ST. MARY'S UNIVERSITY COLLEGE

FACULTY OF BUSINESS

DEPARTMENT OF MANAGEMENT

LEADERSHIP PRACTICE AND CHALLENGES: THE CASE OF ADDIS CREDIT AND SAVING INSTITUTIONS

BY

TEDLA LEGESU

June 2011

SMUC

Addis Ababa

LEADERSHIP PARCTIC AND CHALLENGES THE CASE OF ADDIS CREDIT AND SAVING INSTITUTION

BY

TEDLA LEGESU

A SENIOR ESSAY SUBMITTED TO THE DEPARTMETN

OF MANAGEMENT BUSINESS FACULTY

ST. MARY'S UNIVERSTITY COLLEGE

IN PARTIAL FULFILLMENT OF THE REQUREMENTS

FOR DEGREE OF BACHELOR OF ARTS IN MANAGEMENT

JUNE 2011

SMUC

ADDIS ABABA

ST. MARY'S UNIVERSTITY COLLEGE

LEADERSHIP PRACTICE & CHALLENGES:
IN ADDIS CREDIT AND SAVING INSTITUTION

BY

TEDLA LEGESU

FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT

APPROVED BY THE COMMITTEE OF EXAMINERS

_____	_____
Department Head	Signature
_____	_____
Advisor	Signature
_____	_____
Examiner	Signature
_____	_____
Examiner	Signature

Acknowledgement

First I would like to express my gratitude appreciation to my advisor Ato Yimer Adem for his valuable and crucial comments throughout the process of my paper. Secondly I would like to express my appreciation to staff members of Addis credit and saving, for their cooperation in helping me to do the study.

TABLE OF CONTENT

CONTENTIS

CHAPTER ONE

1   INTRODUCTION

CHAPTER TWO

REVIEW OF RELATED LITERATURE

CHAPTER THREE

DATA ANALYSIS PRESNTATION AND INTERPRETIATION

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDETIONS

Bibliography

Appendices

- Appendix – A – questionnaire
- Appendix – B – Interview check list

LIST OF TABLES

Contents   **Page**

ABBREVIATION

MFIS: - Micro Fiancé Institutions

ADCSI:- Addis Credit and Saving Institutions

OPCSSBO:- Project Office Creation Small Business Opportunity

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Leadership is one of the enzymatic topics in the field of management as well as in real life political, economic, social, organization of human kind.

Leadership attract is universal alternation. Historian philosophers and social scientists have attempted to understand and explain leadership for countries. From Confucius to pale to Machiavelli Many of the world's most famous thinkers have theorized about how people lead one another. One reason for the fascination with this subject lies in the very nature of human experience leadership is all around us. We get up in the morning open the newspaper, turn on the radio or television and discover what certain leader all over the world hear take we attend classes, work interact in social group all with their own distinct patterns of leadership (Hack man and Johanas, 2004:2)

The definition of leadership quoted from the work of Tom peter and Nance Austin by Frana Elso dent, titled. ''The leadership pocket book'' provides us written broader is sight about essence of leadership.

> *Leadership means version cheerleading   love, trust verve, passion, obsession consistence the use of symbols, paying attention as illustrated by the content of one's calendar, out drama (and the management three of), creating heroes at all levels, coaching, effectively wandering around and numerous other things (Finana 2004:2)*

 Based on the above definition leadership plays an important role in providing shared vision and values that are essential for the accomplishment of organizational objective or goal. If enhances commitment, by empowering and coaching employees and work group which will enable the organization to crease heroes at all levels.

Addis credit and saving institution (ADCSI) is a micro finance which operates with in the boundaries of Addis Ababa city administration. It has been established in 1997 by the name project office for the creation of small scale business opportunity/OPCSSBO/ and after serving for two years in 1999 the institution recognized itself based on the

regulation No.40/96 as share company by having six founding members. Addis Ababa city government, Addis Ababa women association and Ato Tesfamariam G/medihin,

Addis Ababa city government, had contributed the larger portion of the institution capital by subscribing 999,900 birr out of 1017000, which is almost 98% (memorandum of association of ADSI)

The following objective of the organization has been taken from the memorandum of association of the institution (2000)

Granting credit, in cash to the unemployed youth, women, framers and other in small-scale production is the main duty of the institute and advice before giving loan service for the people residing in urban and rural areas of Addis Ababa as per proclamation no.40/1996. Providing credit service encourages the unemployed youth to take initiative to create there own business and be self-supporting.

Encourage income-generating project mobilizing funds for its implementation and cooperate with others who are engaged in such type of activities. Accept mandatory saving well as demand and time deposit.

Borrower money for its business purpose against the security of its assets or otherwise, rendering managerial, marketing technical and administrative advises to the borrowers and assisting them to obtain service in those fields. Engaged in other activities customarily under taken by MFIS.

So far ADCSI has able to disburse birr 422,700,000 (four hundred twenty two million seven hundred birr) for 108100 customer. Out of this money the institution has been able to collect birr 255 million and the rest is still in the hands of its customer (operational report of the institution as of June 2007)

What we see here is that, it is left doing nothing the figure will rise significantly and put the institution under a very likely risk condition?

1.2 Statement of the problem

Leaderships is a process by which an executive or imaginatively directs guides and influence the work of other in choosing and attaining specified goals by mediating between the individual and the organization in such a manner that both will obtain the maximum satisfaction (Hamimann, 1966:440)

It is very obvious that the objective of (ADCSI) requires strong leadership that provides employees to empower and to carry out their responsibilities effectively and efficiently.

ADCSI has major leadership problem:

Professional staffs including some department heads do not stay long time in the organization and there is a high rate of turnover. Leaders of the organization selected on political commitment rather than profession. There are significant numbers of employee's compliant regarding mistreatment by the leaders. (Observation)

Therefore, this research is conducted to investigate the leadership practice and challenges in Addis Credit and Saving Institution.

1.3 Research Question

The following are the basic research questions the researcher tries to answer

1. What is the perception of the employees towards the leadership practices of the organization?
2. What are the problems observed in the process of leadership practice?
3. How does employees and managers relationship is practiced in the process of leadership?
4. What measure is taken to improve the current situation and promote the organization leadership quality?

1.4 Objective of the Study

General Objective

The general objective of the study is to examine the leadership practice of the Addis credit and saving is identify the major leadership problem that would be help the organization to take corrective measures and improve the situation.

Specific objectives

The following are the specific objectives of the study

➢ To investigate what kind of leadership style do leaders of the ADCSI use to deal with different situations.
➢ O identify the leadership problem of the organization that affected by the performance of the organization.
➢ To determine the organization leadership to staff turnover and
➢ To suggest corrective measure to improve and recommend solutions for the problem identified.

1.5 Definition of Terms

The following terms are defined in order to adequate by clarity the concepts they have in the entire study.

Leadership: - it can be defined as speaking, listening and acting in a way that mobilizing self and others to take effective action to realize vision possibilities and dreams (transformational leadership development program participate manual. 2004:3)

1.6 Significance of the Study

Today there is no topic more important to business success more than leadership. Ths study may be of great interest to aware the concerned bodies about the problems associated with ADCSI's leadership practice and also propose the possible solution for the existing problem.

1.7 Research Design and Methodology

1.7.1 Research Design

The research design was descriptive survey, as the research carried out using facts to describe the exact problem in the organization; both qualitative and quantitative methods were used for data collection and analysis. Interviews and questionnaires were measure through qualitative and structured interviews through quantitative statistical research.

1.7.2 Population and Sampling Technique

ADCSI has 10 branches, 10 micro bank and 99 sub-branch. Because of difficulties to take the whole population for conducting the study, the researcher used sample representing the population. The sample respondents were selected using simple random sampling technique. The total number of employee was taken of as population of the study is 530, Out of these 115 (21.7%) of worker used as a sample size.

1.7.3 Types of Data Collected

Primary and secondary source data are used for this study. Employee and managers at different department of the organization was taken the major sources that the study used for collection of primary data. Secondary data was gathering from different books and organization's documents.

1.7.4 Method of Data Collection

The data collection tools are both primary and secondary data. Qualitative and quantitative data was gathering through questionnaires and interview for the collection of primary data. In addition to the above primary source of data the study also used published materials, different books and other documents as a secondary source of data.

1.7.5 Data Analysis Methods

The researcher used descriptive statistics to analyze, interpret and summarize the findings of the study, because it is appropriate to analyze quantitative data. Thus percentage

computation was used to get the total picture of the data collected from the sample respondents which could serve as a base for making comparative analysis. In summery the data were tallied, tabulated and analyzed using descriptive statistics method. Data gathered through interview and document analysis were organized qualitatively.

1.8 Scope of the Study

Since ADCSI starts functioning in 1997 and also has head office, branch, and sub-branches, it take extensive research, much more time, sufficient information and energy to get and use all the data's. Therefore the research is delimited on the head office and 3 branches located in Kolfae Keranio sub city and data's available on the last three years (January 2009 - December 2011)

1.9 Organization of the Study

The paper is classified into four chapters. The first chapter is the introductory of that includes the background of the study, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study. The second chapter is the literature review, which deals with the theoretical and conceptual aspect of the study. The third chapter is the analysis, discussion parts the last but not the least one is the fourth chapter, which focuses on the findings conclusion and recommendation.

Chapter Two

Review of related Literature

2.1. **Definition of Leadership**

- According to Chester I. Bernard ''leadership refers to the quality of the behavior of the individual where by they guide people on their activities in an organized efforts'' (Singh, 2001:325)

- According to Grey and Starke, ''leadership is both process and property. The process of leadership is the use of none coercive influence to direct and coordinate the activities of the members of an organized group toward the accomplishment of group objectives As a priority, leadership is the set of qualities or characteristics attributed to those who are perceived to successfully employ such influence'' (Singh 2001:325)

2.2. Nature of Leadership

Leadership is the capability of a person to lead and influence others, command following control and direct group members, and secure acceptance. A leader is a person who has leadership qualities or the one who leads. Obviously leaders have followers, Koontz and associated have therefore observed. ''In a very fundamental sense, leadership also is follower ship, and we must discover why people follow. Basically, people tend to follow those who offer them a means of satisfying their own desires and needs. The task of managers is to encourage people to contribute effectively to wards the accomplishment of enterprise goals and to satisfy their own desires and needs in the process.''

A manager or an executive particularly a human resource manager, who has leadership qualities, and is able to command allegiance of his people, has greater possibility for success. Then his ability to accomplish the common goals and objectives with the help of his people would enhance. (Michael 2002:354)

Robert Tannenbahum, therefore defined leadership as interpersonal influence exercised in a situation and directed, through the communication process, toward the attainment of a specialized goal or goals.

In fact, the Managers ability to influence his people is based on various factors like legitimate power, ability to influence by virtue of expertise, capability and contacts, traits, attitudes and approaches, behaviors, capability and contacts, traits, confidence in the subordinates, behaviors manners, ability to create confidence in the subordinates and so on.

There are situational factors also enables the managers to posses' authority to lead their people and to command adherence. Competence is perhaps one of the most effective parameters of ability to influence is Robert A. Baron has remarked. ''If you wish to succeed in influencing your subordinates and to be perceived by them as an effective leader, cultivate aura of competence. To the extent you do your impact on your subordinates may well be enhanced'' No doubt, competence is a good determinant of leadership. There are many other factors also which may support the actual leadership. To quote from Ordway Tead, ''Leadership is the name given for that combination of qualities by the possession of which one is able to get some thing done by others, chiefly because through his influence they become willing to do it.'' Management is the process of getting things done by others. Obviously leadership helps one to be an effective manager?

Hence, Glover is right in holding the view that leadership is that outstanding aspect of management which manifests ability, creativeness and initiative there by gaining form people the confidence, cooperation and willingness to work by organizing and building employee morale. In this context four major aspects of leadership, which McGregor pointed out are worth mentioning. These are:- (Michael, 2002:355)

1. Characteristics, of the leader
2. Attitudes, need and other personal characteristics of the followers.
3. Characteristics of the organizations such as its purpose, its structure and the nature of the task to be performed.
4. Social, economic and political milieu (Michael 2002:454)

2.3. Creative character of the leadership work

The work of the leader is not characterized by his organizational character alone or by the fact that the leader assumes a certain title life a specialist in a certain profession. The work of a leader resembles other profession too. But its essence the work of the leader is actually like that of creative workers. He should not only transmit things, but he should also analyze and decide. A leader should not act automatically and formally with out analyzing. Otherwise he will be a tragedy for the workers cause. A leader should think. He should not be a simple performer. Though the structure and organization of a production unit may be

very much improved, their will always be activity or question which will require a leader's solution. In such a case the leader's duty is not only to synchronize activities, but also to win different units on the basis of the assigned performance. He should realize in practice this synchronization according to the concrete conditions and according to the new situation. This activity, which is connected with the analysis of conditions in which the collective is working, expresses the creative side in the work of each leader. (Ganov p, and Tesfaye Abdi 1984:25)

2.4. Leadership Style

There are several methods to classify leadership they can be classified in terms of amount of authority and participation exercised in the organizational settings. Thus the can be autocratic or authoritarian, participative or democratic, and permissive or free- reining or laissez-faire.

➢ In an authoritarian approach to leadership, the leader delegates very little authority and provides very little participation to their subordinates in the decision making process.

➢ Leaders adopting the participative approach or democratic leaders provide active involvement to their subordinates in the decision making process.

➢ The permissive, /free- running or laissez faire/.
Leadership permits substantial delegation of authority to subordinates and accordingly allows them to set objectives and solve problems themselves.

➢ As it is observed from the approaches of the leader.

➢ Autocratic leader delegates the subordinates little authority and decision making involvement. This is not inviting the subordinates to work freely. If the subordinates are not fully involved in decision making and organizational objective setting, it has negative impact on them.

➢ The permissive /free- reining or laissez faire/ leadership permits substantial delegation of authority to subordinates and accordingly allows them to set objectives and solve problems themselves. (DWIVEDI, 2002:464)

2.5. Leadership classification

In another way, leadership is classified as positive and negative, based on the approaches of leaders to mobilize and maintain the levels of motivation of subordinates. Some leaders tend to emphasize the use of rewards for subordinates to get things done whereas other emphasizes the use of punishments for failure to produce results. The former type is positive while the latter is negative. In positive leadership, leaders enthuse a spirit of cooperation in their subordinates to get the results in return for rewards. This type of leadership is people centered, and is believed to provide optimal results through committed people.

In negative leadership the leaders employ real or implied threats to stimulate their subordinates although in the short run, the threats to ones security fetches results, in the long-run, it causes resentments and kills the initiative among subordinates who tend to conceal their true capabilities. (DWIVEDI, 2002:465)

2.6. Significance of Leadership

A major question arises as to why an organization, one it has achieved maturity, requires leaders, leadership and influential increments. The answer to this indicates the significance of leadership in organizational settings. The exertion of influence in the organization does not automatically flow its structural properties but from the individual in the leadership. There are several reasons which place at most importance on the need for leadership:- the incompleteness of organizational design, changing environmental conditions, the internal dynamics of the organization, and the nature of human membership in organizations. (DWIVEDI, 2002:465)

2.6.1. Factors of leadership need

2.6.1.1. Incompleteness of organizational design:-

The feature of incompleteness of organizational design becomes evident when one compares the real organization with the organization al chart. Every one knows that the actual behavior is more complex, inclusive and variable than the plan. It is because of this fact that as son as an individual joins the company and receive the duty-chart this first step is an attempt to learn from ha follow members how things are actually done the un written but crucial facts of organizational life.

Thus leadership is required to compensate for these organizational short comings. (DWIVEDI, 2002:465)

2.6.1.2. Changing environmental conditions:-

The significance of leadership also arises from the openness of organization as a system and from the fact that it operates in a changing environment. An organization is influenced to a great extent by its environment. Since the environment is constantly changing in respects of technological, legal, cultural, climatic, and several other conditions, it becomes imperative on the part of the organization to change itself accordingly. The effective change over requires leadership because, there exists no built in stabilizing devices in organizations for coping with such altered requirements. (DWIVEDI, 2002:465)

2.6.1.3. Internal dynamics of organization:-

The need for leadership arises from the internal dynamics of the organization itself. At the organizational level as a whole, we find growth dynamics and at the level of organizational sub-structures, there prevails the internal tendency towards in balance and recovery. This condition requires constant organizational change, both internally and in relation to the environment with a view to obtain a new balance and working structure. Leadership is required to make such adjective changes. (DWIVEDI)

2.6.1.4. Nature of human-membership in organization:-

The significance of leadership also stems from the nature of human membership in organizational settings. People forming an organization are members of several organizations. Human membership in the organization involves only a part of the individuals. Numerous extraneous activities and affiliations take up the bulks of his time and satiate his needs. These extra organizational activities influences human behaviors at work, and change in these activities necessitates changes in work settings. If this changes comes into conflict with the desired behavior in the organization itself. Moreover, there is individual change and development stemming from maturity, age and assimilation of experience which in turn, causes changes in member's nature and level of needs and motives. Further, there is turnover and replacement introducing unique experience and personality in the organization. All these changes demand adaptation on the part of the organization which is accomplished with the aid of people in leadership roles.
(DWIVEDI, 2002:466)

2.7. Leadership roles and Functions

Leadership roles and function are privotal in leadership effectiveness. This is why writers like Gouldner have included the leadership roles in the definition of leadership.

2.7.1. Leadership roles

Good leaders are good communicator, organizers and coordinators too. Companies with imaginative policies of leadership development would have better leaders. Better leaders in turn will develop better products, polices and practices, leading to better customers services. To generalize, a good employer who develops good leaders would be able to serve the community better, maximizing customer satisfaction.

It is a leadership that determines the overall plan, and infuses the system with character and directions. The employer is initiator of plans carried out by company and its functional executives while the leader is the one who provides leadership in the process. A leader plays many roles and his behaviors makes considerable impacts in the organizational functions and culture. Leadership role is a crucial in shaping the organizational effectiveness. (Michael 2002:457)

Leadership Roles classification table by Benne and Sheets.

Table 1.1 Leader sheep Roles

	(A) Group /task role	(B) Group building and maintaining roles	(C)Individual roles
1	Initiator Contributor	Encourager	Aggressor
2	Information seeker	Harmonizer	Blocker
3	Opinion seeker	Compromiser	Recognition seeker

4	Information giver	Get keeper and expeditor	Self confessor
5	Opinions giver	Standard settler	Play boy
6	Elaborator	Group observer and commentator	Dominator
7	Coordinator	Followers	Help seeker
8	Orient or	-	Special interest pleader
9	Evaluation criteria	-	-
10	Engineer	-	-
11	Procedural technician	-	-
12	Recorder	-	-

(Michael 2002:458)

As it is shown on the table above, any leader is expected to carry out the predetermined tasks of the groups and he has his own roles to play in this respect. He is also concerned with the roles relating to group building and its maintenance. A group leader is bound to be a group builder, a long with the task roles and group building roles, he his own individual roles too.

2.7.2. Leadership Faction

There is also a leadership function which is stated by Crutchfiled and associates. 14 leadership functions classified under two titles as shown on the table below.

Table1.2. Leadership Function

Primary leadership function		Secondary leadership function
1	Executive	Exemplar
2	Planner	Symbol of the group
3	policy maker	Substitute for individual responsibility
4	Expert	Ideologists
5	External group representative	Father figure

6	Controller of internal relations	Scope goat
7	Purveyor of rewards and punishments	-
8	Arbitrator and mediator	-

2.8. Effective Supervision

According to research made on leadership in India what is effective supervision and how could it be achieved is a question that has bothered both the practitioners, as well as trainers. A summary of the theories discussed before and the research findings particularly in Indian context, suggests that concern for employees trust and warmth go a long way in achieving effective if the needs and personality of both the subordinates are also taken in to account.

We may be able to prepare a blue print of effective supervisor if we have some idea of the problems of supervisor and some idea of what the subordinates expect from him.

To suggest, the ways and means that would make a supervisor more effective, the fallowing kinds of supervisor behavior may generate greater satisfaction and higher productivity among the employees (Saiyadain, 2004:168)

2.8.1. Fair Treatment

A leader is most often caught between two conflicting thoughts universally accepted platitude, ''treat people as individuals according to their special needs'' and avoid favoritism. On the one hand, he has to treat each one according to his needs and on the other, he must realize that inconsistence in treatment can cause service problems. He must remember that one subordinate is as important as the other and that they all demand equal consideration. Delusions should be based on grounds accepted legitimate and fair by the subordinates with a built-in appeal procedures (Saiyadain, 2004:168)

2.8.2 Fair Evaluation of work

All employees want to know how they are doing in their work. A leader therefore should provide constant feedback to them. Most leaders tend to give only the positive feedback

and avoid criticism for fear that it may turn the employees against them. Effective supervision demands that both the positive and the negative feedback should be given to the subordinates. If negative feedback is not given, he could continue to make the same mistakes. The feedback should be immediate, objective and based on actual behavior might be seen as subjective, biased on actual behavior. Evaluation backed without examples of specific on-the-job behavior might be seen as subjective, biased, and personal. Each evaluation should be shared with the employee to give him a chance to explain or understand. This could be bases for a long trusting relationship so important for the achievement of organizational goals. (Saiyadain, 2004:168)

2.8.3. Involving subordinates in decision making

Decisions that particularly affect the subordinate are better accepted if their opinions are taken into account. A free exchange of information around the decision, comments and questions may help them to come with suggestions that may make the decision more workable. The effective supervisor tends to involve his subordinates in decision making because decision arrived by consensus implies commitment and agreement to carry it through. It neither undermines the authority of the leader nor undercuts the viability of the organization. (Saiydain 2004:169)

2.8.4. Developing personal relations with subordinates

This has been extensively discussed before, however it needs to be emphasized that the personal relations between the supervisor and subordinates have to do with the way subordinates view their jobs. A more personal relationship communicates to them that the leader approves both their works and themselves as individuals. The leader can give signals of personal interest by listening to their problems, showing tolerance when mistakes are made, appreciating when a job is well done, and so forth. The classical study on supervision conducted by (Lewin, Lippit and White, 1993) makes the point very clear. They experimented in artificially created climates of democratic and autocratic leader

behavior in work situations. They noticed that the subordinates topped all their activity as soon as the autocratic leaders walked away from the place of work, and resumed them as soon as he came back. They intentionally gave the impression that the work never stopped which was not true. In the democratic leadership pattern, absence or presence of the leader did not influence quality or quantity of their work. The democratic leader unlike his auto creative counter part was helping, trusting, and showed concern with their work and personal life. In a study, (Arya, 1985) collected data on 375 workers from two public sector corporations, his resulting suggests that supervisors with higher democratic orientations generated more interest in work among their subordinates (Saiyadain, 2004:169)

2.8.5. Availability to all subordinates

A leader who is readily available to his subordinates impresses them with his interests in their problems, gives them an opportunity to sound their idea when they have the need for it and generally promotes a more effective superior-subordinate relationship. A leader remotely placed and difficult to approach is neither sensitive to the problems at the shop floor nor would his decisions be realistic. His sensitivity to predict problems and to take precautionary measures would be the worded and he might be faced with surprises in his job. Over and above all, his remoteness might give the impression that he does not care for others and would rather like to be left alone. In addition to these, it is noticed that conflicting orders, discrimination, unnecessary interference in the work of employees, too close a supervision, public reprimands and pettiness often leads to ineffective supervisory behavior. Subordinates see their supervisor as model, when satisfied with him they try to follow to his foot step.(Saiyadain, 2004:171)

2.9. Theories of leadership

It is relevant here to examine some of the important leadership theories. Earlier leadership studies include Lippitt and White Studies, Ohio States studies and Michigan studies in USA which laid the foundation for leadership theories. Several studies were later conducted which facilitated theories of leadership, Trait theories of leadership, Group

theories, Situational theories, Contingency thory, Normative theory, path goal theory and vroom-Yettom decision models. (Michael 2002:472)

2.9.1. Trait theories of leadership

In the past, leaders were considered to have been born. Such born leaders had specific trait which made them to emerge out of any situation to become leaders. This belief provided that bases for trait theories. Traits are distinguishing features or qualities. The study on traits was first stared with investigation on what distinguishing qualities of a person make him to be a leader.

Numerous researchers were conducted to identify the traits which directly influenced leadership. Intelligence was found to hold up with some degree of consistency. Though there can be some amount of rationale in associating these qualities with leadership, it may be difficult to establish such relations beyond doubt. A manager or leader who possess certain traits, say: pleasant nature, tactic fullness, humility, proper perception ability, high achievement motivation, initiative outgoing nature, etc have better chance to succeed.

Five important qualities which may have relationship with successful organizational leadership are:- intelligence, social maturity and breadth, inner motivation and achievement derivers, Human relation attitudes and tactic fullness. Trait theories are therefore not of much predictive value though some descriptive insights are provided by them. (Michael 2002:472)

2.9.2. Group theories of leadership

Group theories are rooted in social psychology particularly Humans exchange theory. Group theories are of opinion that leadership is an exchange process between the leaders and followers where both of them have their own roles expectations. The attitudes, approaches, performance and satisfaction of leader largely dependent on the support he received from his members according to Filley. Obviously, it can be remarked that the effectiveness of the leader or the group members depends on the attitudes made by each

and every one in the group. According to Hollander, since leadership embodies a two way influence relationship, recipients of influence assertions may respond by asserting influence in return. The very sustenance of the relationship depends upon some yielding to influence on both sides. (Michael 2002:472)

2.9.3. Situational Theories of leadership

Credit goes to social psychologists for their efforts to search for situational variables of leadership. This theory provides insights into the impact of situational variables on leadership roles, skills and behaviors as well as on performance and satisfaction of the followers. Fred Fiedler developed an operational technique to measure leadership style with the help of Assumed Similarity between Opposite (ASO) and Least preferred Co-worker (LPC) variables. The degree of similarity between leaders perception of their most and least preferred co workers is worked out by (ASO) and least preferred Cowarper (LPC) on the other hand, calculates the degree to which the leaders favorably perceive their worst coworkers. The two measurements are related to leadership style in two ways.

1. The human relations or limit style is related to the leader who does not discern a great deal of difference between the most assumed similarity opposite or who gives relatively favorable descriptions of the least preferred coworkers (LPC).
2. The task directed or ''hard-nosed'' style is closely related to the leader who perceive considerable differences between the most Assumed Similarity between Opposite (ASO) and gives a very un favorable description of the Least Preferred Coworker (LPC). The writer concluded by suggesting that more attention should concluded by suggesting that more attention should have to be given to situational variables. (Michael 2002:472)

2.9.4 Contingency theories of leadership

Contingency theory is one of the modern theories. It was Fred Fiedler who developed a contingency model of leadership effectiveness. His basic assumption was that the model of leader to the successful performance of his group is determined both by the leader's

characteristics and by various features of the situation. Thus to fully understand the leaders effectiveness, both the leaders characteristics and the situational factors must be taken into account. According to Fiddler, it is difficult for managers to alter management styles which helped them to develop successful careers. Hence, making effort to change that particular style to suit the situation may be in effective. Stoner observed. ''Since style are relatively in flexible, and since no one style is appreciated for all situations, effective group performance can be achieved by matching the managers to the situation or by changing the situation to fit the managers''. Three elements that help to determine an effective leadership are:-

A. Leader- member relationship
B. Task structure
C. Leaders positions of power.

Despite any amount of criticism level against it, no doubt, the contingency model of leadership has provided to match for the much needed theoretical basis for the concept of leadership.

2.10. Destitution between leaders and managers

Table- 3. Destitution between leaders and managers

No	Managers	Leaders
1	➢ Establishes relationship through authority between superiors and subordinates with in the framework or organization ➢ Needs formal organized groups ➢ In management juniors have to fallow seniors	➢ Des not require any frame work or organization ➢ Doesn't require any such group informal groups can be led not managed. Any one can fallows leaders there are no juniors or senior among followers.
2	➢ Expect managers to be rational decision makers ➢ Management does not have emotional appeals they acts on rationality	Vent on moods and expectations of the followers Has emotional appeals
3	➢ All managers are not leaders ➢ Direct subordinates by virtue of authority vested in them	➢ All leaders are not managers ➢ Have no such formal authority invested in them, rather they derive power form their followers and use this power to guide, direct and influence people
4	➢ Have formal authority to reward the employees with promotion or transfer them or demote them if they erred	➢ Have no such authority leaders with people's power try to satisfy their social needs and ego.
5	➢ Tries to accomplish organizational objectives	➢ Tries to accomplish peoples hopes, aspirations and expectations.
6	➢ Process of planning organizing, the actuating and controlling the activities of others to attain organizational objectives.	➢ Leadership is a process of influencing the behavior of people to attain their shared goals.
7	➢ Doing things right, ➢ Management efficiency lies in climbing the ladder of success	➢ Doing right things ➢ Determines wither the ladder is leaning against the right wall
8	➢ Accountable for its behavior in clearly defined way	➢ Not so accountable in clearly defined manner
9	➢ Leadership qualities for management are supposed to be essential and added advantage	➢ But for leadership managerial qualities are not essential at all.
10	➢ Requires policies and procedures to direct people for attainment of goals of the organization	➢ Achieve goals through actions by the people

(Singh N. 2002:327)

CHAPTER THREE

DATA ANALYIS PRESENTATION AND INTERPRTATION

3.1 INTRODUCTION

This chapter comprises two sections namely general characteristics of respondents and analysis of the date collected through questionnaire & interview the total population of the organizations employees is 530, out of which 159 (30%) were selected to fill out the questionnaire and to answer in interview questions . The questionnaires were distributed to 139 employees that were selected based on the sample design. Out of distributed questionnaires twenty four were filled out and returned. The return rate is 83%. The interview was conducted with two senor management officials of the origination.

3.1 GENERAL CHARACTERISTICE OF THE RESPONDENTS

The following table presents & analyses the characteristics of the respondents included in the study.

Table -1 Respondents by Age sex Academic status & work Experience

Item	Alternatives	Frequency responses	
		No	Percentage
1 sex	Male	31	27
	Female	84	73
	Total	115	100
2 Age	Below 25	17	15
	From 25 – 35	73	63
	From 35 – 45	22	19
	Above 45	3	3
	Total	115	100
3 Academic status	12 compete	-	-
	Certificate	23	20
	Diploma	51	44
	Degree	38	33
	Above	3	3
	Total	115	100
4 work experience	Less than 3 years	52	45
	3 to 5 years	34	30
	6 to 8 years	26	22
	Above 8 years	3	3
	Total	115	100

As shown in item 1 of table 1, 73 percent of respondents are female while 27 percent of the respondents are male. This may show that most of the employees are female. Thus, the organization is female dominated.

From table:- 1 item 2, 17 (15%) are below 25 73 (63%) are between 25 32, 22 (19%) are between 35 – 45 and 3(3%) are abort 45. This may indicate on one hand hat

2 Majority of the employees are junior & legs experienced. In the other hand this age range is the acceptable effective worker age range which is likely to increase the efficiency of the service that the organization gives

From table – 1 item 3 shows the academic status of the respondents, 23 (20%) are certificate 51(44%) are diploma, 38 (33%) are Degree holder & 3 (3%) are MA holder. It we consider percent are Diploma holder this shows that the organization has an unqualified workforce.

From table – 1 item 4 we can see that 52 (45%) of the respondents hare less than 3 years work experience, 34 (30%) are between 3 –5, 22 (22%) are between 6-8, & 3(3%) are above 8 years. Therefore we can assume to there is high turnover in the organization

3.2 Analysis of findings of the study

Table- 2 respondents Satisfaction on leaders' style demonstrated by their leaders

Item	Alternatives	Frequency of the responses No = 151	
		N<u>o</u>	Percentage
To what extent you are satisfied with leadership style demonstrated by their leaders?	High	41	36
	Average	70	61
	Low	4	3
	Do not exist	-	-
	Total	115	100

The data in table 2 shows that the majority of the respondent i.e. 70(61%) are average satisfied with the leaders style demonstrated by the organization, 41(35%) are high & 4(3%) are low. This may indicate that the majority of employees are satisfied with leadership style.

Table -3 Respondents view of the extent of healthy relationship Between the

leaders and followers at different levels of the organization.

Item	Alternatives	Frequency of the responses	
		No	Percentage
To what extent is a healthy relationship between the leaders and followers at different levels of the organization	High	24	21
	Average	29	25
	Low	62	54
	Don't exist	-	-
	Total	115	100

The data in table – 3 shows the relationship of employees & leaders are, 24(21%) high, 29 (25%) Average & the majority of the respondents 62(54%) are law. Therefore based on the responses, is not a healthy relationship between employee & leaders of the organization.

Table -4 Respondents view on leaders of the organization to competent enough to

properly lead the work unit

Item	Alternatives	Frequency of the responses	
		No	Percentage
To what extent is your leaders competent enough to properly lead the work unit	High	31	27
	Average	84	73
	Low	-	-
	Don't exist	-	-
	Total	115	100

The date table 4 shows the competency of leaders 31(27%) high &the majority of the respondents 84(73%) are Average. Therefore we assumed that competency of the lead to properly lead the work unit is under question make.

Table- 5   Respondents of Employees that the capably of leaders the

resolve conflict

Item	Alternatives	Frequency of the responses	
		No	Percentage
To what extent are the leaders capable to resolve conflicts between employees and the management what they arise	High	96	83
	Average	17	15
	Low	2	2
	Don't exist	-	-
	Total	115	100

As we can see in table 5 shows, the majority respondents 96(83%) high, 17(15%) Average & 2(2%) are low. Based on this data, live con be said that, the majority of the leaders of the organization are capable to (6) restore conflicts between employees & the manager.

Table – 6 Respondents of employees satisfaction with leadership prates of

the organization

Item	Alternatives	Frequency of the responses	
		No	Percentage
You are satisfied with the leadership practice of the organization	Agree	21	18
	Neutrals	36	31
	Disagree	55	48
	I don't know	3	3
	Total	115	100

As we can see in table 6 above 21(18%) are agree, 36 (31%) are natural, 55(48%) are disagree & 3(3%) are I don't know based on this date we can be said that the potential threat of the organization as it is difficult for the leaders to get followers that will short their vision with passion and hence to get employees commitment to the attainment of the objectives of the organization.

Table -7 Contribution of the managements leadership style to

employee turnover

Item	Alternatives	Frequency of the responses	
		No	Percentage
The leadership style demonstrated by the organization is contributed to employee turnover	Agree	60	52
	Neutrals	22	19
	Disagree	31	27
	I don't know	2	2
	Total	115	100

We can see in table 7 above 60 (52%) agree, 22(19%) neutral 31(27%) disagree & 2(2%) are I don't know Therefore from the above data we can conclude that the existing leadership style are contributed to employee turnover and the findings obtained from the interview show that's the organization use democratic leadership style for the success of the organization there is a smooth relationship between leaders & followers unlike employees' responses.

According to the leaders responses they believe that they are competent enough for the position that they hold unlike employees responses.

As the response the management regarding the rate of turnover, they said it is high .Besides, the causes have been also indicated by the leaders. The causes are in conducive working environment, poor job assignment, and poor salary when compare with Bank, managerial problem, load of work etc.

Finally so as to minimize employees turnover the leaders suggest making the environment conducive they already started by building its own office, Invite the

employees in decision making, improving organizational structure thy also started by Implemented BPR, assigning the right person at the right Job. Development the skill of employees & leaders by gyring different training & use experience sharing e. t. c

As the findings obtained from the interview the organization uses democratic leadership style, According to responses leaders they believe that they are competent in performing their jobs. They also said that turnover is high these two sentence contradict each other. This may be because although the leaders replied that they are competent they might not implement the strategy efficiently and this might cause the stated problem.

Table -8   Leaders tolerant approach to employees

Item	Alternatives	Frequency of the responses	
		No	Percentage
Your leaders has tolerant approach to employees	Agree	53	46
	Neutrals	38	33
	Disagree	22	19
	I don't know	2	2
	Total	115	100

As we can see in table 8 above the majority of the respondents 53(46%) agree 38(33%) natural 22(19%) disagree & 2(2%) I don't know therefore based on the response the leaders have tolerant approach with the employees of the organization.

Table- 9 Views of respondents on the fitness the leaders that the position they heads

Item	Alternatives	Frequency of the responses

		No	Percentage
Your leaders fit to the position he/she holds	Agree	44	38
	Neutrals	31	27
	Disagree	38	33
	I don't know	2	2
	Total	115	100

As we can see in table 9 the majority of the respondents 44(38%) agree, 31(27%) neutral, 38 (33%) disagree and 2 (2%) & don't know this shows that the majority of the leaders are not fit the position be she holds.

Table- 10 Views of respondents on the ability of leaders to accept and seek new

challenges

Item	Alternatives	Frequency of the responses	
		No	Percentage
Your leaders has the ability to accept and seek new challenges	Agree	78	67
	Neutrals	17	15
	Disagree	18	16
	I don't know	2	2
	Total	115	100

We can see in table 10 the 78(67%) are agree 17 (15%) are neutral 17(15) are disagree and 2(2%)   are I don't know this shows that the majority of the leader has the ability to accept and seek new challenges.

Table- 11 Views of respondents' leaders demonstrates his/her dedication and

commitment to the organizations mission goal & objective by hard work and

self security

Item	Alternatives	Frequency of the responses	
		No	Percentage
Your leaders demonstrates his/her dedication and commitment to the organization mission, goal and objective by hard work and self security	Agree	82	71
	Neutrals	27	23
	Disagree	4	4
	I don't know	2	2
	Total	115	100

As we can see in table 11 above 82(71%) agree, 27 (23%) neural 4(4%) disagree & 2(2%) I don't know this shows the leader demonstrates his/her dedication and commitment to the organizations mission, goal and objective by hard work and self security

Table- 12 Leadership styles used by the leaders in the organization

To what extent are the following items are practiced by management frequency	Frequency of responses	A very great extent	greet extent	some extent	less extent	No at all	Total
1. set policies and procedures unilaterally	N<u>o</u>	46	30	17	13	9	115
	Percentage	40	26	15	11	8	100
2. Doesn't permit participation in decision making	N<u>o</u>	26	24	41	2	22	115
	Percentage	23	18	36	2	21	100
3. Give definite instruction	N<u>o</u>	59	43	13	-	-	115
	Percentage	51	37	12	-	-	100
4. Emphasizes task performance	N<u>o</u>	37	22	18	12	26	115
	Percentage	32	19	16	10	23	100
5. Exercises close supervision	N<u>o</u>	20	70	25	-	-	115
	Percentage	17	61	22	-	-	100
6. Does welcome suggestions from subordinates	N<u>o</u>	9	7	16	33	50	115
	Percentage	8	6	14	29	43	100
7. Fears & authority to enforce discipline and insure performance	N<u>o</u>	25	35	8	39	8	115
	Percentage	22	30	7	34	7	100

As we can see in table 12 the majority of the respondents from Item 1-7 are 46 (40%) to a very great extent set police and procedure unilateral, 26 (23%) to a very great extent doesn't permit participation and decision making, 59 (51%) to a very great extent give definite instruction 37 (32%) to a vary great extent on emphasizes task performance 70 (61%) to a great extent exercise close supervision and 35 (30%) to a great extent fears and authority to in force discipline and insure performance. So we can say from the majority of the respondents the organization leadership styles are autocratic.

CHAPTER FOUR

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

4.1 SUMMARY

The study was designed to find out the major problems and practice of ADCSI on leadership. The theoretical back ground and literature review used to be basis in selection of data gathering instruments.

In order to make the study reliable the researcher tried to communicate the data collected through questionnaires interview and observation. The result of the study eventually comes up with the following findings.

➢ 84(73%) are female, The organization is dominated by female

➢ 51(44%) are diploma holder, Majority of the employees are diploma holder

➢ 73 (63%) are the age of 25 – 35, Majority of employees are young and less work experience.

➢ 70 (61%) are average; Most of the employees are not satisfied with leadership style demonstrated by their leader.

➢ 62(54%) are low; The relationship between leaders and employees is not health.

➢ 84(73%) are average; Most of employee respondents think that competences of leader in their organization are average.

➢ 96(83%) are high; Most of the employee respondents tell that the leaders of the organization are capable to resolve confects between employees & the management.

- 55(48%) are disagree; Most of the employees are not satisfied with leadership practice of the organization.

- Both group of respondent believe that the existing leadership style is the major source of high turnover in the organization.

- 53(46%) are agree; The majority of the employee responds confirm that leadership of the organization has tolerant approach to employees.

- 44(38%) are agree; The majority of employee responds confirm that leaders of the organization are not fit the position he/she holds.

- 78(67%) are agree; The majorly of the employee respondents ells that leaders of the organization has the ability to accept & seek now challenges.

- 82(71%) are agree; The employee respondents feel that leader of the organization are demonstrates his/her dedication and commitment to the organizations mission, goal & objective by hard work & self security.

- The majority of employees rate the leadership style in the organization is autocratic.

4.2 CONCLUSIONS

After examining the above summary of major findings conclusions were drawn.

- ADCSI has young less experience, diploma holder & female employee.

- Employees have no satisfaction with the leadership.

- The majorly of employees feel that the relationship between leaders and employees in not good.

- Competencies of leaders of ADCSI are average.

- Leaders of ADCSI are capable to resolve conflict between employees & the management.

- The existing leadership style is the major source of high turnover in the organization.

- The leaders of ADCSI have the ability to accept & seek new challenges.

- Leaders of ADCSI are commitment to the organization mission goal & objective by hard work and self security.

- The organization use autocratic leader's ship style.

4.3 RECOMMENDATIONS

Examining and analyzing the above mentioned conclusions, the following recommendations are forwarded respectively.

- ADCSI is advised it should exhaustively use the well experienced & educated person for the best of its organization.

- ADCSI is advised to minimize the high turnover of employee by adopting more empowering, participation, inspiring and transformational leadership practices in order to motivate, develop & retain well experienced employees.

- ADCSI is advised to the leader of the organization should satisfy the workers by creating favorable working condition.

- ADCSI is advised the leadership of the organization is to create a healthy and close relationship with employees and most give more attention to employees.

- ADCSI is advised it should develop capacity to listen their employees. By doing this they con find out their strength and weakness.

- ADCSI is advised that such leadership training programs should aim at improving the role played by leader including skill and competencies on understandings, fittings, initiating, listening, to employees empowering coaching and mentoring employees & giving quack solution to problems.

- ADCSI advised that changes management style autoerotic to democratic

Bibliography

Araya (1985). **Human Relation & organizational behavior**: 5th edition, printed in India at

    elegant: published by deep and deep publication PVT. Ltd.

Dwivedi R. (2001). **Human Relation and Organizational Behavior;**

    MACMILLAN India Ltd

Genov P and Tesfaye Abdi (1984); **Psychology of Management**

    and   Good leadership Addis Ababa.

Lewin, lippit & white (1993). **Management and organizational behavior**: 3rd edition, Boston

    Burr Ridge: Mc Grew-Hill publisher.

Michael V.P (2002). **Human relation Management and Human relations;**

    Meena pandy Himalaye publishing House.

Mishra (2001). **Organization Behavior:** Banaras Hindu University, New Delhi:

    Vikas Publishing House Pvt.Ltd

Saiyadain M. (2004). **Human Resource Management**

    TAta Mac Graw- Hill publishing company p.v.t. Ltd. New Delhi

Singh N. (2001). **Human Relation and Organizational Behavior;**

    New Delhi: Deep and deep publication p.v.t Ltd.

Singh N. (2001). **Human Relation and Organizational Behavior;**

    5th edition printed in India at Elegant, published by Deep and

    Deep Publication PVT. Ltd.

William G.Z (1998). **Business Research method**:5th edition, USA, Oklahoma state University:

    the Dryden press.

Interview Cheek list

1. How long did you stay in the organization?

2. What type of leadership style s better for the success of the organization?

3. De you think is there smooth relation ship between you and followers?

4. Do you think I am competent enough the position that I held

5. How do you evaluate employees' turnover?

6. What are the causes that increase employee's turnover?

7. What do you think about the mechanisms to minimize employees' turnover?

DECLARATION

I, The undersigned, declare that this senior essay is my original work prepared under the guidance of Ato Yimar Adem All source of materials used for the manuscript have been duly acknowledged

Name _____

Signature_____

Place of submission: St. Mary's university college

Deportment of managements

Date of Submission: June, 2011

SUBMISSION APPROVAL SHEET

This senior Research paper has been submitted to the Department of management in partial fulfillment of B.A Degree in management with my approval as an adviser.

Name _____

Signature _____

Date of submission June, 2011

Appendix