



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

FACULTY OF BUSINESS

**THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE
PERFORMANCE IN THE CASE OF ABAY BANK S.C SOUTH
WEST DISTRICT SELLECTED BRANCHES, ETHIOPIA**

BY:

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ADDIS ABABA, ETHIOPIA

JULY, 2024

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Acronym

SPSS.....statically package for social science

ABSTRACT

Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives. This study was aimed to analyzed effect of leadership style on employee performance in Abay bank south west selected branches. Both qualitative and quantities research approach were used, In order to meet the aim of the paper, explanatory and descriptive research design was used. Questionnaire is prepared as closed-ended questions and five-point Likert-type scal, sampling technique was both purposive and randomly selected. A data was analyzed by using SPSS. Version25 the result indicates that there is a positive and significant impact of leadership style on employee performance in Abay bank south west selected branches presents a summary of the model in which the item of interest is the adjusted R2 statistics, which is .555. This suggests leadership styles accounts for 55.5% of the variation in employees' performance. In the model summary R2 amounted to 0.569; this indicates that variation order can be accounted for 56.9% of the determinates (employment performance) and the R square (coefficient of determination) where the rest 43.1% of variation may be explained unknown variable. by either by determinates Democratic leadership style (DMLS) significantly predict employees' performance standardized B = .180, t=3.239 (p < 0.05), The coefficients results show that transformational leadership positively and more dominant predictors to employee performance, the study conclude that there is positively significant effect leadership style such as bureaucratic leadership style transformational leadership Transactional Leadership, Autocratic leadership style ,Democratic leadership style on employee performance.

Key word:*-Leadership style, Transformational leadership, Transactional leadership, Authoritative leadership, Laissez fare leadership, Democratic leadership, Burecratic leadership, employee performance*

CHAPTER ONE

1.1 BACKGROUND OF THE STUDY

Leadership plays a basic part in making clear vision, mission, assurance and foundation of goals, planning procedures, arrangements, and strategies to attain organizational objectives effectively and effectively at the side coordinating and planning the efforts and organizational exercises. As (Khajeh, 2018) famous leadership to be best, it must comply with inner and outside changes to meet organizational mission and vision. As of late, parcels of companies are confronting diverse challenges like organizational unfortunate behavior, tall rate of worker turnover and destitute monetary execution.

Leadership plays a vital part in making an eager environment and culture in an organization (Alghazo& Al-Anazi, 2016). Great authority makes commerce and not-for-profit organizations effective. Without administration, organizations move as well gradually, stagnate, and lose their way (Northhouse, 2007). This was bolstered by Hurduzue (2015) who announced that successful administration fashion may advance brilliance within the advancement of the individuals of the association. When pioneers utilize their administration styles to illustrate concern, care and regard for representatives, it increments the intrigued of workers in their work and empowers them to attain way better execution, this in this manner improves their work fulfillment (Fu-Jin, Shieh& Tang, 2010).

Worldwide much have been investigated about the effect of leadership style on employee performance. For instance in Pakistan, Mawoli, Mohammed and Sarkin-Daji (2013) examine the leadership styles, job performance, public health institutions. It was found that autocratic, democratic and laissez-faire leadership styles are used by different heads of units, sections and departments to produce different job performance. Specifically, democratic leadership style has significant impact on the job performance of health workers while autocratic and laissez-faire leadership styles have less or no significant impact on the job performance of health workers.

In Nigeria, Mohiuddin (2017) investigated the influence of leadership style on employee's performance found that the autocratic approach is considered as more appropriate style when

workers are less informed and unaware regarding job description; if employees continuously interfere or misuse their power, or when single person are accountable for decision making process. The democratic style is appropriate when an innovative problem solving solutions are demanded by organization or conducting meeting for departments working improvement and for achieving tasks and goals. In the end, the participative style is applicable when organization has experienced and talented team members for innovative and creative work.

The study made by Gimuguni, et al. (2014) in Mbale local government of Uganda indicated autocratic, laissez-faire and democratic were positively correlated with employee performance. The finding also revealed autocratic styles of leadership have influenced employees to perform their duties while Laissez-faire leadership caused employees delay in meeting deadlines. Despite the domination of autocratic and laissez faire style, the study recommended local government to integrate and use the 3 leadership style.

In Ethiopia, empirical studies on the effect of leadership style on employee performance are not only scarce but also emphasize largely on banking sector. For instance, the study by Tsigu and Rao (2015) on banking sector found transformational leadership style explains the larger variation in performance than transactional leadership style and thus recommend leaders to emphasize more on the dimensions of transformational leadership style. Rao (2005) on the other hand highlighted the better role of transactional style on employee performance. He added, employees with laissez-faire leader were unable to meet the desired output and poorly perform. Finally, he recommended the management to use transactional style than other style which enables their employees to meet the desired outputs

Each organization set up with the wants of fruitful and compelling execution which is finished through employees, workers are the most prominent asset in any tall performing organizations. The capacity of organization capability depends by and large on its adequacy and possibility of utilizing its human resources. “Abay bank south west selected branches” victory is basically subordinate on its workers consent not machine or other assets. The degree to which this execution and development goals are finished is for the fore most portions chosen by the sort of leadership fashion utilized within the organization which accounts for its effectiveness and adequacy. The viability of a particular authority fashion is dependent on the organizational circumstance. This emphasizes the got to distinguish the type of administration being practiced at this organization and its effect on

employees' execution which could be essential step to apply the reasonable behavior that can make strides employees' performance.

This study examines the impact of different leadership styles (democratic, beurocratic , autocratic , transactional, transformational, and laissez-faire,) on employee performance in an organization like Abay bank south west selected branches. The research aims to identify which leadership style has a high effect on employee performance, as organizational reform changes different leaders at different times. Every leadership style has its own positive or negative impacts. To maintain staff performance, support annual revenue generation, and adapt to new innovation, ensuring competitive services and revenue generation.

1.2. STATEMNT PROBLEM

Diverse styles of leadership exist to coordinate diverse circumstances in an organization and each of these styles works /employee/ best as it were in case the pioneer features a vision of what can be accomplished and after that communicates this to others and start techniques for realizing the vision Northouse, P. G. (2021). The discoveries from past ponders on authority styles and representative execution are conflicting. For case, ponders by Adeyemi (2010), Nuhu (2010) and Belonio (2011) found that dictatorial leadership fashion has critical impact on worker execution where as Dolatabadi and Safa (2010) and Obiwuru, Okwu, Akpa and Nwankwere (2011) found no noteworthy affect between the leadership fashion and representative execution. In addition, some On the other hand, it has too been contended that equitable authority fashion since sets workers to choose on their possess, it propels them to perform way better than any other leadership fashion subsequently impacts them to perform superior than any other authority fashion Rasool, et al. (2015).

It is opposing represented that democratic leadership style is one of the worst leadership styles in influencing employee performance as leaders let things go without monitoring performance of employees hence leading to less performance Kahinde and Bajo (2014).The two researchers have no common agreement on the influence of democratic leadership style where in one perspective it is seen that it can influence employee performance while on the other perspective it cannot influence employee performance.

Numerous academicians study leadership from numerous angles in order to pinpoint the root causes

of ineffective leadership and suggest solutions. The majority of earlier indigenous leadership studies have asked for the most crucial characteristic or dominating leadership styles, as well as women's engagement in leadership (Birkiti 2014, Hirut 2015, and Epherem 2016).

As revealed in the above different researcher has shown the effect of the leadership style (autocratic, transactional, transformational, bureaucratic, laissez-faire and democratic) on employee performance and tries to show whether it has positive or negative relation and effect with performance. But there is no research done before that shows the effect of leadership style on employee performance in the case of Abay Bank specifically in three leadership style, especially, in organizational context. Accordingly, this study tries to demonstrate the effects of democratic, beurocratic , autocratic , transactional, transformational, and laissez-faire on employee performance of Abay Bank south west distric selected branch.

My motivation is the institution done organizational reform; this reform also changes different leaders at different times, so that difference of opinion between staff members raised different perception and attitude towards each leadership style on performance of employees, so to come up the qualitative response which leadership style high effect on employee performance. According to Abay Bank Annual performance report (2022/2023) stated that the performance of employee different from year to year, so every leadership has its own leadership style, this leadership style has its own positive or negative impacts on employee's performance. As revealed in the above different researcher has shown the effect of the leadership style (autocratic, transactional, transformational, bureaucratic, laissez-faire and democratic) on employee performance and tries to show whether it has positive or negative relation and effect with performance. But there is no research done before that shows the effect of leadership style on employee performance in the case of Abay Bank specifically in south west district, especially, in organizational context. Accordingly, this study tries to demonstrate the effects of autocratic, transactional, transformational, bureaucratic, laissez-faire and democratic leadership style on employee performance of Abay Bank. In light of the aforementioned, this study made an effort to look at how Abay bank leadership style practices affect staff performance. Following that, it makes recommendations for how Abay bank should keep its staff performance so they can continue to provide customers with competitive services and support the company's annual revenue generation and effect on the new innovations. Therefore, the main purpose of this study was focused to examine the effect of different leadership styles like

autocratic, transactional, transformational, bureaucratic, laissez-faire and democratic on an employees' performance particularly in "South west district Abay bank, selected branches"

1.3 Hypotheses

HO1: Transformational leadership style has no statically significant effect on employees' performance.

HO2: Transactional leadership style has no statically significant effect on employees' performance.

HO3: Laissez-faire leadership style has no statically significant effect on employees' performance.

HO4: autocratic leadership style has no statically significant effect on employees' performance.

HO5: Bureaucratic leadership style has no statically significant effect on employees' performance.

HO6: Democratic leadership style has no statically significant effect on employees' performance.

1.4.1 General Objective

The purpose of the study is to assess the effect of leadership style on employee performance Abay bank south west district, selected branches.

1.4.2 Specific objective

The specific objectives of this research are

- To examinethe effect of transactional leadership style on employee performance
- To examine the effect of transformational leadership style on employee performance
- To examinethe effect of laissez-faire leadership style on employee performance
- To examine the effect of autocratic leadership style on employee performance
- To examine the effect of bureaucratic leadership style on employee performance
- To examine the effect of Democratic leadership style on employee performance

1.5 Scope of the study

The study will delimit conceptually, geographically and methodologically. Conceptually, the study only focuses on Employee performance of the selected branches. This study only focuses on the first six leadership style dimensions (transactional, transformational, autocratic, bureaucratic, democratic and laissez-fair) was considered as independent variables in this study.

Geographically, the study was focuses only Abay bank south west district selected branches: Addis Ababa Ethiopia which couldn't represent the whole district or branches. Moreover, population of the study was active employee. Their ease of accessibility makes them preferable for the intended study.

Methodologically, the research designs considered in the study was explanatory and descriptive research designs where quantitative research approach has employed. The researcher uses statistical tools to analyze the data and employ non probability -convenience sampling techniques to draw the representatives from the targeted population under study. Additionally, Source of data considered in the study was both primary and secondary data.

1.7 Limitation of the Study

Time and finance also another limitation to the paper, because of the big size and scattered location of the company, it is difficult to take large sample size from different geographical area. So, it is concentrated to selected branches therefore it may not be generalized all zones and region. As an Abay bank south west district selected branches employee, my personal perception, feeling for the organization and my personal bias may affect the study. But the paper, as much as possible, tries to mitigate these biases in order to come up with valid conclusion.

1.8 Significant of the study

The study revealed the leadership style which is used Abay bank south west district selected branches. This helps in raising judgments on whether the existing leadership style is acceptable and friendly to employees or not. Policy makers are able to formulate policies in response to the kind of leadership style used in the bank. Also, other banks decide whether to adopt similar style if it is seen as effective in enhancing performance of employees or a different leadership style. The study is also helpful to academicians as it provides important information on the extent to which a certain

leadership style can affect performance of employees. Also, the data collected from the respondents help academicians when they read this study in knowing the views and opinions of people on the leadership style they use and on how it brings effect especially in the working environment. The study is used as literature by upcoming researchers. Furthermore, the findings of the research contribute to the development of an appropriate strategy for Abay bank.

1.9 Definition of terms

Leader: leader is someone who has a program and that behaves together with members of the group by using means or a certain style. (IJES 2018)

Leadership: Leadership is the ability to influence a group toward the achievement of goals. It is the method of manipulating the behavior of an organized team in its efforts toward goal setting and goal achievement. (A.A University, School of Commerce)

The leadership style: (IJES 2018) mentioned that is a way leader influencing subordinates expressed in the form of a pattern of behavior or personality. Leadership has a role as a dynamic force that encourages, motivates and coordinates an organization in getting its intended purpose.

Employee: any individual employed by the organization either on a regular or temporary basis. Performance: (IJES 2018) express that performance is an overview of the level of achievement of the implementation of an activity/ program/policy in achieving the goals, objectives, mission, and vision of the organization as stated in the strategic planning of an organization.

Employee Performance: According to (Ashley Donohoe, 2019) employee performance is how your employees perform daily in your business will have an impact on your business's success or failure.

Employee performance involves factors such as quality, quantity and effectiveness of work as well as the behaviors your employees show in the workplace. Organizational Efficiency: (Mesh, 2012) discussed that organizational efficiency refers to capacity of an organization, institution, or business to produce desired results with a minimum expenditure of energy, time, money, personnel, and material.

Autocratic leadership - This is a leadership style where the leader gives orders and expect instant obedient without argument. It is a management style where one person controls all the decisions and takes very little inputs from other group members Yukl, G. (2021).

Democratic leadership – it is also known as participative leadership or shared leadership. It is a type of leadership in which members of the group take a more participating role in the decision-making process(IJES 2018)

Laissez-faire leadership – It is a type of leadership style in which leaders is hands-off and allows group members to make decisions Here is a recent citation on the laissez-faire leadership style: Bass, B. M., & Bass, R. (2019).

Transactional leadership - It is a style of leadership in which leaders promote compliance by followers through both rewards and punishments. Through a rewards and punishments system, transactional leaders are able to keep followers motivated for the short-term,Yukl, G. (2021).

Transformational leadership – This is a type where a leader works with teams to identify needed change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of a group, Bass, B. M., & Bass, R. (2019).

1.8 Organization of the Research Report

This thesis thesis consists of three chapters. The chapters are comprised of: Introduction, Review of Related Literature, Research Design and Methodology, and cost and time breakdown

Chapter 1 presented the background of the research topic, outlined the research problem, research questions and objectives, scope and limitation of the study, and discussed the study's contributions. Chapter 2 reviews the existing literature on leadership style employee performance, including definitions of leadership terms and employee performance, the different perspectives of leadership style, employee performance, finally presents Empirical studies and the conceptual framework adopted to suit the study. Chapter 3 wasdiscusses research reasoning approach, design and methodology: the type and design of the study. It also includes sampling technique, data collection methods and method of data analysis that has been used in the study. Finally, this part presents the results of reliability and validity tests based on the pre-test performed and Ethical considerations has been included.

CHAPTER TWO

2 LITERATURE REVIEW

2.1 Leadership Theories

Our understanding of leadership has changed dramatically over time. Early theories, like the "Great Man" approach, believed leaders were born with special traits. In the mid-20th century, the focus shifted to what leaders actually do (their behavior) and how that impacts their effectiveness. Finally, by the late 1960s, theories emerged that emphasized the importance of the situation – suggesting the best leadership style depends on the specific circumstances. This highlights the need to explore different leadership theories to gain a comprehensive understanding of leadership.

A. Trait Theories

Early leadership theories, like the "Great Man Theory" proposed by Carlyle (although likely published much earlier than 1993), assumed leaders were born with special qualities. This Trait Theory focused on finding specific personality traits that guaranteed successful leadership. The idea was that identifying people with these traits would guarantee effective leaders.

However, research by Stogdill (1948) challenged this notion. He showed that leadership situations can vary greatly, requiring different approaches. This undermined the Trait Theory's assumption that a single set of traits could guarantee success in all situations. Stogdill's findings paved the way for theories that focused on leader behaviors and how they adapt to different situations.

B. Behavioral Leadership theory

The limitations of Trait Theory led researchers to focus on what leaders actually do – their behaviors. This Behavioral Leadership approach shifted the focus from innate traits to how

leaders' actions influence their team's performance. Researchers observed leaders in real-world settings and identified two key behavioral styles: Task-Oriented: Leaders prioritize completing tasks and achieving goals, often providing clear instructions and direction. People-Oriented: Leaders focus on building relationships, supporting their team members, and fostering a positive work environment

C. Contingency /Situational Theory

Contingency/situational theory is an approach to leadership in which leadership effectiveness is determined by the interaction between the leader's personal characteristics and aspects of the situation. Contingency theories are based on the assumption that the relationship between leadership style and organizational outcomes is moderated by situational factors related to the environment and therefore the outcomes/performances cannot be predicted by leadership style, unless the situational variables are known (Cheng and Chan, 2002). Similarly, according to

Fiedler (1964) contingency theory asserted that, the leader's ability to lead is contingent upon various situational factors, including the leaders preferred style, the capabilities and behaviors of workers that depend heavily on the situational factors. Fiedler's (1984) contingency theory postulates that there is no single best way for managers to lead and situations will create different leadership style requirements for a manager.

The solution to a managerial situation is contingent on the factors that impose on the situation. For example, in a highly routine (mechanistic) environment where repetitive tasks are the norm, a relatively directive leadership style may result in the best performance, however, in a dynamic environment a more flexible, participative style may be required. In other hands, Senior (1997) described as the perception of leadership progressed past the opinion that there is one best way to lead, and the theorists began to focus on how a leader ought to behave in order to be effective.

Although, each study emphasizes the importance of different factors, the general tenet of the situational and contingency perspectives is that leadership effectiveness is dependent on the leader's diagnosis and understanding of situational factors followed by the adoption of the appropriate style to deal with each circumstance

2.1.1 Leadership

Kumar (2014), leadership is defined as “the process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent”. As from this definition, it is seen that for leadership to exist, there must be certain objective/objectives which are to be met. Here leadership is required in order to guide employees in an organization towards attainment of such objectives. Kumar (2010) further entails that, the accomplishment of the objectives of an organization are depend upon the 9 leadership attributes such as beliefs, values, ethics, character, knowledge, skills among others. Effectiveness of these attributes is what guides a leader towards ensuring accomplishment of the objectives of organization.

As per the arguments Swammy (2014), leadership is regarded as the social process through which a leader seeks the voluntary participation of subordinates in an effort to reach organizational goals. Thus, as per this argument, leadership in an organization makes a leader be able to delegate the acts of other organization members in order to make them be in line with the intended goals of the organization. This shows that accomplishment of objectives/goals of an organization highly depends on presence of leadership in such particular organization. Furthermore, according to Leslie (2013), leadership is defined as, “the ability to influence people to willingly follow one’s guidance or adhere to one’s decision”. As per this definition, it is seen that the ability of a person to influence others is what is regarded as leadership. This means that no one is born a leader but rather, a person can be a leader only by applying leadership qualities in influencing others and making them adhered to the decisions made. It is further regarded as an ability a person has to convince others and makes them work together as a group. This ability is what leads to attainment of organizational goals as all acts of organizational members are controlled and ready to act in response to the inserted values of an organization.

2.1.1. Approaches of Leaders

Leadership is about innovation and initiative. Leadership is creative, adaptive and agile. Leadership looks at the horizon, not just the bottom line (Aibieyi, 2009). Leadership has to do with influencing workers behavior towards the attainment of organizational goals and objectives. Leadership exhibited by the quality of behavior of an individual in guiding people or their activities in organized effort. It is an essential indispensable social essence that common purpose.

It also creates the incentive that makes other incentive effective, that infuse decision without which cooperation is impossible. Leadership is based on the personal qualities of the leader to influence workers to voluntarily comply with all working principles of the organization.

Leadership is the ability to inspire others to willingly perform their institutional duties. Leadership always shows where we want to go and the way forward. Leadership also means inspiring others to perform organized duties freely and willingly to achieve the objectives and the organizational goals

2.1.2 Performance

Performance is "the rate of realizing the purpose" or "outcome level of the activity". This level shows how much the purpose or the objective is achieved (Dahie and Oman, 2016). Institutionally, performance is defined differently according to different approaches. Performance according to Prasetya and Kato (2011) is the attained outcomes of actions with skills of employees who perform in some situation. In addition, performance is any collaborated effort made by employees which by increasing the productivity and profitability leads to success of an organization (cited in Basit, et al., 2017).

2.1.3 Types of leadership styles

1) Transactional leadership

Transactional leadership, also known as managerial leadership, is a leadership style where leaders rely on rewards and punishments to achieve optimal job performance from their subordinates, Mumford MD, Zaccaro SJ, Harding DF, Jacobs TO, Fleishman EA(2000)

The transactional executive leadership model is based on an exchange or transaction. The leader rewards workers who perform their tasks to the specified levels and punishes workers who do not perform to those set standards.

Transactional leadership is the part of one style of leadership that focuses on supervision, organization, or performance; it is an integral part of the Full Range Leadership Model. Transactional leadership is a style of leadership in which leaders promote compliance by followers through both rewards and punishments. Through a rewards and punishments system, transactional leaders are able to keep followers motivated for the short-term. Baškarada S, Watson J, Cromarty J (2017).

James McGregor Burns (2003) distinguished between transactional leaders and transformational by explaining that: transactional leaders are leaders who exchange tangible rewards for the work and loyalty of followers; Transformational leaders are leaders who engage with followers. Also it's advantageous as it reduces cost and utilizes powerful motivators also on the other side it has the disadvantage as it's eliminate individual from the production process and also limit amount of innovation that is achievable b) Bureaucratic leadership Bureaucratic leadership is one of the styles postulated (Max Weber in 1947). It is a system of management whereby employees are made to follow specific rules and lines of authority created by the superiors.

2. The Laissez- Faire style

The Laissez- Faire style is most suitable in the situations, where the group members are more knowledgeable than the leader and possess expertise in a particular field that can be used to find a solution to the complex problem. Thus, highly passionate team members prefer this style of leadership. This type of leadership style it's advantageous to employee as it's encourage personal growth and innovation also it's allow to faster decision making in term of disadvantage its downplay the role of leader in a team also is the type of leadership style in which employee can be abused, Habel, R. W. (2002).

3. Transformational leadership

Transformational leadership is a form of leadership style the concept of transformational leadership was initially introduced by James V. Downton (2001) where a leader works with teams to identify needed change, creating a vision to guide the change through inspiration, and executing the change in tandem with committed members of a group? It is an integral part of the Full Range Leadership Model. In other words, transformational process can be seen through a number of transformational leadership behaviors as: attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration Bass, (2103).

Transformational leadership serves to enhance the motivation, morale, and job performance of followers through a variety of mechanisms these include connecting the follower's sense of identity and self to a project and to the collective identity of the organization; being a role model for followers in order to inspire them and to raise their interest in the project; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, which allows the leader to align followers with tasks that enhance their

performance. It's advantageous as it's reduce turnover cost also it's encourage changes in the other hand its can be risky and disruptive also can result to wrong decision and employee burn out, Bass, B. M., & Bass, R. (2008).

4. Autocratic leadership

Autocratic leadership, also known as authoritarian leadership, is a leadership style characterized by individual control over all decisions and little input from group members. Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from followers. Autocratic leadership involves absolute, authoritarian control over a group.

Autocratic leadership is a style whereby the boss only has decision making rights with no shared vision, little motivation, commitment, creativity and innovation (Khan, et al., 2015). Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from followers. Autocratic leadership involves absolute, authoritarian control over a group. Most theorists have identified autocratic leaders with authoritarian leaders simply because research has proven that there is a strong positive correlation between autocratic leadership style and authoritarianism (Chemers, 2014; Schuh, Zhang, &Tian, 2013; Svolik, 2013).

Like other leadership styles, the autocratic style has both some benefits and some weaknesses. While those who rely on this approach to heavily be often seen as bossy or dictator-like, this level of control can have benefits and be useful in certain situations. Moreover, Nwankwo (2011) described autocratic style as a leadership style where leaders exclusively emphasized on making things done at the expense of any human consideration (cited in Akor, 2014). When and where the authoritarian style is most useful can depend on factors such as the situation, the type of task the group is working on, and characteristics of the team members. Advantage of autocratic leadership it's allow fast decision to be made and it's improve overall communication and productivity also it's reduce employee stress on the other hand its disadvantage it's create system of dependence, its create a lack of trust. .

Autocratic leaders are described as leaders building total organization failure (Michael, 2010) d) Laissez-Faire or Free-Rein Kumar (2015) defined laissez-faire as a leadership style where employees independently decide their own matters as the leader gives maximum freedom to their subordinates Under this type of leadership maximum freedom is allowed to subordinates to

perform their duties so as to reach the required goals Kumar, (2015).Laissez-Faire leadership style, Mwombeki (2017) the leader maintains contact with outside people and brings in information to the group members which they need for the accomplishment of the given task. Although, the subordinates are given the power and authority to make decisions the leader still takes responsibility for the actions of his group members. This leadership style proves to be beneficial only when the group members are highly skilled, well-motivated and capable enough to accomplish the task assigned to them.

The leaders can have a god power and control over their team. Unfortunately, staff members have limited option to suggest or comment on what it would be best for the team EDUCBA, (2020)

5. Bureaucratic Leadership Style

Bureaucratic leadership can be defined as a system of management that follows a hierarchy where official duties are fixed. Employees in this form of leadership are expected to follow specific rules and authority created by their superiors. Bureaucratic leadership is based on a clear chain of command, stringent regulations, and follower conformity. The above definition and the word bureaucracy itself is enough to put us off. The general negative view of administration and autocratic workings does not help the case, this is true, but the bureaucratic leadership framework has proven to be a reliable method of governing organizations with many organizations using it to their advantage, Anderson, K. (2012).

6. Democratic leadership

Democratic leadership style is a form of leadership in management which is participatory in decision making between the management and the subordinates through groups existing in the entity Gunesser, (2016). Democratic style the leader shares decision making abilities with groups and practices social equality Gunesser (2016). Democratic leadership also known as participatory leadership or shared leadership, is a type of leadership style in which members of the group take a more participative role in the decision making process Wammy (2017) This type of leadership can be applied to any organization, from private businesses to schools to government. Each leadership style has its advantages and disadvantages in fostering performance of the employees in organizations depending on various social, political, economic and cultural aspects in time and

space Liu, Liu & Zeng, (2011). Advantage of democratic leadership it's allow free flow of ideas, it's also encourage trust and respect throughout the team also its disadvantage include extra time to implement decision also democratic leader must often deal with rejection.

This sort of leadership in corporate group individuals in making the choice handle. On the off chance that you conversation approximately the individuals inclusion it includes the leadership and his group individuals. This sort of authority permits the representatives to appear their inventiveness and ability and hence contribute within the choice making related with the venture. This gives group individuals a work fulfillment and comes about in superior efficiency as well EDUCBA, (2020)

2.2. Theory of leadership

2.2.1. Trait Theory

Early leadership studies assumed that leaders are born not made. Researchers wanted to identify a set of characteristics or traits that distinguished leaders from followers, or effective leaders from ineffective leaders. Leadership trait theories attempt to explain distinctive characteristics accounting for leadership effectiveness. The list of traits was to be used as a prerequisite for promoting candidates to leadership positions. Only candidates possessing all the identified traits would be given leadership positions. Hundreds of trait studies were conducted during the 1930s and 1940s to discover a list of qualities. However, no one has come up with a universal list of traits that all successful leaders possess, or traits that will guarantee leadership success. On the positive side, although there is no list of traits that guarantees leadership successes, traits that are related to leadership success have been identified Lussier&Uchua, (2013)

2.2.2. Behavioral Theory

In the late 1940s, researchers began to explore the idea that how a person acts determines that person's leadership effectiveness. Instead of searching for traits, these researchers examined behaviors and their impact on measures of effectiveness such as production and satisfaction of followers. The preponderance of theory and research along these lines has depended on the idea that leaders must cope with two separate but interrelated aspects of their situations: they must accomplish the task, and they must do so through the efforts of those they lead. Thus, even 12 through a variety of different terms have been used to identify these two facts of leadership, all can be understood as relating to tasks and people. Leadership behavior can be studied by

analyzing what leaders do in relation to accomplishing the task and to maintaining the effort of people doing the task Gibson Et al, (1995).

2.2.3. Transactional Theory

Transactional leadership theory is a type of contingent-reward leadership that had active and positive exchange between leaders and subordinates whereby workers were rewarded or recognized for fulfilling agreed upon objectives of the organization “From the leader of the organization, these rewards might indicate gratitude for value increases, bonuses and work accomplishment. For good work, positive support could be exchanged, merit pay for promotions, increased performance and cooperation for collegiality. The concept of management-by-exception in transactional leadership is further explored in a study by Bass and Riggio (2006). They explain that in the passive form of management-by-exception, "the leader intervenes only when standards are not met" and takes corrective action. Conversely, in the active form, "the leader closely monitors for deviances from standards, mistakes, and errors and then takes corrective action as quickly as possible."

2.2.4. Path–Goal Theory

Another contingency approach to leadership is called the path–goal theory. According to the path–goal theory, the leader’s responsibility is to increase followers’ motivation and clarify the path to attain personal and organizational goals. This model includes two sets of contingencies: leader behavior and the use of rewards to meet subordinates’ needs. In the Fiedler theory the assumption would be to switch leaders as situations change, but the path–goal theory suggests that leaders can switch their behaviors to match the situation Daft, (2008)

2.2.5. Transformational Theory

The transformational leaders raise the motivation and morality of both the follower and the leader (House & Shamir, 1993). The transformational leaders are considered by their capability to identify the need for change, gain the agreement and commitment of others, create a vision that guides change and embed the change MacGregor Bums, (2003). These types of leaders treat subordinates individually and pursue to develop their consciousness, morals and skills by providing significance to their work and challenge. These leaders produce an appearance of 13 convincing and encouraged vision of the future. They are “visionary leaders who seek to appeal to their followers” better nature and move them toward higher and more universal needs this

approach views leadership Effectiveness as dependent upon a match between leadership style and the situation. It also focuses on the degree to which the situation gives control and influence to the leaders. The primary thrust was that the qualities of leaders differentiate in various situations and so were those qualities were perhaps appropriate to a particular task and interpersonal context Yukl, (2006)

2.2.6 Relationship between leadership style and employee performance

Leadership role for the organization's effectiveness and improvement of employee performance is very crucial and it can predict the success and failure of an organization (Lok&Crawford2004). In an autocratic leadership style, rewards and punishment is used as motivation factors and in such a style of leaders, more turnover of employees and absenteeism are highly manifested. MuhamadSaquibKhan,(2015).

In most research, the relationship between leadership style and employee performance has a positive relationship (KhalidRashedet.al2014).Leadership can build appositve impact on the efficiency of the organization by influencing team members towards job performance. The employeeperformancedependsuponthepropermatchbetweenaleader'sabilitytolead, preferred style, and behavior Fisher, (1995)

2.2 Empirical literature review

Basit et al (2018) carried out a study on impact of leadership style on performance of employees in private organizations in Malaysia. Within their study, the research approach which was used was quantitative approach while data collection method used was questionnaires. The impact of leadership was measured using five Likert scale. The findings from the study revealed that democratic leadership had significant influence of performance of employees. It was followed by laissez-faire leadership style. From the findings, it was revealed that autocratic leadership style had negative influence on performance of employees. It means that autocratic leadership discouraged improvement in performance among employees.

Haq and Kuchinke (2016) had their study which focused on the impact of leadership styles on employees' attitude towards their leader and performance. The target population of the study was employees working in banking sector of Pakistani. The findings from the study revealed that transformation leadership had greater influence on employees' performance outcomes. The leadership style which was revealed to have no impact on performance of employees in terms of

effectiveness and satisfaction was laissez-faire leadership style. The findings further revealed that Pakistan is prone to several challenges such as employee turnover due to adoption of leadership styles which do not satisfy employees in most of banking institutions.

Mawoli and Haruna (2013) carried out a study on effect of leadership styles on job performance in Federal Medical Centre in Niger state. The sampling technique which was used in the study was stratified sampling technique. The findings from the study revealed that there were three leadership styles which were used by heads of units, sections and departments. The leadership style which favored many employees and led to improvement in performance of employees was democratic leadership. It was recommended that laissez-faire leadership style and autocratic leadership style should not be used because they led to lawless working environment and poor performance among employees. Furthermore, the study by Shafie et al (2013) came up with suggestions on how management of organizations can ensure improved performance of employees through available leadership styles.

One of the recommendations was that management should use a composition of transformation leadership and pragmatic leadership as a core managerial strategy in the organization. It was also recommended that management of organizations must be trained on the use of the two leadership styles in order to enhance skills in using them. It was further revealed that there should be careful planning especially when using the two kinds of leadership styles in order to ensure that objectives of organization are attained. Mwombeki (2017) conducted a study on influence of leadership on employees' performance in Tanzania. The findings from the study revealed that there are various types of leadership styles used in different regional administrative in the country.

Transactional leadership is one of the revealed type of leadership used and was said to influence employees execute their duties through provision of team output. Laissez-faire leadership style was revealed as among leadership styles used and was said to have negative influence on attainment of departmental goals by employees. Autocratic leadership was revealed to have negative influence on attainment of organizational goals. Thus, it was revealed that transformation leadership had positive influence on performance of employees and thus recommended to be the mostly used leadership style. Another study was conducted by Anyango (2015) conducted a study on effects of leadership styles on employee performance at Boa Kenya

Limited. The study employed cross sectional descriptive strategy. The whole data collection in the study was undertaken through the use of questionnaires. The findings from the study revealed that transformational leadership was the leading leadership style for enhancement of performance of employees. It was followed by transactional leadership style and then laissez-faire leadership style. The findings suggested that supervisors in organizations must employ different behaviors of transformational leadership and not laissez-faire style. This would lead to improvement in employee productivity and quality of 15 performances. It is recommended therefore that Transformational and transactional leaderships are the most effective leadership styles.

The study by Raja (2015) was an important contribution to the existing empirical studies in investigating the effect of leadership styles on employee performance in public and private sector of India. The analysis result was generated from the sample 199 respondents: 43 middle level managers and 156 subordinates. Using 95 percent confidence interval, the study established negative relationship between laissez-faire style and employee performance. He added, employees supervised by laissez fare leader underperform and their organizations were unable to meet their intended objectives. The study conducted by Nuhu (2010) came up with the findings which revealed that laissez-faire leadership style was perceived to be the most effective leadership style by employees in departments. This is because, employees believed that they better be made comfortable and avoid disturbances from leaders. They also revealed that the style made leaders easily approachable and were not arrogant to employees. As the kind of leadership mostly preferred by employees was laissez-faire leadership style, the author argued that the performance of employees in departments improved at a very low speed. This is different from authoritative leadership which was filled with tension something which makes employees is in line with the objectives of the organization.

Wubishet, D., & Berhanu, K. (2018) this study examined the relationship between transformational leadership and employee performance in the public sector of Ethiopia. The results showed that transformational leadership had a positive and significant effect on employee performance. The study highlighted the importance of transformational leadership in enhancing employee motivation, job satisfaction, and productivity.

Hailu, A. D., & Workineh, S. (2019), the researchers investigated the impact of different leadership styles (transformational, transactional, and laissez-faire) on employee performance in the banking sector in Addis Ababa, Ethiopia. The findings revealed that transformational leadership had the strongest positive effect on employee performance, followed by transactional leadership. Laissez-faire leadership had a negative impact on employee performance.

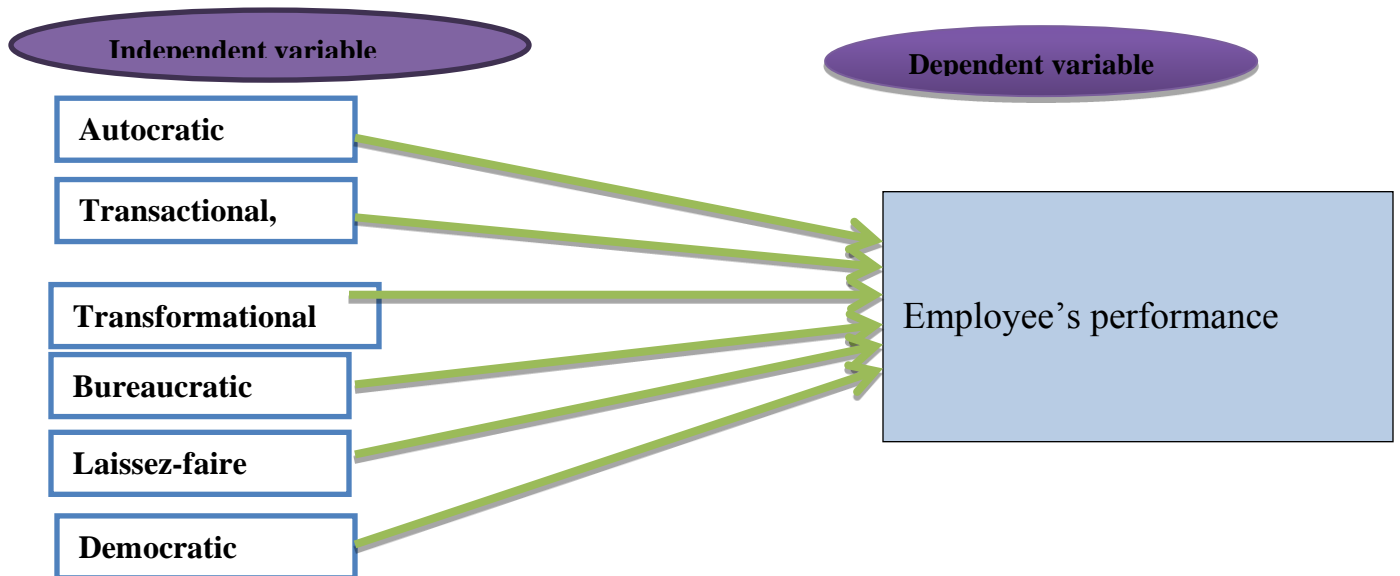
Getachew, D. S., & Zhou, R. (2018). This study explored the relationship between leadership styles and employee job satisfaction in public universities in Ethiopia. The results showed that transformational leadership had a significant positive effect on employee job satisfaction, while both transactional and laissez-faire leadership styles had a negative impact on job satisfaction. The researchers emphasized the importance of adopting transformational leadership practices in the higher education sector.

Tesfaw, T. A. (2014) The study investigated the relationship between transformational leadership and job satisfaction among government administrative workers in Addis Ababa, Ethiopia. The findings revealed a positive and significant relationship between transformational leadership and employee job satisfaction, suggesting that transformational leadership is a crucial factor in enhancing employee performance and organizational outcomes.

2.3 Conceptual Framework

The conceptual framework is built based on the contingency theory. The theory explained that a specific leader's behavior (leadership styles) exhibited in a given situation influences employees' performance. As shown in the framework, leadership styles (thus transactional, transformational, autocratic, bureaucratic, democratic and laissez-fair) are predicted to influence employees' performance.

Figure 1 Conceptual Framework



Source:-adopted by Siddique, A., Aslam, H. D., Khan, M., & Fatima, U. (2022).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the most important way to approach research questions and goals or objectives. There is no standard methodology that is universally applicable to all research cases. Instead, methodologies should be chosen according to the nature and scope of the problem at hand and the types of data available (Ragab and Arisha, 2018).

This chapter describes the research approaches, sampling techniques and data collection methods conducted for the surveys conducted by the Abay bank in selected district to achieve its research objectives. It also describes the methods used to maintain the reliability and validity of research. In this dynamic and competitive environment, all organizations that profitably operate all businesses through the offering and sale of various products and services are paramount and at the core of the activities. In general, employee performance can be influenced by an organization's leadership style.

3.2. Research design and approach

3.2.1 Research approach

According to Malthotra and Birks (2003), quantitative research is reasonable for measuring both state of mind and behavior. Quantitative inquire about approach rummage around for amount information by applying a few of spastically examination (Sand sob 2014).

The other inquire about approach which is most commonly was utilized in social and business research is qualitative approach. The qualitative approach provides a deeper understanding of the phenomenon with in context Guba and Lincoln, (1994). Kemper et al (2003) noted that mixed method increases both qualitative and quantitative approach that data collection and analysis in parallel form. According to this explanation the mixed method approach were used.

3.2.2 Research design

Research design is a plan, structure and strategy of investigation, so conceived as to obtain answer to research questions or problems Kerlinger, (1986). According to Saunders et al (2009),

classifying research by its purpose, can fold whether descriptive explanatory or exploratory. Therefore, for better understood to evaluate the impact of leadership style the research chooses both descriptive and explanatory research design. Explanatory research design seeks justifications and attempt to build causal relationship between variables of a certain phenomenon.

3.3 Population and Sampling

3.3.1 Target population

According to barns bee et.al (2018) definition, target population is the group of individuals that the intervention in tends to conduct research in and draw conclusion from. For the purpose of this research, Users characteristics are very essential components for an adoption of business intelligence or information technology Robert, I (2015). Therefore, the populations of study both permanent and temporary 242 employees are presented Abay Bank south west districted, HR (2024).

Population refers to full set of groups from which a sample is taken Saunders (2007). It is a well-defined or set employs that was recruited by the company thus, population of this study have chance of equal selection branches of Abay bank south west district of Ethiopia such as all the current employee of Merkato, ShemaTera, Hunegnawu Mera, MillitaryTera ,AnewarMesgide and Tekelhaymanotwith total of 242.

3.4.2 Sample Frame

The population of this study comprised of effect of employee performance in case of west paper or any other Abay bank the bank is a public bank which is scattered and dispersed location of the employees it very difficult to take the whole employees as a sample population. However, due to cost and time limitations, it is impractical to collect data from each and every employee of all selected branches.

3.5 Sampling size determination

The study was conducted on staff of west district i.e. south west districts using convenience sampling technique which is random sampling for the purpose of suitability of approaching and collecting sufficient data each member of the population has an equal probability of being selected to participate in the study, and then the number of Abay bank employers among In any

way, in this particular study a simplified formula for Proportions developed by Yamane (1967) is used. Accordingly, it is written as follows

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

Where n=sample size, N=population size, level of error (5%=0.05, 1%=0.01)

Table 1 sample size

	Branches	Target population	$n = \frac{N}{1 + N(e)^2}$
1	Merkato	54	47
2	ShemaTera	19	18
3	HunegnawuMera	26	24
4	MilitaryTera	20	19
5	Tekelhaymanot	69	58
6	AnewarMesgide	52	46
	Total=n	242	212

Source: - HR for each selected branch, 2024

3.3 Sampling and Sample Techniques

Sampling is the selection of a fraction of the total number of units of interest for the ultimate purpose of being able to draw general conclusions about the entire body of unit (Parasurman, 2004). According to Anol (2014), sampling is the statistical process of selecting a subset called a sample of a population of interest for purposes of making observations and statistical inferences about that population. The study applied probability sampling the researcher used simple random sampling, in the case Abay bank S.C, and purposive sampling was employed to six(6)bank managers, it was intended to include the employees from all the selected branches of the bank in the sample by giving equal chance to the respondents to be selected so that the findings of the study was meaningful representation from all staffs.

3.4 Data source and Data collection instrument

3.4.1 Data source

Both primary and secondary data was used for this study. The primary data includes the data to be gathered through close ended questionnaires and unpublished internal bank's report.

Secondary data collection was explored methods supplementary to the above method where data was obtained from AbayBank, dissertations, text books, the internet and other materials (such as journals, newspapers, etc.) as found useful to the study.

3.4.2 Data collection instrument

3.4.2.1 Questionnaire

By use of the questionnaires, the research gathered data from the respondents which in fact was the primary concern of this survey design approach

The primary data collection method explored the originality of data through gathering information relevant to the study. Primary data was obtained from respondents at Merkato, ShemaTera, Hunegnawu Mera, Millitary Tera, AnewarMesgide and Tekelhaymanot branches of Abay bank s.c South west district.

3.5. Model Specifications and Methods of Data Analysis

3.5.1. Independent Variables of the Study

The main variables, in this study, are the six leadership styles (i.e., independent variables) and employees' perceived work performance (i.e., the dependent variable). The independent variables involve the three leadership styles identified in the study. These are transactional, transformational, autocratic, bureaucratic, democratic and laissez-fair leadership style as perceived and rated by sample employee 212 respondents using a five-point Likert-Scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) for each of the item in the closed-ended questionnaire.

3.5.2. The Dependent Variable of the Study

In this study, employees' performance' perceived level of work performance has been taken as an outcome variable or dependent variable.

3.5.3. Statistical Model for Data Analysis

The primary purpose of the study was to examine the effects of the six leadership styles on employee performance. Accordingly, both descriptive statistics (such as mean, standard deviation) and inferential statistical methods (such as Pearson's correlation and multiple linear regressions) was used to test the effects of the independent variables on the outcome variable using SPSS24 software package. A statistical significance level of alpha is used in order to test whether the computed correlation and regression coefficients are statistically significant or not.

Particularly, a multiple linear regression statistical model was used to test the total and relative effects of predictor variables (i.e., the six leadership styles – Laissez-faire autocratic, democratic, transformational, bureaucratic and transactional) on employee performance (the outcome variable). The regression equation or model specification for Effect of leadership style on employee performance in case of EFD

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \Sigma$$

Where, Y=employee performance

α = Y intercept/constant

β_1 = the beta weight or regression coefficient of transactional

β_2 = the beta weight or regression coefficient of transformational,

β_3 = the beta weight or regression coefficient of Laissez-faire

X_4 = the beta weight or regression coefficient of autocratic

X_5 = the beta weight or regression coefficient of bureaucratic,

X_6 = the beta weight or regression coefficient of democratic

X_1 = transactional,

X_2 = transformational,

X_3 =Laissez-faire

X_4 = autocratic

X_5 = bureaucratic,

X6=Democratic

Σ = sum of residuals or error terms

3.6 Data Analysis

The technique used to analyze data was by use of SPSS (statistical package for social scientists) however personal coding and categorizing data was doing manually. Data analysis is conducted on respondents' data in two perspectives:

3.6.1 Descriptive statics

According to Amin (2005) Descriptive statistics provides us with the techniques of numerically and graphically presenting information that gives an overall picture of the data collect. This study was conducted the descriptive statistics of each objective percentages mean and standard deviation was used.

3.6.2 Inferential statics

Inferential statistics is a branch of statistics that makes the use of various analytical tools to draw inferences about the population data from sample data. Apart from inferential statistics, descriptive statistics forms another branch of statistics. Inferential statistics help to draw conclusions about the population while descriptive statistics summarizes the features of the data set.

The researcher was used correlation specifically Pearson's correlation co-efficient calculation after data was aggregated to turn categorical data to numerical representation that required numerical methods. Were developed to help describe the data gather. Inferential statistics are obtained to present regression, correlation.

3.8 Validity and Reliability

3.8.1 Validity

As recommended by Sanchez-Rodriguez, (2009), the questionnaire was developed based on a thorough review of the existing literature on the area under study. Validity is the degree to which a test measures what it is expected to measure Creswell, (2009). It is the degree to

which results obtained from the analysis of the data represents the phenomena under study. Questionnaires should be tested on potential respondents to make the data collecting instrument objective, relevant, suitable to the problem and reliable as recommended by Adams et al., (2007).

A pilot pre-test study was conducted to refine the methodology and test instrument before administering the final phase. The survey instrument was tested by pretest study that was pilot tested on ten (10) respondents, to check the validity of the data collection instrument. Issues raised by respondents were gathered and questionnaires are refined accordingly. Finally, the improved version of the questionnaires was used. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires was a print, duplicate and dispatch.

3.8.2 Reliability

Reliability Test the statistical packages such as SPSS can be utilized to determine the reliability through evaluating the reliability coefficients using Cronbach's Alpha Abdel Fattah, (2008). Cronbach's alpha is a coefficient of internal consistency.

This study was use Cronbach's alpha to assess the internal consistency of variables in the research instrument. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Kumar (2000), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Cronbach's alpha score of 0.70 or higher is consider adequate to determine reliability.

Reliability Statistics		
Cronbachs Alpha	N of Items	Items
.824	7	Total
.75	7	Employee performance
.87	5	Burcratic Leadership
.898	5	Autocratic Leadershp
.87	5	Transactional Leadership
.857	5	Transformational Leadership
.877	5	Democratic Leadership
.872	5	Lazifaire Leadership

Source:- own survey ,SPSS,2024

3.9 Ethical Considerations

In this study all participants and data collected remain confidential and identities of respondents remain anonymous. Moreover, the privacy of all respondents is respects in the reporting of this research. No details of individuals were involved in this research. Informed consent is a written statement that explains aspects of a study to participants and asks for their voluntary agreement to participate before the study begins. Neumann(2006). In this study, each participant was provided with an information sheet at the beginning of the research questions explaining the purpose of the research prior to each questionnaire.

CHAPTUR FOUR

4. DATA ANALYSIS, INTERPRATION AND DISCUSSION

4.0. Overview

This research is aimed to establishing the effect of leadership style performance Abay bank s.c west district, selected Branches, Ethiopia. This chapter is therefore made up of data analysis, findings and interpretation on these key aspects of the study. These findings were acquired with questionnaires and other secondary data. The response was systematically reviewed and analyzed using descriptive, correlation analysis and regression analysis with the statistical package.

4.1 Description of the response rate

This chapter deals with data presentation, analysis and discussion that collected through questionnaires(both six(6) open and 206 closed ended), distributed to 212 sample respondents, from these questionnaires202(95.3%) respondents filled, while 10 (4.7%) have not responded for unknown reasons.

4.2. Demographic Information

Background information is critical in ascertaining the quality information given out by the respondents. This research study sought to have knowledge on the background of the employee respondents working with Abay bank s.c west district, selected Branches, Ethiopia. Background checks were carried out since they are crucial in establishing the credibility of the information gained, determination of the relationship between the information gather, workforce experience, education level and experience. On the background information, the researcher wanted to gain valuable information on the Abay bank s.c west district, selected Branches, Ethiopia, which is located Addis Ababa.

4.3 Demographic characteristics of the respondents

Table 2 Demographic characteristics of the respondents

		Frequency	Percent
Sex	Male	120	59.4
	Female	82	40.6
	Total	202	100.0
Age	25-30	118	58.4
	31-45	33	16.3
	46-51	51	25.2
	Total	202	100.0
Education	Diploma	39	19.3
	Degree	101	50.0
	Masters	60	29.7
	Above	2	1.0
	Total	202	100.0
Experience	Less than 3 years	41	20.3
	3-5 years	101	50.0
	More than 10 years	60	29.7
	Total	202	100.0

Source: - Owns survey, SPSS, 2024

The demographic characteristics of the respondents such as their sex, ages, their educational level, position and experience, may have direct and indirect relations with the way they use the institution activities. In addition, the challenge and prospects assessment involve a clear picture of the employee demographic characteristics such as sex, age, family size, educational level, job category and experience in the on institution. The following table summarizes the sample respondents' individual demographic characteristics.

As the table2 indicates the sample respondents 120(59.4%) of the employee/ respondents/ were male from the total respondents, 82(40.6%) of the respondents were female. It is better to consider sex composition of the sample respondent's participation and their employer to understand the determinants of employee performance s in the study area. Based on the data that is obtained from the Employee survey, most of the clients in the study area were male. From this it is possible to conclude those males are more emphasis in the institution hiring

As indicated in the table 2 the age of the employee/respondents/ in the study area were found in the age group 25-30 years which accounts for 111(58.4%) of the sample respondents, 46-51 years account for 51(25.2%), of the respondents were age category 31-45 years, 18-25 age group accounts 33(16.4%). As the data shown in the table, large portion of the respondents which are 58.8 % were found in 25-30 age those who are in productive age group of the society and have contribution in development

As it indicated in the table2 above the educational status of the sample respondents of survey result showed that, 101(50.0%) were first degree graduated, 60(29.7%) were second degree holders, 39(19.8%) of the respondents were Diploma and about 2(1.0%) above second degree and. From this data it's possible to say around majority of the respondents above first-degree education level and second degree.

41(20.3 %) of the respondents less than one year's experience, about 101(50%) respondents were 3-5 years' work experience, 54(29.7%) of the respondents were work experience more than ten years, and the rest of the respondents were Less than a year.

4.3 Descriptive Statistics

This study used descriptive statistics to analyze how leadership style employee performance. Frequencies and percentages were calculated to present a clear and concise picture of the data (Dawson, 2002; Singh, 2007).

The study employed a 5-point Likert scale, where 1 indicates "strongly disagree" and 5 signifies "strongly agree." To interpret the scores, Workie's (2011) guidelines were followed:

- 1-1.8: Very Low (Strongly Disagree)
- 1.81-2.6: Low (Disagree)
- 2.61-3.4: Medium (Neutral)
- 3.41-4.2: High (Agree), 4.21-5: **and** "Very High (Strongly Agree)"

Table 3 laissez-faire leadership style

	N	Mean	Std. Deviation
Whenever I have a different view from that of my employee am not mistreated	196	3.06	1.019
My department performs with no leadership barrier	196	2.93	1.084
My supervisor gives me complete freedom to solve problems on my own	196	3.17	1.058
As a rule, my supervisor allows me to appraise my own work.	196	3.26	1.095
Subordinates have little freedom of making suggestions.	196	3.06	1.171
Grand mean	196	3.096	

Source: - Owns survey, SPSS, 2024

As it is shown in Table 4 the overall average score (3.096) falls slightly equal the midpoint (likely 3) of the potential rating scale. Mean and standard deviation of the results from respondents' assessment of laissez faire leadership style. This was evaluated by five items. The statement that 'As a rule, my supervisor allows me to appraise my own work.' had the highest mean of 3.26 and standard deviation of 1.096 whereas the question with the lowest mean of 2.61 and standard deviation of .956 was that 'stay away from getting involved when important issues arises. Overall Laissez faire leadership upon evaluating the five statements had a mean score of 3.096. This mean is above the midpoint and indicated that respondents agree that their leaders certainly utilize laissez faire leadership to a high level. In the above tables, the higher score for each scale indicate more of a tendency to use a specific leadership style. This might indicate a perception that there's some room for suggestions, but it could be improved. While employees generally perceive some level of autonomy, the overall score suggests there might be room for improvement in fostering a more empowering work environment (Deci & Ryan, 2000).. Overall, the table suggests that laissez-faire leadership style, on employees feel they have some level of autonomy but might desire more freedom to make suggestions and contribute their ideas.

Table 4 Descriptive statistics democratic leadership style

	N	Mean	Std. Deviation
My supervisor encourages delegation.	196	3.31	1.095
I dialogue with my supervisor on a daily basis	196	3.15	1.131
Leaders need to help subordinates accept responsibility for completing their work	196	3.14	1.194
I am involved in performance appraisals to my department	196	3.29	1.110
Effective leaders give orders and explain procedures.	196	3.11	1.140
Grand mean	196	3.2	

Source: - Owns survey, SPSS, 2024

The table shows survey results on employee perceptions of leadership style and practices within their department. The overall average score (3.20) leans slightly positive, indicating a general perception that leadership practices encourage employee involvement and responsibility this result is supported by Eisenberger et al., (1986). Other items are "My supervisor encourages delegation" (Mean: 3.31, Std. Deviation: 1.095). Employees generally agree (mean above 3) that their supervisor encourages delegating tasks. The standard deviation is relatively low, indicating most employees share this view.

"I dialogue with my supervisor on a daily basis" (Mean: 3.15, Std. Deviation: 1.131): Employees tend to agree (mean above 3) that they have regular communication with their supervisor. However, the slightly higher standard deviation suggests some variation in experiences.

Leaders need to help subordinates accept responsibility for completing their work (Mean: 3.14, Std. Deviation: 1.194): There's general agreement (mean above 3) on the importance of leaders fostering responsibility in subordinates. The standard deviation is a bit higher here, indicating some employees might have stronger opinions on this than others.

I am involved in performance appraisals to my department (Mean: 3.29, Std. Deviation: 1.110):
- Employees mostly agree (mean above 3) that they are involved in the performance appraisal process for their department. The standard deviation is relatively low, suggesting most

employees have some involvement. Effective leaders give orders and explain procedures (Mean: 3.11, Std. Deviation: 1.140) , Employees tend to agree (mean above 3) that effective leadership involves providing clear instructions. The standard deviation is moderate, suggesting some variation in how employees perceive ideal leadership communication. Grand Mean (Mean: 3.20, Std. Deviation: Not provided for overall): The overall average score is slightly positive, indicating a general perception that leadership practices encourage employee involvement and responsibility.

Table 5 Descriptive Statistics transformational leadership style

transformational leadership style	N	Mean	Std. Deviation
My manager/leaders/ gives time to consider my suggestions.	196	3.51	1.121
My manager helps me to find my passion.	196	3.15	1.143
My manager/leaders/ seeks input from me for upcoming projects.	196	3.17	1.241
When there are differences in expectations my supervisor work with me to resolve them.	196	3.30	1.196
My manager/leader/ uses rewards and punishments in order to motivate me to achieve organizational objectives.	196	3.47	1.200
Grand mean	196	3.32	

Source: - Owns survey, SPSS, 2024

The results in Table 5 show that the survey results on employee perceptions of their manager's leadership style, Grand Mean (Mean: 3.32, Std. Deviation: Not provided for overall): that means the overall average score (3.32) leans slightly positive, suggesting a general perception that some aspects of transformational leadership are present and supported by Bass & Avolio, (1994)..Particular items looking at transformational leadership qualities. Considering Suggestions (Mean: 3.51, Std. Deviation: 1.121): Employees generally agree (mean above 3) that their manager values their input. Finding Passion (Mean: 3.15, Std. Deviation: 1.143), There's a moderate level of agreement (mean slightly above 3) that managers help employees find passion

in their work. Seeking Input (Mean: 3.17, Std. Deviation: 1.241):,Employees tend to agree (mean above 3) that managers involve them in planning upcoming projects. However, the higher standard deviation indicates some employees might feel less involved than others. Resolving Differences (Mean: 3.30, Std. Deviation: 1.196), There's general agreement (mean above 3) that managers work collaboratively to resolve disagreements about expectations. The standard deviation suggests most employees perceive a willingness to address these issues. Motivation (Mean: 3.47, Std. Deviation: 1.200): Employees mostly agree (mean above 3) that managers use rewards and punishments to motivate them. The standard deviation is moderate, indicating some variation in how employees perceive the effectiveness of this approach. However, the focus on rewards and punishments might be more aligned with a transactional leadership style.

Table 6 Descriptive Statistics transactional leadership style

transactional leadership style	N	Mean	Std. Deviation
There is no provides recognition/rewards when others reach their goals.	196	3.53	1.078
My supervisor enables others to think about old problems in new ways.	196	3.37	1.108
I am not allowed to make decisions that my supervisor did not approve first	196	3.18	1.080
My manager/leaders/ supervisors not closely monitor me to ensure I am performing correctly.	196	3.18	1.138
There is rent recognitions, like race, religion , employee not recognized by their performance	196	3.38	1.105
Grand mean	196	3.336	

Source: - Owns survey, SPSS, 2024

The table shows survey results on Grand Mean (Mean: 3.34, Std. Deviation: Not provided for overall): The overall average score (3.34) leans positive, suggesting a general perception that the leadership style aligns with transactional leadership principles. There's a clear focus on goal achievement, rewards, and supervisor control. Overall, the survey suggests a transactional leadership style is dominant.

Employee perceptions of their manager's leadership style, specifically looking at transactional leadership qualities. Recognition/Rewards (Mean: 3.53, Std. Deviation: 1.078):, Employees

generally agree (mean above 3) that the organization recognizes and rewards goal achievement. The low standard deviation suggests most employees share this positive view. This aligns with transactional leadership, which emphasizes a clear exchange of effort for rewards. Creative Thinking (Mean: 3.37, Std. Deviation: 1.108):

There's a moderate level of agreement (mean slightly above 3) that supervisors encourage new perspectives on problems. Decision-Making (Mean: 3.18, Std. Deviation: 1.080): Employees tend to agree (mean above 3) that supervisors need to approve decisions first. The standard deviation suggests most employees experience this level of control. Supervision (Mean: 3.18, Std. Deviation: 1.138): There's a moderate level of agreement (mean slightly above 3) that supervisors closely monitor performance. The standard deviation suggests some variation in employee experiences. This could be a transactional approach focused on monitoring performance to ensure goals are met.

Recognition and Fairness (Mean: 3.38, Std. Deviation: 1.105): Employees mostly agree (mean above 3) that recognition is based on performance, not irrelevant factors. The standard deviation is moderate, indicating some variation in how employees perceive fairness in recognition practices.

Table 7 Descriptive Statistics Autocratic leadership style

Autocratic leadership style	N	Mean	Std. Deviation
As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	196	3.47	1.130
Performance requirements are designed according to the council's needs	196	3.39	1.237
My performance is limited by poor leadership from my supervisor.	196	3.26	1.176
My supervisor believes that most employees in the general population are lazy.	196	3.23	1.250
Leaders make decisions independently	196	3.50	1.148
Grand mean	196	3.37	1.024

Source: - Owns survey, SPSS, 2024

As shown in the above table, Grand Mean (Mean: 3.37, Std. Deviation: 1.024): While the average score (3.37) leans slightly positive, it falls above the midpoint (likely 3) of the

potential rating scale. The standard deviation is relatively low, suggesting some consistency in employee perceptions.

The statement that Motivation (Mean: 3.47, Std. Deviation: 1.130):, Employees generally agree (mean above 3) that supervisors believe rewards and punishments are necessary for motivation.. This aligns with an autocratic leadership style that emphasizes control and extrinsic motivation. performance Requirements (Mean: 3.39, Std. Deviation: 1.237): There's a moderate level of agreement (mean slightly above 3) that performance expectations are set based on leadership needs, not necessarily employee input. The standard deviation suggests some variation in employee experiences. This aligns with an autocratic approach where leaders dictate expectations. Leadership Effectiveness (Mean: 3.26, Std. Deviation: 1.176): Employees tend to agree (mean above 3) that leadership limitations hinder their performance. The standard deviation suggests some variation in employee experiences. This doesn't directly assess autocratic style, but a low score could indicate negative perceptions of the leader's effectiveness, which might be linked to an autocratic approach. Employee Perception (Mean: 3.23, Std. Deviation: 1.250): There's a moderate level of agreement (mean slightly above 3) that supervisors view employees as generally lazy. The standard deviation suggests some variation in employee experiences. Decision-Making (Mean: 3.50, Std. Deviation: 1.148): leaders make decisions independently. The low standard deviation suggests most employees share this view.

Table 8 Descriptive Statistics *bureaucratic* leadership style

	N	Mean	Std. Deviation
Employee <i>haveno</i> complete faith in my supervisor/leaders/	196	2.99	1.155
My supervisor/leaders/ provides appealing images about what we can d	196	2.87	1.165
The employee not proud to be associated with their supervisor/leaders/	196	3.04	1.109
The leaders gives us personal attention to others who seem rejected	196	2.84	1.134
The leaders gets others to rethink ideas that they had never questioned Before	196	2.84	1.143
Grand mean	196	2.916	

Source: - Owns survey, SPSS, 2024

The table shows survey results on Grand Mean (Mean: 2.916). The overall average score (below 3) reinforces the negative trend. Employees seem to perceive a leadership style lacking in trust, vision, inspiration, and individual attention.

The employee perceptions of their supervisor's leadership style, and these results seem to indicate a lack of strong leadership and inspiration. : Trust (Mean: 2.99, Std. Deviation: 1.155), The mean score (around 3) suggests a neutral response, but with a slightly higher standard deviation, indicating some employees might have stronger feelings of distrust. Employees may not have complete faith in their supervisor's capabilities or decisions. Vision (Mean: 2.87, Std. Deviation: 1.165):

The mean score below 3 suggests employees generally don't feel their supervisor paints an appealing picture of the team's potential or future goals. The standard deviation indicates some variation, with some employees potentially feeling more inspired than others. Pride (Mean: 3.04, Std. Deviation: 1.109): This score is again close to neutral, but with a slightly higher standard deviation. It suggests some employees might feel a lack of pride in being associated with their supervisor's leadership, while others might be indifferent. Individual Attention (Mean: 2.84, Std. Deviation: 1.134) Innovation (Mean: 2.84, Std. Deviation: 1.143) The mean score below 3 suggests employees generally don't feel their supervisor encourages them to challenge established ideas or think creatively.

Table 9 Descriptive Statistics Employee performance

	N	Mean	Std. Deviation
There is satisfaction on the rate quality of employee performance	196	2.92	1.017
The evaluation the performance of employee peers at their jobs compared with yourself doing the same kind of work	196	3.58	.938
Employee capable of handling my assignments without much supervision.	196	3.08	1.095
Employee are very passionate about my work	196	3.22	1.023
My colleagues encourage me to perform	196	3.06	1.089
My performance is limited by poor leadership of my supervisor.	196	3.22	1.023
I am comfortable with my supervisor's leadership styles	196	3.21	1.069
Grand mean	196	3.18	

Source: - Owns survey, SPSS, 2024

The overall average score is slightly above 3, leaning towards a neutral perception of the work environment. It's difficult to say definitively whether leadership is perceived as supportive or limiting based on this score alone.

Satisfaction with Performance Evaluation (Mean: 2.92, Std. Deviation: 1.017): The mean score (around 3) suggests a neutral response on satisfaction with performance evaluation processes. The standard deviation indicates some variation in employee experiences, with some potentially more dissatisfied than others. Employee Relations:, Peer Evaluation (Mean: 3.58, Std. Deviation: 0.938): This score above 3 suggests employees generally feel comfortable evaluating the performance of colleagues doing similar work. The low standard deviation indicates most employees share this view. Employee Capability (Mean: 3.08, Std. Deviation: 1.095): The score is close to neutral, with a moderate standard deviation. Employee Passion (Mean: 3.22, Std. Deviation: 1.023):** The score indicates a moderate level of employee passion about their work.. Colleague Encouragement (Mean: 3.06, Std. Deviation: 1.089), The score suggests a neutral perception of encouragement from colleagues. The standard deviation indicates some variation in experiences, with some

employees potentially feeling more supported than others. Impact of Leadership (Mean: 3.22, Std. Deviation: 1.023), Comfort with Leadership Style (Mean: 3.21, Std. Deviation: 1.069), Grand Mean (Mean: 3.18):

4.4 Discussion

The mean value for the laissez-faire leadership style is 3.096. This suggests that the laissez-faire approach, where leaders provide little to no direction and allow employees a high degree of autonomy, is moderately present in the Abay Bank context. A recent study by Northouse (2019) found that laissez-faire leadership can be effective in certain situations, such as when employees are highly skilled and motivated, but it may also lead to a lack of direction and accountability if not implemented appropriately.

The mean value for the democratic leadership style is 3.2. This indicates that the democratic approach, where leaders involve employees in decision-making and foster a collaborative environment is also moderately prevalent in the Abay Bank. Yukl (2013) emphasizes that democratic leadership can enhance employee engagement, job satisfaction, and organizational commitment, which are essential for maintaining high employee performance.

The mean value for the transformational leadership style is 3.32. This suggests that transformational leadership, which focuses on inspiring and empowering employees to achieve organizational goals, is the most prominent leadership style among the ones examined. A study by Bass and Riggio (2006) found that transformational leadership is positively associated with various performance outcomes, including employee satisfaction, commitment, and organizational effectiveness.

The mean value for the transactional leadership style is 3.33. This indicates that transactional leadership, which involves the exchange of rewards and punishments based on employee performance, is also highly prevalent in the Abay Bank context. A recent meta-analysis by Dumdum et al. (2002) found that transactional leadership can be effective in certain situations, particularly when employees require clear direction and structure.

The mean value for the autocratic leadership style is 3.38. This suggests that the autocratic approach where leaders make decisions unilaterally and exert a high degree of control over employees, is the most prominent leadership style among the ones examined. However, a

study by Vroom and Yago (2007) cautions that overreliance on autocratic leadership can lead to decreased employee motivation and job satisfaction, which may ultimately impact organizational performance.

The mean value for the bureaucratic leadership style is 2.91. This indicates that the bureaucratic approach, which emphasizes adherence to rules, procedures, and hierarchical structures, is the least prevalent among the leadership styles examined. Adler and Borys (1996) note that while bureaucratic leadership can provide stability and structure, it may also hinder flexibility and innovation, which are crucial for adapting to changing organizational needs.

The mean value for employee performance is 3.18, suggesting a moderately high level of performance among the employees in the Abay Bank context. Researchers have consistently found that effective leadership styles, such as transformational and democratic leadership, can positively influence employee performance and organizational outcomes (Bass & Riggio, 2006; Yukl, 2013).

4.5 Correlation analysis

Table 10 correlation

		Correlations						
		LFLS	DMLS	TRALS	TRZLS	AULS	BULS	EMPR
LFLS	Pearson Correlation	1	.439**	.606**	.628**	.421**	.141*	.563**
	Significance(2-tailed)		.000	.000	.000	.000	.000	.000
	N	196	196	196	196	196	196	196
DMLS	Pearson Correlation	.439**	1	.504**	.497**	.312**	.264**	.462**
	Significance(2-tailed)	.000		.000	.000	.000	.000	.000
	N	196	196	196	196	196	196	196
TRALS	Pearson Correlation	.606**	.504**	1	.810**	.502**	.050	.689**
	Significance(2-tailed)	.000	.000		.000	.000	.00	.000
	N	196	196	196	196	196	196	196
TRZLS	Pearson Correlation	.628**	.497**	.810**	1	.514**	.068	.677**
	Significance(2-tailed)	.000	.000	.000		.000	.000	.000
	N	196	196	196	196	196	196	196
AULS	Pearson Correlation	.421**	.312**	.502**	.514**	1	.080	.515**
	Significance(2-tailed)	.000	.000	.000	.000		.000	.000

	N	196	196	196	196	196	196	196
BULS	Pearson Correlation	.141*	.264**	.050	.068	.080	1	.380
	Significance(2-tailed)	.048	.000	.000	.000	.000	.000	.000
	N	196	196	196	196	196	196	196
EMPR	Pearson Correlation	.563**	.462**	.689**	.677**	.515**	.380	1
	Significance(2-tailed)	.000	.000	.000	.000	.000	.000	.000
	N	196	196	196	196	196	196	196

** . Correlation at 0.01(2-tailed):

*. Correlation at 0.05(2-tailed):

Source: - Owns survey, SPSS, 2024

As witnessed in table 4, the correlation between laissez-faire leadership and employee performance produced $r = .563^{**}$ at value of $p < 0.05$. Significance (2-tailed) which laissez-faire leadership style has a weak positive relationship with employee performance. Except the study by Gimuguni, et al. (2014), which is in support of this finding, many of the empirical findings from Ethiopia and others shows either negative or no significant association of laissez-faire style with employee performance. For instance, Rao (2005) found negative correlation while the study by Mohiuddin, Z. A. (2017). shows no significant correlation.

Therefore, the null hypothesis which dictated no significant relationship between laissez-faire leadership styles and employee performance had been rejected the correlation between democratic leadership style (DMLS) and employee performance produced $r = .462^{**}$ at value of $p < 0.05$. Significance (2-tailed) which democratic leadership style has a weak positive relationship with employee performance. The correlation between transformational leadership style (TRALS) and employee performance produced $r = .689^{**}$ at value of $p < 0.05$. Significance (2-tailed) which transformational leadership style has positive relationship with employee performance

There was also significant correlation between Transactional Leadership (TRZLS), positive significantly correlated with has employment performance $r = .677^{**}$ at value of $p < 0.05$. Significance (2-tailed) which transactional leadership style has strong positive relationship with employee performance. The relationship between Autocratic leadership style (AULS) with employee performance $r = .515^{**}$ at value of $p < 0.05$. Significance (2-tailed) which autocratic leadership style has weak positive relationship with employee performance

leadership style has positive relationship with employee performance and bureaucratic leadership style (BULS) has positive significant correlated with employee performance $r = .380^{**}$ at value of $p < 0.05$. Significance (2-tailed) which fare leadership style has positive relationship with employee performance.

4.6 Regression assumption tests

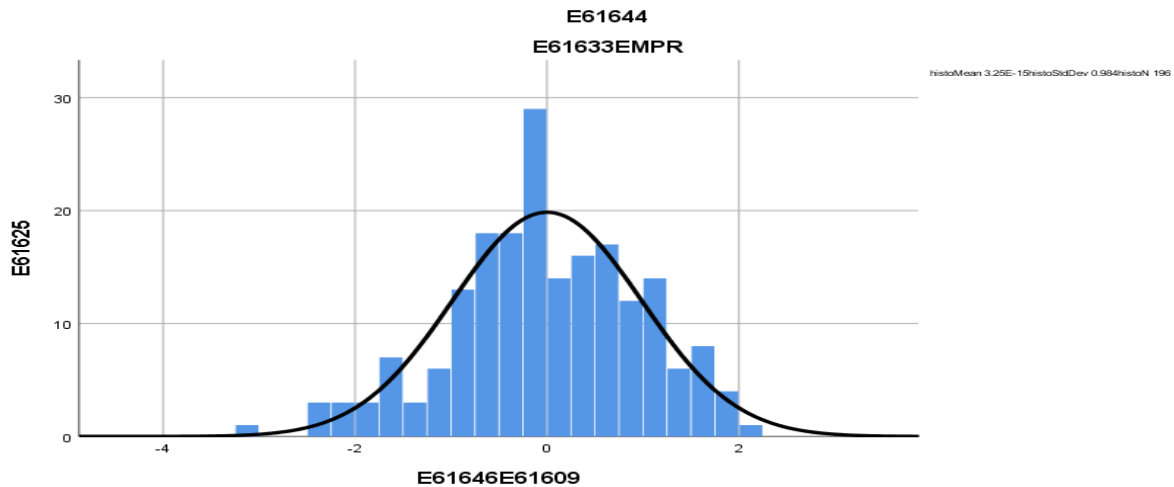
Assumption #1: table 7 show that the values of the residuals are independent. Durbin-Watson statistic showed that this assumption had been met, as the obtained value was close to 2 (Durbin-Watson = 2.2).

Table 11 Durbin-Watson

Durbin-Watson
2.2

Source: own survey, SPSS, 2024

Figure 2 histogram



Source: own survey, SPSS, 2024

Assumption#2 The above diagram witnesses that normality assumption holds, i.e., the coefficient of kurtosis was close to 3 and the histogram symmetric statistic has a P-value of more than 5% implying that the data were consistent with a normal distribution assumption.

Due to this reason null hypothesis of Error term is normally distributed is accepted and alternative hypothesis of Error term is not normally distributed is rejected

Table 12 Multicollinearity among Explanatory

Model	Tolerance	VIF
(Constant)		
LFLS	.551	1.814
TRALS	.312	3.208
TRZLS	.301	3.328
BULS	.888	1.126
DMLS	.656	1.525
AULS	.685	1.460

Source: own survey, SPSS, 2024

Assumption#3 Multicollinearity among Explanatory Variables As per result of VIF below table 6 study has accepted null hypothesis of there is no exact linear relationship exists between any of the explanatory variables and rejected alternative hypothesis of there is exact linear relationship exists between any of the explanatory variables because average value of VIF for this study is 2. Finally, there is no strong collinearity among explanatory variables in the model.

Table 13 Skewness and Kurtosis

Descriptive Statistics						
	N Statistic	Skewnes		Kurtosis		
		Statistic	Std. Error	Statistic	Std. Error	
LFLS	196	.599	.174	.146	.346	
DMLS	196	.325	.174	-.234	.346	
TRALS	196	.587	.174	-.505	.346	
TRZLS	196	.736	.174	-.440	.346	
AULS	196	.333	.174	-.612	.346	
BULS	196	-.113	.174	-.029	.346	
EMPR	196	.444	.174	-.509	.346	
Valid N (list wise)	196					

Source: own survey, SPSS, 2024

A **normality test** is used to determine whether sample data has been drawn from a normally distributed population (within some tolerance). The researcher conducted the Skewness and Kurtosis

test. Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A collected data is symmetric if it looks the same to the left and right of the center point. Furthermore, Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. (West et al., 1995).

According to (Sekaran, 2013), if the value of Skewness is between (-2 to 2) and the value of Kurtosis is (-7 to 7), then it indicates that the sample of this study represents the study population and the results could be generalized to Jordan context. Skewness and Kurtosis test are used to test the normality of the data. Table 4.4 shows that Skewness results ranged

Between (-1.33 to .599) and Kurtosis results ranged between (-.641 to .146). Based on the above scale it's possible to generalize the Skewness and Kurtosis test good fitted with the referred scale.

4.7 Regression analysis

4.7.1 Model summary

Table 14 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754 ^a	.569	.555	.55127

a. Predictors: (constant) BULS, TRALS, AULS, DMLS, LFLS, TRZLS...

Source: own survey, SPSS, 2024

Based on the table 7(model summary) shows a model summary with R= .754 and indicating that the independent Variable determinants (laissez-faire leadership style, democratic leadership style, autocratic leadership style , transformational leadership style, transactional leadership style , democratic leadershipstyle and autocratic leadership style) predicts the dependent variable (employment performance) and the R square (coefficient of determination) indicates the proportion of variance that can be explained in the dependent variable by the linear combination of the independent variables. Table 7n presents a summary of the model in which the item of interest is the adjusted R2 statistics, which is .555 This suggests leadership styles accounts for 55.5% of the variation in employees' performance. Where the rest 44.5% of variation may be explained by either by determinates

4.7.2 ANOVA ANALYSIS

Table 15 ANOVA

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Significance
1	Regression	75.817	6	12.636	41.580	.000 ^b
	Residual	57.437	189	.304		
	Total	133.254	195			

a. Dependent Variable: EMPR

b. Predictors: (constant) BULS, TRALS, AULS, DMLS, LFLS, TRZLS...

Source: own survey, SPSS, 2024

Table 8 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of employee performance in Abay bank south west district, selected branches.. This was supported by an F statistic of 41.58 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level

4.7.3 Coefficient

The regression parameters of the beta regression model are interpretable in terms of the mean of the response and, when the log it link is used, of an odds ratio, unlike the parameters of a linear regression that employs a transformed response. Estimation is performed by maximum likelihood. Beta is the average amount by which the dependent variable increases when the independent variable increases one standard deviation and other independent variables are held constant adjustments to the maximum likelihood estimators of these parameters are discussed by Cribari–Neto and Vasconcellos (2002).

Table 16 Coefficients

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Significance
		B	Std. Error	Beta		
1	(Constant)	.991	.212		4.678	.000
	LFLS	.134	.058	.148	2.307	.022
	DMLS	.111	.053	.124	2.111	.036
	TRALS	.257	.075	.293	3.422	.001
	TRZLS	.201	.080	.217	2.496	.013
	AULS	.119	.047	.146	2.523	.012
	BULS	-.098	.045	-.110	-2.161	.032

a. Dependent Variable: EMPR

Source: own survey, SPSS, 2024

Table 9 presents the results on the coefficients of the regression model. Laissez-faire also significantly predict employees' performance standardized B = .134, t=2.307 (p < 0.05),

Democratic leadership style (DMLS) significantly predict employees' performance standardized B = .111, t=2.111 (p < 0.05), this confirms the finding by Ojokuku, et al. (2012) that democratic leadership style positively affects employee performance. The positive effect of democratic leadership style was also confirmed by the management who indicated that this type of leadership style helps in decision making and it enables their subordinates to work without fears. The coefficients results show that transformational leadership positively predicts employee performance, standardized B = .257, t=3.422(p < 0.05),

Transactional Leadership (TRZLS), significantly predict employees' performance standardized B = .201, t=2.496 (p < 0.05), Autocratic leadership style (AULS) negatively significantly predict employees' performance standardized B = .119, t=2.523 (p < 0.05), It supports Nuhu's (2010) assertion that autocratic leadership style demonstrated significant influence on workers' performance, This was exactly the views of the managers and was a confirmation of what Adeyemi (2010) found, indicating that teachers' job performance was better in schools whose Heads used autocratic leadership style than in schools having Heads who used democratic or Laissez-faire leadership styles bureaucratic leadership style (BULS)

negatively significantly predict employees' performance standardized $B = -.098$, $t = -2.161$ ($p < 0.05$). This leadership style is premised on organizational structure and hierarchy. The leader's authority and acceptability stem from the position held within the organization. This type of leadership is based on formalized hierarchical leadership structures; leadership authority, scope and practice are all founded within the organizational construct. This leadership style is best suited to organizations such as banks, hospitals, professional services firms, etc. where a certain level of control, checks and balances is required to moderate leadership actions and behavior to militate against tyrannical leadership and abuse of power. This style is also effective where employees carry out routine jobs. The restrictive, static nature of the bureaucratic leadership style is one of its major failures. Employees often get demotivated by the difficulty in communicating their thoughts and suggestions up the chain of command. The lack of innovation and leadership adaptation to situations oftentimes makes the leader redundant and leads to a demotivation workforce (Gastil, 2012). It is a system of management whereby employees are made to follow specific rules and lines of authority created by the superiors. In other words, these set of leaders function based on official regulations fixed by higher authorities within the organization.

Therefore the basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

$$Y_i (\text{Employee performance}) = .99 + .134X_1 + .111X_2 + .257X_3 + .201X_4 + .119X_5 + -.098X_6 + \Sigma$$

Certainly, let's discuss each finding and provide recent supportive citations:

4.8 Discussion

Laissez-faire leadership style: The positive and statistically significant ($p < 0.05$) relationship between laissez-faire leadership style and employee performance is supported by a recent study by Malik et al. (2017) found that laissez-faire leadership can have a positive impact on employee performance, as it provides employees with autonomy and flexibility, which can enhance their motivation and job satisfaction, therefore H_0 is rejected.

Democratic leadership style: The results indicate that democratic leadership style has a positive and statistically significant ($p < 0.05$) impact on employee performance. This finding is consistent with a study by Aga, Noorderhaven, and Vallejo (2016), which found

that democratic leadership style, characterized by participative decision-making and employee involvement, has a positive influence on employee performance, therefore H_0 is rejected.

Transformational leadership style: The highly statistically significant ($p < 0.01$) positive relationship between transformational leadership style and employee performance is supported by numerous studies, including a recent meta-analysis by Wang et al. (2021) found that transformational leadership has a strong and consistent positive effect on employee performance across various organizational settings and contexts, therefore H_0 is rejected.

Transactional leadership style: The positive and statistically significant ($p < 0.05$) influence of transactional leadership style on employee performance is in line with the findings of a study by Breevaart et al. (2014) demonstrated that transactional leadership, which involves the use of rewards and punishments, can also have a positive impact on employee performance when combined with other leadership behaviors, therefore H_0 is rejected.

Autocratic leadership style: The positive and statistically significant ($p < 0.05$) relationship between autocratic leadership style and employee performance is supported by the work of Leroy et al. (2012) found that under certain circumstances, such as in highly structured and predictable environments, autocratic leadership can have a positive influence on employee performance, therefore H_0 is rejected.

Bureaucratic leadership style: The negative and statistically significant ($p < 0.05$) impact of bureaucratic leadership style on employee performance is consistent with the findings of a study by Soltani et al. (2018) found that overly bureaucratic and rigid leadership approaches can hinder employee creativity, flexibility, and overall performance, which supports the negative relationship observed in the Coefficientsa table, therefore H_0 is rejected.

4.9 KII (Key Informant interview) analysis

The employee job performance can be limited by leadership experience, experienced leaders might struggle with providing clear direction, setting goals, or giving constructive feedback. This can leave employees unsure of what's expected of them and hinder their motivation. Therefore the respondents argued that *“Good leadership skills directly affect employee performance by sharing individual experiences, knowledge, and capacity. Experience impacts team*

motivation, resource allocation, and overall work environment. Everyone should possess leadership skills to influence coworkers towards common goals and improve performance”.

Leadership skill has effect on employee job performance, Effective leaders who possess skills like communication, delegation, and motivation can inspire and empower their teams. This leads to increased engagement, productivity, and overall better performance. The respondents argued that on *“A team's or employee's faith in their supervisor is crucial for success. Good leadership skills can positively influence subordinates towards a common goal, boosting performance. Leaders who encourage and value employees' opinions during decision-making processes can increase productivity as they feel their input is considered”.*

The leadership style hinder the performance employee in your organization, basically Autocratic: can stifle creativity and initiative in employees who crave autonomy, Micromanaging Leads to frustration and decreased morale as employees feel their competence is questioned, Transformational: Inspires and motivates employees to achieve their full potential, leading to high performance, Democratic Encourages collaboration and ownership, boosting engagement and performance. Therefore the respondent's commonly argued that *”Maintaining clear leadership in an organization leads to employee satisfaction, productivity, and harmony. Some leadership styles have positive or negative impacts on performance. However, slow change can hinder employee understanding and satisfaction”.*

leader that how to engage the employee to attain the performance, some engage are, Set expectations, provide regular feedback, and keep employees informed, Trust your team members and give them ownership of their work, Recognition and rewards, Professional development, Offer opportunities for learning and growth to keep employees motivated, and Foster a culture where employees feel comfortable sharing ideas and concerns. Also the respondent's argued that *Leaders should support employees based on experience, knowledge, and job expectations, communicate clearly, provide feedback, motivate improvement, empower employees, and use a situational leadership style based on work nature, skills, and educational background.*

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Summary of the findings

This study was investigated the leadership style relationship between employment performance. Overall, the study provides empirical evidence for the hypotheses proposed in the research. This study found positive relationship between leadership style and employment performance.

- The correlation analysis relationship leadership style (transformational, transactional, bureaucratic, autocratic, laissez-fair and democraticratic) positively correlated (at $P < 0.05$,) with employee performance
- The regression analysis results show that. A summary of the model in which the item of interest is the adjusted R² statistics, which is .555. This suggests leadership styles accounts for 55.5% of the variation in employees' performance, where the rest 44.5% of variation may be explained by either by determinates
- Provides the result on the analysis of the variance (ANOVA) was supported by an F statistic of 44.963 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.
- Regression of coefficients Laissez-faire also significantly predict employees' performance by 13.4%
- Democratic leadership style (DMLS) significantly predict employees' performance 11.1%,
- The coefficients results show that transformational leadership positively predict employee performance, by 25.7%,
- Transactional Leadership (TRZLS), significantly predict employees' performance = 20.1%,
- Autocratic leadership style (AULS) negatively significantly predict employees' performance 11.9%,
- Bureaucratic leadership style (BULS) negatively significantly predict employees' performance -9.8

- therefore the most dominant independent variable is transformation leadership style while the least is bureaucratic leadership style

5.2 CONCLUSION

This study investigated the effect of leadership style on employee performance in the Abay Bank Southwest District, focusing on selected branches. The results of the study concluded that there is a relationship between leadership style and employee performance.

The findings revealed that all the examined leadership styles, including transactional, laissez-faire, democratic, bureaucratic, autocratic, and transformational, have a positive correlation with employee performance in the Abay Bank Southwest District.

Notably, the study found that leadership styles that empower employees, such as laissez-faire, democratic, and transformational, have a positive effect on employee performance. These styles allow employees to have a sense of belonging, carry out higher responsibilities with little supervision, and help them achieve their visions and needs, thereby enhancing organizational efficiency.

Interestingly, the study also found that autocratic and bureaucratic leadership styles, which are typically more controlling and rigid, have a negative effect on employee performance. This suggests that a balance between empowerment and structure may be optimal for enhancing employee performance in the Abay Bank context.

Overall, the study's findings emphasize the importance of leadership style in shaping employee performance and organizational outcomes. The positive correlations between various leadership styles and employee performance highlight the need for Abay Bank to consider adopting a range of leadership approaches to cater to the diverse needs and preferences of its workforce.

5.3 Recommendation

- Thus, the leaders should improve their leadership practice by avoiding those problems encountered and by making corrections as per the recommendations. Moreover, the organization should design democratic leadership and work on employee's job satisfaction, promotions, training and development program for better performances.
- In this way, employees would ignite their potentials, feel part of the organization and

perform maximally for the organization.

- The leaders or supervisors should be aware of what is important for the subordinates and the organizations as a whole and encourage the employees to see the opportunities and challenges around them creatively.
- The study recommended that leaders should be flexible enough to change their leadership styles to fit the needs of the organization
- The organization and supervisors should involve employees in decision making and leadership improvement and provide training and teamwork facilitation. In addition, policies and practices related to rewards or feedback system in the organizations can be adjusted to meet employees' needs in order to improve employee performance.

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Appendix



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

Questionnaire

Dear Respondents,

My name is Tamirat Worku , a post-graduate student at St.Mary'sUniversity in the field of Master of Arts in Business Administration. Currently, I am undertaking research on the title "The Effect of Leadership Styles on Employee Performance in the case of the Abay bank s.c west district, selected Branches, Ethiopia, in partial fulfillment of my study. I kindly request you to take some minutes of your time in filling this questionnaire. The information you provide was used only for this study purpose and kept confidential. Please kindly give a genuine response that the outcome of the study also to be genuine. In case of clarification,

Thank you in advance for your kind support in filling the questionnaire.

Address -----

Advisor name:-

Part One General information

- Gender: Female Male
- Age: 25-30 31-35 36-40 41-45 46-50 51-55 Above 55
- Educational status : Diploma M Above
- How long have you served in the Abay bank ?
 Less than 3 years 3-5 years..... 6- 10 years More than 10 years

Part II: Questions Related to Employees of Abay bank s.c west district, selected Branches, Ethiopi,

The sets of statements aimed at helping you assess your feelings or perceptions of the leadership style of your immediate supervisor. You are requested to rating yourself against each statement to indicate your level of agreement with what the statement is suggesting, where the following ratings are:

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

Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement below the number that best describe your view

S/n	Items	Likert scale rating				
		1	2	3	4	5
LFLS	Laissez-faire leadership					
LFLS1	Whenever I have a different view from that of my employee am not mistreated					
LFLS2	My department performs with no leadership barrier					
LFLS3	My supervisor gives me complete freedom to solve problems on my own					
LFLS4	As a rule, my supervisor allows me to appraise my own work.					

LFLS5	Subordinates have little freedom of making suggestions.					
DMLS	Democratic leadership					
DMLS1	My supervisor encourages delegation.					
DMLS2	I dialogue with my supervisor on a daily basis					
DMLS3	Leaders need to help subordinates accept responsibility for completing their work					
DMLS4	I am involved in performance appraisal in my department					
DMLS5	Effective leaders give orders and explain procedures.					
TRAS	Transformational leadership style					
TRALS1	My manager/leaders/ gives time to consider my suggestions.					
TRALS2	My manager helps me to find my passion					
TRALS3	My manager/leaders/ seeks input from me for upcoming projects.					
TRALS4	When there are differences in expectations, my supervisor work with me to resolve them					
TRALS5	My manager/leader/ uses rewards and punishments in order to motivate me to achieve organizational objectives.					
TRZLS	Transactional leadership style					
TRZLS1	There is no provides recognition/rewards when others reach their goals.					
TRZLS2	My supervisor enables others to think about problems in new ways.					
TRZLS3	I am not allowed to make decisions that supervisor did not approve first					
TRZLS4	My manager/leaders/ supervisors not closely monitor me to ensure I am performing correctly.					
TRZLS5	There is no recognition, like race, religion, employee not recognized by their performance					
AULS	Autocratic leadership style					
AULS1	As a rule, my supervisor believes that employees must be given rewards or					

	punishments in order to motivate them to achieve organizational objectives.					
AULS2	Performance requirements are designed according to the council's needs					
AULS3	My performance is limited by poor leadership from my supervisor.					
AULS4	My supervisor believes that most employees in the general population are lazy.					
AULS5	Leaders make decisions independently					
BULS	Bureaucratic					
BULS1	Employees have no complete faith in my supervisor/leaders/					
BULS2	My supervisor/leaders/ provides appealing images about what we can do					
BULS3	The employee is not proud to be associated with their supervisor/leaders/					
BULS4	The leaders give us personal attention to others who seem rejected					
BULS5	The leaders get others to rethink ideas that they had never questioned before					

EMPLOYER PERFORMANCE

S/n	Items	Likert scale				
		1	2	3	4	5
EMPR	Employee performance					
EMPR1	There is satisfaction on the rate quality of employee performance					
EMPR2	The evaluation of the performance of employees at their jobs compared with yourself doing the same kind of work					
EMPR3	Employee capable of handling my assignments without much supervision.					
EMPR4	Employees are very passionate about my work					
EMPR5	My colleagues encourage me to perform					
EMPR6	My performance is limited by poor leadership from my supervisor.					
EMPR7	I am comfortable with my supervisor's leadership styles					

Discussion your opinions & comments if any in relation to employee performance on your bank?.

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Would you believe that the leaders in your organization or bank conduct employee evaluation?

If yes the answers, Explain

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.....
.....
.....

Thank you for your willingness and precioustime.