization mission and vision.

The last item of table 4.12 showed the respondents view about whether leader's male decisions independently or not. In this regard, the average mean score ( $M=2.55$ ,  $Sd=1.46$ ) of the respondents have-not accepted the statement. This means that leaders haven't provided decisions independently. *"Moreover, the human resource management and development directorate director noted that autocratic leadership most of the time one top manager control all the decisions and takes very little input from group members. In the same way, the key informant added that the leaders/ directors make choice or decisions based on their own beliefs didn't involve others for suggestion or advice and decision can be making very quickly."*(KIII, 2022).

*Generally, the human resource management and development department director, the Shipping logistics planning business investment head and the finance head of the company summarized the following challenges. In this case, the key informants explained that not test / revise organizational structure change, lack of connecting new strategy change in the system communications, lack of target objective, lack of setting smart goals, lack of responsibilities, lack of providing rapid decision and answers for immediate actions and lack of performance appraisal were major challenges existed in the company. Similarly, the key informants explained that handling customer expectations, cost efficiency, improve customer satisfaction, deliveries delays, poor routing strategies, environmental regulation, trade wars, technology, economy, on time delivery and affordable cost were the major challenges observed in the company.*

## **4.5 Inferential Statistics Data Analysis**

### **4.5.1 Correlation Analysis**

Correlation coefficient statistics measure the degree to which two sets of numbers are related. In this section, the researcher tried to accomplish the goal of the study through applying Pearson's correlation ( $r$ ) as it is the most widely used method of measuring the degree of relationship between two variables. The relationship between two variables will be: a correlation of .10 is described as a small effect size, a correlation of .30 is described as a medium effect size and a correlation .50 is described as a large effect size. The correlation coefficient ( $r$ ) ranging from 0.10 to 0.29 may regarded as indicating a low degree of correlation,  $r$  ranging from 0.30 to 0.49 may considered as a moderate degree of correlation, and  $r$  ranging from 0.50 to 1.00 may be regarded as a high degree of correlation Cohen, (1988).

**Table 4.13 Pearson Correlations**

|                                   |                     | Organization performance | Democratic Leadership Style | Autocratic Leadership Style | Transformational Leadership style | Transaction leadership style |
|-----------------------------------|---------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------------|------------------------------|
| Organization performance          | Pearson Correlation | 1                        | .233**                      | .697**                      | .237**                            | .489**                       |
|                                   | Sig. (2-tailed)     |                          | .000                        | .000                        | .000                              | .000                         |
|                                   | N                   | 245                      | 245                         | 245                         | 245                               | 245                          |
| Democratic Leadership Style       | Pearson Correlation | .233**                   | 1                           | .139*                       | .251**                            | .123                         |
|                                   | Sig. (2-tailed)     | .000                     |                             | .030                        | .000                              | .054                         |
|                                   | N                   | 245                      | 245                         | 245                         | 245                               | 245                          |
| Autocratic Leadership Style       | Pearson Correlation | .697**                   | .139*                       | 1                           | .067                              | .582**                       |
|                                   | Sig. (2-tailed)     | .000                     | .030                        |                             | .297                              | .000                         |
|                                   | N                   | 245                      | 245                         | 245                         | 245                               | 245                          |
| Transformational Leadership style | Pearson Correlation | .237**                   | .251**                      | .067                        | 1                                 | .069                         |
|                                   | Sig. (2-tailed)     | .000                     | .000                        | .297                        |                                   | .280                         |
|                                   | N                   | 245                      | 245                         | 245                         | 245                               | 245                          |
| Transaction leadership style      | Pearson Correlation | .489**                   | .123                        | .582**                      | .069                              | 1                            |
|                                   | Sig. (2-tailed)     | .000                     | .054                        | .000                        | .280                              |                              |
|                                   | N                   | 245                      | 245                         | 245                         | 245                               | 245                          |

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.13 shows the relationship between independent variables such as transaction leadership style, autocratic leadership style, democratic leadership style, transformational leadership style while organization performance as dependent variable. Based on this, the correlation result ( $R=.233^{**}$ ) indicates that democratic leadership has a positive relation with organization at 0.01 level of significant. This means if democratic leadership well practiced in the organization then it is possible to boost organization performance vice versa.

In the context of autocratic leadership style practice, it can realizes that there was a positive relation ( $R=0.697^{**}$ ) with organization performance at the significant level of 0.01/0.05. This means if leaders applied autocratic leadership style in the organization then they can easily increase organization performance. On the other hand, if autocratic leadership practices decrease in the organization then the organization did not perform its tasks in a well-organized manner.

The third independent variable of organization performance in table 4.13 was transformational leadership style practice. Based on the correlation coefficient result, one can deduce that transformational leadership style has a positive correlation( $R=0.237^{**}$ ) at the significant level of 0.01/0.05. This means if the leaders are ready to change themselves with respect to the organization mission and vision, then they can bring the expected result in a simple way vice versa.

The last variable which determines organization performance was transaction leadership style practices. Based on this issue, the p-value of transaction leadership style practices was 0.000. As a result of this assumption, one can infer that transaction leadership style has a positive correlation( $R=0.489^{**}$ ) with organization performance. This implies that if transaction leadership style practices in the organization then there is a probability of accomplish the organization performance for the long run.

#### 4.5.2 Regression Analysis Assumption Test

Before applying regression analysis, the researcher tests its assumptions like normality, linearity, multicollinearity assumption, homoscedasticity assumption and autocorrelation.

**Normality test :** in order to determine normality graphically, one can use the output of a normal P-P Plot. If the data are normally distributed, the data points will be close to the diagonal line. If the data points stray from the line in an obvious non-linear fashion, the data are not normally distributed. As shown in figure 4.6 the normal P-P plot below, the data is normally distributed.



**Figure 4.6 Normal P-P plots test**

**Multicollinearity analysis test:** The researcher has checked if multicollinearity problem exist or not before running the regression. Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. Multicollinearity can be checked using the tolerance and variance inflation factors (VIF) which are the two Collinearity diagnostics factors Multi collinearity Test.

**Table 4.14 Multi collinearity Test**

| Model                             | Collinearity Statistics |       |
|-----------------------------------|-------------------------|-------|
|                                   | Tolerance               | VIF   |
| Democratic leadership style       | .920                    | 1.087 |
| Autocratic leadership style       | .657                    | 1.523 |
| Transformational leadership style | .935                    | 1.069 |
| Transaction leadership style      | .659                    | 1.517 |

**A. Dependent; Organization performance**

Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. Accordingly, the above table the tolerance value for all independent variables is greater than 0.1, which implies that there is no multicollinairity problem in connection with tolerance. Variance Inflation Factor (VIF) which calculates the influence of factor should not exceed 1-10, and should ideally be close to one.

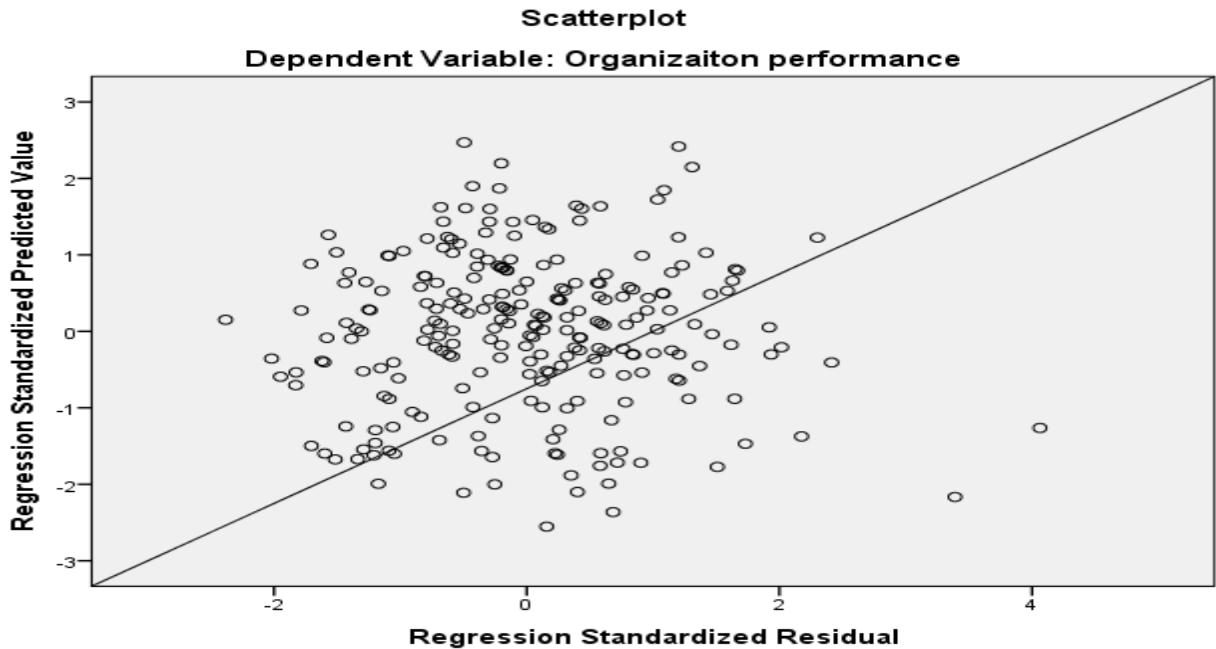
As per the above table for all independent variables VIF value is less than 10, which implies there is no multicollinearity problem.

**Scatter plot analysis test;**

Scatter plot analysis test; scatter plot graphs the actual values the data against the values predicted by the model. The scatter plot displays the actual values along the X axis, and displays the predicted values along the Y-axis. It also displays a line that illustrates the perfect prediction, where the predicted value exactly matches the actual value.



The Figure 4.7 shows the patterns in scatter plots of dependent against the independent variables whether they have linear relation and the assumption have met. From the graph below, the straight line shows the expected linear relationship, and the points scattered around that line show how the actual data diverges from the expected. This analysis tells us at a glance how closely a set of results is correlated with a particular input, and how much variation there is from the ideal model.



**Figure 4.7 Linearity assumption**

**Autocorrelation:** means the relationship between each value of errors in the equation. Or in the other hand, autocorrelation means the self-relationship of errors. In order to determine autocorrelation, Durbin-Watson test was used.

**Table 4.15 Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .735 <sup>a</sup> | .540     | .532              | .32241                     | 1.172         |

a. Predictors: (Constant), Transaction leadership style, Transformational Leadership style, Democratic Leadership Style, Autocratic Leadership Style

b. Dependent Variable: Organization performance

As shown the result of Durbin-Watson test in table 4.15, the value is 1.172. In order to know the autocorrelation of independent and dependent variables it is possible to understand the following assumptions.

**Note:** Durbin-Watson test= 2 → No autocorrelation

Durbin-Watson test > 2 → Negative autocorrelation

Durbin-Watson test < 2 → positive autocorrelation

Therefore, the result of Durbin-Watson test was 1.172. This indicates there is positive auto correlation among the independent and dependent variables because its value is less than 2.

### 4.5.3 Interpreter Analysis of Regression Results

Multiple linear regressions are an inferential statistics analysis technique which helps to know which variables is significant impact on organization performance.

**Table 4.16 Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .735 <sup>a</sup> | .540     | .532              | .32241                     |

a. Predictors: (Constant), Transaction leadership style, Transformational Leadership style, Democratic Leadership Style, Autocratic Leadership Style

b. Dependent Variable: Organization performance

Table 4.16 shows the independent variables have accounts for 54.0 % (Adjusted R<sup>2</sup> is 53.2with estimated standard deviation 0.32241) of the variance in the dependent variable (organization Performance) this indicates that 54.0 % of the variance in the dependent variable is explained by the independent variable in the model the model also indicates that the remaining 46.0%of the variance can be explained by other variables out of this model and indicates that further research is needed to identify the additional factors that influence the level of organization performance.

**Table 4.17 ANOVA**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 29.284         | 4   | 7.321       | 70.429 | .000 <sup>b</sup> |
|       | Residual   | 24.947         | 240 | .104        |        |                   |
|       | Total      | 54.231         | 244 |             |        |                   |

a. Dependent Variable: Organization performance

b. Predictors: (Constant), Transaction leadership style, Transformational Leadership style, Democratic Leadership Style, Autocratic Leadership Style

From table 4.17 F-ratio, which explains whether the results of regression model could have occurred by chance, the F value, is 70.429 at 0.000 significant levels which show that the model is good as its value is less than 0.05.

**Table 4.18 Coefficients of determination**

| Model |                                   | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|-----------------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                                   | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)                        | .871                        | .186       |                           | 4.677  | .000 |
|       | Democratic Leadership Style       | .065                        | .032       | .093                      | 2.048  | .042 |
|       | Autocratic Leadership Style       | .335                        | .030       | .608                      | 11.254 | .000 |
|       | Transformational Leadership style | .182                        | .050       | .165                      | 3.643  | .000 |
|       | Transaction leadership style      | .069                        | .033       | .112                      | 2.085  | .038 |

a. Dependent Variable: Organization performance

Table 4.18 reveals the coefficient of independent variable which effect on organization performance. In this regard, the p-value of democratic leadership style was 0.042. This shows that its value was less than the significant level of 0.05. As a result of this, the study finding depicted that democratic leadership style has a significant level on organization performance at the significant level of 0.050/0.01.

In other words, it indicates that if democratic leadership style practiced in the organization then there was a probability of enhance organization performance by 0.065.

The study carried out by Elenkov (2000, 467-480) indicated that the democratic leadership has a positive impact on organizational performance and stressed that the leadership style allows the employees to make decisions along with sharing them with the group and the manager. Elenkov (2000, 467-480) opined that in democratic leadership system, praises and criticism are given objectively, and a sense of responsibility is also developed among the employees. Bhargavi&Yaseen (2016, 87-117) investigated the impact of democratic leadership on organizational performance; their findings revealed that this leadership style positively affects the performance of the organization, as it provides opportunities to the employees to express and implement their creative ideas, and take part in the decision-making process.

The other independent variable which determines organization performance was autocratic leadership style practices. In this context, the p-value of autocratic leadership style practices was 0.000. This was less than the significant level of 0.05/0.01. Therefore, the finding of the study revealed that autocratic leadership style has a significant effect on organization performance. This implies if autocratic leadership style practice in the organization then there was a probability of enhance the organization performance by 0.335. This study consistent with other studies Bhargavi &Yaseen (2016, 87-117). The finding of the study revealed that the autocratic leadership style has a positive impact on the organizational performance. According to Bhargavi &Yaseen (2016, 87-117), this leadership style is more suitable when projects are to be completed within provided deadlines. Likewise, Igbaekemen &Odivwri (2015, 1-7) conducted a study on the impact of leadership style on the performance of organizations; they concluded that an autocratic leader is the one who determines the activities, techniques and policies to the employees, and expects the employees to follow the same.

The third variable of organization performance was transformational leadership style. In this regard, the p-value was 0.000 which was less than the significant level of 0.05/0.01. Therefore, the finding of the study depicted that transformational leadership style practices at the significant level of 0.05/0.01. This study supported the finding obtained by various studies. Some of the studies indicated as follows. For instance, Avolio 1999)(Kirkpatrick & Locke, 1996) noted that there was a positive relationship between transformational leadership and outcomes at the individual level and firm levels. Similarly, a number of relative studies (Waldman, Ramirez, House, &Puranam, 2001) have also reported that transformational leadership behaviors are more

positively related to subordinate effectiveness in a variety of organizational settings than are transformational behaviors.

The last independent variable was transaction leadership style practices. Based on this, the p-value of the variables was 0.0. This indicates transaction leadership style practices have a significant effect on organization performance at the significant level of 0.05/0.01. This means if transaction leadership style practiced in the organization then the organization performance was increased by 0.038.

This study is consistent with a study carried out by Longe (2014, 68-83) revealed that transactional leadership style has a positive impact on the organizational performance. Longe (2014, 68-83) further revealed that the transactional leadership style helps in creating, as well as sustaining the context in which organizational and human capabilities are maximized as the employees are always able to achieve the tangible and intangible rewards. This leadership style majorly results in creating an environment that is optimal for performance, and also articulates the persuasive vision that enhances the overall organizational performance (Longe 2014, 68-83).

**Table 4.19 Summary of Hypothesis Testing Results**

| No | Hypothesis   | Sig.  | Result   |
|----|--|-------|----------|
| 1  | H1: transformational leadership style has a significant effect on organization performance | 0.000 | Accepted |
| 2  | H2: transactional leadership style has a significant effect on organization performance    | .038  | Accepted |
| 3  | H3: democratic Leadership style has a significant effect on organization performance       | 0.042 | Accepted |
| 4  | H4: Autocratic leadership style has a significant effect on organization performance       | 0.000 | Accepted |

**Source: Based on Hypothesis test results (2022)**

The above hypothesis supported by Girma (2019). He stated that democratic leadership has a strong effect on organization performance while autocratic leadership insignificant effect on organization performance. Similarly, Ebrahim (2018) noted that transformational and transactional leadership has a significant effect on organization performance.

On the other hand, Afework (2021) indicated that transformational, transactional and democratic leadership haven't a significant effect on organization performance while autocratic leadership has significant effect on organization performance.

#### **4.5 Discussion**

The discussion part of the study was discussed about the effects of leadership styles on organization performance: the case of Ethiopian shipping and logistics service enterprise. Girma (2019) has investigated that Democratic Leadership Style has significant effect on organization.

This study was also consistent with the present studies. In the same way, Studies suggest that many factors of an organization affect organizational performance, including the preferred leadership style/approach. The finding of different authors showed that some of leadership style hasn't significant effect on organization performance. For instance, Ibrahim (2018) found that, transaction leadership, transaction leaders and transformational leadership styles has significant effect on organization performance while autocratic leaderships haven't significant effect on the organization performance. Similarly, Afework (2021) argue that transaction leadership, transformational leadership and democratic leadership haven't significant effect on organization performance but autocratic leadership has effect on organization performance.

John et al (2019) have investigated the influence of leadership style on organizational performance at Tumakavi development association, tamale, and northern region of Ghana. The results of this study also revealed that there is strong relationship between leadership style and organizational performance of TKDA. As the strength of the organization dwells much on democratic style of leadership, it is recommended that management of the organization applies more of that and mix it with other leadership styles where necessary for the organization to wax stronger within its industry.

Nebiyu (2015) has investigated the effect of leadership practice on organizational performance: the case of life in abundance organization head quarter. The result was driven from the finding which showed that the organization performance is good but not to the required level due to lack of suitable employees' motivation mechanism, sound communication system, conducive working environment and performance reward mechanism.

Accordingly, it was concluded that in order to increase the level of organizational performance of LIA, it was necessary that leadership recognizes the needs of the workers, employ appropriate motivational tool such as reward, recognition, training and promotion of staff based on merit and skills, provide suitable working environment and provide an appropriate leadership approach that will encourage free flow of information among management team, supervisor and other employees.

Yoseph (2015) has also investigated Effect of leadership style on organizational performance: the case of selected Ethiopian banks. The result showed that both transformational and transactional leadership styles had significant positive effect on the performance of banks in Ethiopian context. The study concluded that both transformational and transactional leadership styles were more appropriate in inducing performance in banks and, therefore, recommended to practice the combination of both transformational and transactional leadership styles according to the work situation.

Obiwuru et al (2011) have investigated the result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. The study concluded that transactional leadership style was more appropriate in inducing performance in small scale enterprises than transformational leadership style and, therefore, recommended transactional leadership style for the small enterprises with inbuilt strategies for transition to transformational leadership style as the enterprises developed, grew and matured.

Kamau & Gachunga (2019) found that the study found that there was a positive significant between transformational leadership, transactional leadership, situational leadership, participatory leadership and organizational performance of commercial banks listed at the Nairobi Security Exchange. The study recommends that the leaders in commercial banks listed in Nairobi Security Exchange should improve on creativity and innovation and staff involvement in decision making, motivate and build their confidence in people and more so the employees, to interfere in a problem before it gets worse, engage their followers in the decision making process and consider the employee views and this will be essential in the formulation of goals in the organization.

## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The study aimed to investigate the effect leadership practice on organizational performance in Ethiopian shipping and logistics services enterprise. From 257 total sample size in the study, 245 respondents completed the questionnaires whereas with the four respondents interview were conducted and document review from the government report was conducted.

#### **5.2 Summary of Major Findings**

The objective of this study was to investigate the effects of leadership style on organization performance in Ethiopian shipping and logistics services enterprise. To clarify the given objectives, descriptive analysis expressed by the percentage and frequency to analyze the respondent's demographic parts while using the mean and standard deviation score was able to identify the Practice of leadership style in Ethiopian shipping and logistics services enterprise and also levels of organizational performance measured. Inferential statistical analysis includes the correlation and regression analyses were used to show the relationship between variables and the effect of leadership style (Independents Variables) on Organizational Performance (Dependent Variable) of this study.

With regard to the effects of transformational leadership style practices on organization performance in ESLSE, the finding of the study depicted that supervisors have made other feel good to be around them but they didn't completely faith with their supervisor. Similarly, the study finding depicted that supervisors assist respondents to find meaning about their work and supervisors have also provides appealing images about what they did in the organization. In addition to this, the finding of the study identified that supervisors have provided other with new ways of looking at puzzling thins but they didn't rethink ideas that they had never questioned before in the organization.



Likewise, the finding of the study revealed that supervisors ready to know themselves what they are doing in the organization and supervisors have also helped others to develop themselves but there was lack of providing personal attention to others who seem rejected.

The study also addressed the effects of transactional leadership style practice on organization performance in ESLSE. Based on transactional leadership style, contingent reward and management by exception have been addresses. In this regard, the finding of the study disclosed that supervisors have told others what they have taken attention in order to want rewarded on their works but providing recognition/rewards when others reached in their goals as well as calls attention to what others can get for what they have accomplished were problems observed in the organization. Moreover, the finding identified that supervisors have always satisfied when others meet agreed upon standards and also they have told the standards what they have to know to carry out our work in the organization.

On the effect of democratic leadership style on organization performance in ESLSE, the finding of the study depicted that leaders need to help subordinates accept responsibility for completing their work and effective leaders have given orders and explain procedures. In addition to this, democratic leaders are basically capable and they have given a task to do a good job in the organization.

The last objective addressed in this study was the effect of autocratic leadership style on organization performance in ESLSE on organization performance in ESLSE. The finding of the study depicted that their performance hasn't assessed only supervisor, performance requirements haven't designed according to the leaders need, most of the employee's weren't lazy and leaders haven't made decisions independently.

### **5.3 Conclusions**

In order to effectively and successfully attain the intended goal of the organization, leadership is the main determinant factors. The success or failure of an organization depends largely on the style of leadership being adopted in the organization. Under the right leadership style, employees are ready to go the extra mile in contributing their best to the growth and sustainability of the organization, whereas under the wrong leadership style, they lack the zeal and motivation to contribute the best of their quota to the organization, and invariably, a low output is experienced.

In the context of leadership style, the study concluded that inspiration motivation was one of the dominant factors of transformational leadership in the organization. This implies that the organization has motivated employees through facilitating benefit package. As a result of this, the organization can perform its mission and vision for the long run.

With regard to the effect of transaction leadership style practice, the study concluded that there was lack of providing adequate recognition/rewards when others reach their goals and lack of providing attention to what others can get for what they have accomplished in the organization.

In addition to this, the study concluded that democratic leadership practices have implemented in the organization. In this case, leaders can strongly support subordinates to accept responsibility about different works. At the same time, the leaders clearly explained orders and procedures so as to successfully achieve the intended goal of the organization.

The result obtained from Pearson correlation and multiple linear regression indicated that transformational leadership, transaction leadership, democratic leadership and autocratic leadership practice has a significant effect on organizational performance at the significant level of 0.05/0.01. The empirical studies obtained by Bhargavi &Yaseen (2016, 87-117) concluded that the impact of democratic leadership on organizational performance. The studies also addressed that different leadership style positively affects the performance of the organization, as it provides opportunities to the employees to express and implement their creative ideas, and take part in the decision-making process.

#### **5.4 Recommendations**

Based on the major findings and conclusions, the following point's forwards to address the problems encountered in Ethiopian Shipping and Logistics Service Enterprise.

- The study identified that ESLSE didn't provides damage free deliveries. To address this problem, the company strengthening monitoring and evaluation mechanisms to conduct a detail assessment of damage goods.
- Similarly, the finding of the study addressed that good inventor didn't completely conducted in the organization. To alleviate this issues, the company can conducted inventory through strengthening coordination and collaboration among government and private sectors.

- Moreover, the study identified that forecasting accuracy of shipping and logistics services hasn't well estimated in the organization. This makes to enhance misleading information about goods come from the port. To alleviate this problem, the organization applied information communication technology to enhance the accuracy of the data handling.
- In addition to this, the study identified that ESLSE time between order receipt and delivery, time on backorder and time delivery trend has a serious problem observed in the company. To address this problem, the organization can strengthen effective monitoring and evaluation mechanisms for the long run.
- The inventory of the enterprise should consider the real demand and market consideration which benefit the customer by avoiding unnecessary inventory costs and exploit fulfillment of customer as it is based on customer requirement.
- The Efficiency of ESLSE deliver of shipped orders on time and average order cycle time was poor. To address this problem, the company should design time management strategies to address goods for the customer.
- The study also identified that providing personal attention was a problem observed in the organization. To alleviate this problem, the organization should provide attention to others so as to enhance positive attitude of a person in the organization.
- The company should facilitate recognition/rewards about the best performer staffs. This helps to accomplish the organization mission and vision on a specific point of time.

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**Appendix I**  
**Sanity Mary's University**  
**Survey Questionnaire**  
**Questionnaire to Be Filled by Employees of Ethiopian Shipping and Logistic Service**  
**Enterprise.**

Dear Respondent: -

My name is MisrakTeshome conducting a thesis entitled on the "**effect of leadership style on organization performance**" for partial fulfillment of my MA in Business Administration.

The main purpose of this questionnaire is to collect necessary data for the study on different leadership style practice in Ethiopia Shipping and logistic service enterprise. This questionnaire designed to seek information for purely academic purposes and hence would not affect any one in any case. The information collected through the questionnaire is kept confidential and only used for academic purposes, and thereby, to come up with some workable solutions to overcome the known challenges and difficulties related to logistics performance practices in the enterprise. To this end, the outcome of this study highly depends upon your response. Therefore, you are kindly requested to fill the questionnaire as per the instruction, carefully and responsibly.

**Thank you for your contribution!**

**General Directions**

1. You are not required to write your name.
2. Respond to all close-ended question items by circling on the item you choose.
3. In case of any question or problem please contact me via phone and mail.

**Cell phone No:** 0911617078

**Email address:** lilyteshome1974@gmail.com

**PART I: GENERAL INFORMATION**

1 **Gender**    A. Male    B. Female

2. **Age in years**

A.18-25 B. 26-35 C.36-45 D.46-55 E.56 and above

3. **Level of education**

A. Diploma    B. Degree            C. Masters            D. PHD            E. Other

4. **years of experience**

A.0-5    B. 6-10            C. 11-15    D.6-20            E.21 and above

5. **Your current position in the enterprise.**    A. Director    B. Supervisor    C. Group leader

D. Expert    E. Other

**Part II: Examining Leadership style practice**

The following statements are designed to measure Leadership Style in your respected organization. Please indicate the level of your agreement with each of the following statements by selecting and putting a tick mark (√) in the box of your choice.

**Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), and Strongly Agree (SA)**

| No | Democratic Leadership style   | SD | D | N | A | SA |
|----|---|----|---|---|---|----|
| 1  | Leaders need to help subordinates accept responsibility for completing their work |    |   |   |   |    |
| 2  | Leaders should give subordinates total freedom to solve problems on their own.    |    |   |   |   |    |
| 3  | Providing guidance with no pressure is the key to be a good leader                |    |   |   |   |    |
| 4  | Effective leaders give orders and explain procedures.                             |    |   |   |   |    |
| 5  | People are basically capable and if given a task will do a good job               |    |   |   |   |    |
| 6  | am involved in performance appraisals to my department and decision making        |    |   |   |   |    |

| No | <b>Autocratic Leadership style</b>  | SD | D | N | A | SA |
|----|---|----|---|---|---|----|
| 1  | Employees must be given rewards or punishments in order to motivate them to achieve organizational objectives |    |   |   |   |    |
| 2  | My performance is assessed by my supervisor alone.  |    |   |   |   |    |
| 3  | Employees need to be supervised closely   |    |   |   |   |    |
| 4  | Performance requirements are designed according to the leader's needs   |    |   |   |   |    |
| 5  | It is fair to say that most employees in the general population are lazy                                      |    |   |   |   |    |
| 6  | Leaders make decisions independently  |    |   |   |   |    |

| No                                   | <b>TRANSFORMATIONAL LEADERSHIP</b>  |    |   |   |   |    |
|--------------------------------------|---|----|---|---|---|----|
| <b>Idealized Influence (II)</b>      |   | SD | D | N | A | SA |
| 1                                    | My supervisor makes others feel good to be around him / her               |    |   |   |   |    |
| 2                                    | I have complete faith in my supervisor                                    |    |   |   |   |    |
| 3                                    | I am proud to be associated with my supervisor                            |    |   |   |   |    |
| <b>Inspirational Motivation (IM)</b> |   | SD | D | N | A | SA |
| 1                                    | My supervisor expresses in a few simple words what we could and should do |    |   |   |   |    |
| 2                                    | My supervisor provides appealing images about what we can do              |    |   |   |   |    |
| 3                                    | My supervisor helps me find meaning in my work                            |    |   |   |   |    |
| <b>Intellectual Simulation (IS)</b>  |   | SD | D | N | A | SA |
| 1                                    | My supervisor enables others to think about old problems in new ways      |    |   |   |   |    |

|                                      |  |    |   |   |   |    |
|--------------------------------------|--|----|---|---|---|----|
| 2                                    | My supervisor provides others with new ways of looking at puzzling things.       |    |   |   |   |    |
| 3                                    | My supervisor gets others to rethink ideas that they had never questioned before |    |   |   |   |    |
| <b>Individual Consideration (IC)</b> |  | SD | D | N | A | SA |
| 1                                    | My supervisor helps others develop themselves                                    |    |   |   |   |    |
| 2                                    | My supervisor lets others know how he /she thinks we are doing                   |    |   |   |   |    |
| 3                                    | My supervisor gives personal attention to others who seem rejected               |    |   |   |   |    |

|                                      |  |    |   |   |   |    |
|--------------------------------------|--|----|---|---|---|----|
| No                                   | <b>TRANSACTIONAL LEADERSHIP</b>  |    |   |   |   |    |
| <b>Contingent Reward (CR)</b>        |  | SD | D | N | A | SA |
| 1                                    | My supervisor tells others what to do if they want to be rewarded for their work |    |   |   |   |    |
| 2                                    | My supervisor provides recognition/rewards when others reach their goals.        |    |   |   |   |    |
| 3                                    | My supervisor calls attention to what others can get for what they accomplish.   |    |   |   |   |    |
| <b>Management by exception (MBE)</b> |  | SD | D | N | A | SA |
| 1                                    | My supervisor is always satisfied when others meet agreed-upon standards         |    |   |   |   |    |
| 2                                    | As long as things are working, my supervisor do not try to change anything       |    |   |   |   |    |
| 3                                    | My supervisor tells us the standards we have to know to carry out our work       |    |   |   |   |    |

**PART III: Related to organizational performance**

Show Your Level of Agreement on the following item with regarding to ESLSE Using the Following Rating Scales

. 1; Strongly Disagree, 2; Disagree, 3; Neither, 4; Agree and 5; Strongly Agree

| <b>Logistics Differentiation</b> |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|
| No                               | Variables   | 1 | 2 | 3 | 4 | 5 |
| 1                                | ESLSE provides damage free deliveries                 |   |   |   |   |   |
| 2                                | ESLSE makes completed goods inventory                 |   |   |   |   |   |
| 3                                | ESLSE has forecasting accuracy                        |   |   |   |   |   |
| 4                                | ESLSE time between order receipt and delivery is fair |   |   |   |   |   |
| 5                                | ESLSE has fair time on backorder                      |   |   |   |   |   |
| 6                                | ESLSE has good record of total inventory turns        |   |   |   |   |   |
| 7                                | ESLSE has good on time delivery trend                 |   |   |   |   |   |

For the following items, please rate ESLSE logistic performance based on the previous fiscal year results (experience). 1; Very Poor, 2; Poor, 3; Neutral, 4; Good and 5; Excellent

| <b>Logistics Efficiency</b> |  |   |   |   |   |   |
|-----------------------------|--|---|---|---|---|---|
| No                          | Variables  | 1 | 2 | 3 | 4 | 5 |
| 1                           | Efficiency of ESLSE ship orders to customers from the primary location |   |   |   |   |   |
| 2                           | Efficiency Of ESLSE Deliver Of Shipped Orders                          |   |   |   |   |   |

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
|   | On Time   |  |  |  |  |  |
| 3 | Efficiency Of ESLSE To Shipments Requiring Expediting |  |  |  |  |  |
| 4 | Efficiency Of ESLSE To Inventory Turns Per Year       |  |  |  |  |  |
| 5 | Efficiency Of ESLSE To Average Order Cycle Time       |  |  |  |  |  |

For the following items, please rate ESLSE logistic performance based on the previous fiscal year results. 1; Much worse, 2; Worse, 3; Neutral, 4; Better and 5; Much better

| <b>Logistics Effectiveness</b> |  |   |   |   |   |   |
|--------------------------------|--|---|---|---|---|---|
| No                             | Variables  | 1 | 2 | 3 | 4 | 5 |
| 1                              | The Effectiveness of Transportation costs Of ESLSE is increase |   |   |   |   |   |
| 2                              | The Effectiveness Of Warehousing Cost Of ESLSE is high         |   |   |   |   |   |
| 3                              | The Effectiveness Inventory Cost Of ESLSE is high              |   |   |   |   |   |
| 4                              | The Effectiveness Of Total Logistics Cost Of ESLSE is high     |   |   |   |   |   |
| 5                              | The Effectiveness of Sales in Birr Of ESLSE is increase        |   |   |   |   |   |

**Thank you for your contribution!**



## **Appendix II**

### **Interview guiding questions**

1. To what extent transformational leadership style practice on organization performance Ethiopian shipping and logistics services enterprise?
2. To what extent transactional leadership style practice on organization performance in Ethiopian shipping and logistics services enterprise?
3. What is the effect of democratic Leadership style on organization performance in Ethiopian shipping and logistics services enterprise?
4. What is the effect of Autocratic leadership style on organization performance in Ethiopian shipping and logistics services enterprise?
5. What are the major challenges affecting leadership practice in your organization?
6. What are the possibilities to mitigate the challenges occur in the leadership practice?

**Thank you for your contribution!**