



**ST. MARY'S UNIVERSITY
DEPARTMENT BUSINESS ADMINISTRATION**

**Effects of leadership style on employee performance in Commercial
Bank of Ethiopia Head Quarter, Addis Ababa, Ethiopia**

**A Thesis Submitted to St. Mary's University Department of Management in Partial
Fulfilment of the Requirements for the Degree of Master of Business Administration
(MBA)**

**By: Kidist Ephrem
SGS/0029/2014A**

**June 2024
Addis Ababa, Ethiopia**

**ST. MARY'S UNIVERSITY
DEPARTMENT BUSINESS ADMINISTRATION**

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*"Effect of Leadership Style on Employee Performance in Commercial Bank of Ethiopia Head
Quarter, Addis Ababa, Ethiopia*

BY: Kidist Ephrem

Approved by the Board of Examiners:

Dean Graduate Study



_____ Advisor	_____ Signature	_____ Date
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_____ Examiner	_____ Signature	_____ Date

DECLARATION

I, the undersigned, declare that this study entitled “Effects of leadership styles on employee performance in Commercial Bank of Ethiopia Head quarter, Addis Ababa, Ethiopia” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged.

Kidist Ephrem

Signature _____

Date _____

LETTER OF CERTIFICATION

This is to certify that Kidist Ephrem has completed her thesis titled **Effects of Leadership Styles on Employee Performance in Commercial Bank of Ethiopia, Addis Ababa, Ethiopia** under my supervision and guidance. This thesis is original in nature, and, in my opinion, it is suitable for submission in partial fulfillment of the requirements for the award of Master of Business Administration (MBA).

Advisor:

Dr. Berihun Muche (PhD)

Signature  _____

Date June 10, 2024

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Kidist Ephrem

June,2024

Abstract

The purpose of this thesis is to determine the effect of leadership style on employee performance with the case of employees of Commercial bank of Ethiopia headquarters. Adequate review of past literature on the topic has been done to establish conceptual framework. Accordingly Transformative, Transactional, Laisses-faire, Democratic, Charismatic, Servant leadership, Autocratic, & bureaucratic leadership style were the independent variables and employee performance is the dependent variable. The research design was Descriptive as it employs a regression model to describe how each leadership style influences employee performance. A quantitative research approach was used to quantitatively assess whether there exists a relationship between leadership style and employee performance. A structured questionnaire has been adopted from valid past research and has been used to capture data from randomly selected 370 respondents who are employees of Commercial bank of Ethiopia Head Quarter. 336 have successfully completed the questionnaires giving a response ratio of 91%. Data was encoded to SPSS 25 and was analyzed using a multiple regression analysis. Assumption tests for a multiple regression model were done and it was found that the model met all the assumptions of normality, linearity, multicollinearity and Homosdacity. Histogram of a residual, q-q plot, VIF test and Scatter plot of residuals were used respectively to test all the mentioned assumptions. All assumption tests were duly met. The regression model had r-square of 0.494 entailing that it explains 49.4% of the variance in the dependent variable. It was found that Transformational leadership style, transactional leadership style and Democratic leadership styles had a higher effect on employee performance with a regression coefficient of 0.406, 0.239 and 0.107 respectively. Accordingly, it was recommended that Commercial Bank of Ethiopia shall encourage Transformative, Transactional and Democratic leadership styles as they have significant positive impact on employee performance and shall not encourage other leadership styles as they had insignificant effect on employee performance.

Key Words: *Transformative, transactional, laisses-faire, charismatic, autocratic, servant leadership, Bureaucratic, Employee performance, Commercial Bank of Ethiopia*

TABLE OF CONTENTS

DECLARATION ii

LETTER OF CERTIFICATION..... iii

ACKNOWLEDGMENT iv

Abstract..... v

List of tables..... viii

List of Figures..... ix

List of Acronyms x

CHAPTER ONE: INTRODUCTION 1

1.1. Background of the study..... 1

1.2. Statement of the problem 3

1.3. Research objectives 5

1.4. Research Questions 5

1.5. Significance of the study 6

1.6. Scope of the study..... 6

1.7. Limitation of the study..... 7

1.8. Organization of the thesis 7

2. CHAPTER TWO: REVIEW OF RELATED LITERATURE 8

2.1. Introduction 8

2.2. Theoretical Review 8

2.3. Empirical Review 16

2.4. Research gap..... 20

2.5. Conceptual Framework..... 20

2.6. Hypothesis of the study 22

3. CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY 23

3.1. Introduction 23

3.2. Research Design and Approach 23

3.3. Type and source of data 24

3.4. Sample size and sampling technique 24

3.5. Data collection tool..... 25

3.6. Reliability and Validity 25

3.7. Data processing and analysis..... 26

3.8.	Ethical consideration	26
4.	CHAPTER FOUR:DATA ANALYSIS, PRESENTATION AND INTERRETATION.....	28
4.1.	Demographic characteristics of respondents	28
4.2.	Correlation analysis	29
4.3.	Regression Analysis.....	30
4.4.	Model Summary of the Dependent Variable.....	34
4.5.	ANOVA.....	35
5.	CHAPTER FIVE: CONCLUSION AND RECOMMENDATION	39
5.1.	Summary of Major Findings.....	39
5.2.	Conclusion.....	40
5.3.	Recommendation.....	42
5.4.	Areas for future study	42
	References.....	43
	Annex-Questionnaire.....	47

List of tables

Table 3. 1. Reliability of Items	25
Table 4. 1. Demographic profile of Respondents.....	29
Table 4. 2. Correlation analysis.....	30
Table 4. 3. Multicollinearity test	33
Table 4. 4. Model summary of variables	34
Table 4. 5. ANOVA Table.....	35
Table 4. 6. Regression coefficients of variables.....	36
Table 4. 7. Summary of hypothesis testing results	40

List of Figures

Fig 2. 1. Conceptual framework of the study	21
Fig 4. 1. Normality Test.....	31
Fig 4. 2. Linearity assumption test	32
Fig 4. 3. Homosdacity test.....	33

List of Acronyms

ANOVA: Analysis of Variance

CBE: Commercial Bank of Ethiopia

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Organizations across the globe strive to excel in performance. Employees' being as the center of organizational assets are invaluable sources of power in pursuit of meeting this objective. Leadership creates a glue to effectively and positively influence employees to go in the direction of organizational visions and missions. As per Khajeh (2018) a leadership to be best, it needs to comply with internal and external changes to meet organizational mission and vision which in turn leads to reduced challenges of misconduct, high employee turnover and organizational financial performance. Speaking of the importance of leadership Northhouse (2007) has stated that good leadership plays its own role to help both profit making and non-profit making organizations successful and without it they tend to move slowly, get stagnate or lose. Oladipo et al. (2013) as goes to the extent of remarking that even the business continuity or termination could be attributed to leadership (as cited in Yitawork, 2020).

Taking of role of leadership and how it influences performance, it is not uncommon to discuss the various attributes of leadership role as indicated by leadership style. Different leadership styles have been used by different leaders depending on contexts (Reddins, 1990). Hence it is not wrong to say that the best leadership style is one that brings desirable outcome for individual workers and the organization in general.

Globally it is agreed by scholars that there are three main leadership styles namely Autocratic leadership, democratic leadership and Laissez-faire leadership style. The earlier involves a leadership style whereby the leader decides by his own and make the others follow the same. It is strictly followed by them and failure to abide leads to penalty. Democratic leadership is a style where the leader gives his followers to have their say, incorporates their feedback for decision making. Laissez-faire is a free flow model whereby the leader entirely allows his followers to decide by themselves not just him.

Past Studies have come across a finding that the autocratic leadership style has very significant impact on employee performance (Adeyemi, 2010; Belonio, 2011; Nuhu, 2010). whereas other studies have found that an autocratic leadership style has no significant impact on employee performance (Dolatabadi & Safa, 2010; Obiwuru, Okwu, Akpa & Nwankwere, 2011). Moreover, democratic leadership style exerts a significant effect on the dependent variable namely employee performance (Nuhu, 2010; Belonio, 2011; Umer, Adnan, Adnam and Inam-ul-Hassan, 2012) while Tandoh (2011) found that people-centered, participatory democratic leadership style has no significant impact on employee job performance. Another study has found out that there was a significant positive and direct effect relationship between employee performance and the two common leadership styles of transformational and transactional but an adverse relationship with the laissez-faire style of leadership (Raja & Palanichamy, 2015). Tugume (2018) in his work on the effect of leadership styles on employee performance in Nakawa

Urban council, Uganda indicated that there is a significant positive relationship between participatory leadership style and employee performance

Coming to the very case of Ethiopia a number of studies have been conducted in relation to the relationship between leadership style and employee performance(Bekele, 2017; Belete et al, 2023;Biqila, 2020; Demelash & Jeyabrabha, 2022; Ermias, 2020; Getu, 2018; Liya, 2018; Melkamu, 2021;Natnael, 2017; Temesgen, 2021; Tenayenesh, 2021; Yiheyis, 2017; Yitawork, 2020) are among these that conducted their study on effect of leadership style on performance in the case of Ethiopia. The stated studies have been undertaken taking different organizations from different sectors. The study by Bekele (2017), Biqila (2020), Belete et al. (2023), Yitawork(2020) & Jember(2015) have been undertaken on the public enterprise sector like educational institute, railway enterprise, sugar enterprise. Meanwhile Demelash & Jeyabrabha (2022), Getu (2018), Ermias(2020) and Yiheyis (2017) have based their study on the case of Government organs like city administration, sub city and Land agency. Among the studies undertaken in the case of Ethiopia only Natnael (2017), Liya (2018) & Mohammed (2016) have based their study on the particular case of Banks. And among the earlier only Natnael have undertaken their study on the case of Commercial bank of Ethiopia.

Liya has undertaken her study on the case of Wegagen Bank and has used a basic model incorporating only three leadership styles in her independent variable empirical model namely Laissez-faire Style, Transactional leadership style and transformational leadership style. Likewise Mohammed (2016) has undertaken his study on a case of other private bank i.e Dashen Bank but unlike Liya (2018) has incorporated a whole range of Laissez-fair, transactional, transformational, autocratic, democratic, charismatic and bureaucratic leadership styles. Natnael on the other hand has undertaken a study on the case of CBE Jimma district and has used a wide range of leadership styles as independent variables namely Laissez-fair, transactional, transformational, autocratic, democratic, charismatic leadership styles.

The fact that Commercial bank of Ethiopia constitutes more than half of the total disbursed loan by all bankers in the country and the fact that it has unmatched deposit mobilization and branch networks put the number of studies done on it as inadequate and is one reason for this study. At the end of this study, it would be discussed how leadership styles affect employee performance as compared against other banks. The other reason for this study to be undertaken is the mere fact that previous research in this topic has been undertaken in districts outside of Addis Ababa. Hence this research aims to fill the gap and enable intra work unit comparison within CBE. The last but not least is the reason that this study aims to fill in the gap of study variables. Although Natnael (2017) and Mohammed (2016) has made use of larger number of independent variables the researcher believes that others could also be added as far as leadership styles are concerned. This would be of paramount importance in enhancing the comprehensiveness of the study.

1.2.Statement of the problem

It is quite very common to read that leadership is critical for the performance of employees. Employees to help their organizations to attain their goals need a constant assistance from their leaders. According to Ademola (2020), The way a company needs to manage and increasingly improve their efficiency to accomplish goals and lack of this coupled with a wrong leadership style could lead to failure in performance. Chowdhury (2014) on the other hand stated that leadership qualities are prerequisites for building employee commitment which in tun will lead to creation of employees that give their best for organizational success. Further reviewing what

Abwalla (2001) stated we found out that even at lower tier of bank organizational hierarchy the bank supervisors can either accelerate the achievement of goals of the bank or entirely destroy the financial stability of the bank.

Having explored that leadership is at the heart of employee and organizational performance, it is necessary to find out how and why leadership is critical. From the literatures there are several leadership styles that leaders in different companies display. Leaders have a tendency to apply different leadership styles depending on circumstances. Autocratic, *laisses-faire*, Democratic, transformational, charismatic, bureaucratic, and transactional have been mentioned by various literature (Ebrahim, 2018; Natnael, 2017; Mohammed, 2016; Flora, 2020).

Although there is no much difference on identification of leadership styles, there is pretty much when it comes to their impact on employee performance. What one finds out the impact of one leadership style the other would find out that it entails no significant effect on employee performance. Osaro (2022) in his study of effect of leadership style on the case of Turnell PLC has found out that *Laisses-faire* and transformational leadership significantly and positively affects employee performance whereas transactional leadership was found to have a negative impact on employee performance. Liridon et al. (2017) on the other hand shares the findings of Osaro partially. According to the former *Laisses faire* added with charismatic, transactional and bureaucratic leadership styles have a negative impact on employee performance though it is not that significant. Whereas Mohammed (n.d) in his assessment of the impact of leadership style by Federal medical Centre in Niger has concluded that all Autocratic, transformational and *laisses-faire* styles have a significant impact on employee performance.

Even within the scope of Ethiopia there are different findings of impact of leadership style on performance. Mohammed (2016) on his study of Dashen Bank has found out that all styles i.e Autocratic, *Laissez-faire*, democratic, charismatic, transactional, and transformational leadership have no significant impact on employee's performance. Ermias (2020) in his study of impact of leadership style on performance in the case of Dessie city administration has found out that only transformational and *laisses-faire* styles have a significant positive impact on performance.

Evident from the above paragraphs is that the effect of leadership style on performance are contextual and could be different from one another even for same sector businesses like banks.

This study therefore aims at giving an insight of the impact that leadership styles have on employee performance with a specific case of Commercial bank of Ethiopia headquarters.

1.3. Research objectives

1.3.1. General objective

The overall objective of this study is to investigate the effect of leadership style on employee performance in Commercial Bank of Ethiopia head office.

1.3.2. Specific objectives

1. To identify the leadership style that are being implemented in commercial bank head quarter.
2. To explain the effect of Transactional leadership style on employee performance.
3. To explain the effect of transformational leadership style on employee performance.
4. To explain the effect of laisses-faire leadership style on employee performance.
5. To explain the effect of charismatic leadership style on employee performance.
6. To explain the effect of autocratic leadership style on employee performance.
7. To explain the effect of Democratic leadership style on employee performance.
8. To explain the effect of bureaucratic leadership style on employee performance.
9. To explain the effect of servant leadership on employee performance.

1.4. Research questions

- What is the effect of transactional leadership style on employee performance?
- What is the effect of transformational leadership style on employee performance?
- What is the effect of laisses-faire leadership style on employee performance?
- What is the effect of charismatic leadership style on employee performance?

- What is the effect of autocratic leadership style on employee performance?
- What is the effect of Democratic leadership style on employee performance?
- What is the effect of bureaucratic leadership style on employee performance?
- What is the effect of servant leadership style on employee performance?

1.5. Significance of the study

This research and its findings would be useful to future researchers and academicians to have enhanced insight on leadership styles as antecedents of employee performance and would be used for comparing intra bank and interbank differences in perception of leadership styles as well as the effect they have on performance. Leaders across all companies and organizations could also make use of this research findings as it could somehow show what leadership styles could do to their employees and hence accordingly could benchmark the leadership style that could better work for them.

1.6. Scope of the study

1.6.1. Methodological scope

To address the statement of the problem stated above, this research is delimited to studying the effect of leadership styles on employee performance at Commercial Bank of Ethiopia head quarter. The study focuses on how leadership style is perceived by employees and how they are related to employees' performance. To measure the effect of leadership style the research employes a regression model, and to identify the relationship of each independent variable with the dependent variable a correlation analysis is done. The dependent variables are Transactional, Transformative, Autocratic, Democratic, Laissez faire, charismatic, Bureaucratic and Servant leadership styles. The dependent variable is employee performance

1.6.2. Geographic scope

The research has been done in the head quarter of Commercial bank of Ethiopia and has studied employees of CBE there. Employees in branches are not in the scope of this study. So, generalizability is delimited to the head quarter only

1.7.Limitation of the study

The major limitation arises from the scope of the study. The study outputs reflect the case of the Commercial Bank head office employees only. Results could vary had other branches or regions were included.

The study has faced the following limitations:

- The study is done only on one bank among several banks that exists in the country and even further is limited to head quarter of the bank. hence generalizability is limited accordingly
- The research employed only a quantitative approach. This might limit the depth in findings as it overlooks qualitative assessment of leadership styles

1.8.Organization of the thesis

This research paper is organized in five chapters. First chapter presents the introductory part comprising background information, problem statement, objectives, research question, significance, and scope. Second chapter bring theoretical and empirical review before presenting conceptual framework. The third chapter brings Methodology comprising research design and approach statement, sampling, Data type and source, validity and reliability, data processing and analysis. The fourth chapter states the Results obtained from the data collected via the questionnaires and discussions are drawn based on findings. Finally in chapter five Conclusion and Recommendations are made.

2. CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1.Introduction

Literature review involves a systematic review of previous research and analyzing different materials that are done in relation to topics related to the research. These materials could be either theoretical or empirical. Reviewing literature helps a researcher to get knowledge and have an insight of the angle with which others see a topic (Blaxter et al., 2010). This part of thesis presents a review of both theoretical and empirical literatures related to the study. After assessing how past studies Past studies are important and based on present contexts the researcher has put forward a conceptual framework depicting how the variables under study are related.

2.2.Theoretical Review

Definition of concepts

Leadership has been defined somehow in similar manner by many scholars. Peris (2012) understood leadership as a reciprocal process of social influence whereby leaders and subordinates influence each other in pursuit of organizational goals. Yukl (2006), defined leadership as a process of influencing followers to reach consensus of what is to be done and the actions to be taken to achieve and the process of collectively working towards a common objective. Leadership style is viewed as a totality of characteristics, traits and behaviors through which leaders interact with subordinates. (Mitonga-Monga & Coetzee, 2012). Bizhan Sh, (2013) see leadership as a managerial behavior that is designed to integrate personal or organizational interest and effect, in pursuit of some objectives. Reviewing all the above-mentioned definitions of leadership, one can be pretty sure that leadership involves an end objective and the manner in which it is applied. The latter is well related to what is called leadership style.

Leadership style

Thomas (2002) defined leadership style as the quality of personality that is illustrated in terms of how leaders display quality regarding to their ability to convince others to follow. Mullins (2000) defined leadership style as “the way in which the functions of leadership are carried out and the manner that a manager chooses to behave towards employee”. Leadership style is evaluated based on engagement in different case scenarios with the way a leader interacts with his or her subordinates. The term style is roughly amounts to the leader’s behavior. It is the way in which the leader influences the followers (Luthans, 1977). Northouse (2007) argues that leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Leadership style is also the manner or approach of providing, directing, enforcing plans, and motivating people which includes the overall outline of explicit and implicit supervisions and actions taken by leaders.

Types of leadership style

Tannenbanum and Schmidt (1958) identified four different types of leaders which have been most widely accepted and used. These leadership styles that have evolved from Mc Gregor’s theory of ‘X’ and ‘Y’, are democratic, autocratic, dictatorial, and laissez faire leadership styles. Lippit and White (1943) identified three general leadership styles namely autocratic leadership style, democratic leadership style, lassie fair leadership style. Ebrahim (2018) has mentioned transformational leadership, transactional leadership, autocratic leadership, democratic leadership, bureaucratic leadership and charismatic leadership styles. According to modern leadership styles, leadership styles can be categorized as transformational leadership style, transactional leadership style, culture-based leadership, charismatic leadership, and visionary leadership (Harris, et al., 2007).

Transformational leadership style

Transformational leadership can be defined as the process by which leaders tries to transform their subordinates to a new awareness and performance level by motivating them. (Jacobsen,

2013). The concept of transformational leadership was initially introduced by James V. Downton (2001) where a leader tends to create teams to identify needed changes, inspire them to be the change itself and implementing the change entirely. It is a leadership approach that will transform followers in such a way that they excel expectations. Transformational leaders shape the way followers see themselves and create alignment between their personal objective and collective organizational goals (House et al., 2004). Transformational leaders use inspirational motivation and intellectual stimulation to encourage followers in their efforts to promote task performance. There are Four dimensions of transformational leadership namely idealized influence (including both idealized influence attribute and idealized influence behavior), individualized consideration, intellectual stimulation and inspirational motivation (Avolio, Bass and Jung, 2004)

Idealized influence

According to Bass and Riggio (2009) leaders' manner is in such a way that followers consider them as role models and want to replicate them. To followers' leaders have outstanding capabilities and demonstrated experience and persistence hence are admired and trusted and trusted. The leader is known for high ethical and moral standards. The leader demonstrates high standards of ethical and moral conduct and uses power for the common good (Avolio & Bass, 1994). In other hands, Idealized influence has the tendency of making sacrifices and leading exemplary life and also used to make good impressions about oneself (Yukl, 2010). Bass and Avolio (1990) classified idealized influence as idealized influence attributes and idealized influence behavior. Idealized influence attributes occur when followers identify with and follow those leaders who are trusted and seen as having an attainable mission and vision. Whereas idealized influence behavior refers to a leader behavior which results in followers identifying with leaders and wanting to emulate them.

Individualized Consideration (IC)

One behavior among many of leaders are acceptance of differences (Bass & Riggio, 2006). This entails continued support, encouragement, and training for use in promoting follower's self-awareness. The leader pays special attention to all his followers based on their specific needs by acting as a coach. Increased consideration and tailored treatment enhance higher levels of

potential realization. new learning opportunities and supportive climate are the inducements for individualized consideration (Yukl, 2010).

Inspirational motivation

According to Northouse (2013) it is the primary character of leaders to communicate followers to have high expectations and inspire them that they can achieve it all to make them feel part of the shared vision in an organization. These leaders do more on emotional appeal and intelligence to enable group members achieve more than what they believe they can achieve. This leadership creates strong spirit among the team to perform in full capacity.

Transactional leadership style

Transactional leadership as the name indicates refers transacting something of value i.e. economical, political, or psychological value with a follower upon achieving something in return. For this to happen the leader shall communicate the requirements that the follower must fulfill and the follower is fully aware and have understood to respond to the value offered by the leader by giving maximum commitment and effort (House et al., 2004). It is based on the exchange of rewards contingent on performance (Avolio et al., 2009). According to Bass and Riggio (2006), this leadership involves giving reward to follower when the latter's performance meets or exceeds expectations. Jacobsen (2013) have also put contingent rewards and not only that but also sanctions to instigate the employee to have self-initiation to achieve goals. overall, by transactional leadership the performance level by the leader is the guiding point to reward or not to reward a follower.

Democratic leadership style

Collective decision is made by a participative discussion where group members freely express their ideas for a leadership to be called democratic leadership style (Mullins, 2005; Guneser, 2016). This leadership styles allows employees to have their opinion considered in decision making, policy formulation and implementation of systems. Heneman and Gresham (1999) commend that democratic leadership promotes sharing of responsibility and practice of delegation. Democratic style lets the leader the capacity to make decisions in a a social equality manner by the group members (Guneser, 2016;Robbins, 1993).

laissez -faire leadership style

The laissez-faire leadership is a style that gives maximum freedom for employees to do what they think is appropriate with the presumption that employees know best what to do for the job as far as some tasks are concerned. On the other if the leader is a candidate for a position and wants to have a good image to be elected may use this leadership style not to lose the chance of being elected. This leadership style may not bring desired results depending on the behavior of the follower. The best indicators of this leadership style are the do nothing approach by leaders as expressed by staying away from employees, being inactive and by removing supervisory positions (Qayyum, 2012).

Autocratic leadership style

Autocratic leadership is the equivalent of dictatorship or tyranny as far as corporate set up is concerned. It has been applied for over long years and is regarded as a classical leadership approach. This leadership is characterized by complete authority given to the leader while giving very few or none to the followers. The followers have little room to rationally question or debate the leaders' direction. The foundation for this leadership style is Douglas McGregor's Theory X that considers employees to be lazy and dislike work. In the words of Adebakin and Gbadamosi (1996) an autocratic leader is one who has the keenness of protecting his position and puts little trust on his employees. For the leader reward is the only reward that can motivate employees. "Autocratic leadership is a style whereby the boss only has decision making rights with no shared vision, little motivation, commitment, creativity and innovation" (Khan, et al., 2015). Autocratic leaders depend on their own judgment and knowledge to make decisions and hardly accept consultation from others and has an absolute control over a group. Many literatures have equated autocratic leadership with authoritarian simply owing to the strong positive correlation between the two. (Chemers, 2014; Schuh, Zhang, & Tian, 2013; Svolik, 2013)

Charismatic leadership style

This leadership style has less tangible characteristics and is based on leaders' ability to provide a conducive environment for employees in such a way that they can develop positive energy and are reinforced to a positive performance (Bell, 2013). Charismatic leaders have the primary task

of inspiring their employees and to be viewed by their followers as charismatic so that their subordinates do their best to please them.

Servant leadership style

There are some leaders who lead with the belief in mind that it is most effective to strive to serve others rather than control power over them including customers, partners, employees, and community. Such a leadership is regarded as servant leadership style. Greenleaf (1970) was the first to bring up the term servant leadership style and it has been appreciated by later scholars like Blanchard (2002) and Covey (2006). Servant leaders value interacting with people, caring for their needs and concerns are not source of stress to their employees and accordingly influence their employees in a positive manner (Snyder et al., 2010). Employees and the organization are their priorities (Jenkins & Stewart, 2010; Chiniara & Bentein, 2016)

Leadership theories

Situational/contingency theory

Contingency theory as one of the theories in leadership was developed by Fred Fielder in mid 1960s. This theory states that leadership style depends on the particular situation the leader is in. The assumption of the theory is that other factors i.e. moderating factors are in between the leadership style and organizational outcomes and hence the outcomes/performances cannot be predicted by leadership style, unless the situational variables are known (Cheng and Chan, 2002)

Fiedlers who has contributed to the contingency theory states that leaders find themselves in differing situations and they would find success in some situations and not in all. However, the situational approach does not deny the importance of the leaders' traits or behavior (Lunenburg and Ornstein, 1996)

Behavioral theories

Behavioral theories of leadership focus on the behavior of the leader and the reaction it produces from employee's side. Here the focus is on what the leader do and how the action brings response. Measuring instruments that examine leader's behavior and employee satisfaction are one reflection of this leadership behavior. The very styles that are discussed on this research paper i.e. Autocratic, democratic, laissez-faire and others are reflective of these theories. Lewin,

Lippitt and White (1939), Mc Gregors' theory(1960) the Managerial Grid Model of Blake and Mouton (1964) and the Ohio state university of Michigan models can be mentioned on this regard.

Trait theory

Trait theory of leadership distinguishes leaders from non-leaders by way of inherited personal qualities and characteristics or traits. These traits could be personality, social, physical or intellectual. According to Hersey and Blanchard (1988) this mode traces back to early 1900s being the first attempt to understand nature of leadership.

Max Weber termed charisma as a force that could revolutionize and produce a new orientation that could change the employee's devotion to the followers with superhuman qualities and powers. (Burns, 2003)

Leadership trait theory is the idea that are people are born with innate traits that make them good leaders as per the great man theory of Carlyle (1993). Since certain traits are associated with proficient leadership, it assumes that if you could identify people with the correct trait theories abound to explain what makes an effective leader.

Traits could serve two purposes. Either they identify leader from followers or effective leaders from non-effective leaders. However, the problem of assessing leader effectiveness in different situations is more complicated than identifying who is the leader. Ibukun and Oyewole (1997) observed that intelligence in relative others in the group and self-confidence are necessary traits to qualify as a good leader. However, people are that are knowledgeable in one area are not in other and also people that are self-confident in one situation may not be the same in other. Past studies failed to confirm the importance of traits in creating leaders. And that there was a weak correlation between leader intelligence and leader effectiveness (Stogdill, 1974). A leader with certain traits may be effective in one situation but still could fail on the other.

Transformational leadership theory

Before 1960, the transactional and contingency theories were the dominant in leadership studies as the examining of leadership was based on traits and situation. By 1960 leadership was changed to a study of trait and situation combined with transaction between leaders and

followers (Bass, 1990). This leadership style is the most abundantly researched till date (Bass,1985).

Transactional theory

The transactional leadership refers to a leadership style based on a treaty between leader and follower whereby values are exchanged (House & Shamir, 1993). The reciprocity between the leader and the followers influences the relationship between the two.

Merit pay, promotions and better working conditions are exchanged for excellent performance and achieving of results and the leaders pay focus on each and every error, avoid responses & delayed responses. This is accompanied by continuous monitoring and proactive intervention when performance goes wrong. management by exception is a term used to capture this monitoring and intervention. if the intervention is very active and happens too often it is regarded as active management by exception. otherwise, it is called passive. (Avolio& Bass, 1997).

Employee performance

Employee performance refers to the capability on the part of employees to carryout tasks assigned to him/her as per the target set to him by the organization. The effectiveness of a leader, regardless of whether positive or negative, may be assessed through employee performance and organizational growth. Pattanayak (2005) states that the overall performance of an employee can be a consequence of his or perhaps her behavior on the job that can easily be observed as well as assessed. Basically, Pattanayak views employee performance as “the contribution of an individual towards the realization of organizational goals and objectives”.

Objectively, the performance of employees can be measured both objectively and subjectively. objectively it can be measured through profit, return on investment, quality of work and market share. Subjectively it can be measured through employee manner, employee commitment etc. (Erkutlu, 2008). Employee performance is the reason behind a successful leadership and organization. The purpose of each organization is creating an enabling environment to maximize performance of employees so as stay competitive in a competitive market environment.

According to Prasetya and Kato (2011) performance is attained result of actions based on the skills of employees under some situation. It is a collaborated effort by employees to enhance

productivity and profitability that leads to success of an organization (cited in Basit, et al., 2017: Pattanayak, 2005). Hakala (2008) on the other hand defined performance management as an ongoing activity done by all managers and their subordinates using measurements like quantity, quality, timeliness & cost effectiveness.

2.3. Empirical Review

According to Meyer & Botha (2000) on the Canadian financial industry it was found that transformational leadership is strongly correlated with higher employee satisfaction and individual/organizational performance than transactional leadership. Many previous research works claim that strong leaders have led to higher employee performance than weak leaders and that transformational leadership outweighs transactional leadership in bringing higher performance (Burns, 1978; Bass, 1990; Hater & Bass, 1985; Howell & Avolio, 1993). Hayward et al. (2003) in their study on South Africa pharmaceutical organization has found out that transformational leadership is more effective than transactional leadership in enhancing employee performance with a result of significant positive correlation between the two but not the same for transactional leadership. Another study in Uganda done specifically on Mbale district local government has witnessed that there is a moderate high positive relationship between all the main leadership styles i.e autocratic, democratic, and laissez-faire styles with performance (Aboshaiqah, et al., 2014).

Democratic leadership is related with higher employee participation and involvement in decision making with increased productivity and satisfaction (Hackman & Johnson, 1996). Groups satisfaction and support for leadership are higher when there is democratic leadership (Bass, 1990; Stogdill, 1974)

Another study done by Ipas on hotel industry (2012) entitled ‘The Influence of Leadership Styles on Performance of Employees.’ Founded that autocratic is more commonly used and it has positive impact on employee performance. Ojokuku et al. (2012) undertook a study on impact of leadership style on performance on the case if banks in Ibadan Nigeria and has founded out that leadership style has a huge impact on employee performance and that transformational and democratic styles are better for employee performance.

On Gumusluoglu & Ilsev (2009); Mahdinezad, Suandi, bin Silong and Omar (2013) has in same manner with Ipas (2012) founded out that transactional leadership is a positive influencer of employee performance. On the other hand, in the contrary other researchers have found out that transactional leadership is negatively related to employee performance(Lowe, Sivasubramaniam and Kroeck, 1996; MacKenzie, Podsakoff & Rich, 2001; Steyrer and Geyer, 1998; Proctor-Thomson & Parry, 2002). Adeyemi (2010) on the other hand found out that performance is higher when neither transactional nor laissez-faire leadership is applied. Rather when autocratic leadership was applied results were better for school teachers.

Kalsoon et al. (2018) on his study of impact of transformational and transactional leadership styles in FMCG industry in Pakistan has concluded that both leadership styles have a positive correlation with employee performance.

Kehinde and Banjo (2014) has a finding that transformational leaderships bring effective results as it motivates employees and push them to go further beyond expectations. Ristow et al. (1999) has previously founded similar result when he studied the effect of leadership style on the case of administration of cricket in south Africa.

The study conducted by Okwu et al. (2011) using the Multifactor Leadership Questionnaire (MLQ) to determine effect of leadership styles on performance in small-scale enterprises showed that transactional leadership style had significant positive impact on performance while transformational leadership style had positive but insignificant impact.

Liridon (2017) has undertaken a study among 150 Managers of 50 private enterprises (Medium and Large) in Kosovo, distinguishing between medium companies that employ from 50 to 250 staff and large-sized companies whose number of employees is greater than 250. The sample was drawn on 150 managers from 50 private enterprises, Company's charismatic, bureaucratic, laissez-faire and transactional style of leadership have negative effect on employee performance.

Mohammed & Tanimu (n.d) has undertaken a study on the effect of different leadership styles on the job performance of health workers at Federal Medical Centre taking sample size of 82 from a sample frame of 1400 and found out that democratic leadership style has significant impact on the job performance of health workers while autocratic and laissez-faire leadership styles have less or no significant impact on the job performance of health workers.

Ademola (2020) has undertaken a study on the effect of leadership style on employee performance on the case of Chi square limited company and has found out that Transformational, transactional and Laissez-faire styles of leadership, all significantly affected employee performance in a positive way. Authoritative leadership style had a significant but negative effect on employees' performance.

Ebrahim (2018) has found out that charismatic, bureaucratic, and transactional leadership styles have negative relationship with organizational performance. Transformational, autocratic, and democratic leadership styles, on the other hand, had a positive relationship with the organizational performance.

Osaro (2022) on his study on 156 sampled respondents from Turnall holdings have found out that transformational and laissez-faire styles significantly and positively impact employee performance. Whilst transactional leadership is found to have a negative impact.

Empirical literature from Ethiopia

Ermias (2020) has studied the effect of leadership style on the case of employees of Dessie city administration office and has found out that there is a negative and insignificant relationship between transactional and autocratic leadership styles and employee's performance. Laissez-faire leadership style also has positive and significant effect on employee's performance.

Getu (2020) has undertaken a study on same topic basing his survey on employees of economic sectors' of the Oromia regional state by administering a MLQ survey to 186 respondents have found out that Transformational and transactional leadership are positively related to performance whereas Laissez-faire is negatively related to it.

Liya (2018) on her study of the topic on the case of Wegagen bank head quarter employees has found out that the leadership style in place by leaders of Wegagen bank tends to be a mix of both the three major leadership styles and the leadership style has significant contribution for employees' performance. Managers using the transactional leadership style the leadership style employed by Wegagen Bank tend to be more of transformational though there is a sentiment of a laissez-faire and transactional at times.

Yitawork (2020) in his study of the effect that leadership style has on employee performance in the case of Ethiopian railway corporation has found out that 43 percent of the employee reported that in the corporation autocratic leadership style practiced predominantly by the leader having absolute power over his staffs and affected employee performance negatively

Yiheysis (2017) has studied the effect of leadership style on a particular case of Ethiopian agricultural investment land administration agency and concluded that employee job performance would be higher under democratic and transformational leadership and to be lowest under autocratic leadership.

Biquila (2020) based on his investigation of the possible impacts of leadership style on the performance of employees of Omo Kuraz factory has come across the finding that democratic and laissez-faire styles have significant positive effect while autocratic style affected employee performance score more adversely

Demelash & Jeyaprabha (2022) has conducted a study on Bole sub city administration employees taking 110 of them as a sample and has reached out that transformational and servant leadership behaviours positively and significantly influence employees' performance at the workplace. And the remaining Autocratic and transactional leadership behaviors are not significant in influencing employees' performance.

Belete et al. (2023) has researched the same top on the midwifery business by engaging in a cross-sectional survey of the autocratic leadership style was predominantly practiced by midwifery leaders with a mean score of 2.996 followed by democratic (Mean=2.632) and laissez-faire (Mean=2.49) leadership styles. Inferential statistics (Correlation) analysis revealed a positive relationship between democratic and laissez-faire leadership styles and a negative relationship between autocratic styles and midwives' performance.

leadership styles such as transformational, democratic, transactional, and charismatic leadership styles, jointly and independently can predict the employee's performance level. However, the study found that, those dependent variables were not equally significant on a dependent variable. At the end, the study concluded that there is different type of leadership styles are exhibited in commercial bank of Ethiopia Jimma district, among that transformational and democratic leadership styles are recommended leadership styles for better employee's performance.

2.4. Research gap

There are a number of studies done on the effect of leadership style on employee performance. The number of studies in the case of Ethiopia is not large but limited number of them are available. The number of researches done on the case of Banks in Ethiopia is few namely and they have used varying number of leadership styles from the lowest three leadership styles (Liya, 2018, ; Natnael, 2017; Mohammed, 2016) done on the case of Wegagen bank, Commercial Bank of Ethiopia (Jimma district) and Dashen Bank respectively. Hence this is a research gap that not only few studies have been done on the case of Banks but also that Commercial Bank of Ethiopia is not well researched despite being the giant in the banking business of Ethiopia.

Liya (2018) on her study of the impact of leadership styles has used only Transactional, transformational, and Laissez-faire as independent variables representing leadership styles. Natnael (2017) has used a more robust model containing Transactional, Transformational, laissez-faire, charismatic, Autocrat and democratic leadership styles as independent variables. Mohammed (2016) has used an even better model including bureaucratic leadership styles in addition to all the leadership styles considered by Natnael (2017). No research in Ethiopia has ever considered servant leadership style as one leadership style in relation to employee performance. So, capitalizing on this this research paper addressed this gap in variables used in the study by including additional variable namely servant leadership style.

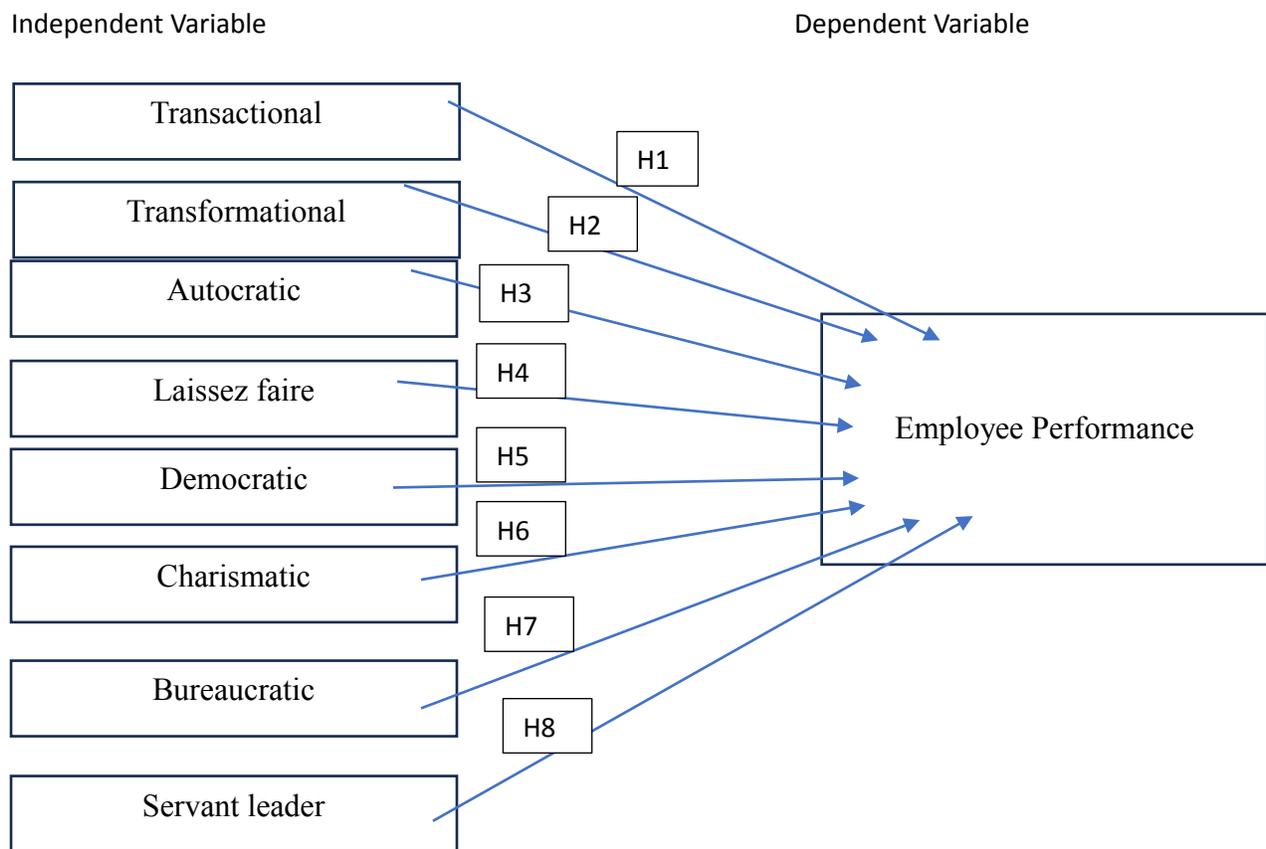
2.5. Conceptual framework

According to Camp (2001) a conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied. It refers to the researcher's understanding/hypothesis/exploration of either an existing framework/model or how existing concepts come together to inform a particular problem. Shows the reader how different elements come together to facilitate research and a clear understanding of results.

The researcher has based on review of different literatures and have identified research gaps based on which the below conceptual framework is developed to state the variables that come in

play to address the statement of the problem, suggest hypothesis and determine research methodology needed to address the problem.

Fig 2. 1. Conceptual framework of the study



Source: Adopted from Mohammed (2016) and Muhammed et al. (2022)

2.6.Hypothesis of the study

- H1: Transactional leadership style has a significant effect on employee performance**
- H2: Transformational leadership style has a significant effect on employee performance**
- H3: Autocratic leadership style has a significant effect on employee performance**
- H4: Laissez faire leadership style has a significant effect on employee performance**
- H5: Democratic leadership style has a significant effect on employee performance**
- H6: Charismatic leadership style has a significant effect on employee performance**
- H7: Bureaucratic leadership style has a significant effect on employee performance**
- H8: Servant leader leadership style has a significant effect on employee performance**

3. CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1.Introduction

In this section the research paper outlines Description of the study area, the research design and approach, the type and source of data, sample size determination and sampling technique, data collection tools, pretest reliability and validity measures, data processing and analysis. Methodology is critical for the success of a research work as it is expected to address the research problem and questions precisely and effectively.

3.2.Research Design and Approach

3.2.1. Research design

Research design is the overall guiding plan, map & mechanism by which a researcher bases his collection, analysis and interpretation of data (Creswell, 2014). In the words of Sumbl & Deeba (2019),”Research design is defined as a framework of methods and techniques chosen by a researcher to combine various components of research in a reasonably logical manner so that the research problem is efficiently handled. It provides insights about “how” to conduct research using a particular methodology.”

The research design for this study is descriptive research design in the sense that it is descriptive because it the research describes the behavior of the particular studied respondents from commercial bank of Ethiopia.

3.2.2. Research Approach

Research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. Research approach could be either qualitative, quantitative or mixed models (Vijay, 2016)

Quantitative research approach uses close ended questions to gather quantitative(numerical) data whereas qualitative data used open ended questions to gather qualitative(non-numerical) data. This research utilizes quantitative approach to gather quantitative data by using valid and reliable instruments. Leadership styles have been measured mainly by quantitative measurements and as a result this research opted to depend on quantitative approach.

3.3.Type and source of data

Primary data is a data used for Data is obtained from respondents using a structured questionnaire consists of items that are proved reliable and valid from previous research.

3.4.Sample size and sampling technique

Before determining sample size, it is essential to define the sample frame (population of the study). The population of this study is all employees that are currently working in Commercial Bank of Ethiopia headquarters. According to CBE sources the bank currently have 5,018 employees working in the headquarters.

Sample size

The sample size for the study is determined using the infamous formula by Kothari (2004) which reads as below:

$$n = \frac{N}{1 + N(e^2)}$$
$$= 5018 / 1 + 5018(0.05)^2 = 370$$

Where N=Population

e=margin of error

Sampling technique: Sample respondents for this study are taken purely by simple random sampling of all the employees in the headquarters. For this the researcher used excel sample selection mechanism which off course is purely selection by chance and every employee has an equal chance to be selected.

3.5.Data collection tool

Data is collected via structured questionnaire adopted from various research. Leadership styles items are adapted from Bass and Avolio (1999) for all leadership styles except for Servant leadership style which was adapted from Muhammed, Hina, Anas, Rana, Ali & Rao (2022) and bureaucratic leadership style which were adopted from Damianus, A., Jhon, F.D., & Mary, J.E. (2021), and Fritz, and Sörgel, (2017) (cited in Damianus, John & Mary, 2022). The employee performance items are adapted from Yousuf (2000) and were curved to fit into Banking operation. The questionnaire has three parts Leadership style items, Performance items and off course demographic items. 5-point likert scale is used to capture responses.

3.6.Reliability and Validity

3.6.1. Reliability

Reliability refers to a “measurement that supplies consistent results with equal values” (Blumberg et al., 2005). It is a measure which assures to what extent a measurement instrument measures with consistency, precision, repeatability, and trustworthiness (Chakrabartty, 2013). The most commonly used measurement of reliability is Cronbach’s alpha. A higher alpha entails better reliability. As a common practice reliability above 0.70 is considered reliable. The leadership measurement used in this study has items adapted from studies that has proven reliability (Bass and Avolio,1993) and it has been used by many researchers with a good reliability score. Natnael (2017) has found a reliability score of atleast 0.792 for the items used from this measurement.

Generally, Cronbach Alpha is the commonly used measure of reliability. Accordingly, Cronbach’s alpha for all the 68 items in the liker scaled questions is 0.938. Hence the instrument is proved to consistently measure leadership styles and employee performance. Item level reliability is stated below.

Table 3. 1. Reliability of Items

Reliability Statistics

Cronbach's Alpha	N of Items
.938	68

3.6.2. Validity

Validity is the extent to which an instrument measures what it tends to measure. Leadership styles items are adapted from Bass and Avolio (1993) for all leadership styles except for Servant leadership style which was adapted from Muhammed, Hina, Anas & Rana (2022) and bureaucratic leadership style which were adopted from Abun, et al., (2021), and Fritz, and Sörgel, (2017). This distant research have proved that the instruments were valid and hence there is very little or no change in the instrument content, it is deemed to be Valid. Moreover, expert opinion of the research advisor has determined the instrument to be valid.

3.7.Data processing and analysis

Data processing

Collected data is entered to SPSS 25 for processing and management. collected data is ensured for data quality. Any inconsistent responses and incomplete data entry is excluded from analysis as it can adversely impact the quality of the output.

Data analysis

Simple frequencies are run to determine the demographic characteristics of respondents and the perception of each leadership style perceived by employees. However, to answer the remaining research questions i.e. to determine the relationship between each leadership style and employee performance a Multiple regression analysis is used as it measures the strength and direction of a the relationship between variables and also explains the degree of change in the dependent variable as a result of a unit change in independent variables.

3.8.Ethical consideration

This research has been done on grounds of enhancing research on the area of leadership styles in the case of Commercial Bank of Ethiopia. While doing the research maximum care has been taken to accomplish the whole research project from inception to report. Respondents have given their response on their free will and their responses are duly encoded to SPSS. Moreover, it is duly asserted that responses are kept confidential and respondents' job is not compromised. Data management and analysis were also ethically done.

4. CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

In this chapter actual findings from collected data are presented and data is analyzed in such a way that research objectives are met. The data analysis mainly concerns primary data collected in the form of questionnaires distributed among Commercial bank Head quarter employees.

A total of 370 sets of questionnaires were distributed to respondents i.e. Commercial Bank of Ethiopia head quarter employees and 336 sets questionnaires were successfully filled and returned. Thereby, the response rate of this research was 91 percent. Data was analyzed using SPSS version 25.

4.1. Demographic characteristics of respondents

Gender: According to the data from respondents, 53.9% of the respondents were Males where as Females made up the remaining 46.1%. Since quota was not based on Gender in sampling and moreover there is still Gender gap as far as skilled employment is concerned, the gender distribution is slightly in favor of Males.

Age of Respondents: Nearly a Two third of respondents (65.2%) are in the age range of 30-45. The age group of 18-30 claimed 32.4% whereas the aged group of 45-60 constituted only 2.4%. This is pretty much representative of the labor force in the country as far as professional jobs are concerned as many employees are youth and middle-aged people.

Educational level: Respondents from CBE headquarters have achieved atleast First degree as far as educational qualification is concerned. 58.9% of respondents have First degree whereas the remaining 41.1% have Master's degree.

Experience: The portion of employees with work experience of 10-15 years is the commonest among all age group of respondents. The next higher experience group is the customers with 6-9 and 1-3 years of experience.

Table 4. 1.Demographic profile of Respondents

	No of respondents	Percent
Gender		
Male	181	53.9
Female	155	46.1
Age		
18-30	109	32.4
31-45	219	65.2
46-60	8	2.4
Educational level		
Master	198	58.9
Degree	138	41.1
Work Experience		
<=1 years	30	8.9
1-3 years	64	19
4-5 years	51	15.2
6-9 years	66	19.6
10-15 years	97	28.9
16-20 years	28	8.3

4.2.Correlation analysis

Correlation is done to measure the strength and direction of relationship between variables. Normally a correlation coefficient is scored between -1 and 1. A value closer to -1 indicatives strong negative relationship whereas a value close to 1 indicates strong positive relationship. A value close to 0 entails no relationship.

Transformational, Transactional and servant leadership are highly correlated as their correlation coefficient is higher with a value of 0.634, 0.609 & 0.541 respectively. Autocratic and Bureaucratic are least correlated with employee performance with a correlation coefficient of only 0.123 and 0.182 respectively

Table 4. 2. Correlation analysis

Correlations									
		transformational	servant leader	bureaucratic	autocratic	transactional	democratic	Charismatic	laissez faire
employee performance	Pearson Correlation	0.634	0.541	0.182	0.123	0.609	0.464	0.319	0.227
	Sig. (2-tailed)	0	0	0.001	0.024	0	0	0	0

4.3. Regression Analysis

Regression analysis is defined as “a statistical technique which analyses the linear relationships between a dependent variable and multiple independent variables by estimating coefficients for the equation for a straight line” (Hair, Bush and Ortinau, 2004). A Linear regression model is dependent on certain conditions to be met. If these assumptions are short of certain thresholds the power of the regression model to explain the variance in the dependent variable as a result of change in the independent variables would be poor. The assumption tests are given below.

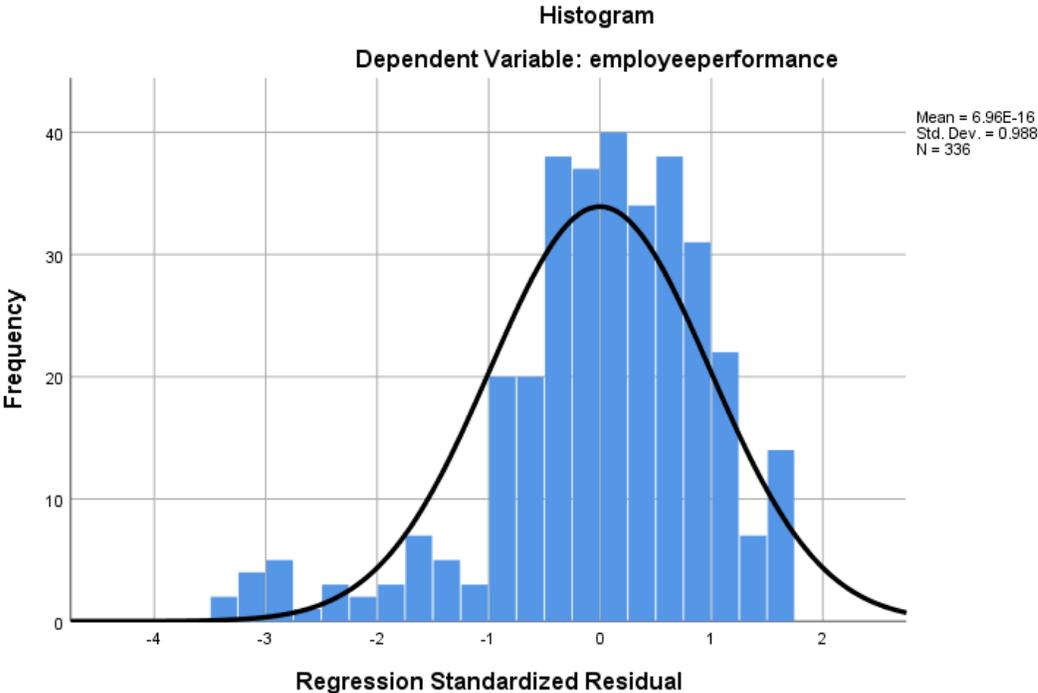
4.3.1. Assumptions and diagnostic tests

4.3.1.1. Normality Assumption

To undertake a hypothesis test for a linear regression model, the normality assumption shall be adhered to. According to this assumption sample distribution residual should be normal in other words the mean of the residuals is zero. There are different methods to check normality. Most

commonly used is the histogram plot. If the histogram demonstrates a bell-shaped graph, the distribution of the residuals is normal and hence normality is observed.

Fig 4. 1.Normality Test

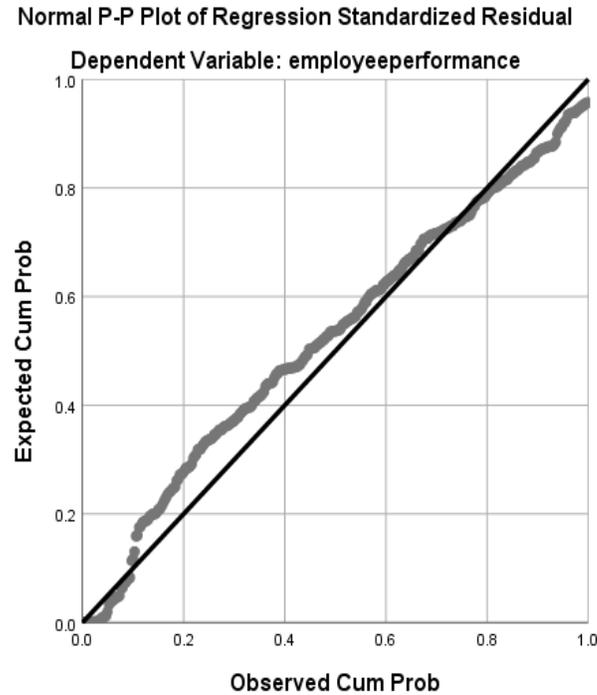


As can be seen from the graph above the distribution of the residual is Normal. Hence Normality assumption is fulfilled.

4.3.1.2.Lineariry Test

The assumption of linearity posits a direct, straight-line relationship between predictor and outcome variables. It is the degree to which a change in the dependent variable corelates with a change in the dependent variable. Normal P-P plot is used to show whether there is linearity. Plots near the diagonal linearity line shows linearity and the opposite indicates violation of the linearity assumption.

Fig 4. 2. Linearity assumption test



4.3.1.3. Multicollinearity

Multicollinearity is a condition that occurs when predictors are highly correlated with one another, complicating the attribution of variance in the outcome variable. To measure multicollinearity, it is possible to look at VIF (Variance inflation factor). VIF values offer a quantitative measure of multicollinearity, with values below 5.00 indicating minimal concern, and those exceeding 10.00 signaling significant multicollinearity.

Table 4. 3. Multicollinearity test

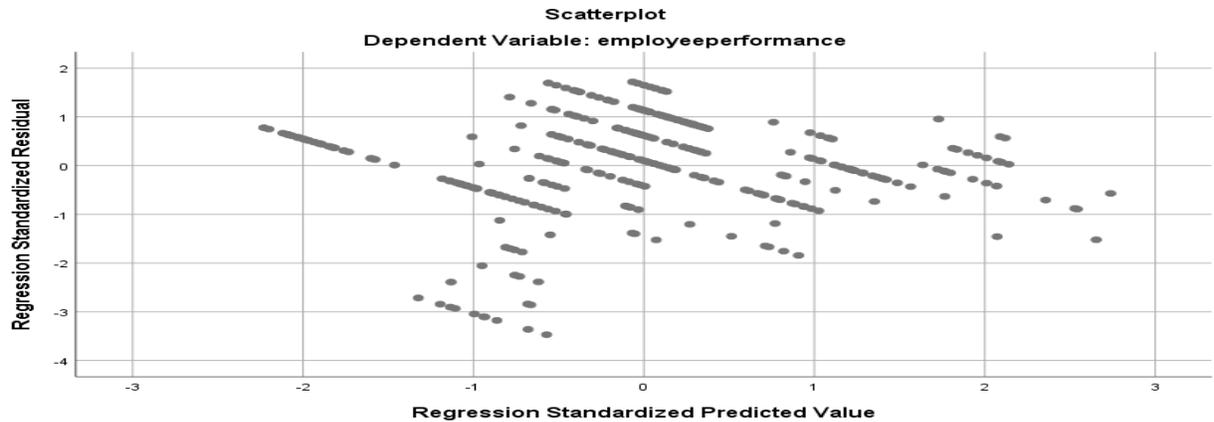
	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Transformational	0.515	1.942
Servant leader	0.334	2.994
Bureaucratic	0.668	1.497
Autocratic	0.656	1.524
Transactional	0.35	2.859
Democratic	0.552	1.813
Charismatic	0.571	1.751
Laissez faire	0.897	1.115

As evident from the above graph, the VIF scores are below 10 and hence the assumption of multicollinearity is met.

4.3.1.4.Homosdacity Test

This assumption is about the distribution of residuals. For a data to be homoscedastic, the residuals should be evenly spread across the range of predicted values, resembling a “shotgun blast” of points. This uniform distribution ensures that the variance of errors is constant. Homoscedasticity ensures a uniform variance of residuals across various levels of independent variables, enhancing the precision of parameter estimates in regression models

Fig 4. 3. Homosdacity test



There is no pattern in the scatter. The width of the scatter as predicted values increase is roughly the same, so the assumption has been met.

4.4. Model summary of the Dependent variable

The model used to denote the regression is stated below

- $Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + b_7x_7 + b_8x_8$

Where :

Y=Employee performance (dependent variable)

$b_1, b_2, b_3, b_4, b_5, b_6, b_7$ & b_8 are beta coefficients of Transactional, Transformational, Autocratic, Laissez-faire, Democratic, Charismatic, bureaucratic and servant leadership styles respectively

$x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8$ are Transactional, Transformational, Autocratic, laissez-faire Democratic, Charismatic, Bureaucratic and Servant leadership styles respectively representing independent variables

e =error term which represents an accounted factors in the model

a =constant which denotes the value of employee performance if all independent variables are zero

Table 4. 4. Model summary of variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712a	0.506	0.494	0.38649
a Predictors: (Constant), Transactional, Transformational, Autocratic, Laissez faire, Democratic, Charismatic, bureaucratic, servant leader				
b Dependent Variable: employee performance				

R-squared (or the coefficient of determination) measures the variation that is explained by a regression model. For a multiple regression model, R-squared increases or remains the same as we add new predictors to the model, even if the newly added predictors are independent of the target variable and don't add any value to the predicting power of the model. Adjusted R-squared eliminates this drawback. It only increases if the newly added predictor improves the model's predicting power.

From the graph above we can see that the adjusted R-square is 49.4% explaining this much of the variance in employee performance arising from the variance in all leadership styles in the model.

4.5.ANOVA

ANOVA is a statistical analysis showing the variance in the average score of different groups. ANOVA (Analysis of Variance) is a framework that forms the basis for tests of significance & provides knowledge about the levels of variability within a regression model. The significant the ANOVA, the better fit the regression model.

Table 4. 5. ANOVA Table

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.107	8	6.263	41.930	.000 ^b
	Residual	48.846	327	.149		
	Total	98.952	335			

a. Dependent Variable: employee performance

b. Predictors: (Constant), Transactional, Transformational, Autocratic, Laissez faire, Democratic, Charismatic, bureaucratic, servant leader

As per the above ANOVA table, the F value of 41.93 is significant as the p-value is less than 0.05(p=0.00). Hence, the model is significant and fit.

Table 4. 6. Regression coefficients of variables

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.626	0.332		-1.883	0.061
	Transformational	0.415	0.055	0.406	7.49	0
	Servant leader	0.012	0.071	0.011	0.164	0.87
	Bureaucratic	0.06	0.044	0.064	1.345	0.18
	Autocratic	0.051	0.086	0.029	0.596	0.551
	Transactional	0.339	0.093	0.239	3.639	0
	Democratic	0.171	0.084	0.107	2.045	0.042
	Charismatic	0.073	0.068	0.055	1.075	0.283
	Laissez faire	0.085	0.052	0.067	1.639	0.102
a Dependent Variable: employee performance						

The regression result depicted in above table indicates the impact of the eight independent variables on Employee performance.

Transformational leadership style: Transformational leadership style has the highest impact and relationship with the dependent variable i.e. Employee performance. Transformational leadership style has a beta coefficient of 0.406 which means that a 1 unit increase in transformational leadership styles leads to a 0.406 unit increase in employee performance. The T score at 7.49 is also significant with a p-value of 0.000.

H1: Transformational leadership style has a significant effect on employee performance is supported

Transactional leadership style: This leadership style has a B-coefficient of 0.239 and a T value of 3.69 and a p-value of 0.00. This implies that transactional leadership style has a significant impact on employee performance. It implies that a one unit increase in Transactional leadership has a 0.239 increase in employee performance and vice versa.

H2: Transactional leadership style has a significant effect on employee performance is supported

Autocratic leadership styles: Autocratic leadership style has a beta coefficient of 0.029, a T score of 0.596 and a P-value of 0.551. This implies that autocratic leadership style has no significant impact on employee performance. A one unit increase in Autocratic leadership style leads to only a 0.029 increase in employee performance and vice versa.

H3: Autocratic leadership style has a significant effect on employee performance failed to be supported

Democratic leadership style: This leadership style has a B-coefficient of 0.107 and a T value of 2.045 and a p-value of 0.042. This implies that Democratic leadership style has a significant impact on employee performance. It implies that a one unit increase in Democratic leadership has a 0.107 increase in employee performance and vice versa.

H4: Democratic leadership style has a significant effect on employee performance is supported

Laissez faire leadership styles: Laissez faire leadership style has a beta coefficient of 0.067, a T score of 1.639 and a P-value of 0.102. This implies that Laissez faire leadership style has no significant impact on employee performance. A one unit increase in Laissez faire leadership style leads to only a 0.067 increase in employee performance and vice versa.

H5: Laissez faire leadership style has a significant effect on employee performance fails to be supported

Charismatic leadership styles: Charismatic leadership style has a beta coefficient of 0.055, a T score of 1.075 and a P-value of 0.283. This implies that charismatic leadership style has no significant impact on employee performance. A one unit increase in charismatic leadership style leads to only a 0.055 increase in employee performance and vice versa.

H6: Charismatic leadership style has a significant effect on employee performance fails to be supported

Bureaucratic leadership styles: Bureaucratic leadership style has a beta coefficient of 0.064, a T score of 1.345 and a P-value of 0.18. This implies that Bureaucratic leadership style has no significant impact on employee performance. A one unit increase in Bureaucratic leadership style leads to only a 0.064 increase in employee performance and vice versa.

H7: Bureaucratic leadership style has a significant effect on employee performance fails to be supported

Servant leader leadership styles: Servant leader leadership style has a beta coefficient of 0.011, a T score of 0.164 and a P-value of 0.87. This implies that Servant leader leadership style has no significant impact on employee performance. A one unit increase in Servant leader leadership style leads to only a 0.011 increase in employee performance and vice versa.

H8: Servant leadership style has a significant effect on employee performance fails to be supported

5. CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

In this part of the research report, summarized findings are state, discussed and comparison are made against previous research and finally conclusions and recommendations are made. It enables readers to have a condensed view of research findings and implications for future research. Findings are in such a way that they are able to address all research questions with the particular case of Commercial Bank of Ethiopia.

5.1. Summary of Major findings

Major findings from the study are stated as below

- 53.9% of the respondents were Males whereas Females made up the remaining 46.1%.
- Nearly a Two third of respondents (65.2%) are in the age range of 30-45. The age group of 18-30 claimed 32.4% whereas the aged group of 45-60 constituted only 2.4%.
- 58.9% of respondents have First degree whereas the remaining 41.1% have Master's degree.
- The portion of employees with work experience of 10-15 years is the commonest among all age group of respondents followed by those in the range of 6-9 years of experience with 28.9% and 19.6% respectively
- All leadership styles have significant correlations with employe performance but Transformational, transactional and servant leadership styles has the highest correlation coefficient.

- In terms of Regression model, Transformational, Transactional and Democratic leadership styles have highest explanatory power or effect on employee performance whereas all other leadership styles have no significant effect on employee performance.

Table 4. 7. Summary of hypothesis testing results

Hypothesis	Result	Supported
H1: Transformational leadership style has a significant effect on employee performance	$\beta=0.406$ P-value=0.00	Yes
H2: Transactional leadership style has a significant effect on employee performance is supported	$\beta=0.239$ P-value=0.00	Yes
H3: Autocratic leadership style has a significant effect on employee performance failed to be supported	$\beta=0.029$ P-value=0.551	No
H4: Democratic leadership style has a significant effect on employee performance is supported	$\beta=0.107$ P-value=0.042	Yes
H5: Laissez faire leadership style has a significant effect on employee performance fails to be supported	$\beta=0.067$ P-value=0.102	No
H6: Charismatic leadership style has a significant effect on employee performance fails to be supported	$\beta=0.055$ P-value=0.283	No
H7: Bureaucratic leadership style has a significant effect on employee performance fails to be supported	$\beta=0.064$ P-value=0.18	No
H8: Servant leadership style has a significant effect on employee performance fails to be supported	$\beta=0.011$ P-value=0.87	No

5.2.Conclusion

Evident on the above stated findings and implications for Commercial bank of Ethiopia it can be concluded that:

- A histogram plot of the residuals has shown that the data is normally distributed leading to the conclusion that Normality assumption of a multiple regression analysis is met
- Linearity assumption of a linear multiple regression model has been checked using a Q-Q plot which shows that the curve is near the linearity line. Hence the relationship between the independent and dependent variable is linear and hence assumption is adhered to
- Multicollinearity has been tested with a VIF score test and has produced a value that does not fall between 5 and 10 and hence there is no issue of multicollinearity, and the assumption is checked.
- Homoscedasticity was another assumption of a linear regression that was checked. It was found that the residuals are distributed in a uniform manner and hence this assumption was also met
- All leadership styles have been applied by management of CBE headquarters but among these Transformational and Transactional leadership styles are most important and applied more often
- Autocratic leadership style has been less implemented by management of CBE at Headquarters
- All leadership styles have a statistically significant relationship with employee performance but in different intensity.
- Transformational, Servant leadership and Transactional leadership styles have a higher correlation coefficient and hence relationship with employee performance.
- All independent variables had a significant correlation coefficient but Transformational, Transactional, Servant leadership has the highest correlation coefficient with a value of 0.634, 0.609 & 0.541 respectively
- The regression model explained 49% of the variation in employee performance yet the model is significant and fit as the ANOVA is significant
- From the independent variables Transformational, Transactional and Democratic leadership styles have higher degree of effect on employee performance. All other leadership styles have insignificant effect on employee performance
- Transformational, Transactional and Democratic leadership styles had β coefficients of 0.406, 0.239, 0.107 respectively implying that a one-unit change in each cause employee performance to change in the same direction by 0.406, 0.239 and 0.107 units respectively

5.3. Recommendation

The researcher would recommend the below major actions for CBE based on findings of this study

- The Bank should continue on applying Transformational, Transactional and Democratic leadership styles as they had positive significant effect on employee performance
- The bank should avoid application of all other leadership styles as they have no significant positive impact on employee performance
- The bank may undertake assessments of leadership styles on employees' performance taking all its branches under consideration to have holistic view of how leadership is operated in CBE and how it affects employee performance

5.4.Areas for future study

Future research can discuss certain unaddressed issues as well as issues that are beyond the scope of this study. For instance, it is possible for a future researcher to undertake study by basing his study entirely on all the banking sector of the country to investigate if leadership styles have sector specific characteristics. Moreover, it is also up to future researcher to use different models of leadership styles that are not considered in this study.

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Annex-Questionnaire

St Mary University college

School of Graduate Student

Department of Business Administration (MBA Program)

Questionnaire to be filled by Employees

Research Topic: - Effect of Leadership style on Employees Performance in case of Commercial

Bank of Ethiopia Headquarters in Addis Ababa, Ethiopia

Dear Respondent,

I am Kidist Ephrem and I am A master's program student at Saint Mary University College. Currently, I am undertaking my thesis entitled ‘‘Effects of leadership style on employee performance of Commercial Bank of Ethiopia headquarters in Addis Ababa, Ethiopia’’. Hence this is to ask for your kind cooperation in responding to the questions stated below. Instructions are stated as to how the questions should be answered for your clarity. The data you provide is highly appreciated and will be used only for academic purposes and as such is held in at utmost confidentiality. Please feel free to reflect on your genuine responses to the questions and request the researcher for any ambiguities in the questions should you find one.

Once again thank you for your participation and if you have any questions or concerns, please do.

not hesitate to contact me directly at +251 92 406 6027and kidistephrem1@gmail.com

General Instructions

There is no need to write your name.

Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of Agreement.

Part 1: Demographic Status

Age _____

Gender: Male () Female ()

Education Level: Certificate/diploma () First Degree () Master's Degree () Doctorate Degree ()

Work experience in CBE

- <= 1 Year
- 1-3 years
- 4-5 Years
- 6-9 Years
- 10-15 Years
- 16-20 Years
- 21-25 Years
- 26-30 Years
- Above 30 Years

What is your current position?

- Staff
- Supervisor
- Manager
- Director
- Other

How long have you worked in your current position?

- <= 1 Year
- 1-3 years

- 4-5 Years
- 6-9 Years
- 10-15 Years
- 16-20 Years
- 21-25 Years
- 26-30 Years
- Above 30 Years

Part 2: Leadership style. please express your level of agreement to the below stated items by putting a tick (√) on the appropriate answer.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Transformational					
My supervisor makes others feel good to be around him / her					
I have complete faith in my supervisor					
I am proud to be associated with my supervisor					
My supervisor expresses in a few simple words what we could and should do					
My supervisor provides appealing images about what we can do					
My supervisor helps me find meaning in my work					
My supervisor enables others to think about old problems in new ways					
My supervisor provides others with					

new ways of looking at puzzling things.					
My supervisor gets others to rethink ideas that they had never questioned before.					
My supervisor helps others develop themselves					
My supervisor lets others know how he /she thinks we are doing					
My supervisor gives personal attention to others who seem rejected.					
Transactional					
My supervisor tells others what to do, if they want to be rewarded for their work					
My supervisor provides recognition/rewards when others reach their goals					
My supervisor calls attention to what others can get for what they accomplish.					
My supervisor is always satisfied when others meet agreed-upon standards					
As long as things are working, my supervisor do not try to change anything					
My supervisor tells us the standards we have to know to carry out our work					
Autocratic					
My supervisor believes employees					

need to be supervised closely they are not likely to do their work.					
As a rule, my supervisor believes that employees must be given rewards or Punishments in order to motivate them to achieve organizational objectives.					
I feel insecure about my work and need direction.					
My supervisor is the chief judge of the achievements of employees					
My supervisor gives orders and clarifies procedures					
My supervisor believes that most employees in the general population are lazy.					
Democratic					
My supervisor actively communicate upward with top management and downward with followers					
My supervisor allows us to participate in decision making.					
My supervisor entails fairness and honesty for co-workers.					
My supervisor entails creativity and intelligence for co-workers.					
My supervisor delegates his co-workers.					
My supervisor holds final responsibility and consult his co-workers before decision					
laissez-faire					

In complex situations my supervisor allows me to work my problems out on					
As a rule, my supervisor allows me to appraise my own work.					
My supervisor gives me complete freedom to solve problems on my own.					
In most situations I prefer little input from my supervisor.					
In general, my supervisor feels it's best to leave subordinates alone.					
My supervisor didn't punish anyone.					
Charismatic					
My supervisor manifests his or her revolutionary power					
My supervisor transforms followers values and beliefs					
My supervisor is popular and everybody knows him.					
My supervisor affects our attitude towards the specific objective.					
My supervisor provides fertile ground for creativity and innovation					
My supervisor doesn't sheer behavioral change.					
Servant leadership					
My supervisor spends the time forming quality relationships with department employees					
My supervisor creates a sense of community among department					

employees					
My department manager tries to reach a consensus among department employees on important decisions					
My supervisor is sensitive to the department employee's responsibilities outside the workplace					
My supervisor makes the personal development of department employees a priority					
My supervisor makes me feel like I collaborate with him/her, not for him/her					
My supervisor works hard at finding ways to help others be the best they can be					
Bureaucratic leadership style					
Employees are required to follow specific rules formulated by the authority/institution.					
Leaders follow the rule of the book to keep the team in the right direction.					
The leaders tend to prefer rigid rules and regulations to flexibility.					
All employees must follow the established rules and procedures.					
There is little action taken until a supervisor or a higher-up approves a decision.					

Even small matters have to be referred to someone higher up for the final answer.					
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Part 3: Employee performance. Please rate the below performance attributes in a scale of 5 from 1 to 5 where 1=Very low 2=Low 3=Average 4=High 5=Very high by putting a tick (√) mark on the box representing your right choice.

Employee Performance	1	2	3	4	5
How do you rate your effort to increase number of customers?					
How do you rate your effort to increase volume of FCY transactions?					
How do you rate your effort to increase visa card holders?					
How do you rate your effort to increase mobile banking users?					
How do you rate your effort to increase internet banking users?					