



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

**PRACTICES AND CHALLENGES OF
ORGANIZATIONAL LEADERSHIP AT
NIB INTERNATIONAL BANK S.C**

**BY
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**DECEMBER, 2013
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DEDICATION

This work is dedicated to ALL My Best Friends.

Table of Contents

ACNOWLEDGEMENTS	vii
LIST OF ABBREVIATIONS	viii
LIST OF TABLES	ix
ABSTRACT.....	x
CHAPTER ONE	1
1. Introduction.....	1
1.1. Back ground of the study	1
1.2. Statement of the Problem.....	3
1.3. Research Questions	5
1.4. Objectives of the Study	5
1.5. Definition of Terms.....	5
1.6. Significance of the study.....	6
1.7. Scope and Limitation of the study	6
1.8 Organization of the Study	7
CHAPTER TWO	8
Review of Related Literature	8
2.1 Definitions of Leadership.....	8
2.2. Leadership and Management Functions	9
2.3 Significance of Leadership.....	9
2.4 Theories of Leadership	11
2.5 Style of leadership.....	12
2.5.1. Transactional Leadership	12
2.5.2. Autocratic Leadership	13
2.5.3. Bureaucratic Leadership	13
2.5.4. Charismatic Leadership.....	13
2.5.5. Democratic/Participative Leadership.....	14
2.5.6. Laissez-Faire Leadership	14
2.5.7. Servant Leadership.....	15
2.5.8. Transformational Leadership	16
2.5.9. Situational Leadership	17
2.6. Which style of Leadership is best?	18
2.7. Leadership Quality	18

2.8. Leadership and its Challenges.....	18
2.9. Leadership and Team Building	19
2.10. Coaching	20
2.11. Communications	21
2.12. Delegation of Authorities.....	22
2.13. Organizational Performance	22
2.14. Leadership and Performance.....	23
CHAPTER THREE	25
Research Design and Methodology	25
3.1. Research Design.....	25
3.2. Population and Sampling Techniques.....	25
3.3 Types of Data and Instruments of Data Collection.....	26
3.4. Procedures of Data Collection	26
3.5. Methods of Data analysis.....	27
3.6. Ethical Considerations	27
CHAPTER FOUR.....	29
Results & Discussion	29
4.1. Demographic Characteristics of the Respondents.....	29
4.2. Results and Discussion	31
4.3. The basic leadership challenges in NIB International bank:.....	52
CHAPTER FIVE	54
Conclusions and Recommendations	54
5.1. Summary	54
5.2. Conclusions.....	54
5.3. Recommendations.....	55
REFERENCES	57
APPENDICES	xi
DECLARATION	xii
ENDORSEMENT.....	xiii

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Worku Temere

LIST OF ABBREVIATIONS

NIB	NIB International Bank s.c
MBE-P	Management by Exception, Passive
MBE-A	Management by Exception, Active
CR	Contingent Reward
LFL	Laissez- Faire Leadership
MLQ	Multifactor Leadership Questionnaire
IC	Individualized Consideration
II-A	Idealized Influence
II-B	Idealized Influence Behavior
IS	Intellectual Stimulation

LIST OF TABLES

Table 2.1 From Great man to Transformational leadership;	11
Table 4.1 Demography Information of Participants	32
Table 4.2 the reaction of Managements on general leadership.....	33
Table 4.3 Managements' and Employees' Responses on Leadership Styles and Practices.....	35
Table 4.4 Leaders' Communication with Subordinates and other Units.....	37
Table 4.5 Leaders opinion on effectiveness of their Performance	39
Table 4.6 Managements' reaction to the situation of team leading practices	42
Table 4.7. Employees' opinion on General Leadership	44
Table 4.8 Employees' Perception towards Communication	47
Table 4.9 Subordinates Responses on Supervisors Performance	49
Table 4.10 Employees' Response on the Currently Practiced Leadership Styles	51
Table 4.11 Subordinates' Responses on the Practice of Team Leaders	54

ABSTRACT

This study was aimed to investigate the Practices and Challenges of Organizational Leadership at NIB International Bank S.C. The findings of the study underline the significance of democratic leadership in terms of its positive correlation with employees' job performance. Contrary to this, in the study autocratic leadership was found to have negative association with employees' job performance. The study also points out the major leadership challenges such as workers' inclination to stick to old habits and their tendency of change resistance. As shown in the study, the bank tried its best to tackle the stated challenges through different mechanisms like rewarding, assessing the degree and effectiveness of the outcomes against the pre-fixed goals and motivating soundly integrated teamwork. However, though these remedies contribute much to the well-being of the bank, they alone couldn't make it attain the intended target. This is because the bank's initiation and commitment to involve employees at different level (particularly the subordinates) in its goal setting, authority delegation, team formation, administer coaching and manner of communicating the established vision is weak. Therefore, on the basis of the findings of the study, it was recommended that the concerned bodies should strive for applying democratic leadership style in line with giving ample space for employees to engage in various phases (from planning to practicing) of the bank's activities. The researcher used descriptive type of research. In order to strengthen the findings of the study, an attempt was made to implement both primary and secondary data. The principal instrument applied in this research was questionnaire; thus, structured questionnaires were distributed for 43 managerial and 264 non-managerial employees of the bank and the response rate was 93% managerial and 91% non- managerial employees. Consequently, the data were analyzed and interpreted quantitatively. Therefore, further study is needed to analyze the relationship of leadership style, leadership performance and employees attitude in private banks in Ethiopia.

CHAPTER ONE

1. Introduction

Today, all banks in Ethiopia are in higher competition. NIB International bank is one of the private banks under this competition and in need of change, transformation and demanding employees who go extra-miles. As a result, all of these extra-effort exerted by individual workers, in aggregation, can add value on the overall organizational performance. The purpose of this study is to investigate the practices and challenges of organizational Leadership at NIB International Bank s.c. (NIB).The study analyzed the leadership style, effectiveness of the current leaders, leadership challenges, and employee's attitude towards the currently practiced leadership style within the bank.

1.1. Back ground of the study

Robert J (2003) stated that organizational leadership does not mean having a boss thinking of a command and then watch as it is filtered throughout the rank. Organizational leadership, instead, is the ability of management to understand its employees and company's goals enough to bring everyone together. Furthermore, Robert J (2003) observes that frequently an organization with excellent leadership will have employees who feel that their opinions are valued and that their work is highly important to the shared success of the whole organization. Hersey and Blanchard (1988) argue that at least equal emphasis must be given to improving the quality of leadership if business is to succeed in achieving greater employee commitment and thereby its profitability.

After managers setup a firm's operations strategy organizing the work and responsibilities, and staffing those operations, they turn their attention to everyday activities. This ongoing behavior of individual people carrying out various tasks enables the firm to accomplish its objectives. Getting those people to perform their jobs efficiently and effectively is at the heart of the manager's challenge. The task of helping employees realize their highest potential in the work place is the essence of leadership. The goal of every leader is to achieve the organization's objectives. Today's global managers realize that increased competition requires them to be open to change and to rethink their old culturally conditioned modes of leadership (Helen Deresky 2006).

Currently, organizations all over the world are trying to be more competitive by investing on improving their leadership styles. In different circumstances researchers have examined the features and developments of organizational leadership; their studies imply that it (or organizational leadership) entertains some weaknesses in various institutions. Moreover, the degree and intensity of its drawbacks become strong when we see the situations in developing countries.

Since the new millennium, organizations' experience has been improved, and the philosophy of leadership has also been changed to meet more changing needs of business. Literature found that some leadership styles that worked in the past may no longer be appropriate for this new age, while companies are investing large amounts of money in the hunt of leadership success.

Leadership is very importance in today's economy (Bennis & Nanus (1985) suggest that leaders learn best from leading in through adversity. They create the climate of the organization and are responsible for bringing about change within it.

As we possibly learn from the bulk of literatures in the field of the study and the day to day factual phenomena, the main purpose of banking in general is to finance economic activities by intermediating those with surplus funds and those in short of it. Evidently, banks in Ethiopia have played more or less similar roles depending on the different social realities that the nation has gone through.

In 1991 G.C. the transitional government of Ethiopia adopted a new version of economic policy with a motive to shift from the command to the market oriented economy. Following the economic policy change in 1991, financial sector reform has also been taken place. The Monetary and Banking proclamation No. 83/1994 and the licensing and supervision of banking business No. 84/1994 have laid down the legal basis for investment in the banking sectors. Even if the liberalized system allows private banks to operate, the viability, challenge, prospects, profitability, etc. need to be evaluated persistently. It is because continuous examinations pave ways for banks as well as the regulatory bodies to adopt sound strategic formulations.

Nowadays there are 16 private and 3 public banks in Ethiopia. NIB is one of the private banks that have operated in the country since May, 1999. NIB was established in may 1999 under licenses No LBB/007/99 in accordance with the commercial code of Ethiopia and the

proclamation for Licensing & Supervision of banking business no 84(1994) with paid up capital of birr 27.6 million and authorized capital of birr 150 million by 717 shareholders with 27 employees. The Bank commenced operation in October 1999 (Annual Report 2010/11).

It remains one of the dominant private Commercial Banks in Ethiopia in terms of share holders (3378), total deposit (6.7 billion birr), credit extension (4.5 billion birr), number of branches are 71 (seventy one) that operate throughout Ethiopia and staff strength of the Bank reached 2,278 at the end of June 30, 2012/13 financial year. Besides, the Bank has been profitable since its first year of operation. It has registered a record high Gross profit of Birr 378.6 million for the fiscal year 2012/13 from several domestic and international banking activities (Annual Report 2012/13).

Vision of the bank - Its vision is to become an icon of excellence and the leading commercial bank in Ethiopia.

Mission of the bank - Its Mission is to provide efficient and effective fully fledged commercial banking service by utilizing qualified, honest and motivated staff and state – of – the art technology and thereby optimize stakeholders' interest.

Being an employee of the bank the researcher has attentively observed its remarkable achievements for some years. However, he strongly argues that the bank could have enjoyed more success than the indicated ones if some improvements had been made on some aspects of the bank's activities. And he believes that among the different duties of the bank, organizational leadership demands due attention. Therefore, this study was intended to assess practices and challenges of organizational leadership at NIB by using different leadership theories.

1.2. Statement of the Problem

The achievement of organizational objectives rests largely on the effective leadership and motivation of the human resources at the disposal of the organization. Because, organizations are managed and staffed by people and without people organizations cannot exist or function effectively. According to Mullins (1999) employees are of paramount importance to the achievement of any organization. Thus, effective leadership style enables greater participation of entire work force, and can positively influence both individuals and organizational performance. Therefore, it is logical to say that the success of an organization is reliant on the leader's ability

to optimize human resources inherent potential and skills. Likewise, in NIB employees are the ones who play the major roles and make significant contributions to the development of the organization. Hence, the leaders of organization should pay much attention to their employees in order to keep them in the organization, and influence them to increase their job outcomes so that they eventually lead to greater achievements of organizational visions and long term goals. This can be achieved by exhibiting effective leadership styles like transformational and democratic. Based on these leaders can play crucial role to keep employee motivated, inspired, committed and even satisfied in performing organizational policies and objectives effectively and efficiently. In this regard the way the institutions manage organizational leaderships play pivotal role in bringing the intended success. Thus, conducting tangible investigations to find out the nature and progress of the existing organizational leadership is quite crucial.

The major constraints encountered by the leadership of the bank are ineffective communication of its vision and mission, delegation of authority, coaching, inspiring of employees by managements of the bank. This is one of the basic motives that encouraged the researcher to conduct this study. Because he strongly believes that identifying the main practices and challenges of organizational leadership at the bank would make it keep its achievements in line with shouldering the inevitable burdens which appear as a result of unpredictable market dynamisms.

The preliminary assessment and the informal discussions with employees testify that existence of significant problems regarding with the manner of the bank's organizational leaderships. For instance, the preliminary assessment showed the presence of problems like poor leader-follower relationships, ineffective manner of communication, unconvincing way of delegation, etc. In addition the management of the bank's faced problem of interested groups' interference, lack of commitment of employees and practices of autocratic leaders. Thus, driven by all these factual phenomena the researcher made a decision to study the practices and challenges of organizational leadership at NIB.

1.3. Research Questions

This study endeavored to answer the following basic research questions:

1. Which type of leadership styles are currently practiced in NIB?
2. To what extent the bank's leadership style is effective in organizational performance?
3. What are the basic challenges NIB faces in relation to its organizational leadership?
4. What is the employees' attitude towards the practiced leadership style in the bank?

1.4. Objectives of the Study

The general objective of the study is to investigate the practices and challenges of organizational leadership at NIB. It extends possible solutions to overcome the problems in view of the bank's leadership qualities so that it goes in line with possible changes and improvements which appear as a result of newly adapted orientation of leadership styles. And the study sets out with the following specific objectives:

1. To examine the types of leadership styles being practiced by the bank;
1. To assess the status of effectiveness of the leadership styles of the bank in relation to its performance;
2. To explore the basic leadership challenges the bank faces ;
3. To analyze the attitudes of employees towards the currently practiced leadership style in the bank;

1.5. Definition of Terms

In some circumstances, a word may carry different meanings. Therefore, for the purpose of clarity some of the important terms used in this study are defined as follows;

- ✓ **Leadership style** Within the framework of contingency theory leadership styles are described as task motivated or relationship motivated. Task-motivated leaders are centered primarily with reaching a goal, whereas relationship motivated leaders are concerned with developing close interpersonal relationship (Fielder's, 1996).
- ✓ **Organizational performance:** the actual result obtained by means of effective leadership and utilization of available human resources which are using full to devote the achievement of organizational goal.

- ✓ **Employees Performance** has been defined or described in various ways by scholars. However, in this study the employee's performance regard to the way and manner in which a staff in an organization performs the duties assigned to him or expected of him in order to realize the organization's goals and objectives (Olaniyan 1999).
- ✓ **Managerial and Supervisory:** Which includes Vice presidents, Department managers, division heads and section heads are leaders as per the bank's human resource policy, procedure and benefit package scheme (2008).
- ✓ **Non-managerial and non-Supervisors (non-leaders):** which includes professional, Auditors, Clerical and non- clerical employees are subordinates.
- ✓ **The bank or the organization:** means NIB International Bank S.C

1.6. Significance of the study

This study is significant for the following reasons:

1. The findings of the study pave ways for the bank to identify major challenges it encounters regarding organizational leadership styles.
2. The study helps employees to cross check the experiences and features of organizational leadership styles of their bank with other similar institutions.
3. It makes the concerned bodies to take timely measures to solve the identified factors which threat the effectiveness of organizational leaderships.
4. It encourages other researchers to conduct further studies on organizational leaderships of the bank and other aspects of business activities.

1.7. Scope and Limitation of the study

This study specifically focused on investigating the leadership styles, practices and challenges organizational performances of NIB. Thus, among the multilayered activities performed in the bank the study particularly focused on issues related with leadership styles. As a result any concepts entertained through the course of the study were mainly served to depict the feature of leadership styles in the bank. Furthermore, thinking that the bank did have a more or less similar structure throughout the nation the researcher collected data only from its branches found in Addis Ababa and Head office. In other words the researcher strongly believes that the branches placed in Addis Ababa could represent well the other branches settled in different regional states of the nation for they were structured in a more or less similar manner.

If the organizational leadership styles of the bank had been studied in comparison with the trend of other private banks, the study would have been more compressive. However, the researcher couldn't do it mainly due to time and financial constraints. In addition, on the set of the study the researcher did have strong intention to implement interview as method of data collection. Pitifully, he failed to do so after repetitive effort. This happened because of the extreme busyness of the managerial personals that were chosen for interview.

1.8 Organization of the Study

The research report has five chapters. The first chapter presents introduction which includes background of the study, statement of the problem, objective of research questions, scope of the study, significance of the study. Then Literatures are reviewed in chapter two. In the third chapter it discusses the chosen research design, methodology used and sampling methods. Sample population findings, and analysis of the study is presented in chapter four. The final fifth chapter presents conclusions from the study and subsequent recommendations.

CHAPTER TWO

Review of Related Literature

2.1 Definitions of Leadership

Literature on Leadership is very large and ideas about leadership have been discussed for centuries, no unifying definition on leadership has emerged that satisfies all researchers. According to Stogdill (1974) asserts, leadership, has as many definitions as there are persons who attempted to define the concept. **Leadership** is the process of influencing a group of followers, adding value, and helping the community adapt to change. It is also the quality exhibited by those who lead. Leadership is a dynamic relationship based on mutual influence and common purpose between leaders and collaborations in which both are moved to higher level of motivation and moral development as they affect real intended change (Stogdill, 1974).

Robert J. Allio (2003) defined leadership as speaking, listening and acting in a way that mobilizes self and other to take effective action to realize visions and possibilities. Leadership occurs when one person induces others to work toward some predetermined objectives. Leadership is the ability of a superior to influence the behavior of a subordinate or group and persuade them to follow a particular course of action. Leadership is about creating a future that requires the mobilization of others for its realization (Robert J. Allio 2003).

Leader is one who influences others to attain goals. Leaders orchestrate change, set direction, and motivate people to overcome obstacles and move the organization toward its ideal future (Thomas S. 2003).

Organizational leadership is about management. Leadership by itself is transformative; it is about shifting priorities in workers and creating follower through the articulation of a vision.

Although the terms managers and leaders are often used interchangeably in management literature, these are some inherent differences between management and leadership. Managers perform several administrative functions in addition to leadership, such as planning, organizing and controlling. Leadership involves Vision, motivation, setting a direction and inspiring people and driving change within the organization. Companies have high rate of success when leadership skills complement each other (J.S. Chandan, 1997).

2.2. Leadership and Management Functions

Leadership functions cover setting vision, inspiring and coaching while the management functions cover planning, organizing and directing. The management functions encourage adherence to established procedures and policies.

Experts say that the emphasis on the management function during the past decades made organizations inflexible and slow to adapt to change – making them less able to compete.

Organization now must pay more attention to the leadership functions to succeed in a competitive and rapidly changing climate.

On the other hand, in times of rapid change and a chaotic marketplace, like the periods we are currently in today, it is by setting a new vision, inspiring and coaching people to follow the vision that breakthrough results are produced. Leadership functions encourage innovation and creativity, which leads to new ways of doing things. We can say then that depending on the nature and the purpose of the organization, every leader, supervisor and manager performs both the leadership and management functions. A good leader inspires employees, boosts morale, encourages employees and can increase the organization's income.

*“**Setting vision**” is developing a vision of the future and producing the strategies to make the changes to achieve the vision.*

*“**Inspiring**” is communicating direction and collaboration change and the realization of personal goals and group vision.*

*“**Coaching**” is monitoring and training workers so they acquire the skills and attitudes required accomplishing the change. WWW.VignettesTraining.com*

2.3 Significance of Leadership

Thomas S. Bateman (2003) states that “ *Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.*

1. **Initiates action-** *Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.*
2. **Motivation-** *A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work done by the subordinates.*
3. **Providing guidance-** *A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.*

4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
6. **Builds work environment-** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader” (Thomas S.Bateman 2003).

2.4 Theories of Leadership

There are general distinct theoretical bases for leadership.

Table 2.1 From Great man to Transformational leadership;

Great man theories	Based on the belief that leaders are special people, born with innate qualities, designed to lead. The use of the term ‘man’ was international since until the latter part of the 20 th century leadership was thought of as a concept which is primarily male, military and western.
Trait theories	The lists of trait or qualities associated with leadership exist in large abundance and continue to be produced. They draw on virtually all the adjectives in dictionary which describe some positive or worthy human quality, from ambition to enthusiasm for life.
Behaviorist theories	These focus on what leaders actually do rather than on their traits. Different patterns of behavior are observed and categorized as ‘styles’ of leadership. This area has most likely attracted most concentration from practicing managers.
Situational theories	This approach sees leadership as specific to the situation in which it is being exercised. For example, at the same time as some situations may have need of an autocratic style, others may require a more participative approach. It also proposes that there may be differences in required leadership styles at different levels in the same organization.
Contingency theories	This is a modification of the situational view point and focuses on identifying the situational variables which best predict the most suitable or effective leadership style to fit the particular conditions.
Transactional theories	This approach emphasizes the significance of the relationship between leader and followers, focusing on the common benefits derived from a form of ‘contract’ through which the leader delivers such things as reward or recognition in return for the commitment or loyalty of the followers.
Transformational theories	This approach emphasizes on change and implementing the transformation of organizational performance.

Source: Bolden and Dennison (2003)

In this study various leadership theories are discussed and these have been varied over the century. A review of the leadership literature reveals an evolving series of ‘schools of thought’ from “Great man and trait” theories to “Transformational” leadership (see table above). Whilst early theories were tend to focus upon the characteristics and behaviors of successful leader. Later theories begin to consider the role of followers and the contextual nature of leadership.

Bolden and Dennison (2003) summarized the above table as follows; each of these theories takes a rather individualistic perspective of the leader, although a school of thought gaining increasing recognition is that of “dispersed” leadership. This approach, with its foundations in sociology, psychology and politics rather than management science, views leadership as a process that is diffuse throughout an organizational rather than lying solely with the formally designated ‘Leader’. The emphasis this shifts from developing ‘leaders’ to developing ‘leader full’ organizations with a collective responsibility for leadership.

2.5 Style of leadership

Within the framework of contingency theory leadership styles are described as task motivated or relationship motivated. Task- motivated leaders are centered primarily with reaching a goal, whereas relationship motivated leaders are concerned with developing close interpersonal relationship (Fielder, 1996).

As there are many leadership styles, this section examines Transactional, Autocratic, Bureaucratic, Democratic, Laissez-fair, Servant, Charismatic leadership.

2.5.1. Transactional Leadership

This leadership style starts with the idea that team members agree to obey their leader when they accept a job. The "transaction" usually involves the organization paying team members in return for their effort and compliance.

Transactional Leadership Elements Management by exception, passive (MBE-P): Only intervenes when standards are not met. Management by exception, active (MBE-A) monitor follower performance and takes immediate action when deviations occur. Contingent reward (CR): Clarifies what needs to be done and exchanges psychic and material rewards for services rendered (Dubrin, et. al., 2006).

2.5.2. Autocratic Leadership

This style is the opposite of laissez-Faire leadership and Democratic leadership. Leaders were very directive and allowed no participation in decisions. They structured the complete work situation for their subordinates. Leaders took full authority and assumed full responsibility from initiation to task completion.

This style is task-oriented because the organizational goals need to be reached as soon as possible. These leaders always make their own decision and do not allow their subordinates to participate in making decisions (Dubrin & Dalglish et., 2006). Autocratic leadership is often best used in crises, when decisions must be made quickly and without dissent.

The Authoritarian leadership style keeps a very close eye on all subordinates. The leader likes to work beside them. This style of leadership does not instill confidence in the subordinates (Bartol et al.,2003).

2.5.3. Bureaucratic Leadership

Bureaucratic leaders follow rules rigorously, and ensure that their people follow procedures precisely. This style of leadership does not work in organizations that require staff to be creative, innovative or flexible. They are often promoted to leader because of rule following rather than qualifications or expertise and this can produce a cultural of resentment (Bartol et al. 2003).

These leaders exhibit the following characteristics:

- They follow rules and procedures to the letter and without deviation.
- If they are unsure of what to do they defer ‘up the chain’ of command.
- They act as an enforcer rather than leader.

2.5.4. Charismatic Leadership

According to Pierce and Newstorm’ (2003): “This style is a throwback to the old conception of business leaders as being those who by the force of their personal abilities are capable of having a profound and extraordinary effect on subordinates. They rely on charisma, presumed to be an individual characteristic of a business leader”. Charismatic leaders tend to keep employees weak and dependent. They are interested in personal loyalty rather than attachment to values and ideals (Bass, 1985).

2.5.5. Democratic/Participative Leadership

Leaders encouraged group discussion and decision making. Subordinates were informed about conditions affecting their jobs and encouraged to express their ideas and make suggestions. Democratic leaders make the final decisions, but they include team members in the decision-making process. They encourage creativity, and team members are often highly engaged in projects and decisions. Democratic leaders are open in nature and want to get the opinion of every one (Dubrin & Dalglish 2003).

For example, Bill Gates (Chief Software Architect) has democratic leadership style. He always communicates with front-line workers and allows those workers to participate in making decision and his style supports the teamwork approach (Dubrin & Dalglish et al.,2006).

This free information sharing ensures the teams talents and skills are all utilized rather than expecting conformity. The end decision however still sits with them.

These leaders exhibit the following characteristics;

- Team members are included in decision making but the final say is made by the leader.
- Team involvement results in high productivity.
- These teams have highly developed people skills.
- They are highly suited to teams that need for quality outweighs the need for high levels of productivity.
- They make their staff feel empowered.

Finally, the Democratic leadership style uses very good governance in reinforcing the entire subordinate staff (Bartol et al. 2003).

2.5.6. Laissez-Faire Leadership

Leaders gave complete freedom to the group and left it up to subordinates to make individual decisions on their own. This French phrase means "leave it be," and it describes leaders who allow their people to work on their own. This type of leadership can also occur naturally, when managers don't have sufficient control over their work and their people (Bartol et al. 2003).

Laissez-faire leaders may give their team complete freedom to do their work and set their own deadlines. They provide team support with resources and advice, if needed, but otherwise don't get involved.

The leader always avoids making decisions and delays responding to urgent questions (Avolio & Bass, 2004). This style develops a good relationship between the leaders and the subordinates. The leaders can control subordinates easily and can also use good governance over the subordinates. The subordinates of laissez-faire leaders have to seek other sources to support them in making final decisions.

LFL Acts non-involved, displays indifference, overlooks achievements, and ignores problems. Not preclude individuals pursuing their own goals and rewards. Superiors serve as monitors, coaches, role models, and leaders, socializing members into the culture, not necessarily because they are expected to do so but because they feel a personal obligation to help new members assimilate into the culture (Meunjohn, 2007).

According to Avolio and Bass (2004) managers achieved their goals when the Transformational and Transactional leadership style is optimally used. The best leaders use a full range of leadership models that includes Transformational and Transactional leadership and Laissez-Faire leadership styles. Therefore, for the purposes of this research the adapted MLQ was deemed a useful instrument to assess the leadership style of NIB International bank and the outcome of their leadership in relation to Extra Effort, Effectiveness and satisfaction (Avolio & Bass 2004). Thus, this instrument was deemed to have applicability to the study as it had been used by other researchers to good effect.

2.5.7. Servant Leadership

The servant leader leads because he or she wants to serve people. When someone at any level within an organization leads simply by meeting the needs of the team, he or she can be described as a "servant leader." These leaders give attention and priority to their colleagues and the organizations. They ensure engage in personal development and they solve their problems (Pierce & Newstrom , 2003).

2.5.8. Transformational Leadership

While transactional Leadership attempts to attain a certain level of performance through contingent reward, transformational leadership attempts performance beyond the target through mutual stimulation and elevation (Burns, 1978).

Transformational leadership was first introduced by Burns (1978) who described it as the process through which leaders' effect a radical change in the behavior of followers.

Transformational leadership is a process of influencing in which leaders change their associates' awareness of what is important, and move them to see themselves and the opportunities and challenges of their environment in a new way. Transformational leaders are proactive: they seek to optimize individual, group and organizational development and innovation, not just achieve performance "at expectations". They convince their associates to strive for higher levels of potential as well as higher levels of moral and ethical standards. Transformational leadership does not replace transactional leadership, but augments it in achieving the goals of the group (Bass, 1997; Hall *et al.*, 2002). In a transformational style, there is generally a sense of purpose and a feeling of family.

Leaders and followers share mutual interests and a sense of shared fates and interdependence.

They go beyond their self-interests or expected rewards for the good of the team and the good of the organization. The inclusion of transformational assumptions, norms, and values does.

Transformational leadership Elements Individualized consideration (IC): develops, coaches, and teaches each follower. Idealized influence, attributed (II-A): instills pride and builds trust.

Idealized influence, behavior (II-B): emphasizes collective sense of mission, and talks about values and beliefs. Intellectual stimulation (IS): Stimulates followers to view the world from new perspectives; encourage problem solving, critical thinking, and creativity. Inspirational motivation (IM): expresses enthusiasm, optimism, and confidence.

According to Bass *et al.* (2003), transformational leaders will focus on developing their followers by tapping them of their potentials, inspiring them, promoting collaboration, motivating them, and by reinforcing positive behaviors. The employees often develop a high level of trust and confidence in such a leader. The employees are proud to identify themselves with the leader and develop a strong sense of loyalty to them.

Similarly, Bass (1985) argues that transformational leaders are pertinent especially during turbulent times when rapid changes and globalization takes place. Transformational leadership

fosters capacity development and brings higher levels of personal commitment amongst ‘followers’ to organizational objectives.

According to Bass & Avolio (1993) transformational leadership occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir employees to look beyond their own self-interest for the good of the group. Together, heightened capacity and commitment are held to lead to additional effort and greater productivity (Lok & Crawford, 1999; Mannheim & Halamish, 2008).

According to Bass (1997), the goal of transformational leadership is to ‘transform’ people and organizations in a literal sense – to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behavior congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building. Bass *et al.* (2003) preferred to explain transformational leadership based on five factors. The five components as suggested by the above authors are: individualized considerations, intellectual stimulation, inspirational motivation, idealized influence (attributes) and idealized influence (behavior).

At present, transformational becomes the concern of the entire nation across the board. As Bass (1985) stated in Ozaralli, (2003) expressed that the attention of leadership has shifted from traditional or transactional models to a new style of leadership with an emphasis on transactional leadership (Ozaralli, 2003).

2.5.9. Situational Leadership

According to Bertocci (2009) “Situational theories of leadership proposed leadership effectiveness depends on the fit among personality, the task to be accomplished, power, attitudes, and perceptions in other words, and the situation at hand. In some cases and studies, the situational theories are also called “Contingency theories” because the theory is contingent or dependent up on the needs or circumstances of the situation.”

2.6. Which style of Leadership is best?

To determine which leadership style is likely to work best, one must understand situational variable (factors in the environment that are likely to change). One such variable is the mixture of task and maintenance activities needed by working group. Circumstance dictates the appropriate leadership style. For instance in emergency cases the leader is likely to be autocratic. (WWW.CCL.Com).

2.7. Leadership Quality

Excellent leaders are born as well as made (nature & nurture) to be the best, learn the essential skills of leadership through formal training courses & on-the-job experience.

- ❖ Leader's three main responsibilities include developing individuals, team building, & achieving task.
- ❖ Leadership effectiveness focuses on influencing individual & group goals. These goals may or may not be congruent with organizational goals.
- ❖ The aim of leadership is to help others to achieve their personal best (focus on quality).
- ❖ This involves setting high but realistic performance goals for yourself & staff, finding ways to improve operations & procedures, striving for the total quality in all areas.
- ❖ Targets for improving standards of quality include leadership, strategy, people, resources, & processes.

(WWW.CCL.Com).

2.8. Leadership and its Challenges

Organizations are increasingly being required to fall complex challenges stemming from globalizations, global competition, technological change, cultural diversity, economic and political integration, changing nature of work and societal expectation.

To express the exponential rate of change in today's world, Enriquez (2000) said, "While generations before us had decades to prepare for shift in thought technological advances and cultural transformations, today we are lucky to be given 24 hours". Complex challenges defy existing solutions, resources, approaches, theories, work methods; they question fundamental assumptions and models. By their nature, complex challenges require new knowledge, resources,

and perspectives found outside current organizational capacity. As such, these challenges create new demands for leadership. The huge research work and the development of various leadership theories and models is a reaction to these unprecedented challenges on organizational leadership from all dimensions. Thus, leadership, like all other aspects of organizations, has experienced fundamental transformation in order to react, to learn, and to approach work in innovative ways to combat complex challenges.

According to a research by center for creative leadership (CCL), future leadership skills will place increased emphasis on building relationships, collaboration, and change management.

Leadership moves from more traditional, individual leadership approaches to more innovative and collaborative. (WWW.CCL.Com).

2.9. Leadership and Team Building

Key Elements of Team Building

- **Connections** it's not enough to call your group a "team." To build a real team, you need to help each team member feel recognized, valued, and known by other team members.
- **Common Purpose** Teams work together to achieve a common purpose. As team leader, you can help the team define and remember its shared vision.
- **Commitment** Your team must commit to working together to achieve success. Help all members see that each individual has talents, skills, or information needed to reach the shared vision. The team's most valuable strength is team members' diversity of experiences, ideas, and knowledge.
- **Communication** Guide your team to agree on basic ground rules for communication. The rules should include listening to one another, limiting interruptions, and keeping minutes of decisions that are made.
- **Conflict Management** All teams have differences and differences are likely to lead to disagreements. As team leader, learn ways to deal with differences while maintaining respect among individuals and commitment to the team's vision.
- **Celebrations** Build team spirit by celebrating achievements and the team itself.
- **Build Teams for Leadership Excellence** You can be a dynamic leader who excels in building successful teams (Thomas S. Bateman 2003).

2.10. Coaching

Coaching can be used unlocking a person's potential to maximize their own performance. It is helping them to learn rather than teaching them. A flexible process "whereby an individual, through direct discussion and guided activity, helps a colleague to learn to solve a problem or to do a task better than would be otherwise the concerning itself "with amplifying the individual's own knowledge and thought processes. It is about creating a supportive environment in which to challenge and develop critical thinking skills.

For clarity, this is coaching as a professional development methodology a tool to drive individual and organizational performance. It can be carried out externally by specialist coaches, as if often the case when dealing with the most senior executives, or by trained managers. The techniques and processes are similar to those used in other coaching disciplines, such as career coaching and life coaching, but in this coaching the focus is always on driving organizational performance.

The aim is to develop an individual's performance by unlocking their capabilities through guided conversation and questioning. The participation of the individual being coached (the coachee) in arriving at solutions is an essential part of the coaching process.

A good coach should be able to develop a powerful relationship with the person being coached based on honest and truthful dialogue, challenging perceptions and behavior in a safe and secure environment.

In coaching of this kind the focus will be on the individual's performance in the context of the performance of the organization overall, raising awareness of their importance in and impact on the wider business. Because coaching involves the participation of the coachee, finding their own solutions and agreeing the actions they will take, it drives deeper and more lasting behavioral change (Thomas S. Bateman 2003)

2.11. Communications

Communication is the transference and understanding of meaning. Communication serves four major functions within a group or organizations: Control, motivation emotional expression, and information (P.Robbins 2001).

Communication acts to control member behavior in several ways. Organizations have authority hierarchies and formal guidelines that employees are required to follow. When employees, for instance, are required to fit communicate any job-related grievance to their immediate boss, to follow their job description, or to comply with company policies, communication is performing a control function. Communication fosters motivation by clarifying to employees what is to be done, how well they are doing, and what can be done to improve performance if it's subpart.

A leader must be able to communicate his or her vision in terms that cause followers to buy into it. He or she must communicate clearly and passionately, as passion is contagious (P.Robbins 2001).

The communication that takes place within the group is a fundamental mechanism by which members show their frustrations and feelings of satisfaction. Communication, therefore, provides a release for the emotional expression of feelings and for fulfillment of social needs.

The final function that communication performs relates to its role in facilitating decision making. It provides the information that individuals and groups need to make decision by transmitting the data to identify and evaluate alternative choices (Stephen P.Robbins 2001).

2.12. Delegation of Authorities

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Elements of Delegation

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. All people who have the authority should know what is the scope of their authority is and they shouldn't mis-utilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom.
2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top.
3. **Accountability** – is giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated (Thomas S. Bateman, 2003)

2.13. Organizational Performance

“Most organizations view their performance in terms of **“Effectiveness”** in achieving their mission, purpose or goals. At the same time, a majority of organizations also see their performance in terms of their **“efficiency”** in deploying resources. This relates to the optimal use of resources to obtain the result desired. Finally, in order for an organization to remain viable over time, it must be both **“financially viable”** and **“relevant”** to its stakeholders and their changing needs. These four aspects of performance are the key dimensions to organizational performance (Mekdes, 2013).

Leadership outcomes - Effective problem solving and performance represent the outcomes of leadership. These outcomes are strongly influenced by the leader's competencies (i.e problem solving skills, social judgment skill and knowledge).

When leaders exhibit these competencies, they increase their chances of problem solving and overall performance.

Effective problem solving problem solving is the key stone in the skills approach in the problem solving skills, as competencies leader to effective problem solving as a leadership outcome. The criteria for good problem solving are determined by the originality and the quality of expressed solutions to problem situations. Good problem solving involves creating solutions that are logical, effective, and unique and that go beyond given information.

Performance – outcomes refer to how well the leader has done her/his job. To measure performance, standard external criteria are employed. If the leader has done well and been successful, the leader's evaluations will be positive. Leaders who are effective received good annual performance review, get merit raises, and are recognized by superiors and subordinates as competent leaders. In the end, performance refers to the degree to which a leader has successfully performed the duties to which he or she has been assigned (Peter G 2003).

2.14. Leadership and Performance

In the literature leadership has been identified as an important subject in the field of organizational behavior. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, ability of management to execute “collaborated effort” depends on leadership capability. Although the various leadership approaches discussed indicates that research in to leadership has gone through periods of skepticism, recent interest has focused on the importance of the leadership role to the success of organizations.

A relationship between leadership style and performance has been reported in both leadership and management literature. Several studies found a positive relationship between the two variables. For instance, Fieldler (1996) one of the most respected researchers on leadership has provided a recent treatise on the importance of leadership by arguing that the effectiveness of a leader is a major determinant of the success or failure of a group, organization, or even an entire country. Furthermore, excellent leader not only inspires subordinate potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals.

FM (2003) explains leadership as use of leading strategy to other inspiring motive and to enhance the staff's potential for growth and development. Several reasons indicate that there should be a relationship between leadership style and original performance. A good leader understands the importance of employees in achieving the goals of the organization and that motivating the employees is of paramount importance in achieving these goals. To have an

effective organization the people within the organization need to be inspired to invest themselves in the organization's mission.

The employees need to be stimulated so that they can be effective; hence effective organizations require effective leadership (wall, Solum and Sobol et al. 1992).

Furthermore, Fiedler and House (1988) indicated that effective organizations require effective leadership and that organizational performance will suffer in direct proportion to the neglect of this. To have an effective organization, there must be effective and stimulating relations between the people involved in the organization.

Hence, from the findings of many studies it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of its leadership-effective leader behavior facilitates the attainment of the follower's desires, which then results in effective performance. Conceptually, it is argued that the visionary and inspirational skills of transformational leaders motivate followers to deliver superior performance (Nicholls, 1988).

Summary

Leadership is the process of influencing a group of followers, adding value, and helping the community adapt to change. Leadership is a mutual influence between leaders and employees to attain a common goal. In order to increase organizational performance coaching of subordinates, enhance both dimension of communication and delegation of authority are very important.

A good leader inspires employees, boost morale, encourage employees and can increase organization's income. There are many types of leadership styles which can be used according the demanding situation. The democratic and transformational leadership styles are very important in business area in order to reinforce the entire subordinates' staff.

CHAPTER THREE

Research Design and Methodology

3.1. Research Design

A research design is simply the framework for the study. Of course, there are obviously many types of research designs, but the most appropriate is chosen based on the type of the research and the nature of the problem. The method that was dominantly employed for this study was quantitative. The researcher hopes that the chosen method (quantitative) was well exploited in this study for two basic reasons. Firstly, the researcher gave due attention in selecting representative data in terms of amount. Secondly, he tried his best in keeping the inclusiveness of the data by gathering them from both the managerial and the non-managerial groups of the employees. Moreover, the researcher applied descriptive method to a certain extent while treated the open-ended questions presented through the questionnaires.

Descriptive research explains situations, events, systems and the existing affairs (Sullivan 2001). Therefore, the descriptive survey type is preferred to study the issue. Most of managers were very busy for interview, found in different areas of the bank's branches and it was difficult to find them in the offices so that the researcher used questionnaires only. So far, the researcher designed an iterative process of designing structured questioners for respondents in their respective areas. Therefore, research design to the respective parties help for the success of the subject study on clarity, completeness, relevance of the questions in relation to the issues and concepts which were addressed on the statement of the problems of the study.

The research design for the study was grouped and categorized based on hierarchy of authority that is managerial and non- managerial.

3.2. Population and Sampling Techniques

According to the statistical information obtained from the bank, there were a total of 2,278 employees working in the bank as of June 30, 2012/13 budget year. Out of this, 86 employees were Managerial/ Supervisory, 1,319 employees were Non-managerial and the remaining 873 were Non- clerical. The researcher has taken 43 managers/ supervisors out of 86 (50%) and 264 employees out of 1,319(20%) non- managerial employees for the research that was conducted.

Unfortunately, non- clerical employees were not considered in the sample and in the study due to their less involvement in leadership. Due to the time and cost limitation and human power constraints may make it difficult to consider all the employees of the bank and the study includes management members, and non- management members' in Addis Ababa at selected braches and head office. According to Yount, (2006) as cited in Gay (1987) suggest that a researcher simply can take her/his sample size 10% of large population and 20% of small population as minimums. The researcher used this sample population, to get information using questionnaire based on simple random sampling method to assure each employee in population get an equal chance of being selected.

3.3 Types of Data and Instruments of Data Collection

In collecting data, the following procedures were used. First, relevant literatures were reviewed to get what is done related to the study. And the correlated documents were reviewed. Second, questionnaires were held to gather data. While the researcher developed questionnaires for the groups mentioned above, he tried to make the questions relevant in terms of the respondents' role in the bank. Furthermore, in order to generate relevant data for this study, both primary and secondary data sources were considered.

In order to achieve the objectives of the study both primary and secondary sources of data collection methods were employed. Secondary were collected from different websites, Audited annual reports of the bank, case studies, journal articles and different books that dealt with the features of organizational leadership styles. And primary data were collected from bank's employees.

3.4. Procedures of Data Collection

The questionnaire (see Appendix) was developed to obtain an understanding of the practices and challenges of organizational leaderships. Source of the questionnaire were from robust MBA thesis studied by Mekdes T.(2013), Muluken L. (1999) and Worku B. (2013) after it was modified and refined according to the objective of the study cited in the first chapter.

The questionnaire was comprised of five sections. Section I contained socio- demographic questions including Gender, age, educational level and length of service. Section II was about General leadership, leadership styles practiced, leaders' performance, effective communication, effectiveness of leaders and team leading. The researcher reviewed different literatures on

leadership measurement instruments. And the section was incorporated with likert scale that range from strongly agree to strongly disagree and other likert scale ranges. And at the last two open ended questions also incorporated for both the bank's leaders and subordinates.

Regarding data collection schemes, the selected respondents were familiarized with the purpose of the study in two stages approach. The first stage was involved in moving ahead in the task of data collection process for pilot tests. This is what is essentially termed as pretesting process and to make sure that the terminologies used are correct and to obtain feedback about the forms and guidance on how to improve their clarity and ease of use. It was a valuable indicator of the effectiveness of well designed questionnaires and made some modification on the second section of the questionnaire and also minimized the number of open ended questionnaires to two because of not fully answered by the respondents. On the second stage the out lined questionnaires were distributed and collected. So far, the collected data have become very instrumental in enlightening within the problems under the study.

3.5. Methods of Data analysis

The data collected through the above methods was mainly analyzed using quantitative method due to the reason mentioned so far. In the process of analyzing the data, the researcher tried to cross-check the factual experiences stated in different literatures which examined the nature of organizational leadership styles. In addition, the collected data were also analyzed using descriptive types of analysis to discuss both opened and closed ended questions. Throughout the analyzing process, percentages, ratios and other statistical methods were employed. Moreover, ratios and tables and were also used to present the findings of the study.

The responses from questionnaires were categorized into eleven tables each having their own topic for assessment. The interpretation was established on the findings from the data. Following was discussion on the points and what they indicated based on the answers given by majority of the population using likert scale having five options for each questions.

3.6. Ethical Considerations

Ethical considerations are important, both during data collection and during presentation of data. It is, therefore, essential for the researcher to always keeping in mind the objective of enquires in a questionnaire would be used for the academic purpose of writing thesis in partial fulfillment of the requirements for the Degree of Masters of Business Administration (MBA). It is very critical

to protect them and also from them to feel protected at all times. When the respondents agree to be involved in the study, steps should be taken to ensure that they know exactly what they are agreeing to. The researcher ensured that the confidentiality and anonymity of the participants was maintained through the removal of any identified characteristics before widespread dissemination of information.

The researcher made it clear that the participants' name will not be used for any other purpose, nor were information shared that to bear their identity in any way.

CHAPTER FOUR

Results & Discussion

This Section presents the main findings and results of the study. Relevant issues and collected data were analyzed quantitatively. In particular, this section examines the practice and challenges of organizational leadership at NIB. Respondents were given two weeks to complete the questionnaires, in all; three hundred seven questionnaires were distributed to respondents in the sample population for management 43 and non-managerial 264. Out of which three and twenty four questionnaires were not returned by management and non- managerial employees respectively. Therefore, 280 questionnaires were considered for the study. This makes the response rate 40(93%) for managerial and 240(91%) for non- managerial. Finally, conclusions and recommendations are drawn.

4.1. Demographic Characteristics of the Respondents

As far as their backgrounds are concerned, as depicted in **Table 4.1**, out of the total 280 participants majority of them 184(66%) were men and 96 (34%) were women this is used to know mix of genders in leadership. Most of the employees' age group falls in the range of 26-35 years (55%) followed by 36-45 years old (23%); while (15%) of the respondents were below 25 years, (7%) of them were between the age of 46-55 years.

The researcher has learnt that the educational status of the respondents could be categorized into three parts. Most of the employees have bachelor degree 234 (84%) followed by college diploma 39 (14%), and 7 (2%) of the respondents have postgraduate degrees. While 158 (56%) of the respondents have worked below five years, 122 (44%) of them have served above five.

Table 4.1: Demographic Information of Participants (Both Managerial and Non-Managerial)

No.	Description	Respondents	
	Gender	Frequency	%
1	A. Male	184	66
	B. Female	96	34
	Total	280	100
2	Age		
	A. Under 25 years	42	15
	B. 26-35 years	153	55
	C. 36-45 years	65	23
	D. 46-55 years	20	7
	Total	280	100
3	Educational back ground		
	A. High school complete	-	-
	B. College Diploma	39	14
	C. BA/BSC	234	84
	D. MA/MSc and above	7	2
	Total	280	100
4.	Job position		
	A. Managerial	40	14
	B. Non-managerial	240	86
	Total	280	100
5	Work experience in NIB		
	A.0-5 years	158	56
	B. above 5 years	122	44
	Total	280	100

Source: Survey Results, 2013

4.2. Results and Discussion

This section focuses on the results of the study in line with the research questions and objectives. Furthermore, the result of the study has been analyzed on the basis of the information that has been gathered through questionnaire.

Table 4.2 The Reaction of Management on General Leadership

No.	Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%	No.	%
1	Inspiring subordinates for the future plan	25	63	12	30	2	5	1	2	-	-	40	100
2	Commitment to work for the bank's mission, vision, goals and objectives	31	77	7	18	-	-	-	-	2	5	40	100
3	Developing a team attitude and spirit among employees	31	78	7	18	2	4	-	-	-	-	40	100
4	Spending a lot of time on teaching and coaching of subordinates	15	40	20	50	3	7	2	3	-	-	40	100
5	Sacrifices for the wellbeing of the group	19	48	16	40	5	12	-	-	-	-	40	100
6	Recognizing and support new idea	30	75	6	15	4	10	-	-	-	-	40	100

Source: Field survey 2013

As shown in table 4.2, the majority of the managers 25 (63%) strongly agreed in inspiring their subordinates for the future plan, and 12(30%) of the respondents also agreed on the necessity of motivating their subordinates for the similar reason. When 2(5%) of the respondents were neutral concerning the role of inspiration, one participant testified that s/he did not inspire her/his subordinates.

Out of 40 leader respondents 31(77%) claimed that they were highly committed to work for the bank's mission, vision, goals and objectives. In addition, while 7(18%) of the respondents agreed with the importance of committeemen, 2(5%) of leaders showed their disagreement.

31(78%) of the management respondents strongly agreed with the usefulness of developing team attitude and spirit among workers. On the other hand, while 7(18%) of them revealed their agreement on the matter, 2(4%) of the respondents kept neutral.

Furthermore, respondents did have different stand concerning their role in giving training for the subordinates. Hence, 15(40%) of the leader respondents spent much of their time on teaching and coaching of subordinates. Whereas, while 20(50%) fairly spent their time for similar purpose 3(7%) of the respondents remained neutral. And the rest of the respondents expressed that they did not involve in teaching and coaching of subordinates..

As indicated above, most respondents 19 (48%) confirmed that they highly sacrificed for the wellbeing of the group. In addition, 16(40%) respondents agreed on the idea. The rest of the respondents 5(12%) didn't react to the point. Therefore, one can understand that the majority of the respondents went beyond their self interest for the wellbeing of the group.

As revealed above, 30 (75%) of the respondents assured that they remarkably recognized and supported new idea, and 6(15%) of them also confirmed their agreement. However, 4(10%) of the leaders were neutral. Hence, to achieve organizational goal the majority of the leaders were ready to welcome innovations.

Table 4.3 Managements' and Employees' Responses on Leadership Styles and Practices

Leadership styles	No. of Supervisory Respondants		No. of Employees Respondents		Total	
	Frequency	%	Frequency	%	No.	%
Transformation Leadership	-	-	19	8	19	7
Laissez-Faire Leadership	-	-	14	6	14	5
Situational Leadership	8	20	24	10	32	11
Servant Leadership	-	-	5	2	5	2
Autocratic Leadership	1	3	75	32	76	27
Bureaucratic Leadership	7	17	18	7	25	9
Charismatic Leadership	4	10	-	-	4	1
Democratic Leadership	20	50	85	35	105	38
Total	40	100	240	100	280	100

Source: Field survey 2013

Table 4.3 shows the leadership styles ranging from transformational to democratic that were practiced in the organization. 20(50%) of respondents noted that they exercised democratic leadership styles. And 8(20%) of the respondents replied that they acquainted themselves with situational leadership. On the other hand, while 7(17%) of them relied on bureaucratic leadership, 4(10%) of the leaders followed charismatic leadership styles. Contrary to all these, 1(3%) of the respondents confessed that s/he was autocrat.

Table 4.3 also shows the employees' evaluation of their immediate supervisors manner of leadership. Thus, 85(35%) of the respondents believed that their leaders were democrat. However, while 75(32%) of the participants considered their leaders as autocrat, 24(10%) of

them claimed that their supervisors exercised situational leadership. On the other hand, 19(8%), 14(6%), 18(7%) and 5(2%) of the respondents indicated that their leaders administered transformational, Laissez-Faire servant leadership styles respectively.

In different literatures it is stressed that democratic leadership style is much more preferable to others. Therefore, depending on the responses forwarded by the leaders as well as the employees it would be logical to suggest that the bank has to exert much effort to expand democratic style of leadership so that it remained competent in the market.

Table 4.4 Leaders' Communication with Subordinates and other Units

No	Items	Always		Often		Some Times		Rarely		Never		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq	%
1	Communicating the bank's mission, vision, goal, and strategy to the subordinates	13	32	15	38	12	30	-	-	-	-	40	100
2	Understanding clearly the vision, mission, objectives, rules and regulations of the bank.	29	72	6	15	5	13	-	-	-	-	40	100
3	Communicating effectively with all units in the organization	11	28	11	28	15	37	-	-	3	7	40	100
4	Giving freedom to the subordinates to express their opinion.	24	60	11	28	4	10	1	2	-	-	40	100

Source: Field survey 2013

As shown above, table 4.4, leaders were asked to rate their commitment of communicating the bank's mission, vision, goal and strategy with their subordinates. Thus, the respondents 13(32%) replied that they always reminded the subordinates of the bank's objectives. Furthermore, while 15(38%) of them often discussed the bank's objective with the subordinates, 12(30%) of them did it sometimes. Thus, based on the data it is possible to say that the bank should struggle much to equip its employees with its prominent objectives to enhance its productivity.

Furthermore, the respondents asked in the same table above question number two majority of them 29(72%) out of 40 participants were clearly understood the vision, mission, objectives, rules and regulations of the bank, while 6(15%) of them understand often and 5(13%) replied that they understand sometimes. Therefore, this implies that leaders of the bank well understood the stated statement and that will help them to well perform and coach the subordinates.

Concerning effectiveness of communication, some managers 11(28%) confirmed that they always communicated with all units effectively. However, 11(28%), 15(37%) and 3 (7%) of the respondents did put the frequency of their effective communication as often, sometimes and never respectively. It is believed that making effective communication in all dimensions (upward, lateral, diagonal and external) is very important to increase valuable flow of information within the organization. Therefore, the finding pointed out that the bank should revisit its strategy of communication in order to elevate its fruitfulness.

Furthermore, managers were asked about their willingness and trend of treating the subordinates' ideas before they made major decisions. Accordingly, 24(60%) of them responded that they always entertained the subordinates' opinion before they arrived at a certain conclusion. Whereas, while 11(28%) of them often did the same thing, 4(10%) of the respondents sometimes acted similarly. However, one respondent confirmed that s/he did it rarely. In general, the majority of leaders were open for discussions. According to Robert J. Allo (2003) leadership is speaking, listening and acting in a way that mobilizes self and other to take effective action to realize vision and possibilities.

Table 4.5 Leaders' Opinion on Effectiveness of Their Performance

No	Items	Frequently		Fairly Often		Sometimes		Once in Awhile		Not at all		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%
1	Satisfied with the bank as a work place	11	28	17	42	9	22	-	-	3	8	40	100
2	Consistence of the bank's strategic plan with its vision statement	20	50	11	28	9	22	-	-	-	-	40	100
3	Manner of time management	5	12	10	25	2	5	20	50	3	8	40	100
4	Hesitating expressing idea in general management meeting	10	25	26	65	-	-	2	5	2	5	40	100
5	Degree of accountability in the bank	7	18	17	43	14	35	1	2	1	2	40	100
6	Availability of individual oriented performance remuneration	8	20	3	8	9	22	15	38	5	12	40	100
7	Assessing performance of subordinates on daily basis	10	25	5	12	3	8	5	12	17	43	40	100

Source: Field survey 2013

As one can learn from table 4.5 above out of 40 respondents, 11(28%) of them frequently satisfied with the work environment of the bank. On the other hand, 17(42%) and 9(22%) of them put the level of their satisfaction as fairly often and sometimes respectively. On the contrary 3(8%) of the respondents completely reported that they did not satisfy with the bank as a work place at all. Here again, the bank had to strive much for improving its situation of work to minimize the possible turn over and increase the workers' devotion.

Through the second question on the same table, it was intended to find out as to how the bank implemented its strategic plan in line with its mission consistently. Thus, 20(50%) of the leaders believed that the bank frequently put its strategic plan into practice in terms of its vision statement. However, 11(28%) and 9(22%) of the respondents indicated the frequency of the mentioned issue as fairly often and sometimes respectively. Thus, the bank was expected to forward justification whenever it lacked consistency in its activities.

The third question on table 4.5 was targeted to assess the leaders' manner of time management skills. Hence, 5(12%) of the participants responded that they arrived on time in the work place; furthermore, 10(25%) of the respondents said that they were fairly often punctual. However, while 2(5%) of the participants sometimes arrived on time, and 20(50%) of them reached on time once in a while. Contrary to all these, 3(8%) of the leaders claimed that they were totally unpunctual. In addition, being an employee of the bank, the researcher observed that some of the superiors were leaving work early for lunch and coming back too late in the afternoon. Hence, the leaders' time management skills could hardly be taken as good model. This in turn could be considered as one of the tangible reasons for the underperformance of the bank.

Management of the bank were asked to give their opinion regarding their commitment of expressing their opinion on general management meetings freely. Then, only 10(25%) participants expressed their idea frequently and freely during such conditions. On the other hand, while 26(65%) of the respondents said that they fairly often addressed their issues freely, 2(5%) of them pointed out that they forwarded their idea once in a while. However, the other 2(5%) of the leaders did say nothing on meetings. Thus, on the basis of the given data here, one could deduce that significant number of workers seemed to avoid the possible risks that the bank might impose on them in relation with their free comments.

Out of 40 respondents 7(18%) of them replied that there existed frequent procedures for accountability in the bank. Whereas, 17(43%) of the respondents said that the bank fairly often stick its procedures of accountability. Furthermore, some amount of 14(35%) respondents believed that the bank practiced its procedure of accountability sometimes. And as to one 1(2%) respondent, the bank implemented its principle of accountability only once in a while. Quite contrary to this, the other participant 1(2%) testified that there were no clear procedures for accountability within the bank. Therefore, based on the responses forwarded, here one could say that it was high time for the bank to make the employees internalize the rules and regulations of accountability and perform their task accordingly.

Leaders of the bank were also asked to comment on the existing conditions of remuneration in the bank. 8(20%) of the participants said that there was frequent remuneration in the bank; whereas, 3(8%) rated its presences as fairly often. And 9(22%) of the subjects underlined that the bank made remuneration sometimes. On the contrary, while 15(38%) of them said that they had it once in awhile, the rest 5(12%) showed that the bank did not conduct remuneration at all. In general, one might learn the absence of uniformity in the bank concerning remuneration.

However, when superiors were asked if they assessed performances of the subordinates on daily bases, 10(25%) of them said that they frequently did it. Furthermore, 5(12%) of the participants fairly often assessed performances of subordinates; whereas, three managers showed that they made assessment sometimes. On the contrary 5(12%) of them ran the assessment once in a while, and big number of respondents did not assess their subordinates' performances. Therefore, the chance of taking timely measures to improve drawbacks in the bank could probably be at risk.

Table 4.6 Managements' Reaction to the Situation of Team Leading Practices

N o.	Items	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%
		1	Subordinates possess the essential skills and abilities to accomplish the team's objectives	12	30	25	63	-	-	3	7
2	Trusting each other to share information, perceptions, and feedback	20	50	11	28	7	17	2	5	40	100
3	Having access to the resources to get the job done	11	28	13	32	15	38	1	2	40	100
4	Exerting pressure to improve performance	14	35	19	48	5	12	2	5	40	100
5	Enhancing team work spirit in the department/ branch	17	42	18	45	1	2	4	10	40	100

Source: Field survey 2013

As shown in table 4.6, leaders were asked about subordinates' skills and abilities to accomplish the team's objectives. 12(30%) of them strongly agreed that their said that the subordinates possessed the essential skills and abilities to accomplish the team's objectives. In addition 25(63%) of them agreed that the subordinates did have the necessary skills and abilities to attain the objectives. On the contrary, 3(7%) of them confirmed that they strongly disagreed with the idea that the subordinates equipped with the necessary skills and abilities to accomplish the team's objectives. Hence, this showed that the majority employees of the bank did possess the essential skills and abilities to attain the bank's objectives.

Participants were asked to comment on the significance of having trust among members of a certain team in the bank. 20(50%) of respondents said that they strongly agreed that trust could

facilitate for employees to share ideas, shape perceptions and exchange feedbacks so that they achieve their goals. While 11(28%) of the respondents relatively agreed with the positive contribution of trust, 7(17%) of them disagreed with the suggested benefits that trust could bring forward. Furthermore, 2(5%) of them strongly disagreed with the remark that amplified the contribution of trust. Since, majority of the respondents did have optimistic view for the power of trust within the group, the chance of having positive interactions among employees could probably be high.

Leaders of the bank were also asked about the availability of sufficient resources to accomplish their task effectively. Thus, 11(28%) of them strongly confirmed that they did have sufficient resources that the bank allocated to get the job done. In addition, 13(32%) of the subjects agreed with the point that the bank provided them with the resources to do their job. However, 15(38%) of the respondents didn't agree with the fact that the bank created opportunity for them to have access to resources. And 1(2%) of the participants confirmed that s/he completely disagreed that the bank made her/him utilize sufficient resources to get the job done.

Leaders were also asked whether they exerted pressure on subordinates for the increment of productivity. 14(35%) of respondents strongly agreed that they motivated others to accomplish their work timely. And, 19(48%) of the leaders relatively agreed on the usefulness of elevating others' motives for the wellbeing of the organization. The rest didn't believe in cultivating the essence of motivation. However, since those who relied on utilizing the potential of motivation were many in number, the bank would be benefited from it.

On the other hand, 17(42%) of the respondents highly agreed with existence of team work spirits in departments /branches. Furthermore, 18(45%) of them also responded that they agreed with the presence of team work in the institution. However, there were some groups who didn't still implement team work in their respective units. Thus, the bank should act further to make its employees involve themselves in group activities.

Table 4.7 Employees’ opinion on General Leadership

No.	Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%
1	Leaders inspires others with their plans for the future	50	21	79	33	51	21	42	18	18	7	240	100
2	Managers lead by “doing” rather than by “telling”	69	28	63	26	57	24	48	20	3	2	240	100
3	Leaders treat employees with respect	96	40	85	36	44	18	15	6	-	-	240	100
4	Managers give freedom for others to express their opinion	69	28	87	37	50	21	34	14	-	-	240	100
5	Supervisors identify problems and take timely actions	59	25	103	43	59	25	14	6	5	1	240	100
6	Supervisors’ reward and motivation policies are satisfactory	95	40	80	33	60	25	5	2	-	-	240	100
7	Leaders initiate others to engage in goal setting of the unit	30	12	59	25	36	15	76	32	39	16	240	100
8	Supervisors delegate authority to subordinates	21	8	30	13	50	21	62	26	77	32	240	100

Source: Field survey 2013

As shown in table 4.7, 50(21%) of the respondents strongly agreed with the idea that leaders inspired them to perform their task in line with the preset plan. And 79(33%) of the participants agreed that they were motivated by the leaders to accomplish their task according to the bank’s objectives. However, while 51(21%) of the subjects preferred to take neutral position concerning

the issue raised, the rest out rightly disagreed with the idea that their leaders' manner of inspiration. However, the result revealed that the majority of employees confirmed that their leaders inspired them.

Furthermore, 69(28%) of the respondents strongly agree on the statement and, 63(26%) of them agreed that their superior lead by "doing" rather than by "telling" .Whereas, 57(24%) of respondents kept neutral. On the contrary, some of the respondents said that their leaders lead by "telling" rather than by "doing" confirmed by 48(20%) disagreed and 6(3%) strongly disagreed on the statement.

Regarding the way superiors treat their subordinates, significant amount of respondents highly supported the statement and voted 96(40%) of them strongly agreed on their superiors treatment with respect and 85(36%) also agreed that their managers treat with respect. Whereas, 44(18%) of the respondents were kept neutral. On the other side, 15(6%) of the respondents not agreed on the statement and said that they were not treated by their supervisors with respect. In general, majority of subordinates positively support the statement and confirm that management of the bank treat employees with respect.

Furthermore, employees response on expression of idea out of 240 respondents 69(28%) of the respondents strongly agreed on freedom that was given by their supervisors while 87(37%) of the respondents agreed on the statement that they can freely express their opinion while 50(21%) respondents keep silent. However, 34(14%) of the respondents disagreed and said there is no freedom to express their idea and confirm that their superiors are autocratic.

Employees were then asked whether their leaders identify problems and solve on time and about 59(25%) out of 240 respondents strongly agreed on their supervisors identification of problems and develop action plans to solve on time and significant amount of respondents 103(43%) also agreed on the statement some of them 59(25%) are neutral and 14(6%) said their leaders are not proactive.

As it can be seen on the table 4.7, above employees were also asked to express their perception towards reward and motivational policies of the bank and responded that 90(40%) of the

respondents strongly satisfied with the reward and motivational policies of the bank whereas 80(33%) of them agreed on reward and motivational police of the bank. Whereas, around 60(25%) of the respondents kept neutral. With regard to the reward and motivational policy of the bank, around 5(2%) of the employees disagreed on the statement. In general, majority of the employees satisfied with reward and motivational policy of the bank.

However, subordinates participation in goal setting of the unit only some amount of respondents supported the idea that means 30(12%) of the respondents strongly agreed and 59(25%) of them agreed on the idea and 36(15%) of them said that nothing with regard to participation in goal setting. On the contrary some of the participants said that they were not participating in any goal setting of the unit that means 76(32%) of the sample disagreed and 39(16%) of them strongly disagreed.

When employees are requested about the delegation of authority by their supervisors, 21(8%) of them responded that they strongly agreed and 30(13%) of them also agreed that their supervisor delegate authority to subordinates while 50(21%) of the respondents remained neutral. On the contrary significant number of respondents did not support the statement and disagreed by 62(26%) participants and 77(32%) of them also strongly disagreed that there is no delegation of authority to subordinates in the bank.

Table 4.8 Employees' Perception towards Communication

No.	Items	Always		Often		Some times		Rarely		Never		Total	
		Frq.	%	Frq.	%	Fr	%	Frq.	%	Frq.	%	Frq	%
1	Communication of the bank's mission, vision, goal, and strategy	27	11	19	8	44	18	42	17	108	45	240	100
2	Communicating effectively with all the bank's unit	25	10	61	25	30	13	13	6	111	46	240	100
3	Taking training on leadership	30	12	17	7	16	7	39	16	138	58	240	100
4	Employees access to any information	82	35	44	18	51	21	33	14	30	12	240	100

Source: Field survey 2013

As can be shown in the table 4.8, above respondents were asked to give their opinion on the statement above, out of 240 respondents 27(11%) of the respondents were said that they always communicated and 19(8%) says often and 44(18%) said some times. However, significant number of respondents said they never communicate the bank's mission, vision, goal, and strategy so that they were given their vote 42(17%) rarely and 108(45%) said never communicate and they did not agreed on the statement. The result shows that the bank's management were not communicating the bank's mission, vision, goal, and strategy for the subordinates.

Employees also asked whether they communicate effectively in all the bank's units or not and they confirm that 25(10%) of the respondents always communicated effectively with all the bank's units and added by 61(25%) respondents often communicate. Whereas, 30(13%) of the participants said that sometimes. However, more than average of the total respondents confirm that they were not communicate effectively with all the bank's units and responded as 13(6%) rarely and 111(46%) never. Therefore, management must keep employees well informed and encourage feedback in the entire bank's organ. As confirmed by Fiedler to have an effective

organization, there must be effective and stimulating relations between the people involved in the organization.

With regard to training of employees, around 30(12%) of the respondents replied that they have taken training on leadership and 17(7%) of the respondents said often while 16(7%) respondents said sometimes they have taken training. Around 39(16%) of the respondents said that as they have taken training rarely. On the other side, above fifty percent of the respondents which are 138(58%) said never taken training on leadership.

With regard to information flow, around 82(35%) of the respondents said that they have always access to any information, while 44(18%) of them said often, and 51(21%) said some times. Whereas, 33(14%) of the respondents said rarely and 30(12%) of them never have to access to any information. This shows that there is existence of informal information flow throughout the bank before it is formalized. This makes employees attention on this informal information and decrease concentrations of employees towards their work in addition working hour will be wasted through rumor.

Table 4.9 Subordinates Responses on Supervisors Performance

No.	Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%
1	Supervisors always facilitate opportunities for the Section / Department/ Branch	54	22	78	33	72	30	36	15	-	-	240	100
2	Supervisors check work progress against plans	51	21	87	36	57	24	36	15	9	4	240	100
3	Manner of time management	22	9	98	41	50	21	70	29	-	-	240	100
4	Supervisors limit/determine employees performance	17	7	59	25	80	33	60	25	24	10	240	100
5	Supervisors make the pay system on the bases of individuals performance	20	8	26	11	25	10	67	28	102	43	240	100
6	Supervisors closely monitor others effective performance	30	12	71	30	53	22	86	36	-	-	240	100
7	supervisors appreciates and recognize employees activities	35	15	91	38	75	31	39	16	-	-	240	100
8	Managers are committed to the structural changes being implemented by the bank	65	27	122	51	53	22	-	-	-	-	240	100

Source: Field survey 2013

When employees asked to give their opinion regarding seeking new opportunities by their supervisors about 54(22%) of the respondents strongly agreed on the statement and 78(33%) of them also agreed whereas 72(30%) of the respondents kept neutral. On the contrary, 36(15%) of

respondents said that their supervisors did not seek new opportunities. More than an average of the respondents agreed on the statement and said that their superiors seek new opportunities for the unit so that the performance of the Branch/Department can be increased.

As indicated in the above table superiors evaluated by their subordinates and confirm that most of the respondents 87(36%) of the sample agreed on their supervisor checking work progress against plans in addition 51(21%) of the respondents strongly agreed and 57(24%) neither agreed nor disagreed. On the other side 36(15%) of respondents disagreed on the statement while 9(4%) of them strongly disagreed that their supervisor did not check work progress against plans. This also shows that a good number of employees confirm that their superiors check work progress against plan on monthly, quarterly, semi- annually and annually. In addition, the bank has practiced performance report meeting quarterly, semi-annually and annually.

In the third question above the attendance of subordinates were asked, around 22(9%) of the respondents responded that they arrive on time and said they were strongly agreed whereas 98(41%) of them responded on the statement as they agreed and 50(21%) said they are neutral. But, 70(29%) of the respondents said that they were not arriving on time. This can be negatively affected the performance of the bank.

Employees were asked if their performance is affected by poor leadership of their supervisors and they have given their idea in the following manner, employees' performance is limited by poor performance of supervisors agreed by 59(25%) participants. In addition, 17(7%) of the respondents strongly agreed on the statement out of 240 respondents 80(33%) of them keep neutral. But 60(25%) and 24(10%) disagreed and strongly disagreed respectively.

Employees were asked to respond on the pay system of the bank whether it bases on performance of the individual or not. 20(8%) of the participants agreed and 26(11%) strongly agreed on the pay system that bases on the performance of individual while 25(10%) of the respondents keep neutral. But significant number of respondents 67(28%) and 102(43%) of the participants disagreed and strongly disagreed on the pay system of the bank respectively. This shows that the pay system of the bank did not base individual performance rather gives the same salary scale and bonus in general.

Monitoring of subordinates by their immediate supervisor were evaluated and employees given their response that they closely monitored by the subordinates and strongly agreed by 30(12%) and agreed by 71(30%) of participants while 53(22%) kept neutral on the contrary 86(36%) disagreed on the statement. However, majority of the employees confirm that their supervisors are not closely monitors subordinates and it shows there is some weakness in monitoring subordinates.

Supervisors appreciation and recognition of employees' activity strongly agreed by 35(15%) and agreed by 91(38%) out of 240 participants, 75(31%) kept neutral and 39(16%) disagreed that their supervisors did not appreciate and recognize employees' activity. As per the finding, majority of subordinates were happy on application and recognition of their work by supervisors' and it is good way for employees' motivation.

The bank's employees commitment towards the structural change were strongly supported by 65(27%) of the participants and 122(51%) agreed on the statement while 53(22%) kept neutral. Olaniva (1999) described that employees' performance regarded to the way and manner in which a staff in an organization performs the duties assigned to him/her or expected of him/her in order to realize the organizations goals and objectives. Hence, from the findings of many studies it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of its leadership-effectiveness leader behavior facilitates the attainment of the follower's desires, which then results in effective performance. Conceptually, it is argued that the visionary and inspirational skills of transformational leaders motivate followers to deliver superior performance (Nicholls' 1988).

Table 4.10 Employees’ Response on the Currently Practiced Leadership Styles

No.	Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
		Fr	%	Frq.	%	Fr	%	Fr	%	Frq.	%	Frq	%
1	Retains the final decision making authority	78	33	87	36	45	19	21	9	9	3	240	100
2	Immediate supervisors respect/accept comments and views of employees	72	30	96	40	48	20	18	8	6	2	240	100
3	Managers provide employees with a good role model to follow	60	25	83	35	70	29	19	8	8	3	240	100
4	Employees satisfaction with their immediate supervisor leadership style	52	22	45	19	98	41	37	15	8	3	240	100
5	Supervisors interfere after problems became serious	40	17	75	31	61	25	48	20	16	7	240	100

The table 4.10,above shows that leaders are the one that have the final decision making authority for example, 78(33%) strongly agreed and 87(36%) agreed on their leaders retain the final decision making authority on different issues across their branches/departments while around 45(19%) of the participants remained neutral to the statement. Contrary to this, 21(9%) and 9(3%) of the respondents were disagreed and strongly disagreed that their supervisor did not single decision makers. Therefore, this implies that majority of the employees agreed that leaders are the sole decision making bodies who hold absolute power over different administrative and

strategic issues. This indicated that majority of the employees supported the opinion that the leaders are the single decision making body. Participation of the employees in decision making is very crucial element for the successful implementation of the organizational objectives. This is because when employees are allowed to attend decision making process they feel ownership of their projects and do their best to successfully accomplish the assigned task.

When employees were asked their opinion regarding whether their leaders respect and accept employee's comment and view, 72(30%) of them strongly agreed and 96(40%) agreed while around 48(20%) of the respondents remained neutral. But, some of the respondents 18(8%) given their opinion disagreed and 6(2%) strongly disagreed on the statement. This shows that majority of the respondents voted that their supervisor respect and accept their comments and views.

Regarding superiors role model to subordinates around 83(35%) of the respondents agreed on the role model of their supervisors. Moreover, 60(25%) of them strongly agreed that their superiors are a good role model to follow while 70(29%) kept neutral. However, from the total sample 19(8%) of the respondents disagreed and 8(3%) strongly disagreed that their supervisors were not a good role model to follow.

In general, majority of the subordinates said that their leaders are a good role model to follow and to gain a good leadership experience from them.

Majority of employees 45(19%) agreed and 52(22%) strongly agreed on satisfaction of the existing leadership style while 98(41%) responded as neutral but 37(15%) disagreed and 8(3%) strongly disagreed. Even though, the majority of the respondents are satisfied with their immediate supervisors there are also some groups who did not satisfied.

When employees asked to give their opinion on interference of supervisors before problems happened around 75(31%) of the participants were respond that their supervisor fails to respond until problems were very serious and also strongly agreed about 40(17%) of the respondents and 25(48%) were remained neutral. However, the remaining number of subordinates give their opinion 48(20%) disagreed and 16(7%) strongly disagreed on the statement. These show that majority of supervisors respond after problems happened. They are not proactive leaders instead they are reactive leaders.

Table 4.11 Subordinates Response on the Practice of Team Leaders

No	Items	Strongly Agree		Agree		Disagree		Strongly Disagree		Total	
		Frq.	%	Frq.	%	Frq.	%	Frq.	%	Frq.	%
1	Employees are trust each other to share information, perceptions, and feedback	123	51	42	17	43	19	32	13	240	100
2	Teams were given the resources it needs to get the job done	69	29	94	39	32	13	45	19	240	100
3	Team spirit exists within each Department/ Branch	78	32	83	35	52	22	27	11	240	100
4	When supervisors work most effectively they Said “I” instead of “We”	61	25	66	27	60	25	53	22	240	100
5	Supervisors spend a lot of time on team building and coaching	35	15	56	24	18	8	131	55	240	100

Source: Field survey 2013

As shown in the table 4.11, above majority of the group members given their opinion on question number one above that they trust each other to share information, perceptions, and feedback about 123(51%) out of 240 participants strongly agreed and 42(17%) also said agreed. However, the remaining number 43(19%) of the respondents disagreed and 32(13%) strongly disagreed.

With regard to resource allocation employees responded that their team have found the necessary resources when needed strongly agreed by 69(29%) and 94(39%) also agreed. On the contrary, 45(19%) respondents strongly disagreed and 32(13%) also disagreed. Hence, majority of the respondents assured that there is no resource problem in order to get the job done.

Existence of team spirit in their Branch/Department were asked to subordinates and out of 240 respondents 78(32%) of them strongly agreed that they have a good team spirit and 83(35%) of them also agreed on the statement. But, 52(22%) of them voted that disagreement whereas 27(11%) of them strongly disagreed and it indicates that there is no team spirit in the Branch/Department. Hence, this shows that most of the participants support that there is a good team spirit in each Department/Branch to perform team work effectively.

Most of the respondents said that their supervisors says” I” instead of “we” when leaders work most effectively and strongly agreed by 61(25%) respondents and 66(27%) of them agreed on the idea. However, 60(25%) of the respondents disagreed on the statement more over 53(22%) of them disagreed. This also shows that leaders always say “I” instead of “We” when they well perform the work. Nelson Mandela said that “It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur.

In the last question of the table 4.11, above employees were requested to give their idea on team building and coaching by their superiors. They confirm that some team leaders spend their time on team building and coaching and voted by around 35(15%). Whereas, 56 (24%) respondents agreed. However, 18(8%) of them disagreed and 13(55%) strongly disagreed on the statement.

This indicated that majority of the superiors do not spend time on team building and coaching of subordinates. It is a leadership function that covers setting vision, inspiring and coaching of subordinates.

4.3. The basic leadership challenges in NIB International bank:

Apart from the findings discussed so far, the study through open-ended questions came with the major challenges of leaders. As a result, the study identified that some leaders couldn't avoid old behaviors and habits. This intern made them develop an attitude of change resistance. In addition, there were leaders in the bank who claimed that they were persistently challenged interested groups' interferences in all aspects of its operational area. Furthermore, some employees of the bank lacked commitment to attain the bank's objectives. And on the basis of the findings, it was possible to put employees' attitude towards their supervisors' leadership practices into two categories:

- Most employees revealed that the management of the bank practiced a reward and motivation by checking the subordinates' performance against plan; in addition, the managerial groups could be taken as role models in their manner of inspiring team members and treat others with respect.
- However, some respondents cited that there had been too limited participation of subordinates in goal setting, delegation of authority, team building, coaching and some employees of the bank lack commitment. Moreover, the respondents pointed out that the bank didn't practice consistence tradition to reward on individuals in terms of their performance. And according to the employees the bank should strive much for addressing its mission, vision, goal and strategic plan effectively.

CHAPTER FIVE

Conclusions and Recommendations

5.1. Summary

The purpose of this study was to investigate the practices and challenges of organizational Leadership at (NIB).The study analyzed the leadership style, effectiveness of the current leaders, identified leadership challenges, and employee's attitude towards the currently practiced leadership style within the bank. On the basis of the analysis and findings of the study following conclusions and recommendations are drawn:

5.2. Conclusions

On the basis of the analysis and findings of the study the following conclusions were drawn:

1. The result of the study concludes that democratic, autocratic, situational, transformational and bureaucratic leadership styles were practiced in the Bank.
As the study depicted, the dominantly practiced leadership style was democratic followed by the autocratic one.
2. Based on the gathered information and revealed results of the study it was observed that there was a significant relationship or link between leadership behavior and employees performances. Regarding this democratic leadership style positively affected employees' performances while autocratic leadership style affected negatively on employees' performance.
3. The basic leadership challenges that NIB faced were:
 - ✓ Difficulty of avoiding old behaviors and habits, and internalizing new practices.
 - ✓ Ineffectiveness of the leaders to communicate the bank's mission, vision, goal and strategic plan to employees.
 - ✓ Interested groups' interference in different aspects.
 - ✓ Pressurized by highly volatile and demanding work force.
 - ✓ Suffering from autocratic leadership practice.

4. Employees' attitude towards their supervisors' leadership practices put into two categories:
- Most of the respondents observed that management of the bank practiced a reward and motivation, checking of performance against plan, inspire of team members, treat subordinates with respect and becoming role model for subordinates.
 - However, some respondents cited that there had been too limited participation of subordinates in goal setting, delegation of authority, team building, coaching, reward on individual performance, and time management and communication of the bank's mission, vision, goal and strategic plan to employees.

5.3. Recommendations

On the basis of the findings, the following recommendations were forwarded:

1. The leaders of the bank should have a clear strategy to identify and practice appropriate types of leadership styles which consider the actual context of the banking business for the successfulness of the organization.
2. The leaders of the bank should pay more attention to develop efficient team work and express warm concern and trust to co-workers through democratic or transformational leadership behaviors so that the bank intensified/elevated its achievement.

This is because this leadership style can play a role in enhancing employee performance. Both transformational and democratic leadership styles have been found to have a significant and positive relationship with employee performance. Leaders should attempt to maintain these leadership styles within their organization as motivated employees are most desirable. However, Management of the bank should reduce the extent of exercising autocratic leadership style to deal their subordinates unless situations demand to do so. Because this leadership style undermines employees inherent quality and skill of implementing the assigned task successfully. Dubrin, confirmed that authoritarian leaders are task-oriented, make their own decision and do not allow their subordinates to participate in making decisions.
3. The concerned bodies should keep the currently undergoing structural change form of the bank from being poisoned/tackled by the remnants of old leadership styles. This can be

enhanced through motivation, create cohesive management team, demanding accountability, creating employees commitment and empowerment.

4. The bank has to articulate a clear communication frame work to address its mission, vision and goals effectively to its employees. So that employees will create sense of ownership in their mind to achieve it.
5. Effective organizational team and individual performance measurement tool should be established to help employees get immediate feedback from their actual work accomplishments in line with organizational objectives. This has a positive contribution towards employees expected performance, reward in relation to the work volume that they have been successfully implemented and create health work competition across branches/ departments. Consequently, employee job performance will be enhanced.
6. The bank has to create mechanisms to well come new ideas and working methods to solve the existing problems and predict the possible future challenges. Furthermore, the bank's leaders should utilize its human capital to stay in the game through delegation of authority, participating in goal setting, team building, coaching of employees.
7. The bank should design short and long term in service training as to the nature and responsibilities of employees' position.
8. Future researcher in the current study area should focus on all private banks operating in Ethiopia. Because this may demonstrate different results due to expanded the scope in terms of the sample size. The concepts of leadership style and effectiveness of leadership style in organizations performance are well documented on literature. However, further study is needed to analyze the relationship between these in all private banks in Ethiopia.

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APPENDICES

DECLARATION

I, Worku Temere Guangul, Registration no 31/2004 discipline MBA at the st. Mary's University, do here by declare that the dissertation practices and challenges of organizational leadership at NIB International Bank s.c submitted by me in partial fulfillment of the requirement for MBA is my original work, and has not been submitted or published earlier.

I also understand that if evidence of plagiarism is found in my dissertation at any stage, even after the award of a degree, the work may be cancelled and the degree revoked.

Name

Signature

ST. MARY'S UNIVERSITY, ADDIS ABABA DECEMBER, 2013

ENDORSEMENT

This thesis has been submitted to st. Mary's University school of graduate studies for examination with my approval as a university advisor.

Advisor

Signature

ST. MARY'S UNIVERSITY, ADDIS ABABA DECEMBER, 2013