



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

**THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE
MOTIVATION IN THE CASE OF COMMERCIAL BANK OF
ETHIOPIA WEST ADDIS ABABA DISTRICT.**

**By
Rediet Tamiru**

**June 2021
Addis Ababa, Ethiopia**

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**THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND EMPLOYEE
MOTIVATION IN COMMERCIAL BANK OF ETHIOPIA THE CASE OF WEST
ADDIS ABABA DISTRICT.**

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DECLARATION

I declare that thesis (THE EFFECT OF LEADERSHIP STYLES ON MOTIVATION IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA WEST ADDIS ABABA DISTRICT) is my original work. It is not submitted for a degree in any other universities or college.

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JUNE, 2021
ADDIS ABABA, ETHIOPIA

ENDORSEMENT

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

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JUNE, 2021

ADDIS ABABA, ETHIOPIA

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ABBERVATIONS

ANOVA- Analysis of Variances

CBE - Commercial Bank of Ethiopia

MLQ - Multi factor Leadership Questionnaire

SPSS - Statistics Package for social Science

SD- Standard Deviation

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ABSTRACT

The purpose of this study was to investigate the effects of employees perceived leadership style on employee motivation in the case of commercial bank of Ethiopia West Addis Ababa District. The study employed explanatory research design and quantitative research approach. Primary sources of data were used in the study. In addition, the study employed a Convenience sampling technique to collect data from employees of commercial bank of Ethiopia west district branch found Addis Ababa region. Accordingly, 163 questionnaires were distributed and 149 were obtained & used for further analysis. The collected data were processed using SPSS software version 24, and analyzed using descriptive statistics (frequencies, means & standard deviations), Correlation and regression analysis were used to investigate the effect on leadership styles on employee motivation. The finding of this study indicated that in CBE West District branch CBE employees were significantly affected by the transformational and transactional leadership style and it was found that Laissez-faire leadership style has no significantly effect on the dependent variable employee motivation. Accordingly, the researcher recommends that, the bank should determine the appropriate leadership style to implement for employees to achieve organizational goal. The leaders should lead as also by example in certain situations to provide as a role model for subordinates. Moreover, in the leaders in CBE should implement leadership style uniformity.

Key words: *Leadership Styles, Transformational Leadership, Transactional Leadership, Laissez-faire Leadership, Employee Motivation and West District Branch CBE employees.*

CHAPTER ONE

1.1 Background of the Study

The challenges represented by changing organizational environment have forced organizations to be devised to form do with the rapid modification in business dynamics by continuously adopting required changes in their strategies, structures, and leadership styles etc. in order that they will stay competitive within the market places. Additionally, the workplace is changing dramatically and therefore the demand for the very best quality of products and services is increasing. To remain competitive within the face of those pressures, motivating employees is important. tons have been penned about the necessity for improving the education, preparation and development of organizational manpower.

As significant as this is often, Hersey & Blanchard (1984) contend that, a minimum of equal emphasis must be dedicated to improving the standard of leadership in business is to achieve achieving greater employee motivation and there by its profitability. Leadership is involved as a central component within the initiation of transformative change in organizations, with leaders having the capacity to espouse and entrench behaviors and postures that end in a positive effect on people, squads, and systems.

Achua and Lussier (2013) define leadership because the process by which leaders and followers influence the organization's goals through change. They still define influence because the process by which a pacesetter communicates ideas, gets them accepted, and motivates followers to support and implement ideas through change.

Leadership styles are the approach issued to motivate followers. Leadership isn't a “one size fits all” phenomenon Leadership styles should be selected and adapted to suit organizations, situations, groups, and individuals. It's thus useful to possess thorough understanding of the various styles intrinsically knowledge increases the tools available to steer effectively. There are numerous definitions of leadership as there are authors“.

Generally, the meaning of leadership may depend on the character of the organization during which the leader and employees found the behavior of leaders and employees.

The study of leadership trends and organizational commitment has attracted global interest resulting in an excellent deal of research in these fields so as to support that leadership styles have an outcome on the employee's motivation. So, on upcoming research i might wish to test whether differing types of leadership styles relate to the motivation of the workers in our financial institutions specifically the banking sector with exclusive study on the full-service bank of Ethiopia.

Leadership styles have an immense impact on how employees perform and grow, and lead positive organizational outcomes. For quite two centuries, people have studied leadership to understand its origin, characteristics, and effectiveness. Beginning within the mid-19th century, the prevailing leadership concept was that of the “great-man,” a generalized yet non-scientific acceptance that, as then implies, only certain people were capable of leadership. Writer and historian Thomas Carly popularized and 1940s, the American psychologist Gordon Allport described certain personality characteristics that are indicative of successful leaders. Allport claimed that leaders are born with certain traits and exhibit them in certain combinations that make them successful. Because of the field of psychometrics grew from the 1930sto1950s, however, additional scientific researchers had difficulty showing consistent results ensuing traits to define leadership success (Patterson, 2015).

The failure to means reliable and consistent correlations between traits and leadership gave rise to new concepts. Researchers began watching behavior instead of trait some sure leadership effectiveness. Since behaviors are observable, it his idea in his book On Heroes, admiration, and thus the Heroicin History. Within the 1930s and 1940s, the American psychologist Gordon Allport described certain personality characteristics that are indicative of successful leaders. Allport claimed that leaders are born with certain traits and exhibit them in certain combinations that make them successful. Because the field of psychometrics grew from the 1930sto1950s, however, additional scientific researchers had difficulty showing consistent results ensuing traits to define leadership success (Patterson, 2015). The failure to means reliable and consistent

correlations between traits and leadership gave rise to new concepts. Researchers began watching behavior instead of trait some sure leadership effectiveness.

Since behaviors are observable, it makes them much easier to review and understand. One understands leadership by how someone acts, not just by the traits they'll or won't possess. Management and leadership are terms that are frequently used interchangeably, however, they are not the same thing– they have quite distinct meanings “Management is doing things right, leadership is doing the proper thing” (Edersheimand Drucker, 2007). Leadership skills are often defined as being the providing of vision and strategy also as leading transformational change, while management skills are frequently considered to be planning, controlling and monitoring a (MoizBamahadi, 2012). Without clear vision and strategy, role modeling and suitable employee-employer relationships, employee motivation which has direct impact on corporate and department success is unreliable.

Leadership styles are collections of behaviors hooked in to things and wishes of individuals involved. Hersey and Blanchard popularized this concept as “situational leadership. within the 1970sand1980s, a special leadership concept referred to as transformational leadership came to light from researchers like Bass and Burns (Bass, B. M. & Avolio, B.J., 1995).

In transformational leadership, the leader’s role is to make compelling vision that motivates people to higher level than creating a greater sense of purpose. Transformational leaders are concerned with tasks specific needs and more with building trust, selling ideas, and gaining commitment. This has a great to do with motivation through different motivation mechanisms, besides transactional and laissez-faire leadership styles. The vision is the transformative mechanism of the “big picture” that so often is missing in the day-to- day frenzy of modern organizations (Patterson, 2015). Hanson & Ford (2010) discussed that the highly complex networks between bureaucratic organizational structures and leadership conventions interactively and mutually support the acceleration of organizational outcomes that lead to successful team motivation (Hanson & Ford,2010).

1.2 Background of the organization

Commercial bank of Ethiopia is one of the state owned financial institutions, established on 1942. Commercial bank of Ethiopia has a long and distinguished history of providing financial services. The state owned bank enjoys a dominant position in the banking industry in terms of assets, deposits, capital, customer base, and branch network.

VISION, MISSION and VALUES OF CBE.

Vision

- ❖ To be a world class commercial bank by the year 2025.

Mission

- ❖ Realizing stakeholder's needs through enhanced financial intermediation globally
- ❖ Deploying highly motivated, skilled and disciplined employees and state of art technology
- ❖ We strongly believe that winning the public confidence is the basis of our success.

Values

- ❖ Corporate citizenship
- ❖ Customer satisfaction
- ❖ Decentralization
- ❖ Learning organization
- ❖ Teamwork
- ❖ Integrity
- ❖ Employees- Satisfaction
- ❖ Public Trust
- ❖ Value for money.

1.2 Statement of the problem

The dramatic evolution of the world economy in recent years has had a major impact motivation costly resources, high labor costs, consumer demands for ever higher quality and investor pressure for bigger returns on equity have prompted organizations to restructure themselves. In some firms, restructuring has led to a reduction in staffing and managerial levels (Lilian, 2017). A number of previous studies have suggested a positive direct relationship between leadership style and employee motivation.

Among others, Bučiūnienė and Škudienė (2008) identified a positive relationship between leadership styles and employee motivation. Ponnu & Tennakoon (2009) also points out that ethical leadership on motivation and reciprocity between employers and employees.

For instance, increasing global competition, scare resources and employee involvement and motivation costly resources, high labor costs, consumer demands for ever higher quality and investor pressure for bigger returns on equity have prompted organizations to restructure themselves.

In some firms, restructuring has led to a reduction in staffing and managerial levels (Lilian, 2017). A number of previous studies have suggested a positive direct relationship between leadership style and employee motivation. Among others, Bučiūnienė and Škudienė (2008) identified a positive relationship between leadership styles and employee motivation.

Ponnu & Tennakoon (2009) also points out that ethical leadership behavior has a positive relationship to employees and motivation. Additionally, Avolio (2004) found that transformational leadership is generally related to employee motivation. It is recognized that employee motivation may be measured through factors such as employee turnover, absenteeism and organizational citizenship. Hence, according to the publication of the Ethiopian Business Review (2014), regarding staff retention: the way Ethiopian Banks do, states that: employees in Ethiopian financial institutions switch working place primarily in search of better pays and benefit packages.

This has been compounded by the fact that banks, in particular public banks, have not put in place effective strategies to retain staff. Yet several of these money boxes have already been practicing to offer attractive pay and welfare packages.

It helps the banks compete. Some organizations do more than others to attract and retain top talent. If there is a secret to this success, it starts by looking beyond wages. Then it depends on the leadership skills and styles that their management staffs exhibiting depend the motivation levels of the staffs and it's the core triggering factor to lead the researcher to conduct a research West District branch CBE staffs how they bear on the Motivation and leadership trends. Consequently this study consider important to investigate the effect of the different leadership style like Transformational, Transactional and Laissez-faire leadership styles on Employee Motivation.

1.3 Research Questions

1. Which leadership styles are most commonly used by employee working in CBE West district branch?
2. What is the current status of employees' motivation in CBE West district branch?
3. What is the relationship between leadership style with employees' motivation in CBE West district branch?

1.4 Objective of the Study

1.4.1 General objective of the study

The general objective of the study is to explore the effect of leadership style with employee motivation in commercial Bank of Ethiopia west district branch.

1.4.2. Specific objective of the study

To accomplish this, the specific goals of the study follow.

- To assess the common leadership style applied at CBE West district branch.
- To examine the relationship between transformational leadership and employee motivation.
- To determine the relationship between transactional leadership and employee motivation.
- To investigate the relationship between laissez faire leadership with employee motivation.

1.5. Significance of the Study

The findings of this survey could be intended to equip the senior management team and the human resource section of Commercial Bank of Ethiopia to come up with effective interventions to break the capability of managers in the organization to use the leadership styles that most likely to elicit employee motivation. The studies also add to the existing body of knowledge on the impact of leadership styles on employee motivation and avail data for future inquiry.

1.6. Scope of the study

The design scope of this study is to examine the effect of leadership style on employee motivation in the CBE West district Branch. Due to time constraints, the geographic reach of the researcher would be able only to focus on some on some branches located in the capital of the country West Addis Ababa District.

1.6.1. Geographical Scope

Due to inadequacy of time the researcher geographical scope would be bound to be concentrate only on those a few branch offices which are located in the capital of the country in West district and focused on Grade I Grade II, Grade III and Grade IV branches of CBE West Addis Ababa district.

1.6.2. Conceptual scope

The conceptual scope of this study is intended to examine the effect of leadership style on employee motivation in the CBE West Addis Ababa district Branch.

1.6.3. Methodological Scope

In terms of Methodology, the study applied quantitative research approach, explanatory design and pertinent data were gathered through structured questionnaire.

1.7. Limitation of the study

Some constraints such as time and lack of sampling funds impede the need to include a large sample size that could be close to the total population of the study. To get a good picture of the stakes in the various organizations. I wish to involve more participants. Simply due to the time frame constraint of the study program this would be not be possible. The shortage of up-to-date reference materials and research works, specifically to the Ethiopian context, as well, it would narrow the content of the work.

1.8. Definition of key terms

Leadership:- is a process of setting a goal (meaningful direction) for a collective effort and making voluntary efforts to achieve this goal (Smith, 2000).

Leadership Style: A process whereby an individual influences the thoughts and actions of other behaviours (Northouse, 2007; Yukl, 2002).

Transformational leadership: a process whereby leaders promote the motivation of their followers to pursue and accomplish higher goals the collective interest of the group. (Burns, 1978).

Transactional leadership: is an exchange of valued things between leaders and followers in order to achieve an outcome. (Burns, 1978).

Laissez- faire leadership: is a situation when a leader avoids or does not interfere with the work assignments or may entirely avoid responsibilities and does not guide or support its followers. (Limsila & Ogunalana, 2008).

1.9. Organization of the study

This study organized into five chapters; Chapter 1 presented overview of the background to the study, statement of the problem, research questions, and general objective of the study, significance of the study, scope of the study, limitation of the study and defining the key terms. Chapter 2 presented overview of literature review on leadership style, motivation and the relationship between leadership styles and employee's motivation.

Chapter 3 presents the methodology of the study. It discusses the research design, population and sampling techniques used, data source and data collection and data analysis, reliability and validity of data collection and tries used ethical consideration.

Chapter 4 is about data presentation, analysis and interpretations of the research findings. Lastly, Chapter 5 presents with summary, conclusion and recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 THEORETICAL LITERATURE REVIEW

2.1.2 Introduction

According to Steers et al., (1996), leadership is a central component to understanding the behavior of people in organizations. Precisely how leadership is defined is difficult to determine since it can be seen from different positions depending on the assumptions and philosophical context of the theory being advanced. Leadership as a discipline is more often than not put below the umbrella of organizational behavior and relates to work in psychology, and in particular organizational and industrial psychology (Robbins, 1998).

The existing leadership and management research suggest that the leadership style of directors can direct to higher standards of motivation in their direct accounts. As previously suggested, there is a substantial body of literature that implies the relationship of leadership style to employees' motivation. More or less of these researches (Avolio, 2004, Lo 2009) have demonstrated positive relationships between numerous leadership styles and employee attitudes, commitment and performance, all of which can affect employee motivation.

Besides the benefits of employee motivation have been well documented in the existing management literature. Dedicated employees are more probable to break patterns of punctuality or to be chronically present at work (Brockner 1992; Hunt and Morgan, 1994). Employees that are motivated are also less likely to depart the organization to research other opportunities (Allen and Meyer, 1990). Organizational motivation has also been proven to positively affect commitment, organizational citizenship, and job performance (Lok& Crawford, 1999; Meyer & Becker, 2004).

2.2 The Concept of Leadership

Leadership can be of many facets and they differ in effectiveness in terms of the results of their action towards internal and outside stakeholders. Since organizations today are faced with many challenges, especially with the constant change in technology, economic, social, political and legal conditions and internal processes, flexibility is required in resource utilization and in the promotion of continuous learning (James & Collins, 2008, Leavy&McKiernan, 2009).

Therefore, there is a need for leaders in organizations to contribute not only in terms of knowledge or ideas, but also in making the right decision and responding to the changes.

Leadership has been around since people have interacted, and it is present in all cultures in terms of their economic or social make-up. Although leadership is an age-old concept, it remains a complex condition that researchers and scholars grapple with continuously. Unmatchable of the primary causes is the extensive number of definitions for this condition. It is commonly punned that there are almost as many definitions of leadership as there are researchers and reviewers. As cited in Trottieret al., 2008, some researchers and commentators rely on narrow definitions for ease of communications (e.g., leadership is the act of causing other people to practice what they would not otherwise willingly do (Bennis, 1959) or for specific research interests (e.g., The probe of power relationships) (French and Raven, 1995).

Leadership can be delineated as a complex social process, rooted in aspects of values, skills, knowledge, as well as ways of thinking of both leadership and followers. Therefore, it is entirely about the continuous process of setting up and preserving a relationship between who aspires to lead and those who are willing to follow (Hersey & Blanchard, 1984). Furthermore, it has been the focal spot of many academic research projects and more than a dozen journals in the securities industry. Many academicians and researchers have made critical contributions in the different theories as well as patterns of leadership, and after extensive research the issue of leadership has come out as a legitimate field of study.

Nevertheless, on that point is still an agreement about what leadership really is. Many academics and researchers have agreed that leadership is a combination of skills and behaviors that present these skills (Bass, et al., 2003; Bolden et al., 2003; James and Collins, 2008). Hersey &

Blanchard (1984) define leadership as the process of influencing the actions of a mortal or a group in efforts toward goal accomplishment in a paid position.

Likewise, Bass (1997) defined leadership in terms that differed from those used previously and those used recently. The most recent definitions have identified leadership as an area of focus of the group process and movement, of the personality in action. The following type regarded it as the art of encouraging conformity. The more recent definitions conceive leadership in terms of influential relationships, power differentials, persuasion, influence on goal achievement, role differentiation, reinforcement, initiation of structure, and perceived attributions of behavior that are consistent with what the perceivers believe what leadership to be. In the end, he concluded that as leaders may involve all these matters. Consequently, leadership in the organizational context of this work is related to the individual who is nominated by the governing body or owner to accompany up the whole or sub activities of the establishment as well as the subordinate's report to whom.

2.3 Leadership Theories

The earliest theories of leadership focused on the performance of large human beings. For instance, “without Moses, the Israel’s would have continued in Egypt and without Winston Churchill the British would have made up in the 1940s (James & Burgoyne, 2001). Analysis of such heroic tributes gave rise to the great man theory of leadership, which argues that leaders are carried, not created. This hypothesis postulates that certain people are empowered with leadership traits that cannot be learned (Parren & Burgoyne, 2001).

According to Lussier & Achua, 1994 a leadership theory is an account of some facets of leadership. Consequently, theories have practical values because they are used to better interpret, anticipate and control successful leadership. Thus, the primary aim of a hypothesis is to inform practice. It has been stated that there is nothing as practical as a respectable theory. There are four broad classifications of leadership theory, including traits, behavior, contingency and integration.

2.3.1. Trait Theory for Leadership

Early leadership studies were founded on the assumptions that leaders are carried, not created. Researchers want to name a set of characteristics or traits that are a distinguished leader. Theories of leadership traits attempt to explain the unique characteristics that explain leadership effectiveness. Researchers analyzed physical and psychological trait or qualities such as high energy level, appearance, aggressiveness, self-reliance, persuasiveness and dominance in an effort to identify that all successful leaders had. The list of traits was to be used as a prerequisite for promoting candidates for leadership posts.

Only candidates of all identified traits receive leadership holdings. Hundreds of trait 10 studies were conducted during the 1930 s and 1940 s to discover a list of characters. Still, no one has come up with a general list of traits that guarantee leadership success; traits that are linked up to leadership success have been identified (Lussier & Achua, 1994).

2.3.2 Behavioral Theory of Leadership

By 1950 s most of the leadership research had changed its paradigm going from trait theories focusing on what the leader actually did on the job (behavior) in the continuing quest to determine the one best leadership style in all offices. Researchers try to distinguish differences in the behavior of effective leaders versus ineffective leaders. Another sub-category of behavioral leadership relates to the nature of managerial work. Therefore, behavioral leadership theories attempt to explain distinctive styles used by an effective leader or to determine the nature of their employment.

Mintzberg's ten leadership roles are a case in point for behavioral leadership theory. Behavioral research focuses on discovering ways to distinguish conduct that help our understanding of leadership. Hundreds of studies examined the relation between leadership behavior and standards of leadership effectiveness. Nonetheless, there was no one best leadership style for all the management positions. On the positive side Mintzberg's leadership theory is widely applied to train leadership behavior task and people-oriented leadership which has importance in accounting for leadership theory (Lussier & Achua, 1994).

2.3.3 Contingency Theory of Leadership

Both the trait and behavioral theories were attempting to ascertain the one best leadership style in all offices. Therefore, they are called universal theories. In 1960s it became plain that there is no one best leadership style in all offices. Therefore, they are called universal theories. In the 1960s it became evident that there is no one best leadership style in all situations; the right answer often depends on the state of affairs. Therefore, the leadership paradigm shifted to contingency theory.

Contingency leadership theory attempted to explain the appropriate leadership style based on the leader, follower, and position. In other words, it resolves the inquiry of which trait or behavior would result in leadership success given the situational variables. The contingency theory paradigm emphasizes the importance of situational factors, including the nature of the work done, the external environment and the characteristics of followers (Lussier & Achua, 1994).

2.3.4 Integrative Theory of Leadership

In the mid to late 1970s the paradigm began to change to the integrative to tie the theories together or neo charismatic theory. As the figure implies an integrative leadership theory attempts to combine the trait, behavior and contingency theories to explain a successful influencing leader follower relationship.

Researchers attempt to explain why the follower some leader is willing to work so severely and make personal sacrifices to achieve the group and organizational objectives or how effective leaders influence the conduct of their followers. Theories identify behavior and traits that facilitate the leader's effectiveness and explore why the same behavior by the leader may hold a different effect on followers depending on the situations.

2.4 Full Range Leadership Model (FRLM)

The FRLM describes a wide range of influencing styles from non-leadership to a powerful transformational leadership behavior which makes a difference to outcomes for associates of the leadership. In other words, the range of behaviors start with transformational leader behavior to transactional leader behaviors reaching to the lowest leader interaction of laissez-faire leader

behavior (MLQ undated; Bass et al., 2003) As we describe an idea or “pure” transactional leadership style and a “pure” transformational one, it is clear that organizations are likely to have cultures that are characterized by both styles of leadership.

A leader may use both styles at different times or in different amounts at the same time. Considerable recent research shows that transformational leadership has led to extra effort and performance on the part of followers, in addition to those expected in an exchange relationship with a purely transactional leader. The authors’ argument is that governing bodies should proceed in the way of more transformational qualities in their cultures while also keeping a foundation of effective transactional qualities (Bass & Avolio: Bass et al., 2003). Trottier et al. (2008) suggests that full range Leadership theory of Bass is a strategic organization development intervention, designed to heighten the impact of leaders on employee loyalty.

It also, the same author emphasized that as Bass’s full range leadership model is a significant component of the leadership research as well as it presents researchers with a theory that can be empirically proven and offers insight into the duality that leaders look in current organizational settings. Although multifactor theory is probably the most widely cited and comprehensive theory, Leadership is often conceptualized within behavioral domains, varying from non-leadership, or laissez faire, to transactional leadership, which hinges on reward and punishment, to transformational leadership, which is based upon attributed and behavioral charisma (Bass & Avolio, 1993 as cited in Bučiūnienė & Škudienė, 2008) context of a workplace relationship.

2.4.1 Transformational Leadership Style

Transformational leadership may be a process of working during which leaders change their associates’ awareness of what's important, and actuate them to look at themselves and therefore the opportunities and challenges of their surroundings during a fresh manner. Transformational leaders are proactive: they seek to optimize individual, group and organizational development and innovation, not just achieve performance “at expectations”. They convince their associates to strive for higher tiers of potential also as higher level of ethical and ethical criteria. Transformational leadership doesn't replace transactional leadership, only augments it in

achieving the goals of the group (Bass 1997; Hall et al., 2002). During a transformational style there's generally a way of determination and a sense of family. Leaders and followers share mutual interests and a way of common destiny. They live beyond their self-interests or expected rewards for the unspoilt of a team and therefore the good of a corporation.

The inclusion of transformational assumptions, norms and values don't preclude individual pursuing their own goals and rewards. Masters function mentors, coaches, role models, and leaders, socializing members into the cultures, not necessarily because they're required to try to so merely because they experience a private responsibility to facilitate new members assimilate into the civilization. Thither may be a copious set of norms which cover a broad scope of behaviors, norms that adapt to and vary with external alterations within the organization's environment (Bass & Avolio, 1993; Bolden et al., 2003). Agreeing to the leadership styles workbook published by mind tools limited 2009-2011; against this an individual employing a transformational leadership may be a dependable leader. He or she inspires a team with a shared vision of a future.

Transformational leaders are those that transform their teachers into becoming leaders themselves. It's a leadership approach that's defined as leadership that makes valuable and positive change within the teachers. A transformational leader focuses on "transforming "build respect, Considers the moral and ethical consequences of selections , Articulates compelling vision of the longer term , Looks at problems from many various angles Displays a way of power and confidence, Emphasize the importance of getting a collective sense of mission From Bass and Riggio(2006:94),"Transformational leaders are those that stimulate and encourage followers to both achieve extraordinary outcomes and, within the process, develop their own leadership capacity. Transformational leaders are extremely visible and spend an excellent deal of your time putting across. They don't necessarily run from the battlefield, as they have a tendency to delegate responsibly among their squad.

Although their enthusiasm is usually contagious, they'll often require support from the retail community. consistent with well-respected researchers Burns Bass and Avolio, as an example there are four primary characteristic components.

Component 1:- Being a good model – Transformational leader knows they're role models for team members. At a gut level, they gain that those members behave within the same direction

that the leader holds a well-defined set of admirable values and live those values in everything they serve. This establishes confidence between themselves and their followers.

Component 2:-Inspiration – put plainly transformational leaders’ skills to maneuver people during a powerful way. They cause this in three main ways i.e.

- I. They hold high standards and challenge team members to satisfy or surpass those Standards; this provides a robust and unique sense of design.
- II. Such a pacesetter is unfailingly realistic and optimistic. At their heart they Know goals are often met and obstacles are often masters.
- III. Transformational leaders communicate clearly on every floor. They possess the power to color a compelling image of the longer term in such how that team members know exactly what the goals are and what their functions are attaining those ends.

Component 3:-Commitment to ideas and creativity – Transformational leaders know that they hire team members for his or her wits, not their ability to perform role tasks. They need creativity of their squads then they actively search for it and encourage it.

Component 4:- Business for individual team members – They hold the facility to actually hear the stress and fears of individual members of the squad. But it doesn’t finish there: these leaders recognize that team members are the longer term of the team and of the administration. Therefore, it plainly is sensible to assist them acquire knowledge and knowledge. During a nutshell, these are leaders that help team members become future leaders.

2.4.2 Transactional Leadership Style

A “pure” transactional style focuses on everything in terms of explicit and implicit contractual relationship. All assignments are explicitly stated, including terms and conditions of employment, disciplinary codes and benefit structures. Self-interests are stressed. Employees act as independently as possible from their fellows. Cooperation depends on negotiations not problem solving or a mutual mission. There is little recognition of the employees in their

governance, its mission or vision. Supervisors are mainly negotiators and resource dispatchers (Bass and Avolio, 1993).

Transactional leader is grounded more on “exchange” between the leader and follower, in which followers are rewarded for meeting specific goals or performance criteria (Trohrtieret al., 2008; Basset al., 2003). Rewards as well as positive reinforcement are provided or provided by the leader. Thus transactional leadership is more pragmatic in nature because of its stress on meeting specific objectives or objectives (James & Collins, 2008; Sosik& Dinger, 2007). An effective transactional leader is able to acknowledge and reward followers’ accomplishment in a timely fashion.

However, subordinates of transactional leadership are not necessarily required to think innovatively and may be monitored on the basis of predetermined criteria. Poor transactional leaders may be less likely to forestall problems and to intervene before problems come to the fore, whereas more effective transactional leaders take appropriate action in a timely manner (Bass et al., 2003) Transactional leaders display behaviors associated with constructive and corrective transactions. The constructive style is labeled contingent reward and the correct style is labeled Management-by-Exception (active and passive).

Transactional leaders define expectations and push performance to attain these grades. Contingent reward and management by exception are two core behaviors associated with ‘management’ functions in an arrangement. Full range leaders do this and more (MLQ, undated; Basset al., 2003; Bolden et al., 2003) When we compare transactional and transformational leadership style a transactional leadership style is appropriate in many contexts and may support adherence to practice standards but not necessarily openness to innovation and risk asking.

A transformational leadership style creates a visual sense and inspires subordinates to strive beyond required expectations, whereas transactional leadership focuses more on extrinsic motivation for the performance of business tasks. Thus, it's likely that transformational leadership would influence attitudes by inspiring acceptance of innovation through the event of enthusiasm, trust and openness, whereas transactional leadership would cause acceptance of innovation through reinforcement and reward.

Bass outlines the origin of his theory of leadership, in which both transactional and transformational leaders are required to heighten operation. Bass got the full range leadership model based on his belief that transformational leadership and transactional leadership are not remnants of a single continuum, but rather are leadership patterns that all leaders possess and use in differing quantities. For exceptional performance, transformational leadership behaviors must increase transaction leadership behaviors (Bass & Avolio, 1993). Thus, according to Bass, the best execution is the effect of using both transactional and transformational leadership behaviors with subordinates.

2.4.3 Laissez-faire Leadership Style

Both the transformational and transactional leaders are described as leaders who actively intervene and try to prevent problems, although they employ different attacks. When exploring these two active forms of leadership, one sees that they are frequently contrasted with the third style of leadership called laissez-faire leadership (Bass, 1990 as cited in Bučiūnienė & Škudienė, 2008). James & Collins (2008) describe the laissez-faire leader as an extreme passive leader who is reluctant to influence subordinates' considerable freedom, to the point of covering over his/her obligations. In a sense, this extreme passive type of leadership showed the absence of leadership.

The laissez-faire type of leadership style has a negative impact on followers and associates-opposite to what is signified by the leader-manager. There are many behaviors that represent laissez-faire leadership as a 'do nothing' or 'hands-off' approach. These behaviors include distancing employees, avoiding supervisory tasks, and being "inactive versus reactive or proactive". Researchers have consistently pointed out that complacency is the least satisfying and least effective style of leadership. That is because these leadership behaviors are accompanied by a slight sense of accomplishment, little clarity, little sense of group unity, and followers do not carry as much regard for their supervisors (Trouttier et al., 2008; Lok & Crawford, 1999). It is likely for these causes that many researchers prefer to exclude laissez-faire from their research involving only transactional and transformational leaders. According to publication on leadership style work book (2009-2011) by Mind tools limited, laissez-faire leadership is an effective style when a team is generally made up of individuals who are very

experienced and skilled self-starters and when the leader mentors what's being achieved and communicates those achievements or leave of them back to the team on regular basis.

At the other remainder of the spectrum this approach can be disastrous in situations in which inexperienced team members need clear guidance. Although laissez-faire leadership does have its place, it's seldom as efficient as the transactional and transformational ways.

2.5. Leadership and Motivation

Leadership features a heavy impact on motivation employees and maximizes the success of the organization. Employee motivation is that the most significant a part of management. The character of leadership style adopted by the establishment has an outcome on the motivation level of the workers. Leadership and their teams should give themselves to the function and purpose of the organization by clearly explaining the organization's goals and objectives constantly for achieving success. Several reasons why people dislike their work are restrictive policies, poor supervision, poor working conditions, low earnings, or deficiency of security of the work (Walumbwa & Hartnell, 2011).

Leadership features a heavy impact on motivation employees and maximizing the success of the system. Employee motivation is that the most significant a part of management. The character of leadership style adopted by the establishment has an outcome on the motivation level of the workers. Leadership and their teams should give themselves to the function and purpose of the organization by clearly explaining the organization's ends and objectives constantly for achieving success. Several reasons why people dislike their work are restrictive policies, poor supervision, poor working conditions, low earnings, or deficiency of security of the work (Walumbwa & Hartnell, 2011). Many students have identified transactional and transformational sorts of leadership because the most effective in motivating teachers and employees generally.

The transactional leadership style motivates many employees to offer their best their chores. Spell, the transformational leadership style makes way for experimenting to seek out the simplest methods of management. Transformational leaders are often mentioned as risk-takers. Systems during which leaders use a laissez-faire sort of leaders tend to perform badly, as this approach to leadership does little to motivate employees (Cemaloglu et al., 2012).

2.6. Theories of Motivation

Motivation refers to the forces within an individual that affects the direction, strength, and persistence of voluntary conduct. Motivated employees are willing to exercise a peculiar degree of effort (intensity), for a particular amount of your time (persistence), toward a specific goal (direction). Motivation is one among the four essential drivers of personal conduct and functioning, Motivation and skill are important influences on individual conduct and functioning, but employees also require accurate role perceptions to perform their tasks considerably.

Perception of roles refers to the extent to which individuals understand the tasks (roles) assigned to them or expected of them. These perceptions are vital because they direct the employee's direction of effort and better coordination with coworkers, suppliers, and other stakeholders. (Thompson, Naccarato, and Parker, 1989). The four components of the MARS model motivation, power, role perceptions, and situational factors-affect all voluntary workplace behaviors and therefore the functioning outcomes. These ingredients are themselves determined by other individual differences. Employee participation because the employee's emotional and cognitive motivation, self-efficacy to try to the work , perceived clarity of the organization's vision and his or her specific role therein vision, and belief that he or she possesses the resources to form the business done.

To calculate out the way to produce a more engaged and motivated workforce, we first got to see the motivational “forces” within people drives (also called primary needs or innate motives) as hardwired characteristics of the brain that correct deficiencies or maintain an indoor equilibrium by producing emotions to energize people. Needs as purpose-oriented strengths that folks experience. Needs are the motivational forces of emotions channeled toward particular goals to correct deficiencies or asymmetries. The latest theories of motivation include Maslow's hierarchy of needs, the ERG theory of motivation, McClelland's theory of needs, the idea of the four drivers, the idea of motivation and hope. Hertzberg two factor theories are discussed shortly. Built up by psychologist Abraham Maslow in 1940th (Maslow's Needs Hierarchy Theory) is far and away the foremost widely known theory of human motivation. The model condenses and integrates the long list of needs that had been studied previously into an influence structure of 5 basic categories (from lowest to highest). Maslow's list represents drives (primary needs)

because they're described as natural and universal, consistent with Maslow, we are moved simultaneously by various needs, but the strongest source was rock bottom unsatisfied need at the time.

As a result, physiological, safety, belonging/love, esteem and self-actualization are meant to be satisfied so as. Physiological needs are initially the foremost important and other people are motivated to satisfy them first. Another pattern of hierarchy, called ERG theory, reorganizes the five Maslow groups into three Existence, Relatedness and Growth. Unlike Maslow's theory, which only explains how people progress up the hierarchy, ERG theory also distinguishes how people regress down the facility structure once they neglect to satisfy higher needs. Psychologist David McClelland further investigated the mind that demand strength are often changed through social influences. In especial, he acknowledged that a person's needs are often strengthened through reinforcement, learning, and social conditions.

McClelland examined three "learned" needs: achievement, ability, and affiliation. McClelland argues that effective leadership should bear a high demand for socialized instead of personalized power. They need to possess a high level of altruism and social responsibility and be worried about the consequences of their own activities on others. It also, social scientists in various disciplines (psychology, anthropology, etc.) increasingly agree that human organisms have several hardwired drives, including social interaction, learning, and potency. Developed by Harvard graduate school professors Paul Lawrence and Nitin Nohria, four-drive theory states that everybody possesses the drive to accumulate, bond, learn, and maintain. These four-drive theories are innate and universal, meaning that they're hardwired in our minds and are found altogether human existences. They're also independent of every other. Expectancy theory offers an elegant model based on rational logic to call the chosen direction, degree, and persistence of motivation.

Basically, the theory states that work effort is directed behaviors that people think contribute to desired results. In other words, we are motivated to attain the most profitable targets. An individual's effort level depends on three factors: effort-to-performance (E-to-P) expectancy,

performance-to-outcome (P-to-O) expectancy, and outcome valences. Employee motivation is driven by the three components of the Theory of Hope model. If an element weakens, motivation weakness.

The goal setting process of motivating employees and clarifying their role perceptions by establishing performance targets. Herzberg (1959) produced two distinct lists of factors about the attitudes of employees. Single set of factors caused happy feelings or a good position within the worker and these factors, on the whole, were task-related. The other band was primarily present when feelings of unhappiness, bad attitude were evident and these factors, Herzberg claimed, were not directly interrelated to the line of work itself, but to the conditions that surrounded doing that task. Herzberg called the first group as motivators (job factors: Recognition, Achievement, Possibility of growth, Advancement, Responsibility, Work itself).

He made the 2nd group as hygiene factors (extra job factors: Salary, interpersonal relations supervisor, interpersonal relations subordinates, interpersonal relations supervision, technical, company insurance and administration, working conditions, factors in personal life, Status Job security). Motivators refer to factors intrinsic within the work itself like the realization of a job completed. Conversely, hygiene factors tend to include extrinsic entities such as relations with co-workers, which do not relate to the worker's actual job.

Linked to this there is Theory X and Theory Y developed by Douglas McGregor proposed two distinct aspects of human beings: one basically negative, labeled Theory X, and the other basically positive, labeled Theory Y. Going forth and a new distinct subject these decades, nonetheless it is related topics and journal literatures are rich in management and public administration fields, Especially in specializing areas. This yielded only a small number of directly related literatures. Here this paper attempts to review just about.

2.7. Inspirational Motivation (IM)

Inspiring motivation was the lure of inspiring followers with symbols and metaphors. In other words, inspirational motivation leaders expressed the importance and value of desired goals in simple ways and discovered high levels of expectations. These Leaders often talked about a vision of the future and expressed confidence and a loyalty that their goals and visions could be accomplished.

They also attempted to move the disciples to extraordinary levels of achievement by demonstrating high expectations and confidence in the disciples. In this way, the disciples responded by willingly increasing their efforts to attain the vision. While charisma and inspirational motivation have frequently been highly correlated, inspirational leadership may or may not overlap charismatic leadership. Inspiring leaders could happen without the necessity to identify disciples with the leader (charismatic leaders).

Transformational leaders who use inspiring motivation draw people toward the vision of the organization with their effective communicative personality. Inspiring leadership consists in communicating a vision with ease and confidence, increasing optimism and enthusiasm, and giving interesting talks that energize others (Avolio, 2005).

2.8. Empirical Literature Reviews

Rima Gose (2014) findings underline the importance of relationships between supervisors and employees and therefore the way the organization communicates; a finding confirmed by similar subjects who have shown supervision and communication to be important elements in terms of employee motivation. These determinations are also backed up by other hypotheses and other fields which used MLQ and the full range leadership development behaviors in several formations. A study by Smash Zenabu found that transformative leadership style was relatively the most commonly used leadership style, followed by transactional leadership style. And the laissez-faire leadership style was the least exercised leadership style as found out by the Department of Public Service and Human Resources Development (Masho, 2016).

Benoit & Denise (2005), the findings highlighted both charismatic and transformational aspects as being important for the leadership of large-scale sporting events (e.g., ability to motivate followers, creating an attractive sight to accompany, and fostering commitment and teamwork). Amsalu in 2010 attempts to benchmark organizational leadership and employee motivation between two public service establishments, the Social Security Agency (SSA) and the Ethiopian Investment Commission (EIC) and found that comparatively better conditions like organizational leadership and motivated employees seem to conduce to the higher EIA outcome, but SSA is not attempting to act thusly. And he recommended that the new public administration, like an organization's employees, offers training opportunities based on fair and transparent selection procedures, clear work instructions and sound communication.

A mixed approach study by Ali M.M. Alghazo and Meshal Al-Anazi in 2016 examined to look at the relationship between the adopted leadership style and employee motivation during a private petrochemical company that's situated within the eastern state of Saudi Arabia. A survey was developed and distributed to 30 employees in two ministries. Equally well, interviews were conducted with a focus group of 10 employees to validate the study answers. The survey disclosed that there is a substantial relationship between leadership style and employee motivation where the correlation was positive with transformational style and negative with transactional style.

Fasika (2016) used a 36-point multifactor leadership questionnaire developed by Bass and Avolio (1997), and the employee motivation instrument employed. Information gathered from respondents was analyzed using descriptive and correlation analysis. It was found that leadership styles were essentially linked. The study results indicated that there was a huge relationship between transactional and transformational leadership style and employee motivation. He too observed that employees preferred the transformational leadership style over the transactional leadership style. He then advocated the importance of a transformational leadership style that should be encouraged through the organization's representational strategies and judgments.

Study by Admekew (2015) in employees of Haremiya University tries to research the relationship between transformational, transactional and Laissez-faire leadership approaches on

the motivation of Haramaya University employees in Ethiopia. Outcomes from the survey show that there is a confident and meaningful relationship between transformational leadership and employee motivation. Previous researches have given a great slew of attention to the relationship between leadership style and employee motivation.

They have shown that employee motivation is greater for employees whose leaders encourage their participation in decision making (Ugboro, 2006), who handle them with consideration (e.g., Shore & Wayne, 1993), fairness (Bruckner et al, 1992; Allen & Meyer, 1990) and are supportive of them (Allen & Meyer, 1990). We have Mow Day et al. (1979), (as cited in Ponnu & Tennakoon, 2009) has indicated supervision as one of the critics.

Many students have identified transactional and transformational types of leadership as the most efficient in motivating teachers and employees in general. The transactional leadership style motivates many employees to give their all in their chores. Spell, the transformational leadership style makes way for experimenting to find the best methods of management. Transformational leaders are often mentioned as risk-takers. Systems in which leaders use a laissez-faire type of leaders tend to perform badly, as this approach to leadership does little to motivate employees (Cemaloglu et al., 2012).

2.8.1. The Relationship between Transformational Leadership Style and Motivation

In using transformation as a leadership style, a leader needs to make clear the mission and vision of the constitution to the employees in order for them to strive for those goals to be reached. Bass and Avolio (1994) offer four dimensions of transformational leadership: idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. Inspirational motivation: Includes motivating followers to achieve goals by describing the goals in an attractive and compensatory way, which motivates employees. Idealized influence: means being a character model in front of employees and ready for sacrifices for the unspoilt of the whole group.

Leaders possess a high level of ethical conduct and do anything for the squad. Individual consideration: involves the attention, encouragement and support of the leader to his followers. Intellectual Stimulation: conclude that leader, enables the followers for probing the problems in a new fashion that is easy and creative. Theory of transformational leadership is really significant in the study of leadership and many studies prove that there is positive relationship of transformational leadership and other dependent variable like satisfaction, dedication, motivation and performance of the employees (Kane & Tremble, 2000; Lowe, Kroeck and Sivasubramaniam, 1996). Cheung and Wong (2010) say there is a positive relationship between transformational leadership and employee creativity.

Transformational leadership is linked to positive conduct of employees, including duty performance and numerous activities of organizational citizenship behaviors (Podsakoff, Philip, Scott, Julie and Daniel, 2000). The transformational leadership style is not efficacious for all types of people, as it is likewise not a great fit for all followers. If not rightly placed, the Transformational leadership style might be looked at as the leader being simply being self-promotional. Leaders ask to take their followers to get a feel for whether they will react positively to the transformational leadership style that purports to move from within since it focuses on intrinsic motivation intending to make the task done. Transformational leadership can be beneficial to the system.

According to Afshari, Siraj, Ghani and Alfashri (2011), transformational leadership increases creativity, intrinsic motivation, psychological empowerment, and supports innovation, which are totally essential in increasing performance. The survey explained that transformational leaders value the feelings (intrinsic motivation) of their employees. The leaders seek to develop their employees' self-confidence, help them to develop as souls, and show them different ways through which they can reach their goals. By doing this, the leaders increase the stake of their employees in their study that finally results in the development of intrinsic motivation.

2.8.2. The Relationship between Transactional Leadership and Motivation

The transactional leadership style is extremely effective when you're working with a team of goal-oriented employees and there's a clear and achievable goal at hand. The promised reward motivates the team to reach the end in lieu. The transactional owner motivates subscribers with a tangible reward (Tami, 2017). As Robbins (2007) explains, transactional leaders use social interchange to transact transactions. Abdul & Husnian (2012) show how transactional leaders perform using contingent rewards and management by exception: Contingent Reward: These rewards are related to the performance of the employee. If an employee puts efforts it is distinguished by the rewards.

The rewards which an employee gain on the achievement of a object is contingent reward. The leader communicates to followers (employees) that what have to do to get the rewards they judge (Robbins, 2007). Management by Exception (active) It gets the notice of any divergences from the conventions and regulations, and if there is it gets hold of the action for discipline. Whenever there is a divergence from the conventions and regulations, management but expectation happens and the actions for corrections are also accepted. The leader follows followers to figure out along the mission and does not interfere unless goals are not being achieved in a proper time and at the reasonable price. Transactional leadership means the leadership or the bosses who leads in the first place by using social behavior exchanges for maximum benefit at low cost.

2.8.3. The Relationship between Laissez-Faire Leadership and Motivation

The French term individualism translates roughly to "let it's." An individualism leadership follows suit, with the leader, allowing operations to unfold largely within the manpower of his employees. In practice, this suggests many delegations, with decision-making abilities being passed from the leader to his subordinates (Tami B., 2017). Agreeing to her journal a individualism leader doesn't suggest not making out any work instead, consistent feedback, analysis and proposals for improvement are expected from the leaders to be effective.

Only this character of leadership doesn't just go along side all types of employees; it expects highly skilled, trustworthy employees who possess a transparent understanding of a project's

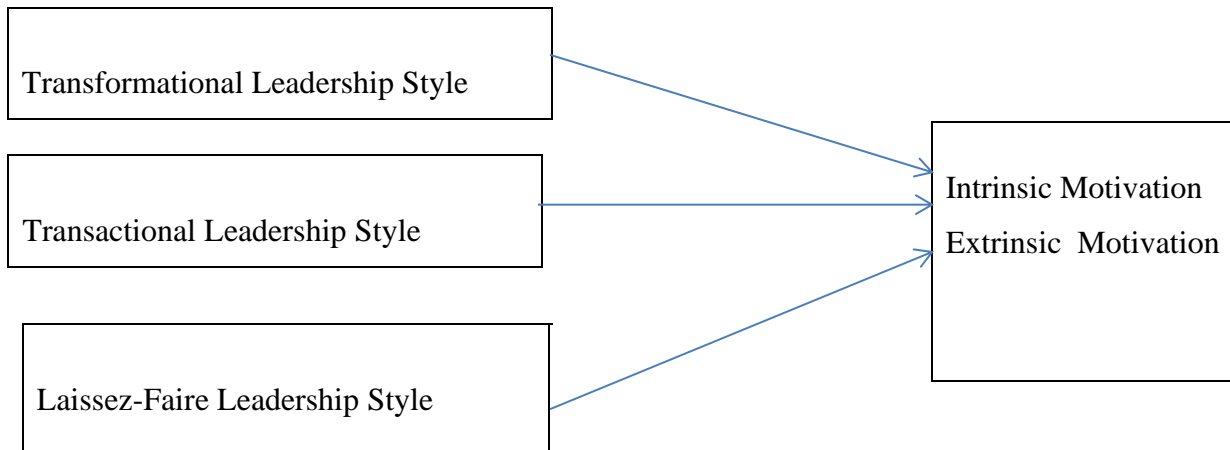
overall goal. Which shows that for this leadership style to figure employees are anticipated to be intrinsically motivated to satisfy what's expected to them without the leader motivating and guiding them? As Deluga (1992) describes it, the leadership sort of laissez-faire is related to unproductively, inefficiency and discontent.

Consistent with Bass Avolio (1997) and Hartog& Van Muijen (1997), individualism leaders avoid making decisions, the supply of rewards and therefore the provision of positive/negative feedback to subordinates. This involves the motivation of employees because the leader isn't there to determine and guide them and ignore the communication and relationship between the leader and therefore the followers.

To cope up as we've picked up during this chapter there's plenty within the literature that describes leadership style and employee motivation from an outsized number of angles and views many articles also repeat an equivalent topic and findings and therefore the author chose to incorporate just to demonstrate that the determinations are similar but from a good scope of fields. There are few researches conducted within the banking sector, specifically in Ethiopia. Therefore, the aim of this inquiry is to define the effect of leadership style on employee's motivation within the case of commercial Bank of Ethiopia West Addis Ababa District.

2.9 Conceptual Framework of the study

This conceptual frame work was developed based on literatures of different researches of related studies. From these researches Bass, B. M. &Avolio, B.J., 1995). They were used as an addition with others findings of other researchers regarding the effect of Leadership styles on employee's motivation.



Independent Variables

Dependent Variables

Figure 2.9 conceptual framework

Source: Researcher 2021

2.10. Research Hypothesis

H1- Transformational Leadership style has positive and significant effect on Employee Motivation.

H2- Transactional Leadership style has positive and significant effect on Employee Motivation.

H3- Laissez-Faire Leadership style has positive and significant effect on Employee Motivation.

CHAPTER THREE

RESEARCH METHODOLOGY

This portion of the research demonstrates the methodological aspects of the research, which include the research design, research approach, Target population sampling techniques, sample size, data type and sources, data collection instruments used to measure Leadership styles and employee motivation method of analysis and ethical considerations.

3.1. Research Design

The primary aim of this study is to determine the effect of leadership style on employee motivation at the commercial bank of Ethiopia in West Addis Ababa District kolfe keranio area branches. To accomplish this objective explanatory design used to test relationships between variables.

3.2. Research Approach

This study examines the relation between three different kinds of leadership styles (Transformational, transactional and laissez faire as independent variables) and employee motivation as a dependent variable. For that purpose, to pertinent data were structured questionnaire. Hence this study applied quantitative research approach.

Quantitative research makes it possible to check objective theories by looking at the relationship between variables. These variables, in turn, can be measured, typically on instruments, so that that number of data can be analyzed during statistical procedures.

3.3 Target Population and Sampling Technique

Branches of CBE found in the Addis Ababa city are classified into four districts: North, East, and South and West districts. The total number of employees working in the commercial bank of Ethiopia in Addis Ababa city is 11,344 employees according to the source from Human Resource Management. Primarily from four districts, the researcher would o concentrate West Addis Ababa district. Moreover from this district eight Kolfe area branch as were selected due to factors such as: time available, budget& proportionality to total population. These branch are

classified in four categories I, II, III and IV. The researcher reviews the data acquisition from the commercial bank of Ethiopia Human resource management and identifies the following rationale. From this the researchers selected eight branches in kolfe area, From this population, the researcher selects the CBE employees in the Addis Ababa West district, eight kolfe branches and 274 employees has been selected. Thesampletakenfromeachbranch illustratedintable 3.3 below.

Table 3.3: Number of Employees and Proportion of Samples

No	Name of branch	Total of Employees	Classification of Grade	Proportional Sample
1	Mobil	15	Grade I	$15/274 * 163 = 8.9233$
2	Lomi meda	14	Grade I	$14/274 * 163 = 8.3284$
3	Anfo	17	Grade II	$17/274 * 163 = 10.1131$
4	Alem Bank	20	Grade II	$20/274 * 163 = 11.8978$
5	Bethel	30	Grade III	$30/274 * 163 = 17.8467$
6	Tesfa Derjet	32	Grade III	$32/274 * 163 = 19.0364$
7	Torhaloch	68	Grade IV	$68/274 * 163 = 40.4525$
8	Atena Tera	78	Grade IV	$78/274 * 163 = 46.40145$
Total Number of employees		274	274	163

The criteria to select respondents was based on the team work, the employee must have worked one year and above with the current leader to be include in the sample. Hence the proportional would be allocating to main division and then each employee working in the Grade I, Grade II, Grade III and Grade IV branches.

Convenience sampling was used to choose West Addis Ababa district for the study purpose. Convenience sampling is a type of non-probability where the target populations that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study (IkerEtikan, Suliman Abubakar, & RukayyaSunsu, 2016).

It would be employed on the research because the researcher to narrow the focus area by purposefully focus west district branches only and excluding other branches, taking into

consideration the experienced leadership skills of executive programs and longer experiences of staffs.

3.3.1. Sample Size

The sample size represents the number of items selected within a given population. A sample size is a part of a study population that is picked out from the total population in a way that assures that every different possible sample of the desired size has the same probability of being selected (Peck, Olsen, & Devore, 2009). Leary (2004), a definable sample size is the process by which a investigator selects a sample of participants for a study of a population of interest. Hence due to time and financial limitations and the nature of the population practicing the sample determination method developed, as cited by Yamane (1967).

$$n = \frac{N}{1 + N(e^2)}$$
$$n = \frac{274}{1 + 274(0.05)^2}$$
$$n = 163$$

Where:

n= sample size

N=Total population size e=Acceptable Level of Error (that is 5%)

3.4. Data Type and Sources

To generate relevant data for this study, consideration could be given to primary and secondary data sources. According to Biggam (2008), primary data is the information that the investigator finds himself/herself about a specific subject. The main benefit of this type of data collection is that it is collected taking into account the objective of the research. This implies that the information resulted from it is more coherent with the research questions and purpose.

As this field is basically empirical in nature, primary data were collected from employees and manager. So, the focus is more on primary data sources. The closed ended questionnaires are used to collect primary information.

Secondary data serve researchers with the opportunity to better interpret and explain the research problem. So, it's very important to start looking at existing data with a clear sense of what we're trying to accomplish with this study. This would assist the researcher save time and effort because he/she can easily throw out data that holds no relevance for its own work. This can result in information that can only be used partially for a specific subject.

The secondary data are applied to bring more honest insight on the research topic, to establish the viable platform for the theoretical framework constituting the basis of this inquiry, and to design the sample form and questionnaires for retrieving the primary information. A further advantage of the use of secondary data lies in their comparability. Therefore, try to validate and compare the data obtained through a questionnaire with the available literature and articles.

3.5. Reliability and Validity Test

3.5.1. Reliability Test

Groomed at the point that even if the research were repeated they would end up with similar solutions or the consistency or dependability of a measurement technique, and it's touched on with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less probability that the obtained the mark is due to random factors and measurement error (Marczyh, et al., 2005). According to George and Mallery (2003, as cited in Joseph & Rosemary, 2003) Cronbach's alpha is a Coefficient of reliability. It is usually employed as a criterion of the internal consistence or reliability of a psychometric test scores for a sample of examinees. Cronbach's alpha reliability coefficient normally ranges between 0 and 1.

Rule of Thumb of Cronbach's Alpha

Cronbach's Alpha	Description
$\geq .9$	Excellent
$\geq .8$ but $< .9$	Good
$\geq .7$ but $< .8$	Satisfactory
$\geq .6$ but $< .7$	Questionable
$\geq .5$ but $< .6$	Poor
$\leq .5$	Unacceptable

Source: Zikmund, et al, 2010

Based on this, to ensure the reliability this study used self-administered questionnaires. Then the questionnaires are pre-tested for 30 managers and employees of CBE based on the pilot study, to guarantee a common understanding of respondents. The alpha results for the particulars of the questionnaire and their alpha values have run across an acceptable number (which is >0.75) in relation to the aforementioned requirement range.

Reliability Statistics result of the Study

Variables	Cronbach's alpha	No. of items
Transformational Leadership	0.848	6
Transactional Leadership	0.882	6
Laissez-faire Leadership	0.905	6
Employee motivation	0.959	23

Source: Researcher Survey, Computed in SPSS, 2021.

3.5.2. Validity Test

Consists to the extent to which the concept one wishes to measure is actually being assessed by a particular scale or indicator. According to Kothari (2004), validity aims at examining the relationship, which is linked with the position. It is touched by the extent that the scale accurately represents the construct of interest. In parliamentary law to ensure the robustness of the measurement tool in the field is taken based on the literally accepted conceptual framework that clearly indicates the theoretical construct and associated with the measurements valid to appraise

the relationship of operating leadership styles (independent variables) on employee motivation (dependent variable). Where possible this should be supported and consideration given to practical issues. So that pre-questionnaire were distributed to the managers of CBE to discover out the validity of questions to further data collection process. As per the remarks and the discussion with bank experts the question prepared for primary data collection for the research objective is found valid by a researcher. Further, this instrument or variables of operating leadership styles and employee motivation were tested by previous works for content validation.

3.6. Data Collection Instrument

A short-answer questionnaire would be used as a measurement tool in this study. The narrow questionnaire can be administered at the same time to groups of people, as it is less costly and takes less time than other measuring instruments. Two distinct instruments: The Multifactor Leadership Questionnaire (MLQ) and the Motivation Questionnaire; would be used in this research to obtain quantitative information regarding leadership styles and employee motivation respectively.

3.7. Multifactor Leadership Questionnaire (MLQ form 3X)

The MLQ has been improved and piloted since 1985, resulting in many versions of the questionnaire. It is built on a comprehensive leadership model consisting of transformational, transactional and laissez-faire leadership behaviors with nine sub-scales. Bass & Avolio (1995) [as quoted in Basset al., 2003], presented the MLQ form 3X with six subscales of leadership styles.

Participants ask to assess the extent to which their leaders engage in specific activities as measured by the MLQ. The MLQ form is self-scoring and has used 18 elements to the exclusion of the least relevant in our country context to measure the three subscales (6elements for each) in this study. These points are valued using a 5-point Likert scale labeled as 1-Strong Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree.

The high rating shows a high effectiveness of the perception of the leadership style, while the low rating implies a perception of low effectiveness within the scale. Apiece of the leadership

style has their own scales: i.e., Transformational leadership scales Transactional and Laissez-fair leadership styles.

To measure the implementation of employee motivation, a questionnaire consisting of 23 elements has been adopted with some adjustments from the research conducted by (Berhan, 2000). All elements, a part from general and demographic information are measured in five points scales such as; Strongly disagree (SD)=1, Disagree(D)=2, Neutral(N)=3, Agree(A)=4 and Strongly Disagree (SD)=5. The use Likert scale is to attain it easier for respondents to answer question.

3.8. Data Analyzing Technique

Following data collection, it is necessary to use statistical techniques to analyses the information. For this reason, survey data are processed using SPSS version 24. The relevant information was initially be coded and for analysis. Descriptive statistics such as frequency, percentage, mean and standard deviation was used to describe employee characteristics answers to leadership styles and employee motivation perception towards.

Moreover, correlation and regression analysis was used to determine the relationship between different leadership styles and dimensions of motivation. Correlation analysis shows the direction and magnitude of the relationship between leadership style and employee motivation, whereas regression indicate the effect of Leadership styles on employee motivation.

3.9. Ethical Consideration

The investigator has addressed the ethics of confidentiality and privacy. The researcher made a thorough, conscious effort at all times to keep his promise. During the administration of the questionnaire, West District Branch CBE staff members were given a guarantee that their names would be revealed in the questionnaire and research report. The inquiry was focused on subordinates as target groups and they are the one who examine the success of their leaders, their responses remained anonymous apart from being tied to a particular leader.

Additionally, participants were provided with a verbal and written description of the study and informed consent may obtain before the survey. Taking part in the study is voluntary and responses are confidential. Lastly, a copy of the final report could be provided to the organization as needed.

CHAPTER FOUR

Data Presentation Analysis and Interpretation

This chapter presents with the analysis of data collected from questionnaire. The major purpose of the study was to investigate the relationship between leadership style and employee's motivation. In this analysis, the study answers the research questions as well as the objectives of the study. Findings about the demographics of study participants, and the statistical analysis used to answer the recent questions also presented. This helped to interpret and understand the results. Of the total 163 participants, 149 questionnaires were returned (91.5%) and used for further analysis. The remaining 14(8.5%) of employee's did not return to the researcher.

4.1 Demographic Characteristics of Respondents

Questionnaire was distributed equitably among male & female though are slightly female greater in number (50.3%). So, I can be said that findings are quite representative of both sexes, thus at West District CBE Branch organization where gender equality is observed well which pave, the way as an opportunity for future female leaders.

Table 4.1.1 Respondents by Sex Category

Sex	Respondents by Percentage	Respondents by Figure
Male	49.7	74
Female	50.3	75

Source: Fields Survey, 2021

Among the respondents, 18-25 age categories has a significant 8.1% share, more than half are in the age range of 26-35(79.9%). Thus, we can deduce that overwhelming majority of respondents are either youth or middle age people. This is quite expected as majority of work force are within the stated age ranges in Ethiopian case.

So, it may show as that it is the reflection of the countries working force and the bank could understand from this that there is potential labor force for creativity and technology. Among the respondents 35-45 age category with a significant 12.1% share.

Table 4.1.2 Respondents by Age's Group

Age Group	Respondents by age (%)	Respondents by figure
18-25	8.1%	12
26-35	79.9%	119
36-45	12.1%	18
Total	100.0	149

Source: Fields Survey, 2021

As far as Educational level it is concerned that majority of respondents would at least have a first degree. That was actually the case as can be seen from Table 4.1.3 More than 2/3rd of respondents has First degree and Quarter of respondents have Masters' degree.

Table 4.1.3 Respondents by Educational level

Educational Level	Respondents by Educational Level (%)	Respondents by Educational level (Figure)
Bachelor's degree	78.5%	117
Master's degree and above	21.5%	32
Total	100%	149

Source: Fields Survey, 2021

4.2. Descriptive Statistics for Leadership styles

4.2. 1.Descriptive Statistics for Transformational Leadership style

It is a leadership approach that is defined as leadership that creates valuable and positive change in the employee. A transformational leader focuses on “transforming” build respect, Considers the moral and ethical consequences of decisions, Articulates a compelling vision of the future, Looks at problems from many different angles Displays a sense of power and confidence, Emphasize the importance of having a collective sense of mission From Bass and Riggio (2006:94), "Transformational leaders are those who stimulate and inspire followers to both achieve extraordinary outcomes and ,in the process, develop their own leadership capacity.

Table 4.2.1 Transformational Leadership style

No	Questionnaire	No	Mean	Std
1	The manager seeks differing perspectives when solving problem	149	3.782	0.85869
2	The manager talks optimistically about the future.	149	3.6913	1.13839
3	The manager instills pride in me for being associated with him/her.	149	3.8322	0.97539
4	The manager acts in which builds my respect.	149	3.2953	1.12408
5	The manager goes beyond self-interest for the good of the group.	149	3.8859	0.73088
6	The manager displays a sense of power and confidence.	149	3.4698	1.10010
Aggregate		149	3.659	0.9879

Grand Mean: 3.659

The Grand mean of Transformational Leadership is 3.659, which led to overall mean of this leadership style most of the times applicable because the mean was above the average.

This shows that Transformational leadership is implemented in the CBE West district branch moderately.

4.2.2. Descriptive Statistics for Transactional Leadership Style

One of the components of full- range leadership theory is transactional leadership that involves either positive or negative exchange, depending on the follower’s performance (Bass & Avolio, 1990). Transaction refers to modification in and redesign of the systems procedures, processes, tasks and activities that take place between leader and employee.

This kind of change is usually handled by setting up a project to manage its implementation with the negotiation occurred between leaders and manager.

Table 4.2.2.1 Transactional Leadership Style

No	Questionnaire	No	Mean	Std
1.	The manager Provides me with assistance in exchange for my efforts.	149	3.7248	1.16746
2.	The manager Re-examines critical assumptions to question whether they are appropriate	149	3.6040	0.86069
3.	The manager makes clear what one can expect to receive when performance goals are achieved	149	3.7181	1.25246
4.	The manager expresses satisfaction when I meet expectations.	149	3.9530	1.00898
5.	The manager discusses in specific terms that are responsible for achieving Performance targets.	149	4.1208	0.71578
6.	The manager waits for things to go wrong before taking action.	149	3.2013	1.40933
Aggregate		149	3.72	1.0691

Grand Mean: 3.72

The Grand Mean of Transactional Leadership is 3.72, this result implies that the respondents could be conceptualizing their views on this construct. Respondents perceive their transactional leadership style.

4.2.3. Descriptive Statistics for Laissez-fair leadership

The other full-range leadership style is the laissez-fair leadership which can notes that leaders and the employee’s basis on maturity level. A non-leadership component leader avoids accepting their responsibilities, are absent when needed, auto flow requests for assistance, and resist expressing their views on important issues. Three items are designed to assess the factor that affect the type of leadership style shows with the results.

Table 4.2.3.1 Laissez-fair Leadership Style

No	Questionnaire	No	Mean	Std
1	The manager avoids getting involved when important issues arise.	149	3.4362	1.29094
2	The manager fails to interfere until problems become serious.	149	3.1208	1.12053
3	The manager was absent when needed.	149	2.9866	1.31512
4	The manager Shows that he/she is a firm believer in “If it isn't broke, don’t fix it.	149	2.7450	1.30049
5	The manager delays responding to urgent questions.	149	3.1477	1.15300
6	The manager avoids making decisions.	149	3.1074	1.29521
Aggregate		149	3.09	1.0266

Grand Mean: 3.09

Even though all items measuring Laissez-fair Leadership style is above the average mean with the grand value of 3.09. This result reflects the Employees use such kind of leadership style in their little above the average in organization. Respondents replied that principals rarely absent

when needed, Rarely Avoids making decisions and sometimes delay responding to urgent questions. This study the researcher determined that the CBE West district branches don't know often what laissez-faire leadership techniques can do for employee.

Source: Fields Survey, 2021

4.3 Correlation Analysis

The purpose of this study is to examine the relationship between the leadership style and the motivation of the employee in their work. The research was conducted using the Quantitative Method included questionnaires for the employee's relating to leadership style and motivation. The questionnaire was given to 149 employees who working in CBE West district branch.

Table 4.3.1. Correlations Matrix among Leadership Styles and Employee Motivation

		Transformational	Transactional	Laissez-Faire	Employee Motivation
Transformational	Personal correlation	1	.429**	.350**	.631**
	Sig.(2-tailed)		.000	.000	.000
	N	149	149	149	149
Transactional	Personal correlation	.429**	1	.350**	.600**
	Sig.(2-tailed)	.000		.000	.000
	N	149	149	149	149
Laissez-Faire	Personal correlation	.429**	.350**	1	.227*
	Sig.(2-tailed)	.000	.000	.000	.000
	N	149	149	149	149
Employee Motivation	Personal correlation	.631**	.600**	.227**	1
	Sig.(2-tailed)	.000	.000	.000	
	N	149	149	149	149

- ** . Correlation is significant at the 0.01 level (2tailed).
- * . Correlation is significant at the 0.05 level (2-tailed).

From the above, result it can be understand that Transformational, Transactional and Laissez-fair leadership style leadership styles are significant at 0.001 level (2tailed). Transformational leadership style has positive correlation $r = (.631^{**})$ with employee's motivation Moreover, Transactional leadership style has also positive correlation $r = (.600^{**})$ with employee's motivation. Laissez-fair leadership style has positive but weak correlation (.227).

4.4. Regression Analysis

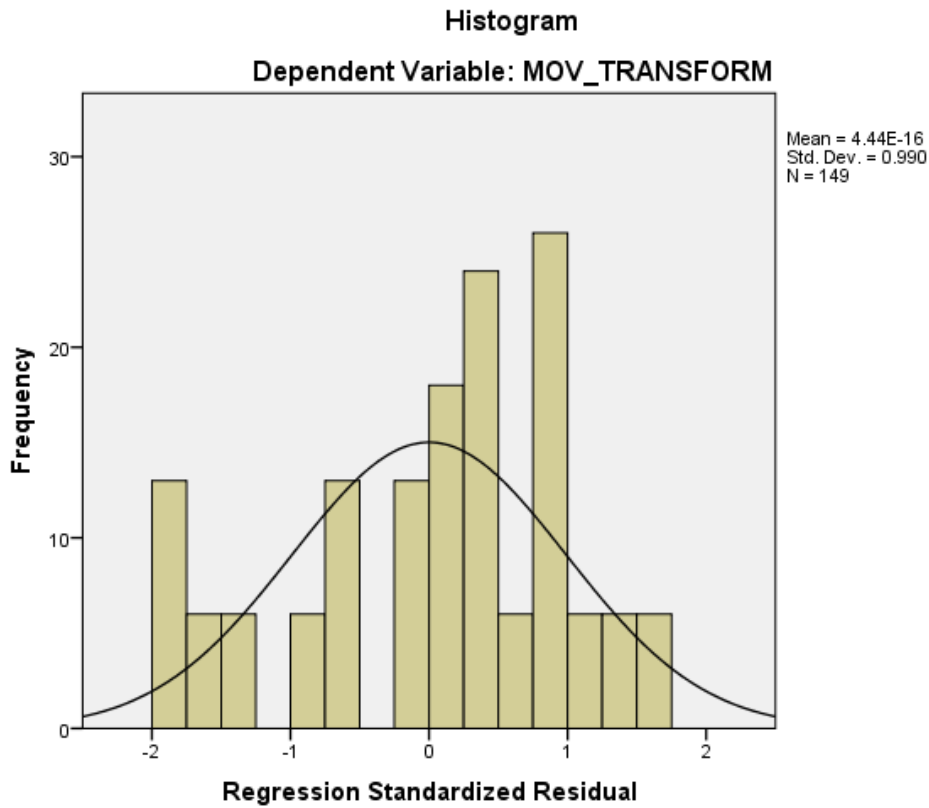
4.4.1. Assumption of Regression Analysis

The tests of hypothesis are no longer valid, since the standard errors are wrong. Therefore, inorder to protect against the chance of getting and interpreting wrong regression results the researcher conducted a diagnostic test. To make sure that them biased, consistent, efficient and valid the following tests are conducted.

4.4.1.2 Test for Normality

CLRM assume that the distribution of the error term is normally distributed. As field(2009), noted, that normality assumption is important while using regression and worth while, if we want to make inference about the population parameter from the sample parameters. If the mean of the residual is zero and constant variance the error is normally distributed. Thus, the result in figure 4.3 illustrates that the mean of the residual is zero and approximately its variance is 1, which implies that the distribution of the error is normally distributed.

Figure: 4.4.1.2:- Normality Test

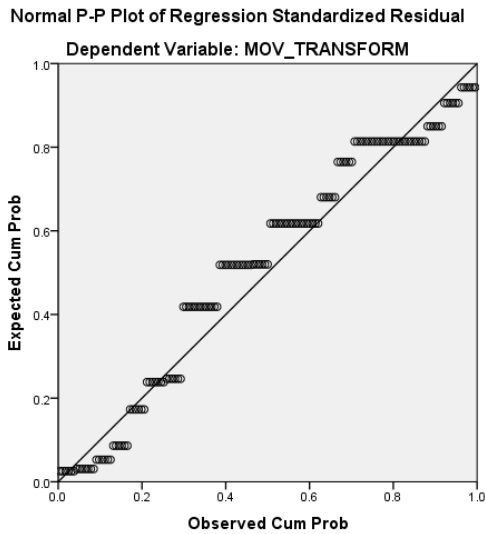


Source: SPSS out Put 2021.

4.4.1.3 Test for Linearity

The study applied Normal P-Plot of regression standardized Residual 1 (see figure 4.4.1.3) to test linearity. Since the points were systematically distributed around diagonal line, linearity pattern was observed. Hence the straight line showed as the relationship between the residuals and the predicted dependent variables scores was good achievement.

Figure 4.4.1.3: Normal Point Plot of Standardized Residual



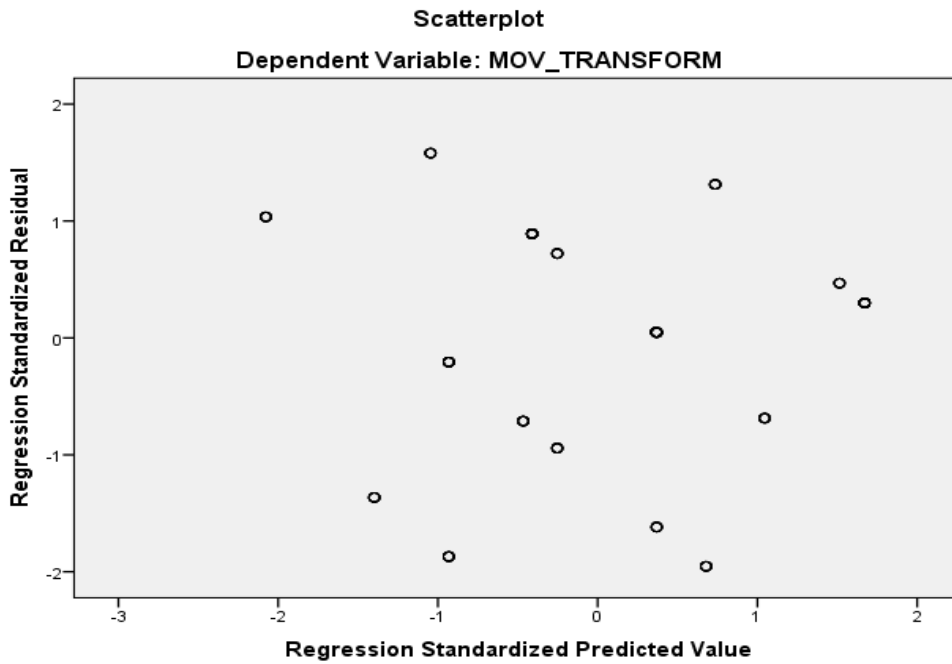
Source: SPSS out Put 2021

4.4.1.4. Test for Heteroscedasticity

Classical linear regression model assume the variance of the error terms constant, this is known as homoscedasticity. If the variance of the error term is not the same, they are said to be heteroscedastic.

In order to check the violation of this assumption there search used scatter plot technique. There subplots these residual, against standardized predicted value. If the plots have a pattern it implies the presence of heteroscedasticity. Conversely if the plots depict pattern there is no evidence for the presence of heteroscedasticity. As illustrated in the figure, 4.4.1.3, below the graph looks like a random array dots or the plots have no pattern. So, homoscedasticity assumption is not violated.

Figure 4.4.1.4. Heteroscedasticity test



Source: survey (2021) SPSS output

4.4.1.5. Test for Autocorrelation

Classical linear regression model assume cross-sectionally the covariance between the error terms is zero. In other word it assumes there is no serial correlation among error terms. The research applied Durbin Watson test, which is most commonly used techniques of detecting autocorrelation. Thus, if the value of DW test is between 1.5 and 2.5 there is no evidence for the presence serial correlation among error terms (Hassenet al, 2017). As illustrated in table 4.4.1.5 the DW test falls in the acceptable range, which implies absence of serial correlation among errors.

Table 4.4.1.5: Durbin Watson test result

Model	Durbin Watson
1	2.389

Source: survey (2021) SPSS output

4.5 Analysis of Variance (ANOVA^a)

Table 4.5.1 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1.	Regression	62.890	3	20.963	58.040	.000 ^b
	Residual	52.372	145	.361		
	Total	115.262	148			

Source: survey (2021) SPSS output

- a. Dependent Variable: Motivation
- b. Predictors: (Constant), Leadership styles

An independent variable is said to be a significant predictor of the dependent variable if the absolute t-value of the regression coefficient associated with that independent variable is greater than the absolute critical t-value. In this study, the significance value is .000 which is less than 0.05 thus the model is statistically significant the motivation of employees with leadership styles. The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data, In the above table the results for ANOVA reveals that F is 58.040.

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$ the model is significant. This indicates that the variation explained by the model is not due to chance.

Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std Error of the estimate
1.	.739 ^a	.546	.536	.60099

Source: survey (2021) SPSS output

R^2 = The amount of variance in the dependent variable that is accounted for or explained by the independent variable. The Adjusted R^2 of 0.536 means that transactional, transformational and laissez faire leadership styles accounts for 53.6 % of the variance in employee motivation.

4. 5.3. Results of Regression Analysis

Table 4.5.3. Regression coefficient analysis of the model

Model	Unstandardized Coefficients	Standardized Coefficients	t	sig	
	Beta	Std. Error	Beta		
(Constant)	.579	.253		2.291	.023
Transactional	.443	.058	.491	7.695	.000
Transformational	.304	.060	.342	5.026	.000
Laissez-Faire	.102	.047	.134	2.170	.032

Source: survey (2021) SPSS output

The table shows the impact of the independent variables i.e., Transactional, Transformational and Laissez fair leadership styles on the dependent variable i.e., Employee motivation. The result of regression analysis indicate .443, .304 and .102 implies the direct relationship between transactional leadership style, transformational leadership style, Laissez faire leadership style positively affected employee motivation with regression coefficient of B=0.443, 0.304, and 0.102 respectively.

4.4.6. Interpretation of Regression Result and Hypothesis Testing

In this part of the study the relationship between the dependent variable and independent variable were discussed. The dependent variable was employee motivation where as independent variables were Transformational, Transactional and Laissez-Faire Leadership Styles.

In regression output, the unstandardized coefficient of determination was used to replace the unknown beta value of the regression model.

Beta indicates that the level of influence of each predict or variable on dependent variable :as well it indicates the direction of relationship.

Positive beta coefficient indicates the variable has positive effect on dependent variable. The significance value (p-value) implies the statistical significance of the relationship. The constant term of the model indicates the value of employee motivation if all explanatory variables held constant.

As illustrated in table 4.5.1 the coefficient of regression analysis indicates transformational, transactional and laissez-faire leadership styles showed positive effect and statistically significant at 5% significance level. Therefore, in the next section the researcher present and discuss the effect of predictor variables on employee motivation.

Hypothesis 1

H1: 1 Transformational Leadership style has positive and significant effect on Employee Motivation.

Results discussion: The result of regression coefficient analysis as illustrated in table 4.3.1 above revealed that transformational leadership style has positive and statistically significant effect on employee motivation with a beta value of 0.304 and p-value of .000 which is less than 0.05. This implies that, other explanatory variable remain constant, if the mean score value of transformational leadership increase by 1 unit, on average the mean score value of employee motivation increase by 0.304 unit and statistically significant at 5% significance level.

Decision: The researcher rejects the null hypothesis and accepted alternative hypothesis; that means transformational leadership has significant effect on employee motivation. This indicates that, transformational leadership will lead to a correspondent increase on employee motivation.

Other researchers finding: The research made by (Podsakoff, Philip, Scott, Julie

and Daniel, 2000), investigated Transformational leadership is linked to positive conduct of employees, including motivation and numerous activities of organizational citizenship behaviors which is consistent with the result of this study.

Hypothesis 2

H1: 2 Transactional Leadership style has positive and significant effect on Employee Motivation.

Results discussion: The result of table 4.5.3 showed that transactional leadership style has positive and statistically significant effect on employee motivation with a beta coefficient of 0.443 and p-value of 0.000, which is less than 0.05. This implies that, other explanatory variables remain constant, if the mean score value of transactional leadership increase by 1 unit on average the mean score value of employee motivation increase by 0.443 unit and statistically significant at 5% significance level.

Decision: The researcher rejects the null hypothesis and accepted alternative hypothesis; that transactional leadership style means has significant effect on employee motivation. This shows that an increase in transactional leadership style will lead to correspond increase on employee motivation.

Other researchers finding: The research by (Bass et al., 2003) Poor transactional leaders may be less likely to forestall problems and to intervene before problems come to the fore, whereas more effective transactional leaders take appropriate action in a timely manner. Transactional leaders display behaviors associated with constructive and corrective transactions. The constructive style is labeled contingent reward and the correct style is labeled Management-by-Exception (active and passive). The finding of the study revealed that transactional leadership style has significant and positive effect on employee motivation

Hypothesis 3

H1: 3 Laissez-Faire Leadership style has positive and significant effect on Employee Motivation

Results discussion: As table 4.5.3 indicates, laissez-faire leadership style showed positive and statistically significant effect on employee motivation with a

beta value of 0.102 and p-value 0.102 which is less than 0.05 but there is weak correlation with employee motivation.

Decision: the researcher fail to accept directional hypothesis in favor of null hypothesis that means: leadership style has weak significant effect on employee motivation.

Other researchers finding: The research by Bass Avolio (1997) and Hartog & Van Muijen (1997), individualism leaders avoid making decisions, the supply of rewards and therefore the provision of positive/negative feedback to subordinates.

This involves the motivation of employees because the leader isn't there to determine and guide them and ignore the communication and relationship between the leader and therefore the followers.

4.5. DISCUSSIONS

The finding shows that there is a direct relationship between transactional leadership style and employee motivation and also between transformational leadership style and employee motivation. But there is weak and positive relationship between laissez-faire leadership style and employee motivation. When the researcher stated transformational, laissez faire leadership and transactional leadership has a direct relationship it means that most of the employees prefer it. Direct (positive) relationship doesn't necessarily mean all employees prefer it, it means employees who wants a leader who inspires, motivates and being a role model to them.

This research papers results further supported by Bodla & Nawaz, 2010; Mancheno-Smoak et al., 2009. On the study influence of leadership on employee productivity which covered 265 participants from faculty members and professors from public and private universities.

The study used the Multi factor Leadership Questionnaire (MLQ) to measure various aspects of transformational leadership.

The results showed a significant relationship between transformational leadership and employee motivation. Hamstra, Van Yperen, Wisse & Sassenberg, 2011; Mancheno-Smoak et al., 2009, Wells and Peachey (2011) also found a positive relationship between employee motivation and employee performance. Some researchers focused on leadership styles that guide followers to

perform beyond expectations. The study covered psychology students with full-time and part-time jobs with an average age of 20 years. The findings indicated that if followers' foci were on promotions or prevention, transformational leadership in turn influenced a reduction in turnover intention.

The findings of this study also found that there is a positive relationship between leadership style and employee motivation as mentioned on table 4.3.1 correlation matrix. A correlation coefficient between transformational leadership and employee motivation is 0.631 this variable also has a positive correlation at the magnitude of 0.631, so they are statistically significant at 0.01 level. The regression result shows that the transformational leadership shows the result of

0.60 it means that the independent variable has a positive relationship with the dependent variable. Several researchers argued that transformational leadership has a positive impact on employee motivation (Bass, 2009; Li & employee motivation Hung, 2009; Pereira & Gomes, 2012; Pieterse, van Knippenberg, Schippers, & Stam, 2010). And Contrary to the findings, other scholars' research concluded that the effectiveness of transformational leadership existed only in certain conditions, (Li, Chiaburu, Kirkman, & Xie, 2013; Northouse 2013; Pieterse et al., 2010; Wang & Howell, 2010).

As this paper finds the research outcome there are positive outcomes. Particularly as some scholars found transformational leadership has some criticisms like; conceptual clarity is vague because of the wide range of characteristics, the measurement of transformational leadership using the MLQ compels researchers to question whether the four components correlated with transactional and laissez-faire factors, transformational leadership approaches leadership as a trait rather than a learned behavior, studies have not established a causal relationship that transformational leaders caused the transformation of employees and organizations, a perception existed that transformational leaders are elitist, the leader's success was independent of followers' actions.

Many scholars found results contrary to the above critiques which is transformational leadership has its own strengths like; there are extensive research conducted on transformational leadership utilizing qualitative methodologies and that 34% of articles in one leadership journal focused on

the transformational leadership style, The principle of transformational leadership is consistent with the needs and modern belief that leaders should advocate on behalf of followers, transformational leadership researchers approach leadership as a process between followers and leaders that care for the needs of others, transformational leadership extends beyond motivation and rewards focuses on followers' needs, and growth, transformational leaders are morally uplifting, interested in moving employees to higher moral responsibilities, and encourages followers to transcend beyond self-interests.

Transactional leadership occurs when leaders inspire followers to make a commitment to a shared vision and goals. As the researcher conducted a quantitative study to explore the effect of transactional leadership styles on career satisfaction found that transactional leadership has a strong relationship with employee motivation as mentioned on table 4.3.1 Correlation Matrix. A correlation coefficient between transactional leadership and employee motivation is 0.6 this variable also has a positive correlation at the magnitude of 0.6, so they are statistically significant at 0.01 level. It is also the regression result shows that the transformational leadership shows the result of 0.60 it means that the independent variable has a positive relationship with the dependent variable employee motivation. This positive result is further supported by Riaz and Haider (2010).

As this paper finds the research outcome there are positive outcomes. Particularly as some scholars found transformational leadership has some criticisms like; conceptual clarity is vague because of the wide range of characteristics, the measurement of transformational leadership using the MLQ compels researchers to question whether the four components correlated with transactional and laissez-faire factors, transformational leadership approaches leadership as a trait rather than a learned behavior, studies have not established a causal relationship that transformational leaders caused the transformation of employees and organizations, a perception existed that transformational leaders are elitist, the leader's success was independent of followers' actions.

Transactional leadership occurs when leaders inspire followers to make a commitment to a shared vision and goals. As the researcher conducted a quantitative study to explore the effect of

transactional leadership styles on career satisfaction found that transactional leadership has a strong relationship with employee motivation as mentioned on table 4.3.1 Correlation Matrix.

A correlation coefficient between transactional leadership and employee motivation is 0.6 this variable also has a positive correlation at the magnitude of 0.6, so they are statistically significant at 0.01 level. It is also the regression result shows that the transformational leadership shows the result of 0.63 it means that the independent variable has a positive relationship with the dependent variable employee motivation. This positive result is further supported by Riaz and Haider (2010)., on their study on participants investigation included lower and middle level managers employed for at least five years.

The results of the study disclosed a significant relationship between transactional leadership and employee motivation. Transactional leadership positively related to job success. Transactional leaders attempt to motivate followers on an existing set of personal beliefs. Chaudhry and Husnain (2012) also conducted an investigation using a mixed method approach with 278 banking employees. The demographics of the population included 63 entry employees, 193 middle-level managers, and 22 top-level managers. The findings of the study revealed that employees were more motivated with a transactional leader in contrast to a transformational leader. In fact, the banking industry experienced a low turnover rate under the transactional leadership style.

Laissez-faire leadership is close to the transformational and transactional leadership spectrum and represents the absence of leadership. As per the findings of this specific research the correlation coefficient between Laissez-faire leadership and employee motivation is 0.227 this variable also has a weak positive correlation at the magnitude of 0.227, so they are statistically insignificant at 0.01 level. And the regression result shows that the Laissez-faire leadership shows the result of 0.227 it means that the independent variable has significantly weak relationship with the dependent variable employee motivation.

Laissez-faire leaders may not be appropriate for the type of work environment where workers receive minimal feedback to achieve employee motivation. In fact, Sadeghi and Pihie confirmed from a quantitative study (2012) that a positive relationship with laissez-faire leadership and employee motivation. It involves academic deans because the workers desired to operate with autonomy.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary

The researcher tried to explore whether employees achieved employee motivation based on the manager's leadership style, and how differently the two common leadership styles affect employee motivation. Participants' responses validated theories discussed in chapter two as the foundation of the current research. Based on the data analyzed the following major findings were drawn.

The results of demographic variable show that from the sample taken from in west Addis Ababa district n=163 employees 49.7% male and 50.3% were female respondents. The results on ages showed that majority of West District Branch CBE employees aged between 18-25 are 8.1%, 26 and 35 are 79.9%, and 36-45 are 12.1%. While the smallest group of respondents was those aged between 18-25 are 8.1% who are junior Bank Trainee.

The findings of the research revealed that transformational leadership style is strongly related with employee's motivation and it is the dominant one and also West District Branch CBE employee's altogether shows positive response for transactional leadership style, but positive and weak response on laissez-faire leadership style. Accordingly, the finding of the study made the accompanying conclusions; there is a significant relationship between leadership styles (transformational, transactional) but weak relationship between laissez-faire leadership style and employees' motivation. In general, the research study achieved its objectives of determining the relationship between leadership styles and employee motivation at CBE West District Branch with particular focus to West Addis Ababa district branch.

5.2. Conclusion

The main objective of the study was to examine the effect of leadership styles on employee motivation of employees in Commercial Bank of Ethiopia West Addis Ababa District. Data was collected from employees currently working in CBE west District kolfe area branch by using structured questionnaire with Likert scale. Statistical Package for Social Sciences software (SPSS) version 24 was employed to analyze the demographic characteristics of the respondents, correlation and regressions.

The two dominant leadership styles (transformational, transactional) are supported by employees who are working at CBE in West Addis Ababa district branch. This leadership styles make employees more satisfied with their current job. As Epitropaki & Martin (2013); Long & Thean (2011); Pieterse et al. (2010) and Chaudhry and Husnain (2012) got similar findings to Northouse (2013) which stated that transactional leadership has a positive relationship with employee motivation. As per this specific research paper results transactional leadership was positively correlated with employee motivation as transactional leaders more focused on meeting employees the lower level of Maslow's hierarchy of needs, specifically physiological and safety needs. Transactional leadership has is correlated with employee motivation in the magnitude of 0.6and it is positively related with employee motivation.

Also, transformational leadership has a direct relationship with employee motivation. This justification more supported by (Bodla & Nawaz, 2010; Mancheno-Smoak et al., 2009) they stated that followers were motivated to look beyond self-interests for the good of the group and view the work responsibilities from new perspectives. The results of their research showed a significant relationship between transformational leadership and employee motivation. This research paper also discloses that employee motivation and leadership styles have strong correlation at the magnitude of 0.631 also, several studies revealed findings that laissez-faire leadership style had significant relationship with employee motivation (Bass, 2009; Chaudhry & Husnain, 2012; Ghorbanian, et al., 2012; Sadeghi & Pihie, 2012). This paper not supports the results of the above scholars as laissez-faire leadership is positively correlated at the magnitude of 0.227 and as compared transformational and transactional leadership style because laissez – faire has low correlation result.

5.3. Recommendations

Based on the above conclusions, the researcher suggests the subsequent recommendations: The west district CBE branch leader has got to determine the acceptable leadership style to implement for workers to realize organizational goal. Since west district CBE branch employees prefer transactional and transformational leadership style, the managers of the west district CBE branch got to act as role models by being the primary to try to what need to be done. they have to motivate the workers and act as coach for the event of future leaders by delegating duties and interesting them in deciding. From the data collected from the questionnaire in west district CBE branch there's no standardize leadership style which may be implemented everywhere the branches, it's recommended that west district CBE branch has got to implement it standardize leadership style in order that every employee face an equivalent leadership style as employees changes branches by promotion or transfer.

Further research studies are often conducted on the investigation of other factors like demographic factors to assess their impact on the leadership styles also as employee motivation. Additionally, the case study focused on the impact on the leadership styles on the worker motivation of west district CBE branch employees. It's therefore recommended that an identical study be replicated in other Regions and another district of CBE bank in Ethiopia. In future research, it might be interesting to assess causal relationships and consider alternative modes of enquires like employing the longitudinal design (e.g., observations or interviews) to work out if the findings tested are likely to be sustained.

Future studies can benefit by including leadership styles other variables in determining employee performance. Comparisons also can be made between the private and Governmental banks. The findings of this study might not be generalized to the entire industry or to other branches within the country.

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Appendix A:

**St. Mary's University
School of Graduate Studies**

Questionnaire to be filled by respondents

Dear Respondents, I would like to express my sincere appreciation for your time, honest, prompt responses and willingness.

Objective

This questionnaire is designed to conduct thesis entitled “*The Effect of Leadership Style on Employee Motivation in The Case of Commercial Bank of Ethiopia West Addis Ababa district.*” for the partial fulfillment of the requirement of the award for master of business administration. Hence, your involvement is regarded as a great input to the quality of the research results. Therefore, I kindly request you to attempt all the questions in the questionnaire. Your honest and thoughtful response is valuable and will only be used for academic purpose. Whatever information you provide will be treated with utmost confidentiality.

Respectfully,

Part I: Demographic Information

1. Sex: Male [] Female []
2. Age 18-25 [] 26-35 [] 36-45 []
 46-55 [] 56-65 [] 66 or above []
3. Educational qualification: 12 Complete and below [] Diploma []
 Degree [] Masters and above []

Part II: Question related to the specific objectives (Independent Variables)

Please tick from 1 to 5 for your level of agreement for the given statements related to leadership in your organization.

1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

		Level of Agreement				
Leadership style measures		1	2	3	4	5
Transformational Leadership						
1.	The manager seeks differing perspectives when solving problem					
2.	The manager talks optimistically about the future.					
3.	The manager instills pride in me for being associated with him/her.					
4.	The manager acts in which builds my respect.					
5.	The manager goes beyond self-interest for the good of the group.					
6.	The manager displays a sense of power and confidence.					
Transactional Leadership						
1.	The manager Provides me with assistance in exchange for my efforts.					
2.	The manager Re-examines critical assumptions to question whether they are appropriate.					
3.	The manager makes clear what one can expect to receive when performance goals are achieved.					
4.	The manager expresses satisfaction when I meet expectations.					
5.	The manager discusses in specific terms who are responsible for achieving performance targets.					
6.	The manager Waits for things to go wrong before taking action.					
Laissez- faire Leadership						
1.	The manager avoids getting involved when important issues arise.					
2.	The manager fails to interfere until problems become serious.					
3.	The manager was absent when needed.					
4.	The manager Shows that he/she is a firm believer in “If it isn't broke, don't					

	fix it.					
5.	The manager delays responding to urgent questions.					
6.	The manager avoids making decisions.					

Part II: Question related to the specific objectives (Dependent Variables)

Similar to the above question, please tick from 1 to 5 for your level of agreement for the given statements related to leadership in your organization.

1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

No	Items on Motivation	1	2	3	4	5
	Intrinsic Motivation					
1	I am satisfied with the type of work I perform since it provides me with opportunity for achievement and challenging work.					
2.	I have done my job with a strong feeling of responsibility since, I positively influencing other people’s lives.					
3.	The job provides me with a strong feeling of responsibility since I am contributing to the society.					
4.	The types of work I perform provide me with opportunity for personal growth and development.					
5.	I will not be terminated without a good cause in this institution.					
6.	I have a chance to work alone on the job.					
7.	There is a sense of responsibility in my work.					
8.	I am allowed to decide on the methods of performing my work.					
9.	I am completely independent, when I perform my work.					
10	I have a part in decision making process.					
	Extrinsic Motivation					
11	I am satisfied with promotion and the salary in the institution.					
12	I am satisfied with the fringe, benefits like medical expense, like education fee coverage, outside training.....etc.					
13	I am satisfied with the job security in this institution.					

14	The management of the institution cares for employee's welfare.					
15	There is opportunity for in-house training (Institutional training).					
16	I am satisfied with the relationship with coworkers in the workplace.					
17	I have good communication with my coworkers in the workplace and free to be with my colleagues.					
18	When I have questions or concerns my supervisor is able to address them and my working hours are reasonable.					
19	I am given a written appreciation letter for my good work.					
20	I usually acquire acknowledgment for the work done by me.					
21	I am ready to accept constructive criticism regarding my work.					
22	I am praised regularly for my good work.					
23	I receive feedback on making progress.					

Thanks!!!