



ST. MARY'S UNIVERSITY
SCHOOL OF POST-GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEES'
PERFORMANCE IN THE FINANCIAL SECTOR: A CASE OF
ADDISITUA ETHIOPIA SAVING AND CREDIT CO-OPERATIVE
SOCIETY WITH LIABILITY, IN ADDIS ABABA, ETHIOPIA**

BY: NATHAN ATRSAW

ID No: SGS/0004/2015A

JULY, 2024
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JULY, 2024
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BY

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ACRONYMS

ANOVA: - Analysis of Variance

SACCOs: - saving and Credit Co-operatives

AESCCSL: - Addis Ababa Ethiopia Saving and Credit Co-operative Society with Liability

SPSS: - Statistical Package for Social Sciences

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ABSTRACT

This study aims to investigate the effect of leadership styles on employee performance within the Addis Ababa Ethiopia Saving and Credit Co-operative Society with Liability. An explanatory research design was employed to determine the effects of the independent variables on the dependent variable. The study utilized a quantitative research approach to test the effects using hypotheses and research questions. Both primary and secondary data sources were utilized, with primary data collected from employees in the financial sector through self-administered close-ended questionnaires. The sampling technique involved a census survey with a total population size of 114 respondents, including managers and employees of the institution. Descriptive and inferential data analysis methods were applied, with descriptive analysis involving calculations of frequency, percentage, mean, and standard deviations, while inferential statistics, specifically correlation and multiple linear regression analysis, was used to evaluate relationships between variables. The regression model result shows that leadership explains a substantial portion of the variance in employee performance, with an R^2 value of 0.703, indicating that about 70.3% of the variability in employee performance can be attributed to the leadership styles in the model. The ANOVA results confirm the overall significance of the regression model, with an F -statistic of 86.926 and a p -value below 0.05. Regarding the Effect of leadership styles on employee performance, Autocratic leadership has a negative coefficient of -0.364, suggesting a 36.4% decrease in employee performance with increased Autocratic leadership. This coefficient is statistically significant ($p < 0.001$), indicating a detrimental effect on employee performance. In contrast, Democratic leadership and Laissez-faire leadership have positive coefficients. Democratic leadership has a coefficient of 0.276, implying a 27.6% increase in employee performance, while Laissez-faire leadership has a coefficient of 0.316, signifying a 31.6% boost in employee performance. Both coefficients are statistically significant ($p < 0.001$), highlighting the positive impacts of Democratic and Laissez-faire leadership styles on employee performance.

Keywords: *Leadership style, Autocratic leadership, Democratic leadership, Laissez-faire leadership, employee performance*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

The concept of leadership is defined, according to (Hersey - Blanchard 2005), “as the process of influencing the activities of an individual or a group in efforts toward goal accomplishment” For (Senge1990), leadership is associated with stimulants and incentives that motivate people to reach common objectives.

According to (Hersey & Blanchard 2005), leadership is the process of influencing the activities of an individual or a group in efforts toward a goal achievement in a given situation. Leadership is a process of interaction between leaders and followers where the leader attempts to influence followers to achieve a common goal. Performance is the main aim of every organization. Leadership represents the most dynamic effects by enhancing the knowledge, skill, and attitude of employees for the attainment of some predetermined goal (Behn, 2000). The effective leader not only inspires subordinates’ potential to enhance efficiency but also meets their requirements in the process of achieving certain predefined objectives (Lee and Chuang, 2009).

‘Leadership is critically important because it affects the current or future condition of the organization any organization requires effective leaders who can positively influence their followers by increasing employee performance and organizational commitment to achieve organizational performance. (Kiue, 2010).

‘Leadership is important for an organization to function efficiently and effectively. Leadership and employee performance play an important role in creating and maintaining the effectiveness of an organization stated that the negative effects associated with a lack of employee commitment include Absenteeism and turnover’ (Bennett and Durkin, 2000)

According to (Yukl2005), numerous studies on the theory of leadership can be summarized into five broad theories, namely, trait, behavioural, contingency or situational approach, contemporary integrative approach, and power and influence approach. Leadership style is the combination of the attitude and behavior of a leader, which leads to certain patterns in dealing with the followers (Dubrin 2004). It is the result of the philosophy, personality, and experience of the leader. There are several leadership styles such as autocratic, bureaucratic, charismatic, democratic,

participative, situational, transformational, transactional, and laissez-faire leadership (Mosadeghrad, 2003).

Leadership style is one of the most critical components for any organizational performance as well as employee performance, Leadership and leadership style are the most essential factors toward the success of any outcome (Choi, 2006). Leadership style is the manner and approach of providing direction, implementing plans, and motivating groups and is also viewed as the combination of traits, characteristics, skills, and behavior that leaders use when interacting with their subordinates (Ojokuku, 2012).

Leadership style is defined as the consistent set of patterns of behaviors exhibited by a leader used to influence his or her employees to achieve organizational goals (Schermerhorn, John, and Wiley 2011; DuBrin,2006). Leadership style is the manner in which a leader provides direction, implements plans, and motivates people, and their approach to each of the functions (Jooste, 2009). Leadership style has been the deciding factor of more than one facet of employee behavior in organizations. The most common styles are the Laissez-Faire, Authoritarian, and Democratic (Bass, 1990).

Employee performance is a major necessity for the overall performance of the organizations, it is clear that there are many ways of understanding leadership styles (Northouse, 2016). Employee performance can refer to the ability of employees to achieve organizational goals more effectively and efficiently and strengthening employee performance ultimately benefits the organization, a qualified, skilled, and motivated employee contributes a lot to achieving the organization's success (Jing & Avery, 2008).

Effective leadership is crucial in fostering an enthusiastic atmosphere and culture within financial institutions, such as savings and credit cooperatives (Hurduzeu, 2015). He stated that an "effective leadership style could promote excellence in the development of the members of the financial companies." The call for strong leadership is widespread, spanning religious institutions, schools, and even the political realm (Anthony, 2011). As (Skoogh.A., 2014) noted, "It is safe to say that leadership has played an important role since the dawn of the history of mankind." Given the importance of leadership, corporations are constantly seeking great leaders who can guide them to success, and researchers have dedicated significant efforts to understanding the best practices of effective leaders (Skoogh, 2014).

Leadership plays an important role in the performance of employees. In recent days, leadership styles have received focus as areas of concern. For organizations, retaining good employees and improving their performance has become a serious matter more than at any other time. Usually, the ability to and improve the performance high potential workers enhances the ability and the outcome of the organization. For this reason, an organization's leadership plays a central role. (Chitra, 2013). Even though a leader must take various steps to satisfy the employees so that they stay with the organization for a longer duration and have good performance, a leader's style plays an enormous part.

When employers engage in practices that support good working relationships, employee performance improves because workers tend to believe the organization is using their skills and appreciating their services and commitment. In turn, higher job satisfaction generally results in higher levels of employee performance (Rachman, 2021). While many employees leave for other jobs in search of a bigger paycheck, the underlying reason for turnover could be unrecognized performance. Given this phenomenon, an employer's best interest is served when the organization focuses on ways to improve employee performance.

The significance of this study is to help directors and leaders in the association to know the style of leadership preferred by their inferiors to enhance their performance (Omolon, 2004). Numerous leadership propositions have been developed over the years. (Billing 2015) identified that there are three different leadership styles: democratic, autocratic, and laissez-faire. In the 1960's, the situational leadership theory was developed (McCleskey, 2014). In the 1970's, the transformational theory, which focused on motivations and values in measuring how leaders approach power, was developed.

This study seeks to show the effect of leadership style on employee performance in finance sectors taking the case of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability (AESCCSL).

1.2. Statement of the Problem

Leadership has been an important area of study for schools and individuals for decades, and people are seeking role model leaders because "an important method of leadership Employee performance includes duty execution, meeting deadlines, team input, and meeting departmental goals.

In many parts of the world, saving and credit cooperatives have faced several challenges, and many of them have basic problems in assisting the poor (CGAP, 2005). Unlike the formal financial

sectors such as banks, the saving and credit associations have inadequate capital base, restrictive capital structure, inadequate mix of financial products, poor investment decision-making, and lack of observance of basic principles of banking and financial management (Tirfe A. G., 2014) The cost of living in urban areas has shot up, and the members of saving and Credit Co-operatives (SACCOs) would not live comfortably, leading to a high demand for loanable funds that SACCOs cannot easily meet due to limited supply. In general, SACCO's financial performance is very poor (Tirfe A. G., 2014).

Employee performance includes implementing, defining duties, meeting deadlines, teamwork, and achieving departmental goals. In different institutions and organizations, the Addisitua Ethiopia Saving and Credit Association needs to have sound leadership styles which include democratic, Autocratic, and laissez-faire approaches to leadership. However, at Addisitua Ethiopia Saving and Credit Association, there is common friction between individual responsibilities and roles as stated by the annual review report (AESCCL annual report, 2017) this causes internal politics. Different research conducted by Namutebi (2012) and Kmugisha (2012) tied with findings, identified that lots of authoritative leadership tendencies existed and thus this works as a background for low innovation and declined commitment that greatly affects employee performance as was indeed observed through the study findings. This indicates that the inability to achieve the planned performance is because of lacking the tactical involvement of specific leadership styles in the specific situation. In cases in Addisitua Ethiopia Saving and Credit also are not far from this reality. So, it needs to put a clear leadership style that can improve the employees' performance.

As Namutebi (2012) and Kmugisha (2012) indicated there have been continuous downward trends in the performance of employees registered in public institutions in Ethiopia. These may be happening as a result of numerous factors such as inadequate funding, lack of motivation, work climate, leadership, and leadership styles among others. They have explored intensively other factors except leadership style as a factor that influences the impacts of employee performance of staff. As the preliminary questioners' showed employees at Addisitua Ethiopia Saving and Credit are not happy with the management. Thus, identifying these gaps helped the researcher to assess employee performance and the leadership style of the employee performance and give an insight to the management about employee performance concerning leadership style effect. Therefore, this study will try to further investigate the effect of leadership style that affects employee performance in Addisitua Ethiopia Saving and Credit. The main purpose of this research is to

investigate the effect of leadership styles on employee performance Addisitua Ethiopia Saving and Credit.

According to some studies like Tesfamariam's have been published focusing on formal and semi-formal financial sectors of Ethiopia to reveal their effect in rural and urban areas (Tesfamariam, 2015). Other studies focus on job satisfaction and sustainability of SACCOs (Pantha, 2020), but as per the researcher's knowledge, the effect of leadership styles on employee performance in Microfinance institutions in general and in AESCCL has not been studied so far. This research is therefore aimed to fill the research gap by investigating the effect of leadership styles on the performance of the Addisitua Ethiopia Saving and Credit Association.

1.3. Research Questions

1. What is the effect of autocratic leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability?
2. What is the effect of democratic leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability?
3. What is the effect of the laissez-faire leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability?

1.4 Research Objectives

1.4.1. General Objective

The general objective of this study is to investigate the effect of leadership styles on employee performance in the case of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability.

1.4.2. Specific Objectives

1. To examine the effect of autocratic leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability.
2. To assess the effect of democratic leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability.
3. To determine the effect of laissez-faire leadership style on employee performance of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability.

1.5. Significance of the Study

This study has several significance for management, organizations, and similar companies aiming to enhance employee performance through effective leadership practices. As it identify the types of leadership styles that affect employee performance, this research offers valuable insights for optimizing service delivery and organizational outcomes. Additionally, the study contributes to the broader knowledge base within the saving and credit sector, empowering companies to refine their leadership approaches and adopt more impactful strategies.

The findings of this study also have the potential to benefit researchers across various scales of research endeavors. By shedding light on the relationship between leadership styles and employee performance, this research adds to the collective knowledge in the field, providing a foundation for further exploration and inquiry.

1.6. Scope of the Study

The scope of the study encompassed an in-depth investigation into the effect of leadership styles on employee performance within Addisitua Ethiopia Saving and Credit Co-operative Society with Liability. Conceptually, the study is limited to investigating the effect of three leadership styles namely the: autocratic, democratic, and laissez-faire leadership styles on employee performance. The research was conducted solely within the context of Addisitua Ethiopia Saving and Credit Co-operative Society with Liability in Addis Ababa, Ethiopia, limiting the geographically study to investigate leadership styles and employee performance in the context of Addis Ababa City and its 4 areas. Data collection primarily involved employees in the financial sector of the organization, utilizing self-administered close-ended questionnaires as the primary research instrument. Methodologically this study applied a quantitative research approach of data gathering via a questionnaire. The study employs quantitative research methods to analyze relationships between leadership styles and employee performance, utilizing descriptive and inferential statistical analysis techniques.

1.7. Definition of Terms

Leadership - declares management as the body of leadership that determines policies, rules, and procedures guiding relationships and activities in an organization, which to an extent determines theeffectiveness in achieving the organization's goals and objectives (Igbaekemen,&Odivwri, 2015).

Autocratic Leadership – Autocratic leadership is a style where one person controls all decisions without the participation of the rest of the group (Iqbal et al., 2015).

Democratic Leadership -Democratic leadership, sometimes called participative leadership, is based on involving several individuals in the decision-making process. This type of leadership can be seen in a wide range of contexts, from businesses to schools to governments (Lee, Leadership Development, 2023).

Laissez-faire Leadership - allows individuals the opportunity to make judgments and adopts a hands-off leadership style. While leaders still provide their teams with the resources and tools they need to succeed, they remain largely uninvolved in the day-to-day work (Lee, Leadership Development, 2023).

Employee performance- defined, as a result of employee growth, implies employee productivity and production. Ultimately, employee performance can impact organizational productivity (Hameed & Waheed, 2011).

1.9. Organization of the Study

This research has five chapters. Chapter one constitutes the introduction part, which includes the background of the study, statement of the problem, objective of the study, specific objectives, significance of the study, scope of the study, limitation of the study, definition of key terms, and organization of the study. Chapter two contains a review of related literature including theoretical, empirical literature conceptual framework, and research gap. Chapter three presents the research design and methodology which includes sample design, target population, sample size, sampling techniques, type and source of data, data collection instruments and procedures, method of data analysis, and ethical considerations. Chapter four deals with the findings of the study and the discussion, while Chapter five summarizes, dissection, concludes the results and presents the list of recommendations.

CHAPTER TWO

2. LITERATURE REVIEW

The literature review holds significant importance within the study as it directly pertains to the research issue. It serves as the essential knowledge foundation for both readers and researchers, laying the groundwork before delving into any investigation. As stated by Justin P. & Alex R., (2020), the literature review examines commonly employed ideas, structures, and methodologies across various contexts to pinpoint research gaps. It not only identifies areas for further study but also provides direction by introducing new concepts, theories, metrics, methodologies, and research topics.

In line with this perspective, this chapter offers a comprehensive synthesis of relevant literature that aligns with the researcher's area of interest and incorporates the primary study variables. Moreover, it presents the theoretical, empirical, and conceptual frameworks guiding the investigation.

2.1 Theoretical Literature Review

2.1.1 Concept of Leadership

Leadership is a process and a method by which a superintendent can influence, lead, and direct others' actions and work toward the fulfillment of particular goals in a particular circumstance (Iqbal, 2015). The capacity of a director to inspire subordinates to work with confidence and enthusiasm is known as leadership (Iqbal, Anwar, & Haider, 2015). It is possible to deny leadership the ability to influence a group's completion of the task. Leaders are necessary to create the future vision and inspire individuals of the company to desire to realize their goals and improve performance. As stated by Adair, "Leadership is the capability to convert others to seek denied objects madly. It's the mortal factor which binds a group together and to ameliorate their performance and to direct them towards pretensions (N., 2015)

According to (Northouse, 2016) leadership may also be defined as the process by which a person persuades a group of others to pursue a common objective. This concept places a strong emphasis on the value of influence and the necessity of a common objective. In a similar vein, (Yukl, Leadership in Organizations, 2013) characterizes leadership as the process of assisting both individual and group efforts to achieve common goals as well as persuading others to comprehend

and agree on the necessary actions and methods. These definitions emphasize the value of persuasion, communication, and the capacity to lead others toward a common objective.

According to Nel et al. (2004), leadership is a dynamic process in which a single man influences others to voluntarily contribute to the completion and achievement of goals with the goal of the group's shared organizational values. This individual represents the spirit of leadership in assisting a group or organization to achieve long-term growth.

2.1.2 Characteristics of Leadership

According to (Kirkpatrick, 1991) a leader must possess certain qualities to be considered efficient:

I. Mental aptitude: Possessing a sound mind is essential for a leader to be effective. Mental coordination is required for a leader to carry out their responsibilities and obligations (Kirkpatrick, & Locke, (1991).

II. Diverse interests and skills: A successful leader is not a specialized individual but possesses a broad general grasp and a multitude of diverse skills. They are aware of and widely interested in many other significant activities and facets of their surroundings in addition to the task they are most closely associated with (Hartley & Fletcher, 2008)

III. Communication Skills: Excellent communication is a key competency for any successful leader (Kirkpatrick, & Locke, (1991).

IV. Maturity: A successful leader is free from leftover childishness; their attitude and behavior patterns are those of a responsible, mature adult (Kirkpatrick, & Locke, (1991).

V. Motivational strength: Drive, energy, initiative, courage, and consistency have long been recognized as clear marks of a strong leader. Successful leaders enjoy the work of planning, organizing, and directing the efforts of others (Kirkpatrick, & Locke, (1991).

vi. Social skills: Leadership fundamentally means accomplishing through others, which makes it entirely obvious that successful leaders must rely heavily on social skills. They must be sensitive to human feelings and attitudes and must be empathetic to be effective in influencing others (Kirkpatrick, & Locke, (1991).

vii. Administrative ability: Envisioning, originating, planning, organizing, directing, completing, evaluating people, etc. are skills on which a leader particularly relies (Kirkpatrick, & Locke, (1991).

2.1.3 Theories of Leadership

Many ideas have been proposed to explain the characteristics of influential leaders and the nature of leadership. Many theories of leadership have been developed over time, offering various viewpoints on how followers are motivated and influenced by their leaders. The Trait theory is one such theory that suggests specific personality qualities are linked to successful leadership (Northouse, 2019).

The characteristics that set leaders apart from non-leaders are as varied as the perspectives on leadership. While the majority of research conducted today has moved away from conventional trait- or personality-based theories and toward situation theory, which holds that the qualities and abilities of the leader define the circumstances in which leadership is exercised (Avolio, Walumbwa, & Weber, 2009), all current ideas may be categorized into one of three ways: leadership as a relationship or process; leadership as a set of attributes or personality features; or leadership as specific actions, or as they are more widely called, skills. The idea that, at least in part, leadership is a process that requires persuading a group of individuals to achieve objectives is included in the more popular theories of leadership (Wolinski, 2010).

Cherry (2012) listed eight important theories of leadership and noted that scholarly interest in leadership expanded dramatically throughout the early twentieth century. Later ideas examined other elements, such as situational considerations and skill levels, while the older theories concentrated on the characteristics that set leaders apart from followers. While new hypotheses are constantly being developed, most fall into one of Cherry's seven basic categories.

1. "Great Man" Theory

According to the great man beliefs, great leaders are not created; rather, they are born with the ability to lead. These ideas frequently present leaders as mythical, heroic, and destined to assume greater authority when called upon. Because leadership was viewed in the period as predominantly a male attribute, particularly in military leadership, the term "great man" was utilized (Ololube, 2013).

2. Trait Theory

The trait hypothesis presupposes that individuals are born with particular talents or features that make them more suitable for leadership, which is somewhat similar to great man theories. Behavioral traits or specific personality traits that leaders share are frequently identified by trait

theories. Many have started to question this notion, though: if certain characteristics are essential to leaders and leadership, how can we account for those who have these attributes but are not leaders? Scholars ultimately shifted paradigms in pursuit of new explanations for effective leadership due to inconsistencies in the link between leadership qualities and effectiveness.

3. Contingency Theories

Contingency theories of leadership concentrate on specific environmental factors that might dictate the most appropriate leadership style for a certain work setting. This notion suggests that there isn't a single leadership approach that works in every circumstance. A multitude of factors influence success, such as situational elements, followers' traits, and leadership style (Charry, 2012). According to Naylor, a contingency factor is any circumstance in any pertinent environment that must be taken into account while creating an organization or any component of it. According to contingency theory, a leader's ability to effectively lead relies on how well their traits and style mesh with the demands of a given circumstance (Lamb, 2013).

4. Situational Theory

According to situational theory, decision-makers should base their decisions on the specific conditions or circumstances of each case. Various leadership philosophies could be more suited for various decision-making processes.

5. Skills Theory

According to this view, practiced successful leadership is largely dependent on both acquired knowledge and capabilities. While skills theory contends that taught skills, a developed style, and acquired knowledge are the true keys to leadership effectiveness, it does not discount the relationship that exists between innate attributes and the ability to lead effectively. A strong commitment to skills theory frequently necessitates allocating significant time, money, and resources to leadership development and training (Wolinski, 2010).

6. Relationship/Transformational Theory

Transformational theories, another name for relationship theories, concentrate on the bonds that arise between leaders and followers. According to these views, being a leader is about connecting with others and being able to "create a connection" that inspires followers and leaders alike to be more moral and motivated. Relationship theories are sometimes contrasted with theories of charismatic leadership, which hold that leaders who possess particular traits—like self-assurance,

extroversion, and principles that are clearly stated—are the most effective at inspiring followers (Lamb, 2013).

7. Transactional/Management Theory

Often referred to as management theories, transactional theories emphasize the importance of supervision, group dynamics, organization, and interactions between leaders and followers. According to these views, leadership is based on a system of incentives and penalties (Charry, 2012). Put another way, based on the idea that a leader's role is to establish systems that clearly define expectations for followers and the ramifications (rewards and penalties) for either exceeding or falling short of those expectations (Lamb, 2013).

2.1.4 Styles of Leadership

The organization is divided into several departments, each of which employs people in a variety of roles and functions as fundamental units. When there is leadership that maintains them intact, workers might not feel cut off from the central authority and might thus operate with honesty and unwavering dedication. Leadership is a practical talent as well as a macroscopic area of study (King, Johnson, & Vugt, 2009).

The researchers' ongoing investigation demonstrates distinct leadership philosophies in many life domains and situations. At the individual level, it encompasses the aptitudes, experience, leadership qualities, and talents of an individual or group of individuals (Tahir, Abdullah, Ali & Daud, 2014).

Leadership style is viewed as a combination of different characteristics, and behaviors used by leaders to interact with their subordinates (Mitonga-Monga & Coetzee, 2012). Mitonga-Monga and Coetzee (2012) see leadership as the pattern associated with managerial behavior designed to integrate organizational or personal interests and effects to achieve specific goals. Through the organization's power to mobilize, motivate and communicate, the leadership seeks employee participation with all their dedication and sense of ownership (Chandra & Priyono, 2016).

Based on the number of followers, the research found that there are many leadership styles. Depending on the situation, the followers, and the leader's job, this is the most successful leadership style (Tortorella, et al., 2018).

A leader's effectiveness is more influenced by their leadership style than by their leadership qualities. In some circumstances, an organization's behavior might be modeled after the mannerisms of a leader. The way the group leader interacts and interacts with its members determines the efficacy of the group as a whole (Amanchukwu, et al., 2015).

It is believed that a leader's style is an amalgam of several attributes, actions, and features that they employ while relating to their subordinates (Coetzee & Mitonga-Monga, 2012). According to Mitonga-Monga and Coetzee (2012), leadership is a pattern of management action intended to combine personal or organizational interests and impacts in order to accomplish certain goals.

Leadership styles refer to the pattern of leaders' behavior that characterize a given leader or various patterns of behavior favored by leader during the process of directing and influencing workers. Leadership style can be divided into three main parts: autocratic or authoritarian, participative or democratic, and laissez-faire or free rein or (Delegate).

2.1.5 Democratic Leadership Style

Democratic leadership involves consulting with team members, though the leader ultimately makes the choices. They promote innovation, and group members are frequently very involved in choices and tasks. The advantages of democratic leadership are numerous. Because they are more involved, team members often have high work satisfaction and are productive. Employee skill development is also aided by this technique. Members of a team are driven by factors other than money because they feel that they are a part of something bigger and more significant. Democratic leadership poses a risk since it can become unreliable in circumstances where efficiency or quickness are crucial. For example, in times of crisis, a team may squander critical time soliciting feedback. Team members without the necessary skills or experience to deliver high-quality input (Smith & Johnson, 2017).

Participative leaders meet in the middle of the popular and autocratic styles. They tend to delegate the decision-making process to many crucial platoon members and give guidance and feedback along the way. These leaders are generally veritably open-inclined, and they operate under the belief that the platoon contributes equal value toward reaching company pretensions. Communication is a major element of participative leadership. It helps ensure that ideas flow painlessly with minimum conflict, which increases productivity. Participative leaders also

prioritize collaboration and independence by leaving space for crucial perspectives to impact the direction of the association. This leads to increased trust and respect, and it can support lesser invention.

Democratic leaders involve everyone in the decision-making process. Although they ultimately have the final say, people who adopt this style ask for feedback from their teams and use it to inform their decisions. This type of leadership works within most industries as it has several major advantages. Democratic leadership adds value by demonstrating to staff members the value of their perspectives. Diversity and creativity flourish in this environment as a result because leader-supported teams build on everyone's contributions. Finally, democratic leaders build trust through transparency, respect, and accountability. This can increase employees' job satisfaction, morale, and productivity (Smith & Johnson, 2017; Sharma & Singh, 2013; Jones et al., 2019).

Organizational studies have paid close attention to democratic leadership, which is defined by open communication channels and participatory decision-making. Smith and Johnson's (2017) study highlights the benefits of democratic leadership for worker commitment, engagement, and drive. Particularly given Addis Ababa Ethiopia Saving and Credit Co-operative Society with Liability's cooperative structure, a thorough grasp of how democratic leadership affects worker performance is vital. Research like that done by Jones et al. (2019) shows how democratic leadership's participative style fosters a sense of ownership in workers. This increased responsibility is essential in financial organizations because dedication and accuracy in decision-making are critical. Examining the subtleties of democratic leadership in a cooperative environment can help to customize leadership techniques for the best possible output from employees.

H2. – Democratic leadership style has a significant positive effect on employee performance.

2.1.6 Autocratic Leadership Style

Autocratic leadership is a style where one person controls all decisions without the participation of the rest of the group (Iqbal et al., 2015).

Autocratic leaders sometimes referred to as authoritative leaders, provide clear guidelines for what must be done, when it must be done, and how it must be done. This leadership approach places a lot of emphasis on the leader's directives as well as the followers' control. The members and the leader have a distinct separation as well. Autocratic leaders decide on their own, soliciting little to no input from the organization as a whole. Autocratic leaders create direction, goals, and structure

for their work. They make decisions based on their own judgments and are unwilling to take input from subordinates or followers (Cherry, 2023). The authoritarian manner is similar to the traditional "do as I say." These leaders, who typically adopt an authoritarian approach, are unaccustomed with being thrown into a new job or purpose that involves people management (Anyango, 2015).

The autocratic leadership style, characterized by authoritative decision-making, causes the organizational literature to present conflicting viewpoints. According to Brown and Peters (2016), an authoritarian leader's top-down style may disenfranchise staff members, which lowers motivation. Johnson's (2018) research, however, indicates that an autocratic approach may, under some conditions, simplify decision-making procedures, providing clarity and maybe enhancing performance. In the finance sector, where swift and decisive actions are often required, understanding the effects of autocratic leadership on employee performance is imperative. By examining both positive and negative impacts, this review aims to provide a nuanced view that aids leaders in navigating the intricacies of the finance sector within Addis Ababa Ethiopia Saving and Credit Co-operative Society with Liability.

H2. – Autocratic leadership style has a significant negative effect on employee performance.

2.1.7 Laissez-Faire Leadership Style

Laissez-faire leadership is also known as delegate leadership. This kind of leadership involves a leader taking a backseat and letting the group members make the decisions. (Northouse 2013) claims that they don't interact with their followers and don't support their development.

According to (Sahaya 2012), leaders frequently avoid taking on responsibility, are underqualified, cannot lead and make choices, cannot inspire or sway followers, open communication channels, and possess no leadership traits.

Laissez-faire leadership is characterized by an element of freedom and creativity in the organizational structure, marked by little intervention and employee autonomy. According to Morrison's (2007) research, performance may be improved by laissez-faire leadership when combined with a highly qualified and driven team. But there might be disadvantages as well, such as uncertainty and a lack of direction, especially when workers need guidance.

Analyzing the impact of laissez-faire leadership on employee performance within a cooperative society in the finance sector adds a layer of complexity. The study aims to unravel how autonomy and creativity can be harnessed positively without compromising the need for guidance in a financial cooperative setting. It's possible to say that laissez-faire leadership is the finest or worst type of leadership. (Goodnight, 2011). When used in reference to leadership, the French expression "laissez-faire," which means "let it be," indicates leaders who let their subordinates operate independently. Laissez-faire leaders may grant teams total autonomy to accomplish tasks and establish their own timetables, but they also abdicate responsibility and refrain from making choices. According to Chaudhry and Javed (2012), laissez-faire bosses typically give their subordinates the freedom to decide what has to be done at work.

They don't get engaged other than to offer teams resources and guidance as needed. If a leader consistently provides team members with feedback and keeps an eye on their performance, this leadership style may work well. Laissez-faire leadership's primary benefit is that it may boost productivity and work happiness by giving team members a great deal of autonomy. It can be detrimental if team members lack the expertise, drive, or time management skills necessary to do their tasks efficiently. Insufficient control over employees by managers can also result in this kind of leadership (Ololube, 2013).

H3. – Laissez-faire leadership style has a significant negative effect on employee performance

2.2.1 Employee performance

Defined employee performance as behavior and used the term outcomes to describe the results of those behaviors. In summary, job performance is defined as the worth of a group of employee behaviors that either positively or negatively support the accomplishment of organizational goals (Jason, et al., 2015). One way to describe employee performance is as a means of evaluating how well—or poorly—an individual carries out their responsibilities within the organization. Furthermore, assessing each employee's efficacy in their role over a predetermined period of time is the main goal of employee performance. A critical assessment of an employee's work over time, including whether or not the task was completed on time, is known as employee performance (Jacob, 2023). Employee performance can also be used to determine how well an employee performs over time in terms of both timely completion of assigned tasks and overall quality of work. The organization benefits greatly from tracking and evaluating employees' performance over

time since it provides managers with a clear picture of each employee's performance and allows them to move quickly to address any issues that may arise from an employee's below-average performance (Kalsoom, et al., 2018). By assessing each employee's performance, the company can also ascertain what kind of training each person might need to help them perform better and to ensure that everyone is giving it their all. Since a worker's performance review will specify the where and when of needs.

2.2.2 Relationship between Leadership and employee performance

When faced with new challenges, strong leadership styles produce long-term effectiveness (McGrath and MacMillan, 2000). Furthermore, experts claim that there is a stronger correlation between leadership styles and employee performance because they believe that leaders play a significant role in motivating their followers to work effectively and efficiently. As stated by Santara et al. (1999), performance competitions lower earnings and accomplishments, which eventually leads to the eradication of innate talent. As stated by Mahdinezhad, Suandi, Silong, Daud, & Omar (2013). It is also commonly known that a leader's performance, commitment, and leadership abilities can all be enhanced by their choice of leadership style. Consequently, enhanced overall efficiency in higher education is another advantage for those who embrace a leadership style that optimizes the expertise and proficiencies of the instructional staff. It is common knowledge that different leadership philosophies have different effects on workers' performance, and studies have revealed a number of organizational settings that support specific leadership philosophies. This approach is effective in boosting the authoritarian leadership style's immediate results. Chief executive officers who are authoritarian are adept at solving complex business problems when their teams are made up of recent hires. A 1961 R. Likert survey of American companies found that authoritarian-run businesses outperform others in this regard.

2.3 Review of empirical literature

Although there is broad agreement that good leadership plays a crucial role in improving employee performance, empirical research reveals divergent results regarding the impact that various leadership philosophies have on workers' performance (Chan, 2010). Empirical data demonstrates that different nations and business sectors have different needs when it comes to a particular leadership style's suitability for employees' and organizations' success (Basit, 2017). Thus, this study provided a summary of the findings from earlier empirical research on related topics ranging from global to regional to Ethiopian. The effects of leadership philosophies on worker performance have been the subject of numerous research projects, with differing degrees of evidence depending on the parameters and extent of the studies. In contrast to transactional leadership, transformational leadership is more strongly associated with improved employee satisfaction and individual/organizational performance, according to Meyer and Botha's 2000 study of the Canadian banking sector. Additionally, Hayward et al. found that when it came to improving employee performance, transformational leadership outperformed transactional leadership. In a South African pharmaceutical company, the study found no significant linear relationship between transactional leadership and employee performance, but a substantial positive linear association between transformational leadership and employee performance. Leadership and a positive relationship were found by Pradeep and Prabhu (2011)

Abdul Basit et.al (2017) research to investigate the effect of leadership style on employee performance in the finance sector in Ethiopia. Census sampling techniques and a quantitative approach are used. Descriptive analysis, Correlation, and regression analysis are presented. A researcher distributed a five-point Likert scale questionnaire and SPSS software was used to analyze the collected data. The finding concluded that the democratic leadership style has a positive approach to employee performance.

The Autocratic leadership style shows a significant negative effect on employee performance. Laissez-faire leadership style has a positive effect on employee performance. Umaru Danladi et.al (2014) conducted research to look at the extent to which the relationship between leadership style and employee performance in an organization at the finance. The study uses questionnaires to gather the data and statically analyze using correlation analysis with the help of SPSS. The finding of the result reveals that good leadership style and employee performance have higher regression

and this shows that the good leadership style has a significant effect on the prosperity of the organization.

Iqbal et.al (2015) presents a study to investigate the effect of leadership style on employee performance. In this research, a quantitative approach and primary resource type are used. The finding shows that the Autocratic leadership style is used for short-term periods and the Democratic leadership style benefits all time horizons. Additionally, the study presents its conclusion that the situation in which leader exercises their role is highly affected by the leadership style.

Muhammad Asrar-Ul-Haq et.al (2016) researched a study of examining the effect of leaders' styles on employee performance in the finance sector of Pakistan. The study used a sample of 224 full-time employees of various banks in a non-random purposeful sampling technique and a questionnaire was distributed for data gathering. During the study, SPSS, Descriptive, and inferential statistics are used to test the Hypothesis. The finding of the research reveals that there is a positive relationship between Laissez-faire leadership style and employee performance.

2.3.1 The Effect of Democratic Leadership on Employee Performance

According to Iqbal et al. (2015), democratic leadership has a positive effect on employee performance, this is because the employee will feel power and confidence when doing the decision-making. This leadership shows the worker has a chance to be given discretionary authority to complete their work.

2.3.2 Effect of Autocratic Leadership on Employee Performance

Since the leader has total control over them, team members are rarely given the chance to voice recommendations, even if they are in the best interests of the group or organization (Armstrong 2002). The boss urges subordinates to follow him and is supposed to be a change agent. Furthermore, Cole (2000) asserts that it works well in situations where change needs to be encouraged, like settling conflicts like strikes or implementing self-confidence, among many other things. Because the leader has total control over them, team members are rarely given the chance to voice recommendations, even if they are in the best interests of the group or organization (Armstrong 2002). The boss urges subordinates to follow him and is supposed to be a change agent. Cole (2010) adds that it works well in situations where change needs to be encouraged, like settling conflicts like strikes or implementing self-confidence, among many

other things. It produces better performance when used in the right situation. However any effective leadership style must start with the bank's leadership arm, which combines political and administrative leadership skills to apply different styles of leadership effectively in the right situations, given the size of the bank's workforce. The administrative system was the primary cause of most of the issues, as opposed to dictating.

2.3.3 Effect of Laissez-fair Leadership on Employee Performance

The leader's capability to lead is contingent upon colorful situational factors, including the leader's favored style. A lot of empirical freedom in leadership is supported by contingency theories of leadership (laissez-faire style) North House (2001).

The situational aspects that affect a leader's capacity to lead include their chosen style. A lot of empirical flexibility in leadership (laissez-faire style) is supported by contingency theories of leadership, according to North House (2001). Several studies have put it to the test and discovered that it provides a legitimate and trustworthy explanation of how good leadership may be attained. It highlights how crucial it is to pay attention to the interpersonal dynamics between a leader's approach and the needs of different teams and circumstances. It is based on the idea that the best leadership styles are those that permit employees to have some degree of autonomy in applying any style of leadership. The issue with the above in the African context is that, despite the North House's belief in laissez-faire, it has rarely been implemented in its entirety due to political interference. As a result, the researcher plans to investigate the major applicable points of this style, which he does not adequately explore.

Research Gap

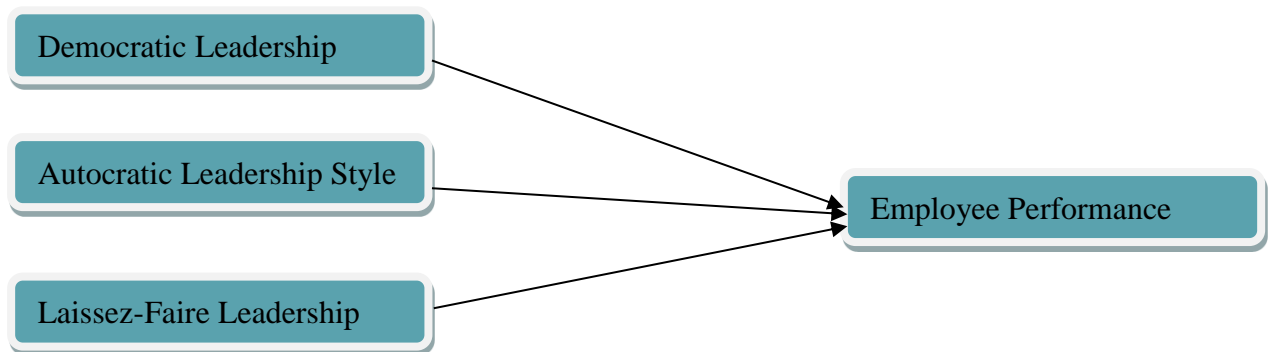
The effect of leadership is important to any association's success. Numerous experiments have been conducted to identify effective leadership styles for enhancing employee performance in various sectors of Ethiopia. These studies focused on the relationship between leadership behavior, job performance, job satisfaction, employee commitment, etc. However, the researcher found that there are no studies on the effect of leadership styles on employee performance in the Ethiopian finance sector. The study of the effect of leadership styles on employee performance will be conducted to address the gap in this association.

2.4 Conceptual Framework

A conceptual framework will be used to show the relationship between the Independent and dependent variables. Hence, the below figure will represent the study's conceptual framework that will explain the relationship between the two variables that make up the basis of the study.

Independent Variable

Independent Variable



Dependent Variable

Figure 1: Conceptual Framework (2024)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the Study Area

Addisitua Ethiopia Saving and Credit Co-operative Society with Liability (AESCCSL) is one of the savings and credit cooperatives. Addisitua Ethiopia Saving and Credit Co-operative Society with Liability (AESCCSL) was recognized by the government and established in 2004 by 12 people. Now the company has about 4 branches, 114 employees, and 5500 members. The main office is located in the Semen Hotel and the others are located in the Megenaga, Saris, and Gofa, areas. AESCCSL is managed by 5 boards and 3 executives. The boards are accountable to the Addis Ababa Savings and Loan Association. Boards will be changed every three years. Twice a year, the members are called and a report is presented through the board.

3.2 Research Design

Based on purpose, the research design is classified into three main categories such as descriptive, exploratory, and explanatory research (Saunders, Lewis, and Thornhill, 2014). The goal of exploratory research is to discover ideas and perceptivity. Descriptive research is generally concerned with describing a population concerning important variables. Explanatory research is used to establish cause-and-effect connections between variables. It's an unproductive analysis concerned with the study of how one or further variables affect changes in another variable it's therefore a study of functional connections between two or more variables (Kothari, 2014)

For this study, Descriptive and Explanatory research design was used to investigate if there is any relation between the dependent variable (employee's performance) and independent variables (leadership styles or Democratic Leadership Style, Autocratic Leadership Style, and Laissez-Faire Leadership Style).

3.3 Research Approach

The quantitative approach uses statistical methods in describing patterns of behavior and generalizing findings from samples to the population of interest and employs strategies of inquiry such as experiments and surveys (Creswell J. W, 2009). Thus, by taking into account research

questions, this study has applied a quantitative research approach as it is suitable to test relationships using the hypothesis and research questions.

3.4. Target Population

According to Phyllis Muthoni (2016), the target population is the total population of subjects of interest to a researcher. Employees of the institution were the target population of the current study not including the managers. Employees who are located in the main branch and its branch were included in the study.

3.5. Sampling Technique

Census survey methodology was used for the study. The census method is a statistical list-based process in which every person in the population is examined. The collection of all relevant observations is referred to as a population. To reduce bias and sampling errors, the respondents include the managers and employees of the institution. The total population size was 114 respondents and the census method applied to the size of the total target population is small.

3.6 Sources of Data

In this study, primary data were used. The sources of primary data were employees of the financial sector not including the managers. Employees of these sectors were those who were permanent employees.

3.7. Data Collection Tools

The study has used quantitative approaches from which it collected through one basic types of data source methods that are primarily

Primary Data Collection: these techniques included self-administered close-ended questionnaires with a five-point Likert scale. The questionnaire has enabled the researcher to secure standardized results that can be tabulated and treated statistically.

3.8. Data Collection Instrument

The researcher has collected primary data through structured (close-ended) questionnaire. The questioners have clearly simplified and organize in a manner without any ambiguity and technical details. To facilitate the data collection process questionnaire was prepared in English language.

3.9. Method of Data Analysis

The study utilized both descriptive and inferential data analysis methods to comprehensively examine the data collected. The descriptive analysis encompasses the calculation of frequency,

percentage, mean, and standard deviations, providing a comprehensive overview of the characteristics and patterns within the data. Inferential statistics was conducted through multiple linear regression analysis, was utilized to evaluate the relationships between dependent and independent variables. It helped the study to uncover meaningful understandings into the leadership styles impacting time management outcomes within the Addisitua Ethiopia Saving and Credit Co-Operative Society context. The use of SPSS version 26 software was used to facilitate the statistical analysis process, enabling the entry, analysis, and interpretation of the collected data.

3.10. Reliability y and Validity

The questionnaire design of this study was based on previous literature and theoretical modifications. It is stated that reliability is one of the major criteria for evaluating research instruments (Omer, 2015). The questionnaire was then modified based on pre-test and expert opinions to improve the readability accuracy and completeness that is intended to enable the researcher to improve the questions as accuracy is essential in collecting good quality information and for the respondents not to miss the same questions if the question is not understandable. Thus, it helps the questioner to have content validity.

A quantitative study is objective, and measurable, and allows for a wide range of topics to be covered. Validity and trust ability must be addressed in every study because the delicacy, responsibility, and integrity of the exploration depend on it. Validity is defined as the extent to which a conception is directly measured in a quantitative study. A high level of validity improves the study's generalization (Heale, R., & Twycross, A., 2015).

To ensure the reliability of the questionnaire, Cronbach Alpha was calculated using SPSS. The alpha value ranges from zero to a maximum of 1.0 for a perfect score. A good measure of the alpha should be 0.70 or higher (Kimberlin, C. L., & Winterstein, A. G., 2008). According to (Thanasegaran, G. , 2009), exhibiting a coefficient of alpha between 0.80 and 0.96 was considered to have very good reliability, between 0.70 and 0.80 was considered to have good reliability, and an alpha value between 0.60 and 0.70 indicated fair reliability. When the coefficient of alpha is below 0.60, the scale has poor reliability. The Cronbach's alpha value calculated for this study is presented in table 1.

Table 1: Reliability test

| Reliability test | |
|--------------------------------|-------------------------|
| Variable | Cronbach's alpha |
| Autocratic Leadership Style | 0.754 |
| Democratic Leadership Style | 0.719 |
| Laissez faire Leadership Style | 0.792 |
| Employee Performance | 0.710 |

Source SPSS data survey (2024)

3.11. Ethical Consideration

Creswell has noted that “issues of ethics must be addressed at every stage of a research project” (Creswell, 2014). In consideration of this, the researcher has informed the individuals on this research process about the confidentiality of before his or her voluntary participation in the study. In addition, the researcher has given the freedom to choose any questions to answer and/or not to answer. Each of the study participants had an opportunity to review and ask any unclear questions. All the participants have been informed of the confidentiality of research data and the results of the research. The collected data will be kept confidential and won't be used for any personal interest other than the research purpose.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the result of the survey data analysis. It contains both descriptive and inferential ways of result presentation. Demographic characteristics of the respondents and their perception on the leadership style being practiced and its effect on employee performance is presented using frequencies, percentages, mean and standard deviation are used. The causal relationship between the dependent and independent variables is presented using the multiple linear regression analysis.

4.2 Demographic Information of the Respondents

The results show that the majority of respondents were male, accounting for 71.1% of the total participants, while females represented 28.9%. In terms of age distribution, the highest percentage of respondents fell within the age range of 31-40, making up 46.5% of the sample, followed by those aged 41-50 at 23.7%, 20-30 at 22.8%, and 51-60 at 7%. Regarding education level, a significant portion of the respondents held a diploma, constituting 68.4% of the total, followed by those with a degree at 28.9%, and individuals with a master's degree or above at 2.6%. When looking at positions within the organization, the most common roles were Loan Officer (50%) and Customer Service (43.9%), with a smaller percentage in Managerial positions (6.1%). In terms of experience, a significant portion of respondents had 1-5 years of experience (55.3%), followed by less than a year (26.3%) and 6-10 years (18.4%).

Table 2: Demographic Information of the Respondents

| Variable | Response | Frequency | Percent |
|-----------------------|-----------------|------------------|----------------|
| Sex of the respondent | Male | 81 | 71.1 |
| | Female | 33 | 28.9 |
| Age of the respondent | 20-30 | 26 | 22.8 |
| | 31-40 | 53 | 46.5 |
| | 41-50 | 27 | 23.7 |

| | | | |
|-----------------|------------------|----|------|
| | 51-60 | 8 | 7 |
| Education level | Diploma | 78 | 68.4 |
| | Degree | 33 | 28.9 |
| | Master and above | 3 | 2.6 |
| Position | Loan Officer | 57 | 50 |
| | Customer service | 50 | 43.9 |
| | Manager | 7 | 6.1 |
| | Customer service | 40 | 35.1 |
| Experience | Less than a year | 30 | 26.3 |
| | 1-5 | 63 | 55.3 |
| | 6-10 | 21 | 18.4 |

Source SPSS data survey (2024)

4.3.1 Descriptive Statistics

4.3.1.1. Autocratic Leadership Style

The results regarding the indicators of autocratic leadership style suggest that there is an agreement with statements reflecting a lack of employee involvement and input in decision-making processes within the organization. For instance, when asked whether decisions are typically made by leadership without consulting employees, approximately 37.7% of respondents either agreed or strongly agreed with this statement, with a mean score of 2.87 and a standard deviation of 1.3. Similarly, a significant proportion of respondents, around 30.7%, indicated agreement with the perception that there is little room for them to provide input or feedback on decisions, with a mean score of 2.77 and a standard deviation of 1.297. Also, the majority of respondents, accounting for 29%, agreed or strongly agreed that the leadership style in the organization is characterized by a top-down approach with limited employee involvement, with a mean score of 2.75 and a standard deviation of 1.301. Additionally, respondents also indicated feelings of disregard for their ideas and suggestions by leadership, with around 33.3% agreeing or strongly agreeing with this statement, further reinforcing the perception of a controlling and directive leadership style within the organization. Also, about 34.2% of respondents perceived the leadership style in the organization as controlling and directive, highlighting a perception of authoritarian leadership.

These findings collectively suggest a prevalent perception among employees of limited involvement and influence in decision-making processes, indicative of an autocratic leadership style characterized by centralized decision-making and limited employee input.

Table 3: Perception on Autocratic Leadership Style

| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Dev. |
|--|---|-------------------|----------|---------|-------|----------------|------|-----------|
| Decisions in my organization are typically made by the leadership without consulting employees. | N | 20 | 31 | 20 | 30 | 13 | 2.87 | 1.3 |
| | % | 17.5 | 27.2 | 17.5 | 26.3 | 11.4 | | |
| I feel that there is little room for them to provide input or feedback on decisions. | N | 22 | 31 | 26 | 21 | 14 | 2.77 | 1.297 |
| | % | 19.3 | 27.2 | 22.8 | 8.4 | 12.3 | | |
| The leadership style in my organization is characterized by a top-down approach with limited employee involvement. | N | 22 | 32 | 27 | 18 | 15 | 2.75 | 1.301 |
| | % | 19.3 | 28.1 | 23.7 | 15.8 | 13.2 | | |
| I often feel that their ideas and suggestions are disregarded by the leadership. | N | 22 | 32 | 22 | 22 | 16 | 2.81 | 1.336 |
| | % | 19.3 | 28.1 | 19.3 | 19.3 | 14 | | |
| The leadership style in my organization is perceived as controlling and directive. | N | 24 | 33 | 18 | 21 | 18 | 2.79 | 1.386 |
| | % | 21.1 | 28.9 | 15.8 | 18.4 | 15.8 | | |

4.3.1.2 Democratic Leadership Style

The results on employee perceptions regarding decision-making processes and leadership dynamics within the organization revealed a significant finding. For instance, in considering the statement "My supervisor/manager includes me in decision-making but retains final decision-making authority," a substantial majority of respondents (40.4% agreeing and 13.2% strongly agreeing) indicate their involvement in the decision-making process while acknowledging that final authority rests with their supervisor or manager. This balanced approach is reflected in the mean score of 3.23 with a standard deviation of 1.234, suggesting a relatively consistent perception among employees. Similarly, regarding the assertion that "The leadership in my organization encourages open communication and participation," a significant proportion of respondents (30.7% agreeing and 15.8% strongly agreeing) perceive an organizational culture that values communication and employee engagement in decision-making processes, contributing to a collaborative environment. This perception is reflected in the mean score of 3.18 with a standard deviation of 1.231, indicating a relatively consistent perception among respondents.

Additionally, the data suggests that employees feel empowered to voice their opinions and ideas, with a mean score of 3.06 and a standard deviation of 1.257, indicating a moderate level of agreement among respondents. Similarly, a substantial portion of respondents (22.8% agreeing and 18.4% strongly agreeing) feel that their leader values collaboration and seeks input from employees when making important decisions, fostering a culture of inclusivity and shared decision-making, as reflected in the mean score of 3.05 with a standard deviation of 1.356. Moreover, the majority of respondents (approximately 19.3% agreeing and 23.7% strongly agreeing) believe that the leadership style in the organization promotes a sense of teamwork and mutual respect, highlighting the importance of cohesive team dynamics within the workplace. This perception is reflected in the mean score of 3.08 with a standard deviation of 1.482.

According to the results, a majority of respondents (31.6% agreeing and 57.9% strongly agreeing) feel that their contributions are valued and recognized by the leadership, indicating a high level of employee appreciation within the organizational structure. This positive perception is reflected in the mean score of 4.4 with a standard deviation of 0.88, suggesting strong agreement among respondents.

Table 4: Perception on Demographic Leadership Style

| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Dev. |
|---|---|-------------------|----------|---------|-------|----------------|------|-----------|
| My supervisor/manager includes me in decision-making but retains final decision-making authority. | N | | 28 | 14 | 46 | 15 | 3.23 | 1.234 |
| | % | 9.6 | 24.6 | 12.3 | 40.4 | 13.2 | | |
| The leadership in my organization encourages open communication and participation. | N | 9 | 32 | 20 | 35 | 18 | 3.18 | 1.231 |
| | % | 7.9 | 28.1 | 17.5 | 30.7 | 15.8 | | |
| I feel empowered to voice their opinions and ideas in decision-making processes. | N | 17 | 22 | 25 | 37 | 13 | 3.06 | 1.257 |
| | % | 14.9 | 19.3 | 21.9 | 32.5 | 11.4 | | |
| My leader values collaboration and seek input from employees when making important decisions. | N | 18 | 26 | 23 | 26 | 21 | 3.05 | 1.356 |
| | % | 15.8 | 22.8 | 20.2 | 22.8 | 18.4 | | |
| The leadership style in my organization promotes a sense of teamwork and mutual respect. | N | 26 | 15 | 24 | 22 | 27 | 3.08 | 1.482 |
| | % | 22.8 | 13.2 | 21.1 | 19.3 | 23.7 | | |
| I feel that my contributions are valued and recognized by the leadership. | N | 2 | 4 | 6 | 36 | 66 | 3.4 | 0.88 |
| | % | 1.8 | 3.5 | 5.3 | 31.6 | 57.9 | | |

Source SPSS data survey (2024)

4.3.1.3. Lassie Faire Leadership Style

A significant portion of respondents (27.2% agreeing and 24.6% strongly agreeing) perceive a managerial approach characterized by delegating responsibility and granting autonomy to employees, as reflected in a mean score of 3.37 with a standard deviation of 1.339. However, concerns arise regarding the lack of clear direction and guidance from leadership, with a significant proportion of respondents (27.2% agreeing and 18.4% strongly agreeing) expressing this sentiment, as indicated by a mean score of 3.13 and a standard deviation of 1.36. Additionally, respondents feel they are often left to work independently without adequate support or supervision from leadership (29.8% agreeing and 18.4% strongly agreeing), reflected in a mean score of 3.22 with a standard deviation of 1.309. Decision-making processes also raise concerns, with a significant proportion of respondents (23.7% agreeing and 22.8% strongly agreeing) indicating delays or lack of prompt decisions, as shown in a mean score of 3.24 and a standard deviation of 1.372. Moreover, there is a perception of passive and disengaged leadership from day-to-day operations, supported by a mean score of 2.92 and a standard deviation of 1.235.

Table 5: Perception on Lassie Faire Leadership Style

| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Dev. |
|--|---|-------------------|----------|---------|-------|----------------|------|-----------|
| In complex situations, my manager lets Subordinates work problems out on their own. | N | 15 | 15 | 25 | 31 | 28 | 3.37 | 1.339 |
| | % | 13.2 | 13.2 | 21.9 | 27.2 | 24.6 | | |
| Employees in my organization often struggle with a lack of clear direction and guidance from the leadership. | N | 19 | 20 | 23 | 31 | 21 | 3.13 | 1.36 |
| | % | 16.7 | 17.5 | 20.2 | 27.2 | 18.4 | | |
| Employees feel that they are left to work independently without much support or | N | 15 | 21 | 23 | 34 | 21 | 3.22 | 1.309 |
| | % | 13.2 | 18.4 | 20.2 | 29.8 | 18.4 | | |

| | | | | | | | | |
|--|---|------|------|------|------|------|------|-------|
| supervision from the leadership. | | | | | | | | |
| Decisions are often delayed or not made promptly. | N | 18 | 16 | 27 | 27 | 26 | 3.24 | 1.372 |
| | % | 15.8 | 14 | 23.7 | 23.7 | 22.8 | | |
| The leadership style in my organization is perceived as passive and disengaged from day-to-day operations. | N | 14 | 35 | 25 | 26 | 14 | 2.92 | 1.235 |
| | % | 12.3 | 30.7 | 21.9 | 22.8 | 12.3 | | |
| The leadership style in my organization is perceived as passive and disengaged from day-to-day operations. | N | 25 | 34 | 14 | 25 | 16 | 2.76 | 1.385 |
| | % | 21.9 | 29.8 | 12.3 | 21.9 | 14 | | |

Source SPSS data survey (2024)

4.3.1.4 Employee Performance

The results regarding employee performance reveal several key findings. A significant portion of employees feel motivated to perform well in their roles, with 33.3% agreeing and 19.3% strongly agreeing, resulting in a mean score of 3.33 and a standard deviation of 1.253. This indicates a positive level of motivation among employees within the organization. There was a considerable belief among employees that their work positively contributes to the overall goals of the organization, as shown by 30.7% agreeing and 16.7% strongly agreeing, with a mean score of 3.15 and a standard deviation of 1.305. Additionally, a significant percentage of employees feel that their performance meets the standards and specifications of products, with 27.2% agreeing and 18.4% strongly agreeing, resulting in a mean score of 3.19 and a standard deviation of 1.316. Also, employees demonstrate a willingness to exert extra effort to accomplish daily and new tasks, as indicated by 34.2% agreeing and 11.4% strongly agreeing, with a mean score of 3.05 and a standard deviation of 1.289. Lastly, employees generally report on time consistently, with 25.4% agreeing and 17.5% strongly agreeing, reflected in a mean score of 3.07 and a standard deviation of 1.355.

Table 6: Perception on Employee Performance

| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Dev. |
|---|---|-------------------|----------|---------|-------|----------------|------|-----------|
| I feel motivated to perform well in my role at the organization. | N | 10 | 24 | 20 | 38 | 22 | 3.33 | 1.253 |
| | % | 8.8 | 21.1 | 17.5 | 33.3 | 19.3 | | |
| I believe that my work contributes positively to the overall goals of the organization. | N | 14 | 28 | 18 | 35 | 19 | 3.15 | 1.305 |
| | % | 12.3 | 24.6 | 15.8 | 30.7 | 16.7 | | |
| My performance meets the standard/specification of products. | N | 17 | 17 | 28 | 31 | 21 | 3.19 | 1.316 |
| | % | 14.9 | 14.9 | 24.6 | 27.2 | 18.4 | | |
| I exert extra effort to accomplish my daily and new tasks. | N | 19 | 21 | 22 | 39 | 13 | 3.05 | 1.289 |
| | % | 16.7 | 18.4 | 19.3 | 34.2 | 11.4 | | |
| I report on time at work consistently. | N | 19 | 23 | 23 | 29 | 20 | 3.07 | 1.355 |
| | % | 16.7 | 20.2 | 20.2 | 25.4 | 17.5 | | |

Source SPSS data survey (2024)

4.3.2 Correlation Analysis

The correlation analysis reveals significant relationships between employee performance and different leadership styles within the organization. Firstly, there is a strong negative correlation between autocratic leadership and employee performance, with a Pearson correlation coefficient of $-.749$ and a p-value of $.000$, indicating a statistically significant inverse relationship. Conversely, democratic leadership shows a strong positive correlation with employee performance, as evidenced by a Pearson correlation coefficient of $.737$ and a p-value of $.000$. Similarly, laissez-faire leadership also demonstrates a strong positive correlation with employee performance, with a Pearson correlation coefficient of $.720$ and a p-value of $.000$. These results suggest that autocratic leadership style is associated with lower employee performance, while democratic and laissez-faire leadership styles are linked to higher levels of employee performance within the organization.

Table 7: Correlation Analysis Results

| | | Employee performance |
|--------------------------|---------------------|----------------------|
| Employee performance | Pearson Correlation | 1 |
| | Sig. (2-tailed) | |
| Autocratic leadership | Pearson Correlation | -.749** |
| | Sig. (2-tailed) | .000 |
| Democratic leadership | Pearson Correlation | .737** |
| | Sig. (2-tailed) | .000 |
| Laissez faire leadership | Pearson Correlation | .720** |
| | Sig. (2-tailed) | .000 |
| | N | 114 |

Source SPSS data survey (2024)

4.3.3 Regression Analysis

The model summary reveals that the predictors collectively account for a significant proportion of the variance in employee performance, with an R-square value of 0.703. This indicates that approximately 70.3% of the variability in employee performance can be explained by the leadership styles included in the model. Additionally, the ANOVA results confirm the overall significance of the regression model. The regression model's F-statistic is 86.926, with a corresponding p-value less than 0.05, indicating that the model is statistically significant.

Table 10: Regression Analysis Results (a)

| Model Summary ^b | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .839 ^a | .703 | .695 | .48986 | 2.037 |

a. Predictors: (Constant), Laissez-faire leadership, Autocratic leadership, Democratic leadership

b. Dependent Variable: Employee performance

Source SPSS data survey (2024)

4.3.4 ANOVA(Analysis of Variance)

The model of general linear ANOVA is applicable in the factorial designs, where one factor is focused on the main effects of, and interactions of one or several factors. As a matter of fact, ANOVA only works if the error covariance is spherical, thus, all kinds of violations that may lead to correlation induced by repeated measures from the same subjects, as well as to inhomogeneous variances across conditions, necessitated either correction of the degrees of freedom post hoc, partitioning of the error into several error terms, or explicit modeling of the error covariance. (Miller, R., et. al., 2022).

Table 11. ANOVA (Analysis of Variance)

| | | ANOVA ^a | | | | |
|-------|------------|--------------------|-----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 62.578 | 3 | 20.859 | 86.926 | .000 ^b |
| | Residual | 26.396 | 110 | .240 | | |
| | Total | 88.974 | 113 | | | |

A. Dependent Variable: Employee performance

B. Predictors: (Constant), Laissez-faire leadership, Autocratic leadership
Democratic leadership

Source SPSS data survey (2024)

4.4.1 Assumption test of regression Analysis

4.4.1.1. Multicollinearity

The study checked for multicollinearity among independent variables using SPSS 26 and no multicollinearity problem was detected in the data. Tolerance values were less than 1 and VIF values were around 1.00 and not more than 2.4, indicating no multicollinearity.

Table 8: Collinearity statistics

| Model | Collinearity Statistics | |
|--------------------------|-------------------------|-------|
| | Tolerance | VIF |
| Autocratic leadership | .476 | 2.099 |
| Democratic leadership | .430 | 2.326 |
| Laissez faire leadership | .521 | 1.919 |

Source SPSS data survey (2024)

4.4.1.2 Normality of the Error Term Distribution

Normality refers to the shape of a normal distribution of the matrix variable (Roberts & Priest 2007). For variables with normal distribution, the values of skewness and kurtosis are zero, and any value other than zero indicated deviation from normality (Hair, 2010).

Skewness indicates the symmetry of the distribution. A value of zero indicates symmetry, while positive and negative values indicate right and left skew, respectively. Kurtosis measures how much the peak of a distribution differs from a normal distribution. Positive values indicate a more pointed distribution, while negative values indicate a flatter distribution. Table 3 shows that all variables have acceptable skewness statistics for normality (-1.0 to +1.0). The skewness and kurtosis values are between the acceptable ranges. Despite this, the data still meets the assumption of normality for multiple regression.

Table 9: Skewness and Kurtosis

| Descriptive Statistics | | | | | |
|------------------------|---------|-----------|------------|-----------|------------|
| | N | Skewness | | Kurtosis | |
| | SD | Statistic | Std. Error | Statistic | Std. Error |
| Autocratic leadership | 0.94015 | 0.334 | 0.226 | -0.708 | 0.449 |
| Democratic leadership | 0.73556 | 0.086 | 0.226 | -0.865 | 0.449 |

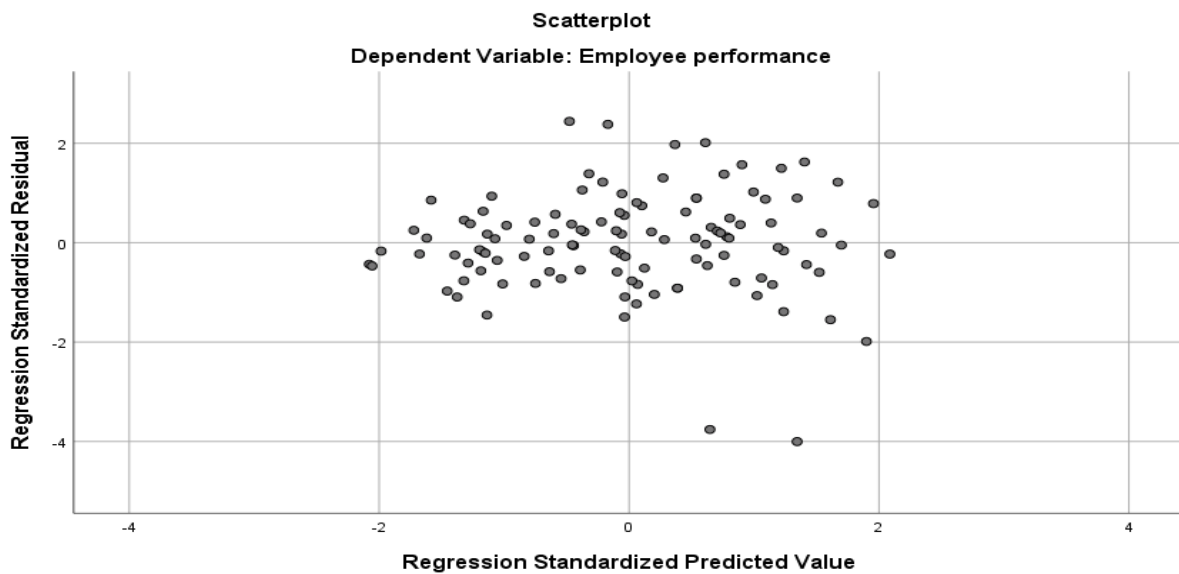
| | | | | | |
|--------------------------|---------|--------|-------|--------|-------|
| Laissez faire leadership | 0.76493 | -0.007 | 0.226 | -0.574 | 0.449 |
| Employee performance | 0.88735 | 0.045 | 0.226 | -0.751 | 0.449 |

Source SPSS data survey (2024)

4.4.1.3. Heteroscedasticity

The Heteroscedastic assumption can easily be checked using scatter plots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra *et al.*, 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected in Figure 2.

Figure 2: Scatter plot test for Heteroscedastic



Source SPSS data survey (2024)

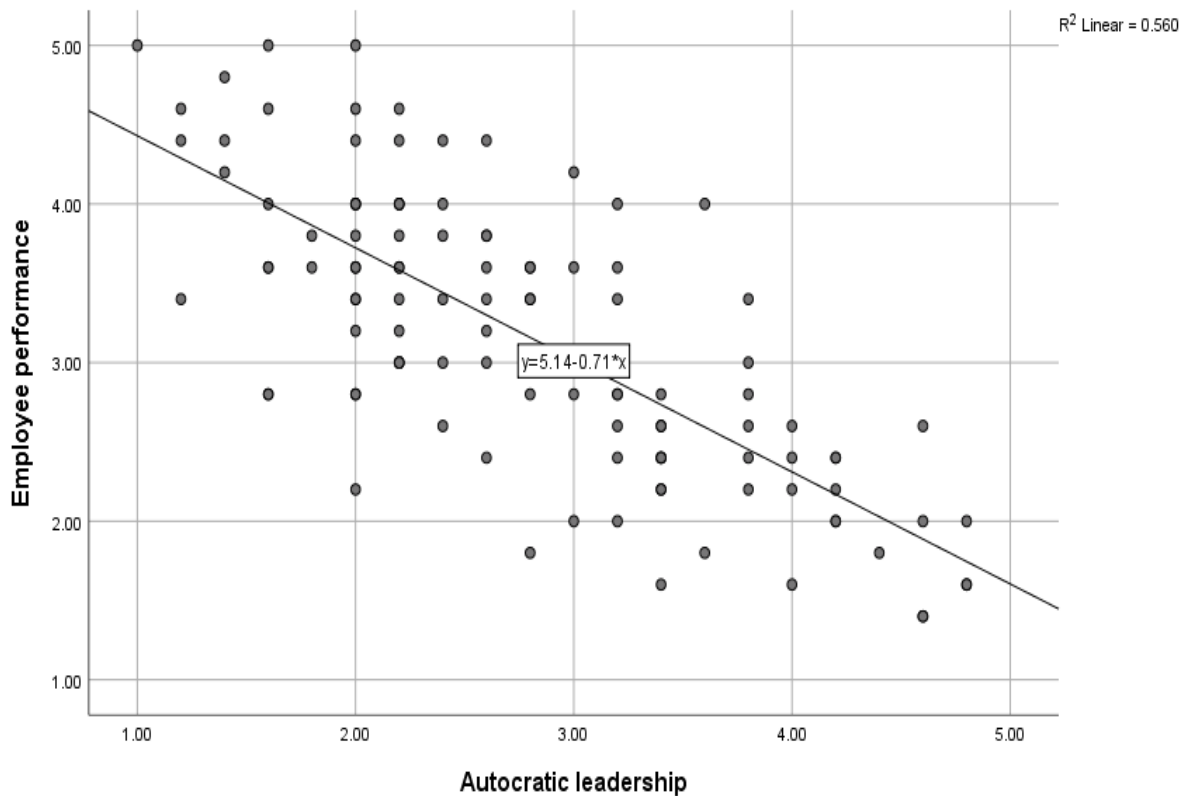
4.4.1.4. Auto-correlation

The Durbin-Watson test detects auto-correlation in regression analysis, which occurs when the dependent variable at time t is related to its value at the previous time period. A value of 2 indicates no auto-correlation, while values 0-2 indicate positive autocorrelation and values 2-4 indicate

negative auto-correlation. The acceptable range for no auto-correlation is $1.5 < DW < 2.5$. The Durbin-Watson value in this study is 2.03, indicating no significant auto-correlation

4.4.1.5. Linearity

The study examined the linear relationships between different leadership styles (autocratic, democratic, and laissez-faire) and employee performance. The findings revealed that the R^2 value for the linear relationship between autocratic leadership and employee performance was 0.560, indicating that approximately 56% of the variability in employee performance could be explained by the autocratic leadership style. This suggests a moderate to strong linear relationship between autocratic leadership and employee performance. Similarly, the R^2 value for the linear relationship between democratic leadership and employee performance was 0.543, indicating that around 54.3% of the variability in employee performance could be explained by the democratic leadership style, pointing to a moderate linear relationship. Additionally, the R^2 value for the linear relationship between laissez-faire leadership and employee performance was 0.518, indicating that approximately 51.8% of the variability in employee performance could be explained by the laissez-faire leadership style, suggesting a moderate linear relationship (fig 3).



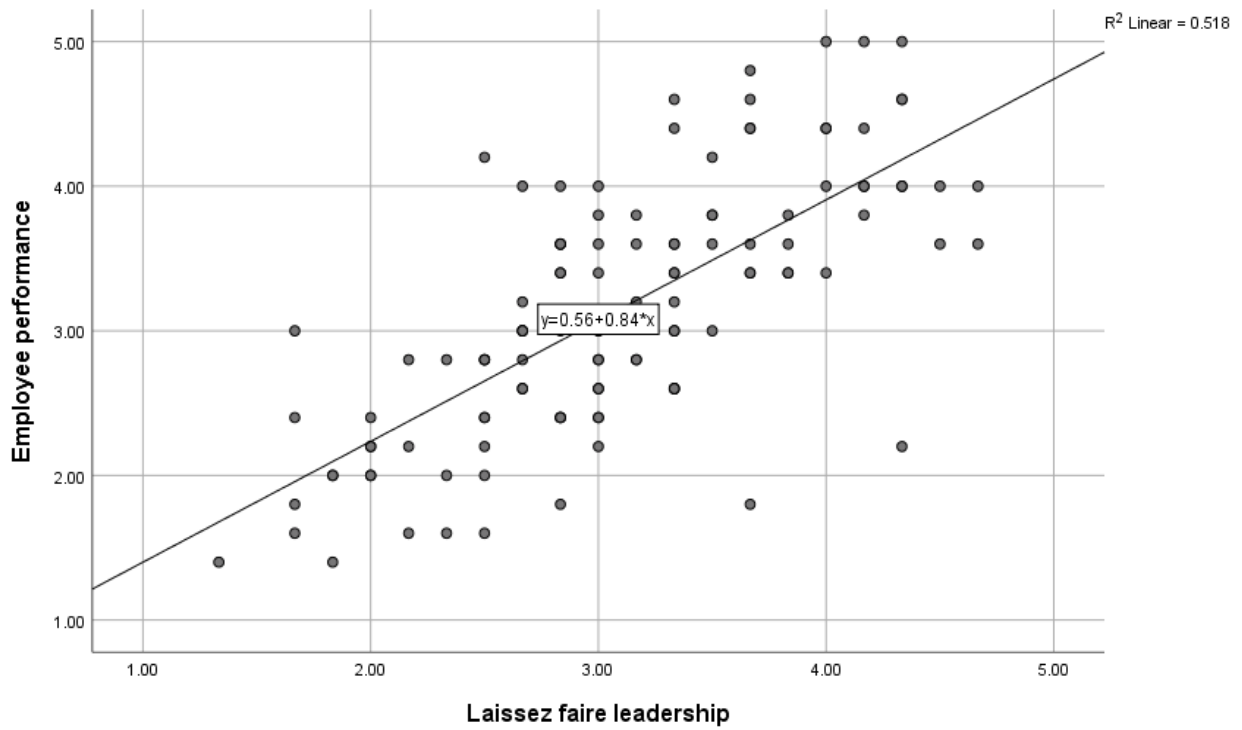
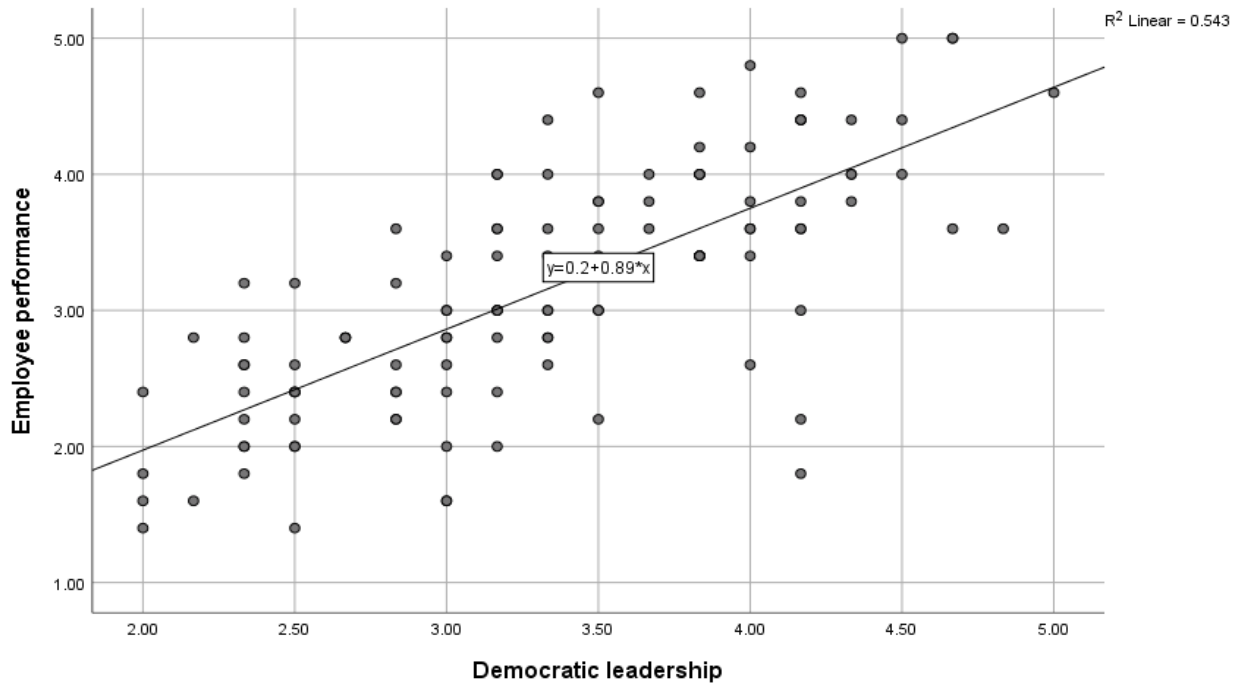


Figure 3: Linearity test

Source SPSS data survey (2024)

4.4.1.6. Regression Coefficient Analysis

The coefficients for each leadership style reveal their respective effect on employee performance. For Autocratic leadership, the coefficient is $-.364$, indicating that the more Autocratic leadership style is exercised, employee performance is expected to decrease by 36.4%, holding all other variables constant. This coefficient is statistically significant ($p < 0.001$), suggesting that Autocratic leadership style has a significant negative impact on employee performance. Conversely, both Democratic leadership and Laissez-faire leadership styles have positive impacts. For Democratic leadership, the coefficient is $.276$, suggesting that an increase in Democratic leadership practices is expected to increase employee performance by 27.6%, holding all other variables constant. Similarly, for Laissez-faire leadership, the coefficient is 0.316 , indicating that Laissez-faire leadership can cause 31.6% to employee performance. Both coefficients are statistically significant ($p < 0.001$), indicating that both Democratic and Laissez-faire leadership styles have significant positive effects on employee performance.

Table 12: Regression Analysis Result (b)

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------------------|-----------------------------|------------|---------------------------|--------|-------|
| | Beta | Std. Error | Beta | | |
| (Constant) | 1.873 | .483 | | 3.875 | .000 |
| Democratic leadership | .333 | 0.096 | 0.276 | 3.481 | .001 |
| Laissez faire leadership | .367 | 0.083 | 0.316 | 4.394 | .000 |
| Autocratic leadership | -.344 | 0.071 | 0.364 | -4.839 | -.000 |

Source SPSS data survey (2024)

4.4 Hypothesis Testing

H1: Autocratic Leadership Style

The hypothesis that Autocratic leadership style has a significant negative effect on employee performance was tested. The regression analysis revealed a negative coefficient of -0.364 for Autocratic leadership, indicating a decrease in employee performance with an increase in 36.4% Autocratic leadership practices. This coefficient was found to be statistically significant ($p < 0.001$), providing strong support for the hypothesis that Autocratic leadership style indeed has a significant negative impact on employee performance.

H2: Democratic Leadership Style

The hypothesis suggesting that Democratic leadership style has a significant positive effect on employee performance was examined. The regression analysis showed a positive coefficient of 0.276 for Democratic leadership, implying that employee performance increases by 27.7% with the implementation of Democratic leadership practices. This coefficient was statistically significant ($p < 0.001$), offering substantial evidence to confirm the hypothesis that Democratic leadership style has a significant positive impact on employee performance.

H3: Laissez-faire Leadership Style

The hypothesis stating that Laissez-faire leadership style has a significant negative effect on employee performance was assessed. Contrary to the hypothesis, the regression analysis indicated a positive coefficient of 0.316 for Laissez-faire leadership, suggesting an increase of 31.6% in employee performance with Laissez-faire leadership. This coefficient was statistically significant ($p < 0.001$), leading to the rejection of the hypothesis that Laissez-faire leadership style has a significant negative effect on employee performance based on the data analysis results.

Tablet 13: reject and accept variables

| | |
|--|----------|
| The autocratic leadership style has a significant negative effect on employee performance. | Rejected |
| Democratic leadership style has a significant positive effect on employee performance. | Accepted |
| Laissez-faire leadership style has a significant negative effect on employee performance. | Accepted |

4.5 Discussions

The current study's findings on the Effect of different leadership styles on employee performance align with and contradict previous research findings in the field.

Starting with the positive correlation between laissez-faire leadership and employee performance, which is against Raja's (2015) research findings. Raja highlighted that employees under laissez-faire leaders tend to perform, leading to organizational goals not being met. However, the findings of the current study indicated that employees working under laissez-faire leaders exhibited

improved performance, which contrasts with Raja's findings of underperformance under such leadership styles.

Similarly, Basit (2017) recommended an authoritarian leadership style to enhance employee performance and meet organizational standards. This contradicts the current study's findings on autocratic leadership, which showed a significant negative impact on employee performance. It suggests a discrepancy in the effectiveness of authoritarian and autocratic leadership styles in different study contexts. However, Nuhu (2018) found in his study on the Kampala District Council in Uganda that autocratic leadership negatively affected employee performance which supports current findings. He also reported laissez-faire leadership had a positive impact, albeit to a lesser extent. This supports the current study's results regarding autocratic leadership and laissez-faire leadership.

Moreover, Iqbal et al. (2015) highlighted that democratic leadership positively influences employee performance by empowering employees in decision-making processes. This aligns with the current study's results, which showed a significant positive impact of democratic leadership on employee performance. Mawoli and Haruna (2013) recommended avoiding laissez-faire and autocratic leadership styles due to their association with an unfavorable work environment and low employee performance. This recommendation supports the current study's findings on autocratic leadership but contradicts the results on laissez-faire leadership, suggesting differing perspectives on the impact of this leadership style.

The contradictions among studies could include variations in organizational culture, industry sector, geographical location, or sample characteristics, all of which can influence the effectiveness of different leadership styles on employee performance. Additionally, differences in measurement tools, methodologies, and time periods of the studies may have contributed to discrepancies in findings across research studies.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

In this chapter, the researcher has provided a summary of the findings and a conclusion based on the objective and findings of the study. After that, recommendations on this study and for future studies are included.

5.1 Summary of Findings

The results regarding employee performance highlight several key findings. Firstly, a significant portion of employees express high motivation levels in their roles, indicating a positive level of motivation within the organization. Secondly, there is a considerable belief among employees that their work positively contributes to the overall goals of the organization. Additionally, many employees feel that their performance meets the standards and specifications of products. Also, employees demonstrate a willingness to exert extra effort to accomplish daily and new tasks. Lastly, employees generally report being consistently punctual.

- The results suggest a prevalent perception among employees of limited involvement and influence in decision-making processes, indicative of an autocratic leadership style characterized by centralized decision-making and limited employee input. For instance, respondents largely agreed that decisions are made by leadership without consulting employees, with a significant proportion agreeing that there's little room for them to provide input or feedback. Similarly, many felt the leadership style is characterized by a top-down approach with limited employee involvement. Additionally, respondents indicated feelings of disregard for their ideas and suggestions by leadership, reinforcing the perception of a controlling and directive leadership style. Autocratic leadership, indicating a decrease in employee performance with an increase in 36.4%. Overall, these findings underscore a need for more inclusive decision-making processes and a shift away from autocratic leadership tendencies.
- The results highlight significant positive perceptions among employees regarding decision-making processes and leadership dynamics within the organization. For example, a substantial majority feel included in decision-making processes while recognizing final

decision-making authority rests with their supervisor or manager. Similarly, respondents perceive an organizational culture that values communication and employee engagement in decision-making, fostering a collaborative environment. Additionally, employees feel empowered to voice their opinions and ideas, indicating a moderate level of agreement. Moreover, many believe their leader values collaboration and seeks input from employees, fostering inclusivity and shared decision-making. Also, there's a perception that the leadership style promotes teamwork and mutual respect, emphasizing cohesive team dynamics. The regression analysis showed a positive coefficient of 0.276 for Democratic leadership, implying that employee performance increases by 27.7% with the implementation of Democratic leadership practices. Finally, a majority feel their contributions are valued and recognized by the leadership, indicating a high level of employee appreciation within the organization.

- The findings regarding the laissez-faire leadership style reveal a perception among respondents of a managerial approach that delegates responsibility and grants autonomy to employees. This is reflected in a significant proportion of respondents indicating agreement with this approach. However, concerns arise regarding the lack of clear direction and guidance from leadership, with many respondents expressing this sentiment. Additionally, respondents feel they are often left to work independently without adequate support or supervision from leadership. The regression analysis indicated a positive coefficient of 0.316 for Laissez-faire leadership, suggesting an increase of 31.6% in employee performance with Laissez-faire leadership. Decision-making processes also raise concerns, with many respondents indicating delays or lack of prompt decisions. Moreover, there is a perception of passive and disengaged leadership from day-to-day operations.
- The results also indicate significant correlations between employee performance and various leadership styles within the organization. Autocratic leadership shows a strong negative correlation with employee performance, while democratic and laissez-faire leadership styles exhibit strong positive correlations. Additionally, regression coefficients highlight the impact of each leadership style on employee performance. Autocratic

leadership style is associated with a negative effect, while democratic and laissez-faire leadership styles have positive effects on employee performance.

5.2 Conclusion

Overall, the results of this study show a mixed perceptions regarding leadership styles and their impact on employee performance and decision-making processes. On one hand, there's evidence of positive perceptions among employees, indicating high motivation levels, a sense of contribution to organizational goals, and a willingness to go the extra mile. However, contrasting these positive perceptions are concerns regarding autocratic leadership tendencies, where employees feel sidelined in decision-making processes and experience a lack of input and recognition. Additionally, while laissez-faire leadership is appreciated for its autonomy, there are concerns about the absence of clear direction and guidance, leading to feelings of independence without adequate support.

Nevertheless, the findings reveal a significant relationship between employee performance and different leadership styles within the organization. Autocratic leadership is linked to lower employee performance, while democratic and laissez-faire leadership styles are associated with higher performance levels.

5.3 Recommendation

Based on the findings presented above, the following recommendations were made; Addisitu Ethiopia Saving and Credit Co-Operative Society should:

1. Address the prevalent perception of limited involvement and influence in decision-making processes by fostering a more inclusive approach. This can be achieved by implementing regular feedback sessions with employees to gather input on decision-making processes and involving them in relevant discussions and planning sessions.
2. Recognize and address concerns related to autocratic leadership tendencies. Encourage leaders to adopt a more collaborative and participative approach to decision-making, moving away from a top-down management style. Provide leadership training workshops focused on fostering communication, teamwork, and empowerment among employees.

3. Build on the positive perceptions regarding decision-making processes and leadership dynamics by further promoting a culture of open communication and employee engagement. Implement regular meetings, suggestion boxes, or online platforms for employees to share ideas and feedback with leadership.
4. Invest in leadership development programs to equip leaders with the skills necessary to effectively lead teams and make informed decisions. Provide training on various leadership styles and their impact on employee performance and organizational dynamics. Offer mentorship programs and opportunities for leaders to receive coaching and feedback on their leadership approach.
5. Establish mechanisms for regular evaluation and feedback on leadership styles and their impact on employee performance. Implement feedback surveys, performance reviews focused on leadership behaviors, and regular check-ins with employees to assess the effectiveness of leadership styles in driving employee performance and engagement.

5.4. Suggestion for Further Research

Based on the analysis, it is suggested to consider other variables that can affect motivation of the employee. So that, management has a clear planning. How to maintain the employee to stay in the company and not shift his/her loyalty to another organization. The sample for future study must increase to get result which represents the bank and also other district the bank should be included.

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Appendixes 1

Appendix I. Survey Questionnaire



ST. MARY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Survey Questionnaire

Questionnaire to be filled by all workers in the organization

Dear participant,

My name is Nathan Atrsaw. I am currently a prospective graduate of the master of business administration at St.Mary’s University in Addis Ababa, Ethiopia. I am conducting my research entitled “the effect of leadership style on employee’s performance in the case of Addis Ababa Saving and Credit Co-operative Society with Liability in Addis Ababa.” The purpose of this questionnaire is to investigate the influence of different leadership styles on the performance of employee performance along with the mediating or the facilitation of organizational culture for the betterment of staff output through strategic leadership.

Your valuable feedback that the researcher is going to use to determine the current practices of management for the enhancement of their organizational performance along with their alignment and integration of individual staff’s values and beliefs in line with business goals. As a result, the student researcher will recommend valuable suggestions for the improvement of leadership styles and organizational culture for the enhancement of employee performance.

Note: - No need to write your name. Where alternative answers are given, encircle your choice and put an “x” mark where necessary, and please return the completed questionnaire in time.

Thank you in advance for your cooperation and timely response

Nathan Atrsaw

Phone number: - 0920676161

E-mail:- nathanatrsaw3@gmail.com

Many thanks for your kind cooperation in advance!!

General Information

Your Participation is Voluntary

Do not write your name on the Questionnaire

I. Demographic Profile of Respondents

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a tick mark (x) in the box.

1. Gender: Male Female

2. Age (Years) 20- 30 31- 40 41- 50 51 – 60+

3. Education High Diploma Degree Masters + School

Other, please specify.....

4. How many years have you served in AESCCSL?

Less than a year 1 – 4 years 4 – 6 years

6 – 8 years above 8 years

7. What is your
current Job
position?

Loan Officer

Customer Service

Accountant

Manager

Part – II Leadership Style, and Employee Performance:

Instruction

The sets of statements aimed at helping you assess your performance. You are requested to rate each statement to indicate your level of agreement with what the statement is saying where the following ratings are: 1 = Strongly Disagree, 2= Disagree, 3 =Neutral, 4= Agree and 5 = Strongly Agree.

Please indicate to what extent you agree or disagree with the following statements by putting the mark tick ✓

2.1 Perception towards to different leadership styles:

| No | | 1 | 2 | 3 | 4 | 5 |
|----|--|---|---|---|---|---|
| | Autocratic Leadership Style | | | | | |
| 1 | Decisions in my organization are typically made by the leadership without consulting employees. | | | | | |
| 2 | I feel that there is little room for them to provide input or feedback on decisions. | | | | | |
| 3 | The leadership style in my organization is characterized by a top-down approach with limited employee involvement. | | | | | |
| 4 | I often feel that their ideas and suggestions are disregarded by the leadership. | | | | | |
| 5 | The leadership style in my organization is perceived as controlling and directive. | | | | | |
| | Democratic Leadership Style | | | | | |
| 1 | My supervisor/manager Includes me in decision-making but retains final decision-making authority. | | | | | |

| | | | | | | |
|-----------|--|--|--|--|--|--|
| 2 | The leadership in my organization encourages open communication and participation. | | | | | |
| 3 | I feel empowered to voice their opinions and ideas in decision-making processes. | | | | | |
| 4 | My leader values collaboration and seek input from employees when making important decisions. | | | | | |
| 5 | The leadership style in my organization promotes a sense of teamwork and mutual respect. | | | | | |
| 6 | I feel that my contributions are valued and recognized by the leadership. | | | | | |
| No | Laissez faire style | | | | | |
| 1 | In complex situations, my manager lets Subordinates work problems out on their own. | | | | | |
| 2 | Employees in my organization often struggle with a lack of clear direction and guidance from the leadership. | | | | | |
| 3 | Employees feel that they are left to work independently without much support or supervision from the leadership. | | | | | |
| 4 | Decisions are often delayed or not made promptly. | | | | | |
| 5 | The leadership style in my organization is perceived as passive and disengaged from day-to-day operations. | | | | | |
| 6 | The leadership style in my organization is perceived as passive and disengaged from day-to-day operations. | | | | | |

Adapted from Avolio and Bass (1992)

Employee Performance

The sets of statements aimed at helping you assess your own performance. You are requested torating yourself against each statement to indicate you level of agreement with what the statement suggesting, where the following ratings are: 1 = very low, 2 = low, 3 = Average, 4 = high, 5 = very high, please place a tick (√) or a mark (x) in the box that represents your appropriate measuring of performance.

| No | Employee Performance | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| | Executing Defined Duties | | | | | |
| 1 | I feel motivated to perform well in my role at the organization. | | | | | |
| 2 | I believe that my work contributes positively to the overall goals of the organization. | | | | | |
| 3 | My performance meets the standard/specification of products. | | | | | |
| 4 | I exert extra effort to accomplish my daily and new tasks. | | | | | |
| 5 | I report on time at work consistently. | | | | | |

Adopted from Balanced Scorecard by Robert S. Kaplan and David P. Norton, 1992