ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

GENERAL MBA

THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEES' ORGANIZATIONAL COMMITMENT IN

COMMERCIAL BANK OF ETHIOPIA

BY
SOLOMON ARAYA

JUNE 2019

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that the work entitled "The Effect of leadership style on employees' organizational commitment: The Case of Commercial Bank of Ethiopia"", is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my advisor. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree. It is offered for the partial fulfillment of the Degree of Master of business administration (MBA).

Solomon Araya   _____

     Name   Signature and date

ENDORSEMENT

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

Terefe Feyera (PhD)   _____

Advisor   Signature and Date

St. Mary's University, Addis Ababa

ABBREVIATIONS

CBE: Commercial Bank of Ethiopia

SPSS: Statistical Package for Social Sciences

CLI: Contextual Leadership Intelligence

OCQ: Organizational Commitment Questionnaire

MLQ: Multifactor Leadership Questionnaire

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ABSTRACT

The purpose of this study was to investigate the Effects of Leadership Styles on Employee organizational Commitment in Commercial Bank of Ethiopia. The study was guided by the following key research questions focusing on the three styles of leadership. What is the leadership style adopted at CBE as perceived by employees of the BanK? What is the level of employees' organizational commitment at CBE? To what extent the perceived leadership style affects the commitment of employees' to CBE? The researcher collected sample data from 40 branches of CBE working in Addis Ababa area at branch level and eastern A.A. district selected on simple random sampling. Systematic random sampling were used to select 345 respondents from 2,467 district sample branch employees which were considered population of the study and questionnaires were distributed to all. Out of the total distributed questionnaire 322 were returned and 13 of the returned were rejected due to missing data while the remaining 309 responses were used for data analysis. Data was analyzed using the Statistical Package for Social Sciences (SPSS). The study employed explanatory research design Correlation and linear regression were used to analyze the relationship and its effect between leadership Style and organization commitment. The regression results showed that both transformational leadership Style r (309) =.847, p>.05; and transactional leadership Style r (309) =>0. 918, p<.05. have significant contribution for organizational commitment. The study showed that both transactional and transformational leadership styles are the leadership styles usually implemented in the bank. Similarly transformational and transactional leadership style had a positive and strong correlation with employee's organizational commitment. At last, the result conformed that leadership Style has effect on organizational commitment Generally, managers need to improve their behavior to the highest level to improve the organizational commitment. The researcher recommended that the bank should invest on making the organization a better place to work, for all employees. By doing so the bank could have sustained competitive advantages as the human aspect of an organization is not easily imitated by the competitors. Secondly, it recommended to offer employees competitive remuneration package.

Keywords – Leadership Styles, Organizational Commitment

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CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

The past 50 years have seen growing global research in the field of leadership, and this focus does not seem strange because leadership is essential to the success of organizations, leadership styles have been of interest to many researchers. The relationship of leadership styles has been studied in many organizational variables. Leadership style plays an important role in employees creativity, feelings and satisfaction, also in organizations strategy formulation and implementation (Robbins, 2009). Organizational commitment is one of the variables that have received great attention from researchers because it affects employee's behavior. It is a factor that connects between employees to their organization and its success. The subject of organizational commitment is an important subject of study especially in light of environmental changes such as downsizing, globalization, diversity, acquisitions and mergers.

Leadership style is the most prevalent factors that influence employees' attitudes and behaviors including organizational commitment. Leaders have adopted various styles when they lead others in the organization (Brown, 2003; Cheong, 2008; Chiang & Wang, 2012; Clark, Hartline, & Jones, 2009; Cox, 2001). Some are using democratic, people or relationship centered approach and others prefer autocratic, production centered method in order to achieve a similar goal, which is organizational effectiveness. The choice of a style is contingent on diverse factors such as personality traits of leaders, followers' acceptance of the leaders, their readiness, task complexity and the norms and values embraced by the organizational members. Therefore, leaders must possess special ability to diagnose the organizational environment, accurately identify the contingent factors and subsequently make a sound decision in leading the organization towards success.

Organizational commitment is a common phenomenon which has been extensively addressed by many researchers worldwide due to its importance to the organization (e.g. Angle & Perry, 1981; Kim, 2001; Lio & Nyhan, 1994; Lo, Ramayah, & Min, 2009). Organizational commitment has been linked to the performance of organizational constituents, their loyalty, organizational citizenship behavior, counterproductive behavior, employees' aggression, job satisfaction, and other individual and group constructs. Committed employees are expected to perform at a greater level than their uncommitted counterparts, they are willing to work extra hours when the job requires them to do so. They are also willing to promote the organization as a favorable place to work at.

Employee commitment is the level of connection that employees feel towards their organization. Committed employees are emotionally involved and pleased about their work and act in a manner that will promote the organization's interest. A committed workforce helps optimize and retain talent for the long-term because the employees choose to stay, even when other employment alternatives exist.

There are three types of commitment: affective commitment, normative commitment, and continuance commitment. For example, there are employees who have positive emotional attachment with the organization. These employees engage with the organization because they feel at home with it (affective commitment). On the other hand, some employee's feel they have to stay with the organization because, they think the organization cannot manage without them (normative commitment). Finally, there are employees who carry on working for the organization mainly because they have no alternative. For example, employees may continue to work for an organization because there are no other job prospects or simply because they need the money (continuance commitment).

For the purpose of this study, employee commitment refers to employees' organizational commitment and specifically to their Affective, Normative and Continuance commitments. There are various factors that can positively or negatively influence commitment of employees. Leadership style of supervisors is among the factors that are considered to have significant influence. Leadership is the process of social influence, which maximizes the efforts of others, towards the achievement of a goal (Kruse, 2013). There are many kinds of leadership styles that leaders can choose from. For example: Autocratic, Bureaucratic, Democratic, People-Oriented/Relations-Oriented, Servant, Task-Oriented, Laissez-Faire, Transactional & Transformational Leadership.

In Ethiopia banking sector all banks plays a prominent role in financing various sectors needs in national economy and achieving sustainable development. It provides various banking services, it also faces many challenges and competition with foreign banks, which requires upgrading of banking performance, presence of highly qualified leaders able to work within teamwork, and committed workers to their organization.

The Commercial Bank of Ethiopia is the leading Bank in Ethiopia established in 1942 E.C. It is the first Bank in Ethiopia to introduce Automated Teller Machine (ATM) service and pioneer to introduce modern banking to country for local users more over it plays a catalytic role in the economic progress and development of the country.

CBE combines a wide capital base with more than 34,879 employees who staff its head quarter and it over 1400 branches positioned in the main cities and regional towns as of April 15, 2019 stretched across the country. Currently CBE has more than 18.8 million account holders and the number of Mobile and Internet Banking users also reached more than 1,700,000 as of June 30th 2018. Active ATM card holders reached more than 4.4 million. It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank,...It has also a SWIFT bilateral arrangement with more than 700 others banks across the world

The purpose of this study is to identify the effect of between transformational, transactional and laissez–fair leadership styles of supervisors on employee commitment, in the CBE context.

1.2. Statement of the Research Problem.

Leadership style can facilitate the improvement of both leadership capability and performance as well as commitment of followers. This ultimately contributes to enhancing organizational performance. Leadership behavior in an organization is one of the factors that play significant role in enhancing the interest and commitment of the individuals in the organization (Obiruwu 2011). Leadership style is especially important to motivate employees' commitment to fulfill organizational objectives and increase job performance, (Riaz, Akram, & Ijaz, 2011; Chi, Lan, & Dorjgotov, 2012). Organizational commitment is also an important variable to understand the behavior of employees in the organization and affects employee's attitudes towards work such as a desire to stay in the organization, absenteeism rate, and job satisfaction and work turnover rate. Organizationally committed employees have high motivation rates and better job performance. One of the important variables to strengthen organizational commitment is the existence of a leadership style that motivates employees and makes them feel the importance of the leader presence and work with him.

Various past studies cover different aspects of leadership style and its relationship with organizational commitment. Swanepoel, Eramus, Van Wyk and Scheck (2000) describe the organizational commitment is encouraged with the leadership style for the successful implementation of business 5 strategies (Communicate and align, accountability, focus, action-oriented and Track progress) to achieve the organizational goal.

Even though the various branches of CBE operate in a similar manner with respect to policies and practices, their performance varies from branch to branch. When the performance evaluation is observed, some branches of the bank seem to achiev their goals at the end of the year while the other seem to fail. The organizational commitment accumulation will lead to branches performance. commercial bank of Ethiopia's face many challenges such as globalization, rapid change and slow economic growth, which requires from their leaders to use leadership styles that believe in change and administrative innovation in the face of competition and market conditions, making them the most dynamic and innovative source of competitive advantage. This study is, therefore, conducted to assess the leadership style in CBE and see its effect on employee's organizational commitment. In addition this study also contribute to literature on leadership issues with evidence from CBE. It seeks an answer to the question; which leadership style really influences commercial bank of Ethiopia's employees' organizational commitment. Moreover, it contributes meaningfully to the body of growing literature and knowledge in this area of study in bank.

1.3. Research Questions

This study tries to answers the following research questions;

➢ What is the leadership style adopted at CBE as perceived by employees of the BanK?
➢ At which level of employees' organizational commitment at CBE?
➢ To what extent does the Transformational, Transactional and Laissez–fair leadership styles adopted in the branches of CBE affects Normative, Commitment and Affective organizational commitment?

1.4. Objective of the Study

1.4.1. General Objective

The Purpose of this study is to identify the Effect of Leadership Style on Employees Organizational Commitment on Commercial Bank of Ethiopia.

1.4.2. Specific Objective to

➢ Identify leadership styles adopted at CBE.
➢ Find out the level of employees' organizational commitment at CBE.
➢ Determine the extent the perceived leadership style affects the commitment of employees' to CBE.

1.5. Scope and Limitation of the Study

As units of study and area bound for the study both employees and management members of CBE working in East Addis Ababa District were considered.In terms of topic delimitation, the Full Range Leadership Theory is taken as a comprehensive model consisting of the main leadership styles typically investigated in the field. Other leadership styles such as Autocratic, Democratic, Bureaucratic, and Servant were excluded from this study. Furthermore the kind of commitment studied in this paper is organizational commitment and the specific organizational commitments studied are Affective, Normative and Continuance commitments.

1.6. Significance of the Study

The outcome of this study provides information for decision makers in CBE about the relationship between leadership styles and employee commitments. An employee who is satisfied feels fulfilled doing the job and go beyond the standard for organizational and personnel growth. This, in turn, will help promote the quality of organizational output by making the working condition better and more conducive. In addition to this, the study information may serve as operational study to design strategy for developing leadership skill training and development program for managers/supervisors. Moreover, it is believed to bring certain outcomes that would be an input for the future researches in this area and it could also be an addition to the existing literature.

1.7. Operational Definitions of Terms

1.7.1 Leadership

Leadership is inspiring others to give themselves unreservedly, to a mission (Irwin, 2014). Leadership can be observed as an action focused is less on personal needs, and more focused on the needs of the people, and those of the organization that one is leading (Northouse, 2015).

1.7.2 Leadership Style

Leadership style is the approach of providing direction, implementing plans and motivating people (Northouse, 2015). From the employees' perspective, it is seen as it includes the total pattern of explicit and implicit actions performed by their leader (Irwin, 2014).

1.7.3 Employee Commitment

Employee commitment is an individual's relative ability and involvement in a certain organization (Nayak & Sahoo, 2015)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter presents an overview of the changing environment and the increased need for commitment, different types of leadership styles, the Functions of a Leader, theories of Leadership and the relationship between leadership style and employee commitment, and finally the need for contextual leadership is discussed.

2.1. Theoretical Review

2.1.1. The Concept of Leadership

Different scholars viewed the concept of leadership in different contexts. However, two related definitions of leadership were adopted for this study. Yukl (2008:8) viewed the concept as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives'. Whereas there are several definitions, this 20 definition relates well to that offered by Northouse (2011:3), who regarded the concept as a process whereby an individual influences a group of individuals to achieve a common goal'.

The above definitions suggest few common components. First, leadership is a process. This means that it is a process of social influence, which exploits the exertion of other people in order to attain goals of the group or organization. Several researchers contented that leadership is a position of authority that an individual holds in a group (MacBeath, 2005; Avolio, Walumbwa & Weber, 2009; Ahlquist & Levi, 2011). Second, leadership entails influencing the followers. Such a position of authority offers a leader the opportunity to utilise their interpersonal influence. This suggests that leaders'efficacy in their positions depends on the interpersonal influence they have on their followers (Ahlquist & Levi, 2011). Third, leadership occurs in a situation where there is a group of people. Fourth, leadership entails the attainment of predetermined goals.

In other words, leaders must possess distinctive competencies to organize and direct their followers' efforts towards common and pre-set goals, and finally the goals need to be understood, shared and pursued by both leaders and followers. Such a portrayal of leadership as a process implies that the concept is viewed neither as a characteristic nor trait, but a transactional experience that occurs involving both leaders and followers (Yukl, 2008; Northouse, 2011). Hence, these two definitions are adopted for this study.

Presenting leadership as a process suggests that those in leadership positions affect and also are affected by the people whom they lead in a positive or negative way (Chen Silverthorne, 2005; Yang, 2007; Vesterinen, Isola & Paasivaara, 2009). According to these authors, leadership is a concerted and interactive process between the leadership and followers rather than a linear or one-way process in which the leadership affects its followers, but these do not affect the leaders. Viewing leadership as a process makes it possible that every person can be developed into a leader instead of just a selected few individuals who may be perceived to have shown leadership propensities (Avolio & Gardner, 2005; Brotheridge *et al.,* 2008; Hannah *et al.,* 2008). For that reason, leadership positions were not regarded as offices confined to a few individuals who were formally appointed. Instead, anyone willing and having the capacity to lead can still be afforded an opportunity to lead others (Avolio & Gardner, 2005; Brown & Treviño, 2006).

The preceding sections have thus far reviewed literature related to functions of leaders, leadership theories and leadership styles. Since this study seeks to determine the connection between leadership styles and organizational commitment, the next section considers prior studies that have examined the aspect.

2.1.2. The Functions of a Leader

Most importantly, leaders act as power hubs of a group because they try to keep group members together, instill or breathe life into a group, drive the group towards common goals and must be sure to maintain the group's tone and impetus (Wang, Chou & Jiang, 2005; Vigoda-Gadot, 2007; Yang, 2007). As such, a leader's responsibility is to develop, moderate, manage and change the thoughts, feelings, behaviors, mindsets and performance of group members. Some commentators (e.g. Day, 2001; Brown & Treviño, 2006; Hannah *et al.,* 2008) affirmed the fact that leaders continue functioning in their roles at the collective pleasure of their members without which the group disbands. Thus, the group's effectiveness depends on three fundamental factors, namely; the level of compliance of the followers, the flexibility of the leader to suspend their personal desires, judgment and discretion (Avolio & Gardner, 2005; Avolio, Walumbwa & Weber, 2009; Ahlquist & Levi, 2011), and the leadership style(s) that an individual portrays during their tenure of office as a leader. The next subsection reviews literature on the theories underpinning the concept of leadership.

2.1.3. Leadership Theories

This section identifies and discusses three familiar leadership theories. These are traits, behavioral and situational or contingency theories.

2.1.3.1 Traits Theory

The Traits theory of leadership describes leaders in terms of their personal characteristics as predictors for leadership efficacy (Day, 2001; Brown, Treviño & Harrison, 2005; Brown & Treviño, 2006; Hannah., 2008). According to the Traits theory, an inventory of qualities or characteristics is prepared and then compared to potential leaders in order to predict their chances of success or failure. Prior studies that focused on the trait approach (Antonakis, Avolio & Sivasubramaniam, 2003; Avolio,22 Walumbwa & Weber, 2009; Ahlquist & Levi, 2011) associated traits such as physiological, demographic, charisma, personality, intellectual, task-related and social characteristics with the likelihood of becoming a leader as well as with leader effectiveness. The Traits theory is summarized as shown in Figure 4 below.
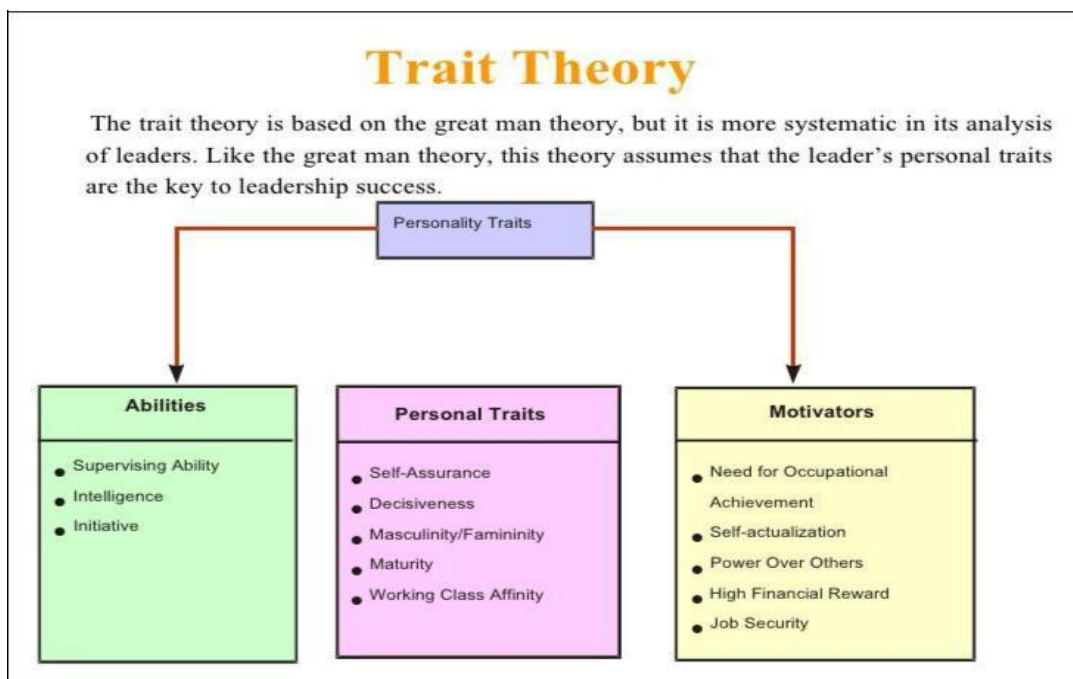
Figure 2.1: The Traits Theory,
Adapted from Burke (2006)

In contrast to the views of proponents of the Traits theory, research contended that traits were not exclusively responsible for classifying whether or not an individual is likely to become a successful leader. Instead, these traits were regarded as prerequisites that equip an individual with leadership potential (MacBeath, 2005; Murphy, 2005). For that reason, the Traits theory was criticized (MacBeath, 2005; Murphy, 2005) because it does not imply that leadership efficacy is acquired through education, experience and training, as innate qualities still require support for development; It seems weak in explaining how leaders' traits affect the results of the members; It has failed to take specific situations into account (Northouse, 2007);

2.1.3.2. Behavioral Theory

The criticisms of the Traits theory gave rise to the Behavioral theory. Theorists started to examine the concept of leadership as the sum of certain behaviors (Einarsen, Aasland & Skogstad, 2007; Vesterinen, Isola & Paasivaara, 2009; Lo *et al.,* 2010). They specifically evaluated what successful leaders had done, propounded a nomenclature or catalogue of actions, and found prototypes that suggested different leadership styles. In simple terms, behavioral theorists argued that the behavior of the leader is the best predictor of their influences and thus is a determinant of leadership success (Day, 2001; Hannah *et al.,* 2008; Avolio, Walumbwa & Weber, 2009). There are a few differences between the Behavioral and Traits theories
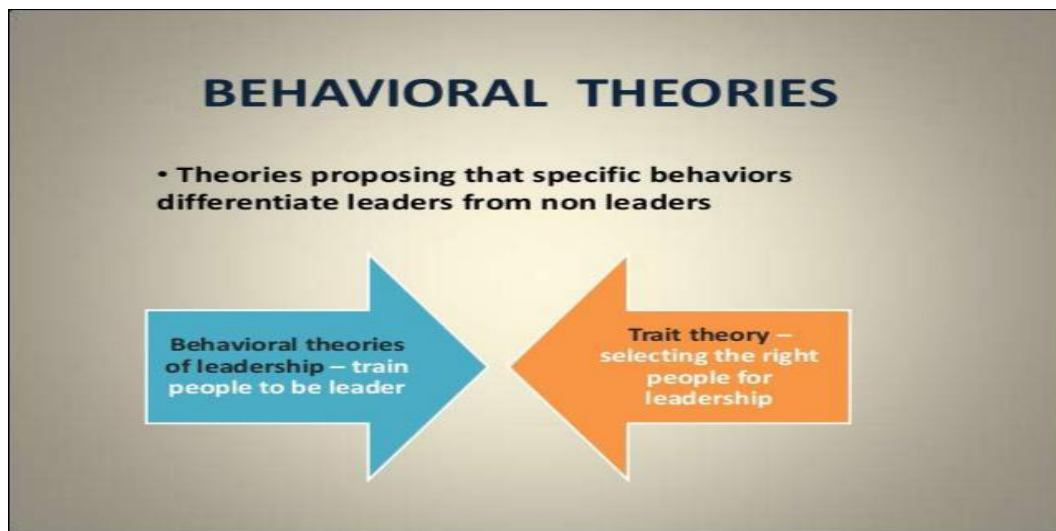
Figure 2.2: Contrasting views of behavioral and traits theorists ,
Adapted from Lee (2005)

Compared to the Traits theory, behaviorism appeared to be an egalitarian type of theory (Einarsen, Aasland & Skogstad, 2007; Lo *et al.,* 2010). According to the behaviorist school of thought, to be a leader simply required proper training (Vesterinen, Isola & Paasivaara, 2009; Lo *et al.,* 2010). In contrast, the Trait theory Situational leadership entails the leaders adjusting their style to accommodate the level of the followers who are being influenced (Avolio, Walumbwa & Weber, 2009; Ahlquist & Levi, 2011; Albrecht & Andreetta, 2011). With this type of leadership, the leaders change their style of leadership and not the member to acclimatize to the leader's style (Garman Johnson, 2006; Brotheridge *et al.,* 2008; Avolio, Walumbwa & Weber, 2009). However, it is important to note that the style may have to be adjusted continually to meet the changing circumstances of an organization.

2.1.3.3. Situational or Contingency Theory

The Contingency theory has been in use in literature in different fields extensively. In fact, reference to the Situational theory is traced back to the middle of the 19th century (Hemphill, 1949). A number of scholars (e.g. Winston & Patterson, 2006; Vigoda-Gadot, 2007) contented that the efficacy of a leader depends on situational factors such as external relationships, convenience in

terms of financial and material resources, managing the demands of the members, structures and culture of the group.

The basis of the Situational Leadership theory is that no distinct style of leadership is the best (Lo *et al.,* 2010; Kim & Brymer, 2011). This means that it refutes the one size fits all' view of leadership. Instead, the theory emphasises that subject to a situation, different levels of leadership may be needed. The first step is that leaders must spot and categorise the most significant tasks. This is followed by determining the level of preparedness of followers by analysing the group's ability and readiness. Finally, leaders utilise the most suitable leadership style fitting a situation, which are summarised as directing, coaching, supporting and delegating. The model below shows the levels of support and directive behaviours required in each situation.

Situational leadership entails the leaders adjusting their style to accommodate the level of the followers who are being influenced (Avolio, Walumbwa & Weber, 2009; Ahlquist & Levi, 2011; Albrecht & Andreetta, 2011). With this type of leadership, the leaders change their style of leadership and not the member to acclimatise to the leader's style (Garman & Johnson, 2006; Brotheridge *et al.,* 2008; Avolio, Walumbwa & Weber, 2009). However, it is important to note that the style may have to be adjusted continually to meet the changing circumstances of an organisation.
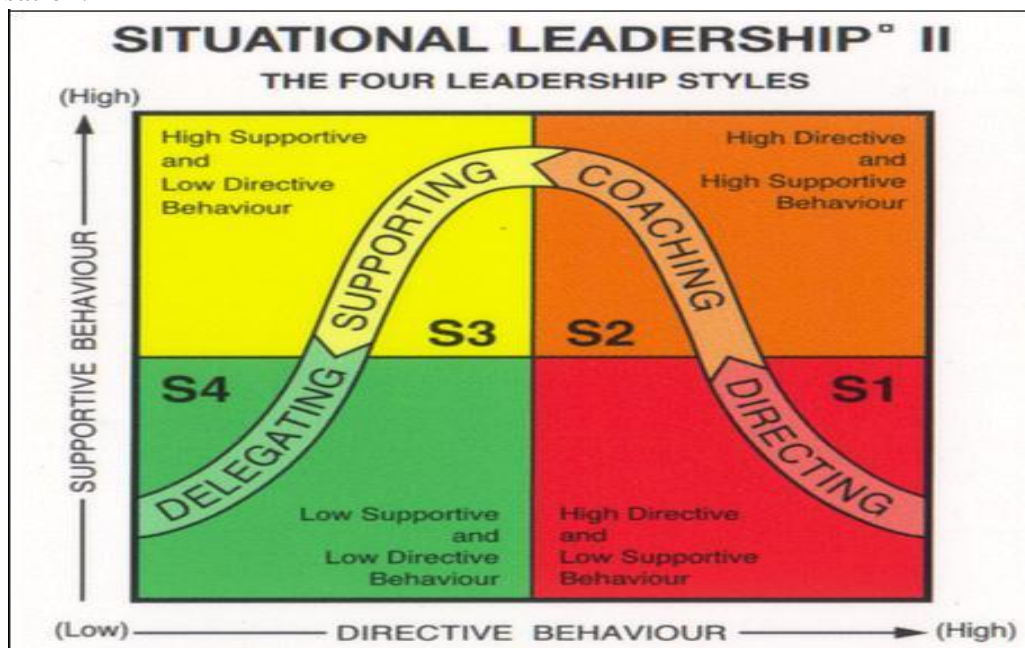
Figure 2.3: Situational Leadership Model
Adapted from Hersey & Blanchard (1969)

The preceding section identified three theories of leadership. A survey of literature relating to the theories was conducted. The next sub-section considers leadership styles.

2.1.4. Leadership Styles

Several scholars identified different leadership styles that most leaders depict. A leadership style can be defined as one's technique or mode of providing direction, implementing plans and motivating people. This study identified several leadership styles, which leaders purposely or involuntarily portray in a group. These include: autocratic, democratic, laissez-faire, transactional, transformational and charismatic leadership styles. These leadership styles are discussed in the next subsection.

2.1.4.1. Autocratic Leadership Style

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

2.1.4.2. Democratic Leadership Style

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

2.1.4.3. Laissez-Faire Leadership Style

With regard to the laissez-faire leadership style, the leader does not directly supervise the members, and does not rely on regular communication or feedback. Specifically, it allows the members total autonomy and self-rule to make decisions that relate to the completion of the assignment (Eagly, Johannesen-Schmidt & Van Engen, 2003; MacBeath, 2005; Rad &Yarmohammadian, 2006). However, the leader is available to offer guidance at any point should the members request assistance (Eagly, Johannesen-Schmidt & Van Engen, 2003). According to Hannah *et al.* (2008),

It is not the best style when members have insufficient knowledge or skills required for completing the task or making decisions;If members cannot set deadlines on their own, manage projects and solve problems, then the task may not be completed, may be completed after the deadline, may be completed with lots of mistakes or may go off-course completely;There may be lack of cohesiveness within the group because the absence of the leader may be misconstrued as suggesting that leaders are not even concerned;This style may need to be adopted only when the leader is satisfied that group members will not face challenges rather than adopting it throughout normal business functions.

2.1.4.4. Transformational Leadership Style

According to Gumusluoglu and Ilsev (2009), the transformational leadership theory was introduced by Burns in 1978 and has since attracted a great deal research attention. Transformational leadership comprises four elements, these are charismatic role modeling, individualized consideration, inspirational motivation and intellectual stimulation'(Gumusluoglu & Ilsev, 2009:462).

(I) Idealized influence

Idealized influence is a leadership behavior in which the leader behaves so that followers seek to imitate him/her in their own actions. This transformational style refers to the leader who has become an idealized influence or ''role model'' for those around him/her. Such leaders are often seen as being high on morality, trust, integrity, honesty and purpose. Key indicators of this style according to Kirkbride (2006) would be: Has demonstrated unusual competence; Celebrates followers' achievements; Addresses crises ''head on''; and Uses power for positive gain.

According to the full-range leadership theory, every leader exhibits each style or behavior to a certain extent ranging from transformational to laissez faire. But one should make a conscious effort to apply more of the transformational styles, less of the transactional styles and avoid laissez – fair as much as possible. Rather than insisting that one must lead ''like this'', the FRL model makes the point that what is required is a change in the balance of leadership behaviors, away from the more transactional and more towards the transformational (Kirkbride, 2006).

The theory claims that the three leadership styles are hierarchically structured, so that the optimal leader is the one who exhibits mostly the transformational style, and to a lesser extent the transactional and avoiding Laissez–fair styles (Avolio, 1999)

(II) Inspirational motivation

Inspirational Motivation is the ability of a leader to provide meaning and context to the work of those under him/her. The inspirationally motivating (IM) leader has the ability to motivate the followers to superior performance. Such leaders are characterized as having a profound ability to create excitement about a vision of the future that the followers are able to accept and strive towards. Key indicators of this style according to Kirkbride (2006) would be:

➢ Presents an optimistic and attainable view of the future;
➢ Moulds expectations and shapes meaning;
➢ Reduces complex matters to key issues using simple language; and
➢ Create a sense of priorities and purpose.

(III) Intellectual stimulation

Intellectually stimulating leaders are willing and able to show their employees new ways of looking at old problems, to teach them to see difficulties as problems to be solved, and to emphasize rational solutions (Bass, 1990). Kirkbride (2006) describes this behavior as a style that parents often use with their children but often is less frequent in organizations where many managers favor a ''telling'' approach to a questioning one. Key indicators of this style according to Kirkbride (2006) would be:

➢ Re-examines assumptions;
➢ Recognizes patterns that are difficult to imagine;
➢ Is willing to put forth or entertain seemingly foolish ideas;
➢ Encourages followers to revisit problems; and
➢ Creates a ''readiness'' for changes in thinking.

A high score (on Intellectually Stimulating Leadership Style) indicates that the leader Provides ideas which result in a rethinking of issues that had never been questioned before and which enabled subordinates to think about old problems in new ways.

(IV) Individualized consideration

Individually Considerate Leaders Focus on understanding the needs of each follower and work continuously to get them to develop to their full potential. (Bass and Avolio,2004). Key indicators of this style according to Kirkbride (2006) would be:

- Recognizes differences among people in their strengths and weaknesses, likes and dislikes;
- Is an ''active'' listener;
- Assigns projects based on individual ability and needs;
- Encourages a two-way exchange of views; and
- Promotes self-development.

2.1.4.5 Transactional Leadership Style

Transformational and Transactional leadership styles complement each other, but there are a few noteworthy differences (Bass & Avolio, 1993). The former leadership style is also referred to as managerial leadership. It is a style in which the leader ensures conformity or reverence of the staff, using both rewards and punishments, thus followers are motivated through exchange, e.g. a follower may be motivated to complete a task to obtain rewards or preferences (Hayward, Goss & Tolmay, 2004; Vigoda-Gadot, 2007; Yang, 2007; Nielsen *et al.,* 2008). In contrast, transformational leaders focus on relationships to ensure organizational commitment and collectivism (Einarsen, Aasland Skogstad, 2007; Gumusluoglu & Ilsev, 2009; Bushra, Usman & Naveed, 2011). These leaders endeavor to get a sense of the followers 'needs and motivate followers towards predetermined goals. Thus, they are distinguished by their flexibility in decision-making and making changes as followers work to attain required outcomes.

Relationships between leaders and followers are important to attain organizational goals (Winston & Patterson, 2006; Vigoda-Gadot, 2007; Yukl, 2008). At the same time, Hayward, Goss and Tolmay (2004) suggested that leaders carry out both leadership styles, but in different proportions. Transactional leaders provide satisfaction to their followers 'needs and wants through rewards that are available. Conversely, transformational leaders adapt or produce new stimuli that focus on fulfilling followers 'needs. Finally, transactional leaders become accustomed to the prevailing culture, whereas transformational leaders acclimatize the culture to settings outside the organization.

Transactional Leadership clarifies everyone's roles and responsibilities and judge's team members on performance. This leadership style often works well in situations where followers are ambitious or motivated by external rewards including compensation.

(I) Contingent reward

Leaders can transact with followers by rewarding effort contractually, telling them what to do to gain rewards, punishing undesired action, and giving extra feedback and promotions for good work. Such transactions are referred to as contingent reward (CR) leadership (Lievens , 1997). Most leaders have limited capacity to reward good performance financially. But rewards can be non-

financial ranging from the more tangible (extra holiday, preferred work, time off) to the less tangible (praise, visibility, recognition). The CR leader then monitors performance and provides (or exchanges) the reward and recognition if the performance targets are met or exceeded. If done successfully, this style will produce performance at the required levels.

Key indicators of this style according to Kirkbride (2006) would be:

➢ Recognizes what needs to be accomplished;
➢ Provides support in exchange for required effort;
➢ Gives recognition to followers when they perform and meet agreed-upon objectives;
➢ Follows up to make sure that the agreement is satisfactorily met; and
➢ Arranges to provide the resources needed by followers to accomplish their objectives.

(II) Management by Exception- Active

The active MBE leader Focuses on monitoring task execution for any problems that might arise and correcting those problems to maintain current performance levels (Bass and Avolio, 2004). Key indicators of this style according to Kirkbride (2006) would be:

➢ Arranges to know if something has gone wrong;
➢ Attends mostly to mistakes and deviations;
➢ Remains alert for infractions of the rules; and
➢ Teaches followers how to correct mistakes.

2.1.5. Employees'' Organizational Commitment

The concept of organizational commitment was defined in many but related ways. Steyrer, Schiffinger and Lang (2008:364) defined organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization'. Porter *et al.* (1974:604) viewed organizational commitment as an attachment to the organization, characterised by an intention to remain in it; an identification with the values and goals of the organization; and a willingness to exert extra effort on its behalf'. The two definitions suggest that organizational commitment is an attitudinal viewpoint connecting to an employee's psychological attachment or emotional commitment to the respective organization. Employees observe and compare the extent to which their personal principles and aspirations link with that/those of the organization.

In recent years, the concept attracted research attention in social sciences. The concept was used to explain workplace behaviors, for instance, staff turnover and absenteeism (Lee, 2005; Vigoda-Gadot, 2007; Steyrer, Schiffinger & Lang, 2008; Lo *et al.,* 2010). According to Albrecht and Andreetta (2011), organizational commitment is generally approached in a three-component model as depicted in Figure 7.

Figure 2.4.: Dimensions of organizational commitment
Adapted from ;Albrecht & Andreetta (2011)

2.1.5.1. Dimensions of Organizational Commitment

Organizational commitment mirrors the psychological connection or bond that binds an individual to an organization. This psychological connection manifests in different dimensions, namely; affective, continuance and normative commitment (Brown & Treviño, 2006; Hannah *et al.,* 2008; Steyrer, Schiffinger & Lang, 2008).

2.1.5.1.1. Affective Commitment

The first dimension is attributable to emotional attachments. These are employees that − with strong affective commitment − carry on working for an organization for the reason that they simply want to do so. Their organizations are likely to benefit more because of reduced absenteeism as well organizational citizenship behaviors (Avolio & Gardner, 2005; Hannah *et al.,* 2008; Albrecht & Andreetta, 2011). Employees with a strong emotional connection with their organization work harder and perform better in their roles (Brotheridge *et al.,* 2008) than those displaying continuance commitment.

2.1.5.1.2. Continuance Commitment

The second dimension, continuance commitment, is attributable to economic benefits or fear of loss. In this case, employees evaluate the pros and cons of departure from their present organization (Steyrer, Schiffinger & Lang, 2008).

If the perceived benefits of staying appear to outweigh the benefits expected from a new position or new organization, then that solidifies the employee's commitment to the organization. The benefits are in monetary form, role-related expertise attained over a long time as well as social networks (Steyrer, Schiffinger & Lang, 2008; Tatoglu, Demirbag & Erkutlu, 2008; Lo *et al.,* 2010). Research suggested that continuance commitment is likely to increase with experience and age (Steyrer, Schiffinger & Lang, 2008). If employees had worked in an established, successful position and experienced several promotions in their organization, obviously they were prone to be inclined to continuance commitment.

2.1.5.1.3. Normative Commitment

The final dimension is attributable to obligatory feelings. Employees with strong normative commitment demonstrate the highest level of loyalty even under unpleasant circumstances. They feel indebted to their organization, and for that reason, they are not prone to leave, have low non-attendance/absenteeism and they are open to accept and commit to any change effected in their organization (Allen & Meyer, 1996; Brotheridge *et al.,* 2008).

Prior research on organizational commitment and different types of leadership produced mixed results. For example, the results of a study conducted by Hayward, Goss and Tolmay (2004) found no correlation between transactional leadership and affective, continuance and normative commitment. Conversely, a study conducted by Allen and Meyer (1996) showed that a relationship exists between transactional leadership and continuance commitment, and the same study also found a low correlation coefficient linking transformational leadership and commitment.

In concluding the literature review, research, over the years, has drawn attention to the significance of holding on to committed employees to ensure organizational growth and sustainability. Organizations that do not generate a positive organizational ambience through different relevant and applicable leadership styles are likely to fall behind their competition, owing to low levels of organizational commitment. It is the responsibility of the organization to formulate and implement strategies that are aimed at ensuring organizational commitment.

Earlier organizations operated in a relatively stable environment and the challenge was to find a way of dealing with the complexity of leading large organizations to success. Therefore Managers planned or set targets, establishing detailed steps for achieving those targets and allocating resources to accomplish them. Then, managers organized to create human systems that can implement plans as precisely and efficiently as possible. Because control was central to management, highly motivated or inspired behavior was almost irrelevant (Kotter, 1990).

Compliance, which is a state in which employees follow the rules precisely, was a desired quality that resulted in the rewarding of employees. On the other hand, managers depended mainly on their legitimate and coercive powers to discourage non performance. But Compliance requires a very high level of input from the management as employees must be directed and monitored continuously if they are to deliver what is expected of them. It is evident that it is not in management's interest to rely on a compliance mode of response from employees – hence the emphasis on achieving commitment.

2.2. The Relationship between Leadership Styles and Employee Commitment.

Several prior studies have examined the relationship between leadership behaviour and organizational commitment. The studies confirmed that organizational commitment tends to heighten for those employees whose management or leadership give them the opportunity to partake in decision-making (Steyrer, Schiffinger & Lang, 2008), whose leaders take an interest in employees' welfare (Porter, Steers, Mowday & Boulian, 1974), whose leaders are fair (Lo *et al.,* 2010) and are supportive of their employees. At the same time, a number of scholars (e.g. Gumusluoglu & Ilsev, 2009; Bushra, Usman & Naveed, 2011; Kim & Brymer, 2011) contended that supervision is one of the significant factors that guides employee commitment to their organization.

A relationship between commitment and leadership style was reported in prior studies. Several studies found a positive relationship between the two variables. For instance, Lo et al. (2010) concluded that the leadership styles of supervisors are main dimensions of the social context because they shape subordinates 'organizational commitment in various ways. Similarly, Ponnu and Tennakoon (2009) found that where the leaders were morally upright it will influence employee organizational commitment in a positive manner and raise the employees 'confidence in their leadership.

In a recent study that examined leadership styles and organizational commitment in the mining industry in South Africa, Mclaggan, Bezuidenhout and Botha (2013) found that employees at a mine in Mpumalanga perceived the leadership styles to be more transformational and transactional. Such findings, although conducted in different contexts, relate closely to the results found of Walumbwa, Orwa, Wang & Lawler. (2005b); Walumbwa, Lawler, Avolio, Wang & Shi (2005a) and Steyrer, Schiffinger and Lang (2008). Moreover, the participants perceived that both leadership styles are a product of the augmentation effect, that is, the extent to which transformational leadership depends on transactional leadership.

Moreover, Rafiq Awan and Mahmood (2010) examined the link between leadership style, organizational culture and employee commitment in university libraries. Their findings demonstrated that the leadership style, particularly autocratic and laissez-faire, did not have any influence on the commitment of employees in university libraries. On the contrary, the majority of library professionals tended to be extremely committed to their institutions because they appreciated a result-oriented culture. Also, Lok and Crawford (1999) recorded that the leadership style aspect, a bureaucratic environment, frequently resulted in a lower level of employee commitment and performance, whereas Hunt and Liesbscher (1973) found a negative relationship between these two variables.

In a different study involving 156 participants, Lo *et al.* (2009) investigated leadership styles and employees 'commitment to their manufacturing industry in Malaysia. The study was conducted to determine the successful management of employees and to improve productivity and accomplishments of an organization. The study found that a number of dimensions of transactional and transformational leadership have a positive connection with organizational commitment, although the Effects appear to be stronger for the Transactional Leadership style. Likewise, Marmaya *et al.* (2011) examined employees 'views of leadership styles involving Malaysian managers and their influence on organizational commitment. The study found that the managers appeared to be more transformational than transactional in their leadership behaviors.

Bučiūnienė and Škudienė (2008) examined the relationship between employees 'organizational commitment dimensions and leadership styles. The study found a positive relationship between a transformational leadership style and affective and normative employee commitments. On the other hand, a laissez-faire leadership style emerged as negatively associated with employees 'affective commitment. Davenport (2010) conducted a study that sought to determine the relationship between leadership style and organizational commitment as moderated by followers 'locus of control. The study recorded that leadership style and locus of control were key drivers of organizational commitment.

Research findings consistently highlighted the positive influence of transformational leadership on organizational outcomes. For instance, transformational leadership was found to result in lower employee turnover, increased organizational citizenship behavior (Dvir, Eden, Avolio & Shamir, 2002 as cited in Mannheim & Halamish, 2008) and lead to stronger organizational commitment (Bučiūnienė & Škudienė, 2008).

Likewise, Bycio, Hackett and Allen (1995) [as cited in Ponnu & Tennakoon, 2009] examined how transformational leadership and transactional leadership affected employee levels of affective commitment, continuance commitment and normative commitment. Findings revealed that

transformational leadership was a better predictor of affective, continuance, and normative commitment than transactional leadership.

Consistent with previous studies, Avolio, Gardner, Walumbwa, Luthans and May (2004) found a positive association between transformational leadership and organizational commitment. Contrary to the previous research, they found that transformational leadership at the indirect senior level had a more positive relationship with employees' level of organizational commitment as compared to the relationship between commitment and ratings of transformational leadership of the followers' immediate supervisor.

Simon (1994) ,Bučiūnienė & Škudienė (2008), studied the Effect of transformational leadership on organizational commitment and found that transformational leadership has a positive linkage with normative and affective commitment. On the other hand, a negative relationship was found between transformational leadership and continuance commitment. Bass and Avolio (1993) claimed that organizations have a corporate culture, which is represented by the leaders who use transactional or transformational leadership styles. According to their findings, transactional culture creates short-term commitment, but transformational culture creates long-term commitment. Mannheim and Halamish (2008) argued that when transformational leadership is enacted, members of organizations no longer seek merely self-interest, but that which is beneficial to the organization as a whole.

The findings of Brown and Dodd (2003) [in Bučiūnienė & Škudienė, 2008] indicated a strong correlation between transformational leadership dimensions and affective commitment, a weaker but still strong positive correlation with normative commitment and no relationship with continuance commitment. A negative relationship was found between transactional leadership dimensions and affective and normative commitments, and a statistically significant correlation was found with continuance commitment (Brown & Dodd, 1999). Management styles can influence the commitment level of employees. Eisenberger *et al. (*1990) [in Avolio *et al.,* 2004] argued that managers and organizations must reward and support their employees for the work that they do because this perceived support allows for more trust in the organization. They discussed the finding that those employees who felt that they were cared for by their organization and managers also had not only higher levels of commitment, but that they were more conscious of and conscientious about their responsibilities, had greater involvement in the organization, and were more innovative.

To sum up, this chapter highlighted that there is a multitude of evidence in the literature that describes leadership styles and employee commitment from a multitude of angles and views. Many articles also repeat the same topics and findings. Consequently, the researcher chose to include these findings merely to show that they are similar, but from a wide range of domains. In many

research studies in the literature, it was determined that there was a strong relationship between leadership styles and employee commitment (Lo *et al.,* 2009; Lo *et al.,* 2010; Avolio *et al.,* 2004; Bučiūnienė & Škudienė, 2008; Lok & Crawford, 1999; Awan & Mahmood, 2009; Ponnu & Tennakoon, 2009). These studies generally were conducted in business organizations, yet there have been few research studies conducted in education organizations, specifically in Ethiopia. The aim of this research is to determine the relationship between leadership styles and employee commitment of Afrox in the gas sector.

In concluding the review of literature on leadership, the concept of leadership was explored, the role of leadership discussed, the different leadership styles identified and explained, and finally the leadership theories were discussed. In the next subsection, the review of literature continues with a discussion around organizational commitment.

2.3. Empirical Review

Several studies found a positive relationship between leadership styles and organizational commitment (Agarwal, DeCarlo, & Vyas, 1999; Avolio, Zhu, Koh, & Bhatia, 2004; Çokluk & Yılmaz, 2010; Mathieu & Zajac, 1990; Porter, Crampon, & Smith, 1976; Savery, 1994; Wilson, 1995; Yousef, 2000; Zeffane, 1994). Therefore, leaders should understand that the issue of employees' commitment is a crucial element to be addressed to. The most importance of leaders' role in persuade employees' behavior have been shown by preceding studies (Asgari, Silong, Ahmad, & Abu Sama, 2008; Bhal, Gulati, & Ansari, 2009). Organizational commitment is influenced by the job environment created by the employee's supervisor. This organizational environment, together with the employee's ability, will largely determine eventual performance. According to Stum (2001), employee commitment reflects the quality of the leadership in the organization.

However, Eisenberger et al. (1986) showed that employees' organizational commitment is strongly influenced by perceived (generalized) organizational support. However, employees are more likely to feel an obligation to return the supportive behavior in terms of affective commitment. According to; Mottaz (1988) examined of 1,385 employees from various occupations found that employees who perceived a friendly and supportive relationship with their co-workers and supervisors had a strong and positive commitment to their respective organizations.

Employees who believe their superiors are considerate leaders they are more committed to their organizations than those who do not perceive their managers. Supervisory consideration refers to leader behaviors concerned with promoting the comfort and well-being of subordinates. Yet, employees may interpret the support provided by their leader as a demonstration of commitment towards them which in turn tend to enhance their commitment to the organization.

In 1993, the research showed that support from one's direct supervisor led to less absence among subordinates (Tharenou, 1993). Based on (Pelz, 1952) also presented data suggesting that at least in large groups, employees were more satisfied with superiors who identified closely with higher management and assisted the main goal attainment.

Therefore, during year 1995, Liou examined the relationship between the broad construct of organizational commitment and the outcome measures of supervisory trust, job involvement, and job satisfaction. In all three areas, reported positive relationships with organizational commitment. More specifically, perceived trust in the supervisor, an ability to be involved with the job, and feelings of job satisfaction were major determinants of organizational commitment. In another study, Becker (1992) examined whether employees' commitment to different constituencies or to the overall organization were better predictors of job satisfaction and pro social behavior. He discovered that employees' commitment to top management, supervisors and workgroups contributed significantly beyond commitment to the organization.

When initial research suggests that leaders who acquired a variety of encouraging states or traits, goals, values, and character strengths are competent to positively persuade followers' states, behavior, and performance (Liden, Wayne, Zhao, & Henderson, 2008; Peterson, 2009; Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). Kent and Chelladurai (2001) found that individualized consideration has positive relationship with both affective commitment and normative commitment. According to Yousef (2000), those who perceive their superior as adopting consultative or participative leadership behavior are more committed to their organization. However, a supervisor who provides more accurate and timely types of communication enhances the work environment and thereby is likely to increase employees' commitment to the organization. In line with the view suggested in the literature, the study formulated the research hypotheses as below.

2.4. Conceptual Frame Work

Good leadership style has great influence on organizational commitment, which includes principles' organizational strategy, quality improvement measures, and skills. The research sought to identify different types of attributes of transactional leadership offered by CBE to its employees and how they affect the employee commitment, The research try to understand how the attributes of transformational leadership affect employee commitment ,The research try to understand the extend of laissez faire leadership in CBE and how it affects the commitment of employees, whether it slows commitment or what extend it can improve commitment of the employees of the Bank,

An organization that is able to improve its leadership style would be able to sustain employees in the organization. Previous research have shown that organizations with a more persuasive and guidance style of leadership would be able to improve the organization's goals, to increase the work effectiveness of employees and to increase the employees satisfaction that would lead them to be commitment with the organization. The study was conducted under the framework as shown in figure.1. It demonstrates the variables of leadership style and organizational commitment that were used in the study.
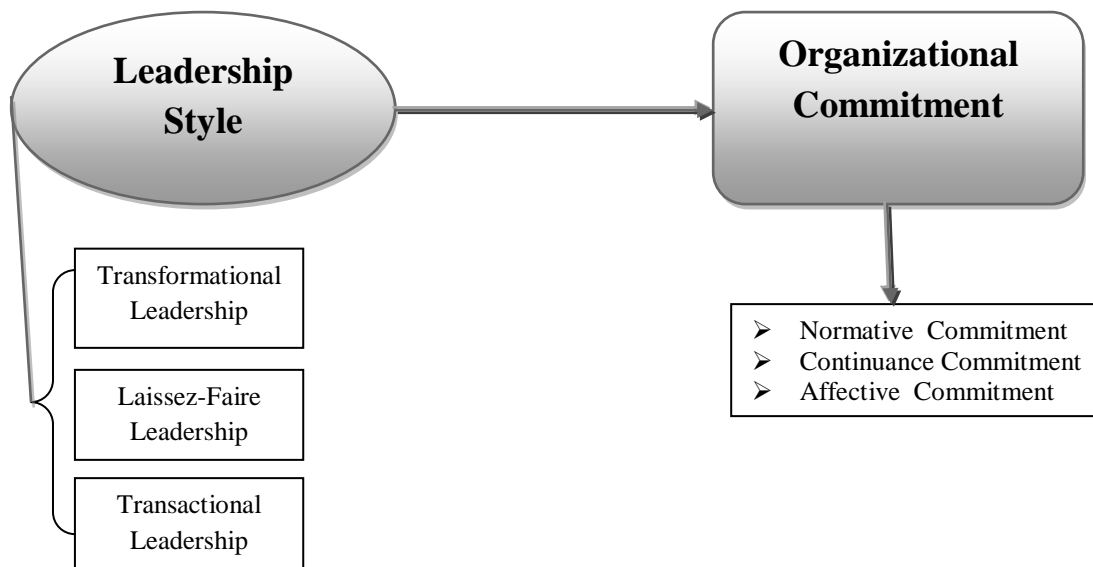
Figure 2.5. The Proposed Model of Study

CHAPTER THREE

RESEARCH DESING AND METHODOLOGY

3.1 Introduction

This section describes the general methodology used in carrying out the research study. It discusses the research design, the population and sample design, the research procedure, the data collection and data analysis methods.

3.2 Research Design

The research design and approach was explanatory and quantitative.. Descriptive statistics was used to summarize basic features like mean scores. A study collects data in order to answer questions about current status of the subject or topic of study. There are precise steps involved in a explanatory study, and they include: selection of research questions, selection of an appropriate methodology to collect information, selection of appropriate sampling methods, analysis and reporting of findings .

The researcher believes that a explanatory research design was appropriate for the study because the study was concerned with finding out the effects of different leadership styles on employee commitment at three levels of the desire to stay in the organization, the sense of responsibility and identity with the organization names as continuance, normative and affective commitment.

3.3 Population and Sampling Design

3.3.1 Population

Population has been defined as any complete group of entities that share some common set of characteristics (Zikmund *et al*., 2010). In this study, the target population was 2,467 employees of commercial bank of Ethiopia, Working in Eastern Addis Abeba district.

3.3.2 Sampling Design

Sampling refers to the process by which part of the population is selected and conclusions are drawn about the entire population (Cooper & Schindler, 2011). The sampling design describes in detail the sampling frame, sampling techniques and the sample size.

3.3.2.1 Sampling Frame

Sampling frame refers to the list of elements from which the sample is drawn, and is closely related to the population (Cooper & Schindler, 2011; Zikmund *et al*., 2010). According to Cooper and Schindler (2011) it is a complete and correct list of population members only. The sampling framework for this study consisted of 2,467 employees from various branches and district employee's within CBE..This number formed the sampling frame.

3.3.2.2 Sampling Technique

Sampling is defined as any procedure that draws conclusions based on measurements of a portion of the population (Zikmund *et al*., 2010). simple random sampling was used to select the sample branches. Systematic random sampling also used to select respondents from district sample branches employees.The respondents from each branches were identified using simple random sampling so that every respondent had an equal chance of being selected to participate in the study.

3.3.2.3 Sample Size

Sample size refers to the number of elements selected from a given population (Zikmund *et al*., 2010). A sample size is a section of a study population that is selected from the total population in a manner that ensures that every different possible sample of the desired size has the same chance of being selected (Peck, Olsen, & Devore, 2009). For the purpose of this study, the Yamane (1967) formula was used to select the sample size for the study which brought the sample size to 345 respondents, and it was calculated using the following formula as follows:

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

Where;

n was the sample size,

N was the population size,

$$n = \frac{2,467}{1+2,467(0.05)^2} = \underline{345 \text{ samples}}$$

1 was the constant and

e^2 was the margin of error, which was 5% for 95 % confidence level.

So, according to the sampling determination formula and desiring to have a 95% confidence level where (e) = 0.05, with a population of 2,467; the resultant sample size became 345. The researcher collected sample data from 40 branches of CBE working in eastern Addis Ababa district.

3.4 Data Collection Methods

Cooper and Schindler (2011) state that data collection methods refer to the process of gathering data after the researcher has identified the types of information needed. The study gather information from both source of data collection method Primery and secondary data. This study focused on the use of primary data which was collected from the target sample,annual report & the date gathered from the Bank official website used as a secondary data. A structured questionnaire was used to collect the data. The data collection instrument for the study had been developed based on literature from various scholars on the subject of leadership styles on employee commitments.

The questionnaire was divided into five sections: The first part was designed to analyse demographic data, which focused on collecting the respondent's personality characteristics. The second part looked at Transformational leadership styles and employee commitment at CBE. This section consisted of questions that were based on the identified Transformational leadership styles and employee commitment studied in the literature review. The third part of the questionnaire looked at the Laissez–fair leadership styles and employee commitments. The fourth part of the questionnaire assessed the Transactional leadership styles and employee commitments. and the last part had questions related to employee commitment.

The questionnaire had a likert scale of five multiple choice options for each question and were adopted to represent the five levels of preference that included: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. The likert scale questions were used because they use a universal method of collecting data, which makes them easy to understand. The likert scale was also used because it meant the data would be quantitative in nature which made it easy for the researcher to draw conclusions and draw results from the responses. Furthermore, the use of the likert scale ensured that the respondents were not forced to express an either-or opinion, rather it allowed them to be neutral while responding to the questions.

3.5 Research Procedures

A structured questionnaire was developed by the researcher, specifically for this study. The data collection method that was used was a structured questionnaire and more specifically, a self-administered structured questionnaire. The data collection instrument (structured questionnaire) was pilot tested with 25 respondents of the total target respondents representing various functions in CBE, who were not included in the final selection of the population. The problems anticipated to be encountered during pilot testing of the data collection instrument were addressed by making necessary adjustments to the questionnaire before administering it to the study sample. After revision of the data collection instrument, the whole study sample was subjected to the data collection instrument.

3.6 Data Analysis Methods

Data editing and coding was done by the researcher to reduce error during the data entry stage and ensure that clean data was used for analysis. Descriptive analysis was done to check for the meaning of the data provided using percentages and summaries. Reliability as well as validity analyses were conducted to check for consistency of the responses and variables that best described the given responses respectively.

Correlation analysis is the process of studying the strength of that relationship with available statistical data (Peck, Olsen, & Devore, 2009). Correlational analysis was used to test for the association among the dependent variables and independent variables for the study. Thereafter, regression analysis was used to test for the effect of the independent variable of the leadership styles on the dependent variable (employee commitment). The results were presented in form of tables and figures with brief descriptions. The regression model took the form of:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Organizational commitment

X_1 = Supportive leadership style

X_2 = Directive leadership style

X_3 = Participative leadership style

X_4 = Achievement oriented leadership style

B_i = Coefficients of the independent variables, where $i, 1,2,3,4$

ε = Error term

SPSS was used to perform explanatory statistics (Mean, Standard Deviation) and Chronbach's alpha test the reliability of the instruments of data collection on the survey data. Also the same statistical software used for Inferential Statistical analysis, two person Correlation compute to analyze the type and level of correlation between different leadership styles and different employee commitment.

On top of this, data from questionnaires was analyzed by using the explanatory statistics with the help of data analysis software-Statistical Package for Social Sciences (SPSS) package which offers extensive data handling capabilities and numerous statistical analysis routines that can analyze small to very large data statistics. Besides, tables &percentages would be used during data analysis.

3.5 Reliability and Validity Assurance

3.5.1 Reliability

Validity and reliability issues ask us to consider whether we are studying what we are studying and whether the measures we use are consistent. Saunders (2003) defined validity and reliability in this way "validity is the extent to which data collection method or measure what they are intended to measure. And reliability refers to the extent to which your data collection techniques or analysis procedures was yield consistent findings." Different scholars said that it is rare, if nearly impossible, that an instrument be 100% valid.

Chronbach's alpha is a measure of reliability. Reliability refers to the consistency or dependability of a measuring instrument. It is defined as the proportion of the variability in the responses to the survey which is the result of differences in the respondents. That is, answers to a reliable survey differ because respondents have different opinions, not because the survey is confusing or has multiple interpretations (Tabachnick&Fidell, 2007).

Table 3.1.Cronbach's Alpha of Instruments

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.979	.979	30

The Cronbach's Alpha for the total scale is above .7 which means that the scales used in this study are considered reliable.

3.5.2 Validity

The following steps were taken to ensure the validity of the study:

❖ In this study pilot test was conducted with both employees and Management Members to enhance the questionnaire to be valid in content with the respondents' understanding and comprehension. Comments from professionals & respondents are solicited to ensure validity particularly content validity.

3.6 Ethical Issues

The purpose of the study is fully explained to all participants and all of them participated in the study voluntarily. Also, because the sensitive nature of the information being gathered about the participants and their supervisors, specific personal information like their names and names of their supervisors and their department was kept anonymous And all sensitive data collected for this study waskept confidential.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This chapter is concerned with presentation, analysis and interpretations of the data that were collected through questionnaires. The chapter therefore provides information on the research data analysis outcomes (findings) and discusses the statistical analysis of influence which the leadership styles do have on employees' organizational commitment.

4.1. Response Rate

In this research 345 questionnaires were administered for employees out of which 322 were returned. However, out of the 322 copies, only 309 were properly filled and processed for analysis.Identifying what is a good response rate and how it can be reached is a point of debate and discussion among researchers. However, there is an agreement between them concerning the response rate of questionnaire surveys may vary according to the nature of the research and how this research is important and also the type of respondents.

4.2. Results and Discussion

The bank employees and managers were asked to complete a questionnaire to assess the influence of leadership styles on employees' organizational commitment in Commercial Bank of Ethiopia. The first part of the questionnaire consists of demographic information of the respondents which are presented at subsequent tables and percentages. The second part of the questionnaire presents the leadership styles.

4.2.1. Demographic Characteristics of Respondent's

The personal information acquired from the completed and returned questionnaires is summarized and described here below:

Table 4.1 Demographic characteristics of the respondents

S.N	Variables	Type	Count	%
1	Gender	Male	181	58.6
		Female	128	41.4
	Total		309	100.0
2	Age (in years)	18-30yrs	169	54.7
		31-40yrs	88	28.5
		41-50yrs	35	11.3
		>50yrs	17	5.5
	Total		309	100.0
3	Marital status	Single	199	64.4
		Married	110	35.6
	Total		309	100.0
4	Education qualification	Diploma		
		Degree	206	66.7
		Masters	100	32.4
		PHD	3	1.0
	Total		309	100.0
5	Service year	0-5yrs	169	54.7
		6-10yrs	83	26.9
		11-15yrs	18	5.7
		16-20yrs	15	4.9
		>20yrs	24	7.8
	Total		309	100.0

As can be learned from From table 4.1 item (1) that describes respondent gender composition, the majority (59%) are males and the different account for females.Simmiilarly the age of the respondants, learned from table 4.1 item (2) majority (55%) are between 18-30 yrs , (28.5%) are between(31-40yrs) and around (5.5%) of the respondants greterthan 50 yrs.

Table 4.1 item (4) shows the distribution of respondents based on education qualification. The results revealed that majority of the respondents (about 67%) had a Bachelor's degree. This was followed by approximately 32% who were Master's degree holders. A few of the respondents (about 1%) were PHD holders.

Table 4.1 item (5) shows results on the duration of work in the bank. There was clear pattern on the duration of working; majority of respondents had worked for fewer years and fewer of the respondents had worked for more years in the banking sector. Those who had worked for between 0-5 years were about 55% followed by those who had worked for 6-10 years who were about 27%. Only about 8% of the respondents had worked for more than 20 years. This showed that fewer people opted to remain in the banking sector as they grew older.

4.2.2. Effect of Transformational Leadership Style On Employee Commitment

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

Table.4.2. Descriptive statistics of employee's perception towards transformational leadership style.

No	Transformational Leadership Style		Level of Agreement					Total	Mean
			Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree		
1	My leader is approachable and friendly.	Count	9	5	30	185	80	309	4.0324
		%	2.9	1.6	9.7	59.9	25.9	100	
2	My manager maintains a friendly working relationship with subordinates.	Count	6	13	18	202	70	309	3.9353
		%	1.9	4.2	5.8	65.4	22.7	100	
3	My manager does little things that make it pleasant to be a member of the group.	Count	39	49	25	142	54	309	3.3722
		%	12.6	15.9	8	46	17.5	100	
4	All team members are given opportunities to attend relevant trainings and conferences	Count	48	22	37	168	34	309	3.5566
		%	15.5	7.1	12	54.4	11	100	
5	My leader Spends time teaching and coaching.	Count	12	110	23	127	37	309	3.2395
		%	3.8	35.5	7.4	41.1	12	100	
6	Our leader puts suggestions made by us into actions.	Count	24	49	71	165		309	3.2168
		%	7.7	15.9	23	53.4		100	
7	My leader assigns me to particular tasks.	Count	49	24	71	107	58	309	3.2201
		%	15.8	7.8	23	34.6	18.8	100	
8	Mymanager listens receptively to subordinates ideas and suggestions.	Count	19	28	71	129	62	309	3.4951
		%	6.1	9	23	41.7	20	100	
9	My manager consults with employees before making key decisions.	Count	18	21	64	159	47	309	3.7702
		%	5.8	6.7	20.7	51.4	15.2	100	
10	My leader gives me complete freedom in decision making and problem solving.	Count	11	24	53	152	69	309	3.8285
		%	3.5	7.7	17.1	49.4	22.3	100	

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

Table 4.2.shows that Managers did little things that made it pleasant to be members of the group as shown by 63.5% of the respondents that agreed; the resulting mean of 3.3722 shows that managers doing the little things that were pleasant to employees was significant. All team members are given opportunities to attend relevant trainings and conferences as shown by 65.4% of the respondents that agreed; the resulting mean of 3.5566 shows that employees' teams are given equal opportunities was significant.

Managers Spends time teaching and coaching as shown by 60.5% of the respondents that agreed; the resulting mean of 3.2395 shows that managers giving time for teaching and coaching to employees' was significant. Our leader puts suggestions made by us into actions as shown by 53.1% of the respondents that agreed; the resulting mean of 3.2168 shows that managers puts suggestions made by employees' into actions was significant. Managers assign employees' to particular tasks. As shown by 53.3% of the respondents that agreed; the resulting mean of 3.2201 shows that managers assign employees' to particular tasks was significant. Managers listens receptively to subordinates ideas and suggestions as shown by 61.8% of the respondents that agreed; the resulting mean of 3.4951 shows that it was significant.

4.2.2.1. Correlations for Transformational Leadership Style on Employee' Commitment

Table 4.3.Correlations for Transformational Leadership Style on Employee Commitment

		Transformational	OrganizationalCommitment
Transformational	Pearson Correlation	1	.847[**]
	Sig. (2-tailed)		.000
	N	309	309
OrganizationalCommitment	Pearson Correlation	.847[**]	1
	Sig. (2-tailed)	.000	
	N	309	309
**. Correlation is significant at the 0.01 level (2-tailed).			

A Pearson correlation test was carried out to determine the significance of the several transformational leadership style factors and their influence on employee commitment, and the p value of <0.05 was used as the threshold for determining significant factors. The results were as shown in Table 4.3.it shows that transformational leadership style factors was a significant factor in employee commitment r (309) =.847, $p > .05$;

Table 4.4.Correlations for Transformational Leadership Style on Different type of Commitment

		Transformational	Affective Commitment	Normative Commitment	Continuance Commitment
Transformational	Pearson Correlation	1	.807**	.818**	.828**
	Sig. (2-tailed)		.000	.000	.000
	N	309	309	309	309
Affective Commitment	Pearson Correlation	.807**	1	.897**	.891**
	Sig. (2-tailed)	.000		.000	.000
	N	309	309	309	309
Normative Commitment	Pearson Correlation	.818**	.897**	1	.913**
	Sig. (2-tailed)	.000	.000		.000
	N	309	309	309	309
Continuance Commitment	Pearson Correlation	.828**	.891**	.913**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	309	309	309	309

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

A Pearson correlation test was carried out to determine the significance of transformational leadership style factors and their influence on employee commitment, and the p value of <0.05 was used as the threshold for determining significant factors. The results were as shown in Table 4.4.

Table 4.4.shows that transformational leadership style factors was a significant factor in employee Affective Commitment (r=0.807, p>0.05), transformational leadership style was significant factor in employee Normative Commitment (r=0.818, p>0.05). transformational leadership style was a significant factor in employee commitment (r=0.828, p<0.05).

From Table 4.4. Employee' Continuance Commitment significantly affecte by transformational leadership style r (309) =.828, $p>$.05

Linear Relationship Coefficients

Table 4.5. Linear relationship Coefficients for Transformational Leadership Style on Employee Commitment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.022	1.654		-.618	.537
	Transformational	1.263	.045	.847	27.883	.000

a. Dependent Variable: OrganizationalCommitment

4.2.2.2. Regression Analysis for Transformational Leadership Style

Table 4.6.Model Summary for transformational Leadership Style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.847a	.717	.716	6.20664	.717	777.456	1	307	.000

a. Predictors: (Constant), Transformational

b. Dependent Variable: OrganizationalCommitment

The researcher transformed variables for Transformational Leadership by computing means of the study variable,The variables were used to run the regression analysis, and the results were as follows: Table 4.6. shows the results of the regression model summary for (independent variables), and the dependent variable which was employee commitment. The adjusted R square value for the model showed that 71.6% of the variance in the model (employee commitment) can be explained by consideration and approachability, emotional attachment, and equal opportunities for team members

4.2.2.3. Multicollinearity Test on the perceived leadership style

Table 4.7: Multicollinearity Test on the perceived leadership style

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.453	1.045		1.390	.166		
	Transformational	.097	.056	.065	1.744	.082	.232	4.319
	Laissez–fair	.778	.070	.410	11.123	.000	.236	4.238
	transactional	2.255	.160	.520	14.134	.000	.237	4.226

a. Dependent Variable: OrganizationalCommitment

As can be learned from From table 4.1 Multicollinearity test was performed to determine if the values of the perceived leadership style and employee Organizational commitment had higher similarity. The test of multicollinearity was tested by the Variance Inflation Factor (VIF); statistically, there was no multicollinearity when the value of VIF between 1 and 10. As indicated in Table 4.7, the VIF value was Transformational Laissez–fair transactional 4.319, 4.238 and 4.226 respectively hence it indicated there was no multicollinearity between the perceived leadership style and employee' Organizational commitment.

Table 4.7a: Multicollinearity Test on the perceived leadership style(Condition Index)

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Transformational	Laissez–fair	Transactional
1	1	3.930	1.000	.00	.00	.00	.00
	2	.051	8.784	.49	.00	.15	.01
	3	.011	18.680	.31	.03	.74	.61
	4	.008	22.495	.20	.97	.10	.38

a. Dependent Variable: OrganizationalCommitment

From Table 4.7a condition index colomen shows that value of condition index Transformational leadership style 8.784, Laissez–fair leadership style 18.680 and lastly transactional leadership style 22.495 there was no multicollinearity. Statistically, If the Condition Index show <15 we can conclude that Collinearity not suspected

4.2.2.4. Homoscedasticity Test on Organizational Commitment

Table 4.8: Homoscedasticity Test on Transformational

Levene's Test of Equality of Error Variances[a]

F	df1	df2	Sig.
2.548	32	276	.000

a. Design: Intercept + Transformational
Dependent Variable: OrganizationalCommitment
* Significant at *p*<0.05 level

Homoscedasticity test was carried out to determine if employees gave similar transformational leadership of the bank a variance to employee commitment on the regression values. As indicated in Table 4.8 the results indicate that the value of the Levene Statistic, $F(32, 276) = 2.548$, p = .00 was below the study's level of significance (p ≤ .05) indicating the data was not homogenous.

Table 4.9. Linear relationship for Transformational Leadership Style on Employee Commitment

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual for OrganizationalCommitment	.164	309	.000	.770	309	.000

Lilliefors Significance Correction

Figure 4.1: Nominal Q-Q plot of standardized for organizational commitment

Normal Q-Q Plot of Standardized Residual for OrganizationalCommitment
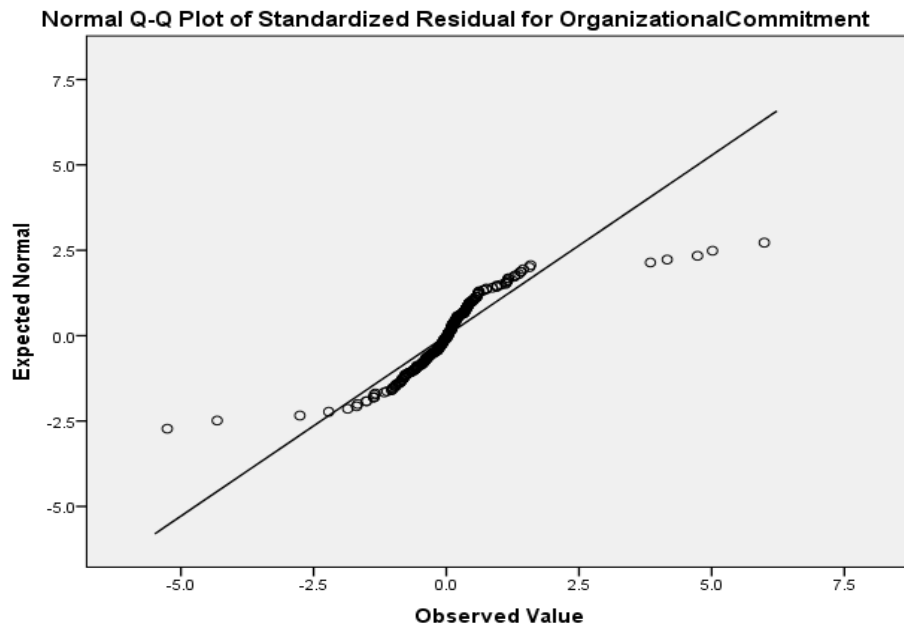
4.2.3. Effect of Laissez–fair Leadership Style on Employee Commitment

The respondents were asked to rate several Laissez–fair Leadership Style factors and their Effect on employee commitment.

Table 4.10. Descriptive statistics of employee's perception towards Laissez–fair leadership style.

No	Laissez–fair Leadership Style		Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree	Total	Mean
					Level of Agreement				
1	My leader is lacking of control directing, which he/she not explains the actions to us.	Count	39	79	60	84	47	309	3.1068
		%	12.6	25.6	19.4	27.2	15.2	100	
2	My leader refuses to explain his/her actions.	Count	35	52	70	103	49	309	3.3754
		%	11.3	16.8	22.7	33.3	15.9	100	
3	My leader avoids him/her self from goal setting and decision making.	Count	47	123	27	83	29	309	2.8026
		%	15.2	39.8	8.7	26.9	9.4	100	
4	My leader delay responding to urgent questions.	Count	21	83	55	112	38	309	3.0906
		%	6.8	26.9	17.8	36.2	12.3	100	
5	My leader avoids him/her self from getting involved when important issues arise.	Count	16	69	49	148	27	309	3.3204
		%	5.8	27.6	15.9	47.9	8.7	100	
6	My leader waits for things to go wrong before taking action.	Count	19	108	8	141	33	309	3.1456
		%	6.1	35	2.6	45.6	10.7	100	

As can be learned from From table Table 4.10 item (1) that describes shows that managers are lacking of control directing, which he/she not explains the actions to them. as shown by 42.4% of the respondents that agreed; the resulting mean of 3.1068 shows that, managers' being reluctant is a big issue. From table Table 4.10 item (2) Managers refuse to explain his/her actions as shown by 49.2% of the respondents that agreed; the resulting mean of 3.3754 shows that managers' refuses to explain his /her action was significant.

From table Table 4.10 item (3) Managers avoids him/her self from goal setting and decision making as shown by 36.2% of the respondents that agreed; the resulting mean of 2.8026 shows that managers avoids him/her self from goal setting and decision making was insignificant. From table Table 4.10 item (4) Managers delay responding to urgent questions as shown by 48.5% of the respondents that agreed; the resulting mean of 3.0906 shows that, managers' being reluctant is a big issue.

From table Table 4.10 item (5) the respondents replay with the queation related Managers avoids him/her self from getting involved when important issues arise as shown by 56.7% of the respondents that agreed; the resulting mean of 3.3204 shows that managers' avoids him/her self from getting involved when important issues arise was significant. Managers waits for things to go wrong before taking action as shown by 56.3% of the respondents that agreed; the resulting mean of 3.1456 shows that managers waits for things to go wrong before taking action was insignificant.

4.2.3.1. Correlations for Laissez–fair Leadership Style on Employee Commitment

Table 4.11. Correlations for Laissez–fair Leadership Style on Employee Commitment

		Laissez–fair	Organizational Commitment
Laissez–fair	Pearson Correlation	1	-.900**
	Sig. (2-tailed)		.000
	N	309	309
OrganizationalCommitment	Pearson Correlation	-.900**	1
	Sig. (2-tailed)	.000	
	N	309	309

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

A Pearson correlation test was carried out to determine the significance of the several Laissez–fair leadership style factors and their influence on employee commitment, and the p value of <0.05 was used as the threshold for determining significant factors. The results were as shown in Table 4.11.it shows that Laissez–fair Leadership Style was negatively correlated with employee commitment r $(309) = -.900$, $p<.05$;

Table 4.12.Correlations for Laissez–fair Leadership Style on Different type of Commitment

		Laissez–fair	Affective Commitment	Normative Commitment	Continuance Commitment
Laissez–fair	Pearson Correlation	1	-.848**	-.882**	-.878**
	Sig. (2-tailed)		.000	.000	.000
	N	309	309	309	309
AffectiveCommitment	Pearson Correlation	-.848**	1	.897**	.891**
	Sig. (2-tailed)	.000		.000	.000
	N	309	309	309	309
NormativeCommitment	Pearson Correlation	-.882**	.897**	1	.913**
	Sig. (2-tailed)	.000	.000		.000
	N	309	309	309	309
ContinuanceCommitment	Pearson Correlation	-.878**	.891**	.913**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	309	309	309	309

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

from Table 4.12 Laissez–fair Leadership Style has a negative effect on employee organizational Commitment, by r $(309) = -0.882$, $p<.05$.

4.2.3.2. Regression Analysis for Laissez–fair Leadership Style

Table 4.13.Model Summary for Laissez–fair Leadership Style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	-.900[a]	-.810	-.810	5.08183	-.810	1310.651	1	307	.000

a. Predictors: (Constant), Laissez–fair
b. Dependent Variable: OrganizationalCommitment

The researcher transformed variables for Laissez–fair leadership by computing means of the study variable. Table 4.13.shows the results of the regression model summary for Laissez–fair and the dependent variable which was employee commitment. The adjusted R square value for the model showed that, the variance in the model (employee commitment) can be Negetive affected by Laissez–fair type of Leadership Style.

Table 4.13.shows the regression coefficients for the model and it predicts the relationship between the variables have a Negetive influence on employee commitment since their precision levels are less than the threshold of <0.05. The table shows that Laissez–fair had a Negetive influence on employee commitment.

Table 4.15: Multicollinearity Test on Laissez–fair

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	Laissez–fair
1	1	1.951	1.000	.02	.02
	2	.049	6.309	.98	.98

a. Dependent Variable: OrganizationalCommitment

Simmiilarly from table 4.15 condition index colomen shows that value of condition index 6.309, there was no multicollinearity. statistically, If the Condition Index show <15 we can conclude that Collinearity not suspected

4.2.3.4. Homoscedasticity Test on Laissez–fair

Table 4.16: Homoscedasticity Test on Laissez–fair

Levene's Test of Equality of Error Variances[a]

F	df1	df2	Sig.
3.906	22	286	.000

a. Design: Intercept + Laissez–fair

Dependent Variable: OrganizationalCommitment
* Significant at $p<0.05$ level

Homoscedasticity test was carried out to determine if the moderating effect of Laissez–fair leadership style of the bank employees gave similar a variance to employee commitment on the regression values. As indicated in Table 4.16 the results indicate that the value of the Levene Statistic, $F(22, 286) = 3.906$, p = .00 was below the study's level of significance (p ≤ .05) indicating the data was not homogenous.

4.2.4. Effect of Transactional Leadership Style on Employee Commitment

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

Table 4.17 Descriptive statistics of employee's perception towards transactional leadership style.

No	Transactional Leadership Style		Level of Agreement					Total	Mean
			Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree		
1	My leader maintains definite standards of performance.	Count	8	64	81	118	38	309	3.3269
		%	2.6	20.7	26.2	38.2	12.3	100	
2	My leader makes clear what one can expect to receive when performance goals are achieved	Count	9	25	50	68	157	309	3.7379
		%	2.9	8	16.2	22	50.8	100	
3	My leader is effective in meeting organizational requirements	Count	11	17	52	46	183	309	3.7767
		%	3.5	5.6	16.8	14.9	59.2	100	

Table 4.17.Shows that, Managers are maintains definite standards of performance as shown by 50.5% of the respondents that agreed; the resulting mean of 3.3269 shows that, managers' maintains definite standards of performance was significant. Managers makes clear what one can expect to receive when performance goals are achieved as shown by 72.8% of the respondents that agreed; the resulting mean of 3.7379 shows that managers' makes clear what one can expect to receive when performance goals was significant. Managers effective in meeting organizational

requirements as shown by 74.1% of the respondents that agreed; the resulting mean of 3.7767 shows that a manager effective in meeting organizational requirements was significant.

4.2.4.1. Correlations for Transactional Leadership on Employee Commitment

Table 4.18.Correlations for Transformational Leadership Style on Employee Commitment

		transactional	Organizational Commitment
transactional	Pearson Correlation	1	.918**
	Sig. (2-tailed)		.000
	N	309	309
OrganizationalCommitment	Pearson Correlation	.918**	1
	Sig. (2-tailed)	.000	
	N	309	309

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

A Pearson correlation test was carried out to determine the significance of the several Transactional leadership style factors and their influence on employee commitment, and the p value of <0.05 was used as the threshold for determining significant factors. The results were as shown in Table 4.18. Table 4.18 shows that Transactional leadership style was a significant factor in employee commitment r (309) =>0. 918, p<.05.

4.2.4.2. Regression Analysis for Transactional Leadership Style

Table 4.19. Model Summary for Transactional Leadership Style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.918ᵃ	.843	.842	4.62265	.843	1647.980	1	307	.000

a. Predictors: (Constant), transactional

b. Dependent Variable: OrganizationalCommitment

The researcher transformed variables for transactional leadership style by computing means of the study variable, these variables were used to run the regression analysis, and the results were as follows: Table 4.19.shows the results of the regression model summary for transactional leadership style and the dependent variable which was employee commitment. The adjusted R square value for the model showed, the variance in the model (employee commitment) can be explained by transactional leadership style.

4.2.4.3. Multicollinearity Test Transactional Leadership Style

Table 4.20: Multicollinearity Test on Transactional Leadership Style

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.897	1.094		.820	.413		
	transactional	3.978	.098	.918	40.595	.000	1.000	1.000

Dependent Variable: OrganizationalCommitment

Multicollinearity test was performed to determine if the values of Transactional Leadership Style and employee commitment had high similarity. The test of multicollinearity was analyzed by the variance inflation factor (VIF); statistically, there was no multicollinearity when the value of VIF between 1 and 10. As indicated in Table 4.20, the VIF value was 1.000 shows there was no multicollinearity between Transactional Leadership and employee commitment.

Table 4.21: Condition Index Test on Transactional Leadership Style

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions	
				(Constant)	transactional
1	1	1.971	1.000	.01	.01
	2	.029	8.202	.99	.99

a. Dependent Variable: OrganizationalCommitment

As indicated in Table 4.21:condition index colomen shows that value of condition index 8.202, there was no multicollinearity. Statistically, If the Condition Index show <15 we can conclude that Collinearity not suspected

4.2.4.4. Homoscedasticity Test on Transactional Leadership Style

Table 4.22: Homoscedasticity Test on Transactional Leadership Style

Levene's Test of Equality of Error Variances[a]

F	df1	df2	Sig.
7.433	12	296	.000

a. Design: Intercept + transactional

Dependent Variable: OrganizationalCommitment
* Significant at $p<0.05$ level

Homoscedasticity test was carried out to determine if the Transactional Leadership Style of the bank employees gave similar variance to employee commitment on the regression values. As indicated in Table 4.22:, the results indicate that the value of the Levene Statistic, $F(12, 296) = 7.433$, p = .00 was below the study's level of significance (p ≤ .05) indicating the data was not homogenous.

4.2.5. Employee's Perception Towards Organizational Commitment Level and Factors.

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

Table 4.23.Descriptive statistics of employee's perception towards Organizational Commitment Level and Factors.

No			Strongly Disagree	Dis agree	Neutral	Agree	Strongly Agree	Total	Mean
1	I feel personally attached to my organization.	Count	17	48	27	174	43	309	3.6117
		%	5.5	15.5	8.7	56.4	13.9	100	
2	I am proud to tell others that I work at my organization.	Count	11	24	39	177	58	309	3.8964
		%	3.6	7.7	12.6	57.3	18.8	100	
3	Working at my organization has a great deal of personal meaning to me.	Count	8	19	38	205	39	309	4.0032
		%	2.5	6.1	12.3	66.3	12.8	100	
4	I would be happy to work at my organization until I retire.	Count	33	62	58	127	29	309	3.3495
		%	10.7	20	18.8	41.1	9.4	100	
5	Jumping from organization to organization does not seem an ethical to me.	Count	14	24	27	172	72	309	4.0356
		%	4.5	7.8	8.7	55.6	23.4	100	
6	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.	Count	48	73	24	108	56	309	3.1618
		%	15.5	23.6	7.8	34.9	18.2	100	
7	If I got another offer for a better job elsewhere, I would not feel it is right to leave my organization.	Count	16	48	10	162	73	309	3.7767
		%	5.2	15.5	3.2	52.4	23.7	100	
8	I am afraid of what might happen if I quit my job without having another one lined up.	Count	7	36	27	147	92	309	3.8544
		%	2.2	11.6	8.7	47.6	29.9	100	
9	It would be very hard for me to leave my organization right now, even if I wanted to.	Count	40	57	38	95	79	309	3.2039
		%	12.9	18.4	12.3	30.7	25.7	100	
10	Too much in my life would be disrupted if I decided to leave my organization now.	Count	1	1	46	142	119	309	3.9515
		%	0.3	0.3	14.9	45.9	39.2	100	
11	Right now, staying with my organization is a matter of necessity rather than desire.	Count	26	45	52	63	123	309	3.4401
		%	8.4	14.6	16.8	20.4	39.8	100	
12	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice another organization may not match the overall benefits I have with the current organization	Count	10	34	37	61	167	309	3.7411
		%	3.2	11	12	19.7	54.1	100	

As can be learned from From Table 4.23 item (1) shows that (70.2%) of the respondents feel that they are personally attached to the organization and we can also see that (76.1%) of the respondents are proud to tell others that they work on CBE. (79%) of the respondent Agreed ; Working in CBE has a great deal of personal meaning to them. This implies that most of the employees have their own personal relation to the organization. This helps to the organization to implement the strategic plans of the business and work to meet strategic objectives. The study shows that (79%) of the respondents Agreed that they would be happy to work at their organization until they retire .

(78.9%) of the respondents agreed that Jumping from organization to organization does not seem an ethical. (53.1%) respondent agreed that they need to be loyalty to their organization have a sense of moral obligation to remain. (76%) respondent agreed that they would not feel it is right to leave there organization even thou they got another offer for a better job elsewhere. This implies that most of the employee in CBE they have interest in working more than getting paid. (77.3%) respondents said it would be very hard for them to leave the organization right now, even if they wanted to leave. this implies significant number of respondents also can leave at any time they want, the organization need to asses on the issue that make preferable place to work & to facilitate thing for emplyee' to say as much as possible time in the organization. (84.5%) respondents believe that too much in their life would be disrupted if they decided to leave the organization now. This implies most of the employee prefers to stay working in the organization.

As can be learned from From Table 4.23 item (11) shows that majority (60.2%) respondents they are agreed staying in CBE is a matter of necessity rather than desire (23%)respondents disagree in the question related staying in CBE is a matter of necessity rather than desire. This implies that most of the employees agree the staying in the organization is a matter of necessity rather than desire. The management teams shall analyze the current workforce profile & need to address the issue of all employees to make the organization a better place to work. (73.8%) agreed that the major reasons continue to work for CBE is that leaving would require considerable personal sacrifice another organization may not match the overall benefits they have with the current organization.

4.2.2.1. Correlations for Employee Commitment Factors

Table 4.24. Correlations for Employee Commitment Factors

Correlations

		Organizational Commitment	Affective Commitment	Normative Commitment	Continuance Commitment
Organizational Commitment	Pearson Correlation	1	.960[**]	.968[**]	.971[**]
	Sig. (2-tailed)		.000	.000	.000
	N	309	309	309	309
AffectiveCommitment	Pearson Correlation	.960[**]	1	.897[**]	.891[**]
	Sig. (2-tailed)	.000		.000	.000
	N	309	309	309	309
NormativeCommitment	Pearson Correlation	.968[**]	.897[**]	1	.913[**]
	Sig. (2-tailed)	.000	.000		.000
	N	309	309	309	309
ContinuanceCommitment	Pearson Correlation	.971[**]	.891[**]	.913[**]	1
	Sig. (2-tailed)	.000	.000	.000	
	N	309	309	309	309

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

A Pearson correlation test was carried out to determine the significance of the several employee commitment factors and their influence on employee commitment, and the p value of <0.05 was used as the threshold for determining significant factors. The results were as shown in Table 4.24.it shows that Affective Commitment factors was a significant factor in employee commitment *r* (309) =.960, *p*>.05; Normative Commitment was a significant factor in employee commitment (r=0.968, p<0.01). Continuance Commitment was a significant factor in employee commitment (r=0.971, p<0.01).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, discussion, conclusions and recommendations of the study. The summary, discussions and conclusions are presented based on the research questions. Recommendations are made based on the findings of the study. The study also gives suggestions for future research.

5.2.1.Summary of Major Finding

The purpose of this study was to investigate the Effect of leadership style on employees' organizational commitment. The study was guided by the following key research questions focusing on the three styles of leadership: What is the leadership style adopted at CBE as perceived by employees of the BanK? What is the level of employees' organizational commitment at CBE? To what extent the perceived leadership style affects the commitment of employees' to CBE?

The study employed explanatory research design with emphasis on the Effect of leadership styles on employee commitment in commercial bank of Ethiopia. For these reason, questionnaires were administered to three hundred nine employee Both secondary and primary methods were used, with the secondary sources were concerned data was collected from documents such as annual report from CBE, brochures on the profile of organization, operations and policy manual of the organization. These documents were produced for specific purpose and have the advantage of being authentic, sincere and objective because they are documented policy statements for the organization. Primary data is the basic material from which the study is obtained. First-hand full investigation was undertaken through the administration of questionnaires. the Data analyzed using the Statistical Package for Social Sciences (SPSS). The findings were presented using tables and figers. Correlational analysis was also be employed to test the relationship between the independent and dependent variables.

5.2.1.1. Leadership Style On Employee's Organizational Commitment

The first research question sought to examine the leadership style adopted at CBE as perceived by employees of the BanK, The study showed that both transactional and transformational leadership styles are the leadership styles usually implemented in the bank. transformational leadership style had a positive and strong correlation with employee's organizational commitment.

The study showed that managers at CBE maintained a friendly working relationship with subordinates and they behaved in a manner that was thoughtful to employee's needs. The study also showed that managers at CBE gave feedback to employee's requests in a prompt manner and they were approachable and friendly. The study showed that CBE managers were mindful of employees' personal needs and took action to support them, as well as doing little things that made it pleasant for employees to be members of the organization. The study showed that all team members at CBE were given opportunities to attend relevant trainings and conferences and employee teams in the organization enjoyed a friendly working environment.

The study showed that managers at CBE told employees what needed to be done and how it needed to be done and that they did expect employees to question them. The study also showed that managers at CBE expected staff to report back after completing each step of the work and they explained the level of performance that was expected of employees.

On the second research question, the results revealed that the level of employees' organizational commitment is strong. most of the employees' have interest working in CBE more than getting paid, they are commited for the organization.

On the third research question, the results revealed that extent the perceived leadership style affects the commitment of employees' to CBE,all Leadership style have a significant Effect on employees' organizational commitment.

As the findings reveals, employees of commercial bank of Ethiopia have different composition, like educational background, gender, service years and age. This deference to some level contributes to apply different ideas. The results give clear picture of the role of transformational leadership style and transformational leadership style towards making employees committed to organizational. As transformational leadership plays an important role for making employees committed to organization and this commitment contributes towards achieving improved organizational performance.

5.3. Conclusion

This study examined the relationship between transformational, transactional, and laissez–fair leadership styles and three dimensions of organizational commitment – affective, continuance, and normative. The key findings revealed that both leadership styles – transformational and transactional – positively affect all dimensions of organizational commitment to varying extents. Meanwhile, laissez–fair leadership style was found to have a negative effect on organizational commitment.

➢ There is a correlation between transformational, transactional, and laissez–fair leadership styles and organizational commitment.The study concluded that both Transformational and Transactional leadership styles significantly influenced among employees' at CBE.

➢ The study concluded that Laissez–fair Leadership Styles significantilty influenced Employee among employees in commercial banks of Ethiopia.

The results of the study reveal that most of the employee has a common understanding on the Effect of leadership style on employee organization commitment positively or negatively. Based on the findings of the study, the current leadership style both transformational and transactional adopted at CBE is effective in creating positive impression on employee to have a strong organizational commitment. Despite of achieving the research objectives, there were few limitations that brought challenges throughout the study, which require further improvement in future research. However, it is believed that this study would have added value to the literatures on leadership styles, especially in the banking industry since there were limited literatures done on similar setting.

5.4. Recommendations

On the basis of key findings following recommendations are made:

➢ The management teams shall analyze the current workforce profile and need to address the issue of all employees to make the organization a better place to work.

➢ The organization need to use the human capital it has effectively and efficiently, most of the employee have interest working in CBE more than getting paid.

➢ The bank should develop and implement continues training program for all employees' to maintain the updated leadership style and training related to theory of organizational commitment.

➢ Everyone should be self disciplined including management and all employees' so as to keep up the working environment good throughout the day for any kind of discussion.

- It is recommended that the commercial bank of Ethiopia should offer their employees competitive remuneration terms, in order to retain and attract the best, skilled and competent workforce.

- It is also recommended that the commercial bank of Ethiopia ought to work on those employee who fell they stay in the organization because of necessity, not as desirable place to work, the organization need to facilitate the requirements requested by employee at different time to make them stable.

- For CBE, it is equally important to periodically assess the leadership styles of their employees and provide leadership development training if they lack transformational and transformational leadership qualities.

5.4.1. Recommendations for Further Studies

This study focused on Effect of leadership styles on employees' organizational commitment in CBE. The results are limited to CBE, and thus further research needs to be carried out in other Banks to determine the overall effect of leadership on employees' organizational commitment in banking industry. Other similar studies also need to be carried out on private and public institutions to determine whether the influence is the same, or there are other moderating factors.

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School of Graduate Studies

MBA PROGRAM

Questionnaire to be filled by Employees

This research questioner is designed to gather the necessary data that is required to conduct a study entitled "leadership style and its Effect on employees' organizational commitment in the case of Commercial Bank of Ethiopia." This study is conducted as a partial requirement for MBA degree at St. Mary's University. Hence, the researcher would like to assure that the responses you provide through this questionnaire are solely used for academic purpose; and the information will be kept confidentially. You are respectfully requested to assist the researcher by completing the questionnaire. Thank you very much for your cooperation!. If you have any enquiry, please feel free to

contact the researcher at the following addresses:

Email:solomonarayasat@gmail.com

Phone: +251910879213

General Instructions

- ❖ It is not necessary to write your name.
- ❖ You are not forced to fill this paper.
- ❖ Don't hesitate to ask questions for clarification.

General Information

Instruction: - Please put a " ✓ " mark for the answer of your choice for the close ended items and write your idea on the space provided for the open-ended questions.

A. **PERSONAL INFORMATION.**

1. Gender

A. Male ☐   B. Female ☐

2. Age Group

A. 18 – 30 Years ☐   C. 41-50 Years ☐

B. 31 – 40 Years ☐   D. above 50 ☐

3. Marital Status

A. single ☐   C .divorce ☐

B. married ☐   D. widowed ☐

4. Educational Level

A. Diploma ☐   C. Masters ☐

B. Degree ☐   D. PHD ☐

5. Work experience in commercial bank of Ethiopia

A.0 – 5 years ☐   C. 11-15 years ☐

B.6-10 years ☐   D.16-20 years ☐

E. above   20 ☐

B. Questions related with the leadership style and employees' organizational commitment.

Agreement Factors	Strongly Agrees	Agree	Neutral	Disagree	Strongly Disagree
Perception of Employee Towards Transformational Leadership					
My leader is approachable and friendly.					
My manager maintains a friendly working relationship with subordinates					
My manager does little things that make it pleasant to be a member of the group.					
All team members are given opportunities to attend relevant trainings and conferences					
My leader Spends time teaching and coaching.					
Our leader puts suggestions made by us into actions.					
My leader assigns me to particular tasks.					
My manager listens receptively to subordinates ideas and suggestions.					
My manager consults with employees before making key decisions.					
. My leader gives me complete freedom in decision making and problem solving.					
Agreement Factors	**Strongly Agrees**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
Perception of Employee Towards Laissez–fair Leadership					
. My leader is lacking of control directing, which he/she not explains the actions to us.					
. My leader refuses to explain his/her actions.					

. My leader avoids him/her self from goal setting and decision making.					
. My leader delay responding to urgent questions.					
. My leader avoids him/her self from getting involved when important issues arise.					
. My leader waits for things to go wrong before taking action.					
Perception of employee towards transactional leadership					
. My leader maintains definite standards of performance.					
. My leader makes clear what one can expect to receive when performance goals are achieved					
. My leader is effective in meeting organizational requirements					
Perception of Employee Towards Employees' Organizational Commitment					
Affective Commitment					
. I feel personally attached to my organization.					
. I am proud to tell others that I work at my organization.					
. Working at my organization has a great deal of personal meaning to me.					
. I would be happy to work at my organization until I retire.					
Normative Commitment,					
. Jumping from organization to organization does not seem an ethical to me.					
. One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain.					

. If I got another offer for a better job elsewhere, I would not feel it is right to leave my organization.					
Continuance Commitment.					
. I am afraid of what might happen if I quit my job without having another one lined up.					
. It would be very hard for me to leave my organization right now, even if I wanted to.					
. Too much in my life would be disrupted if I decided I Wanted to leave my organization now.					
. Right now, staying with my organization is a matter of necessity rather than desire.					
One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice another organization may not match the overall benefits I have with the current organization					

32. Please state if you have any additional comment regarding leadership styles and employee commitment

_____.

_____.

_____.