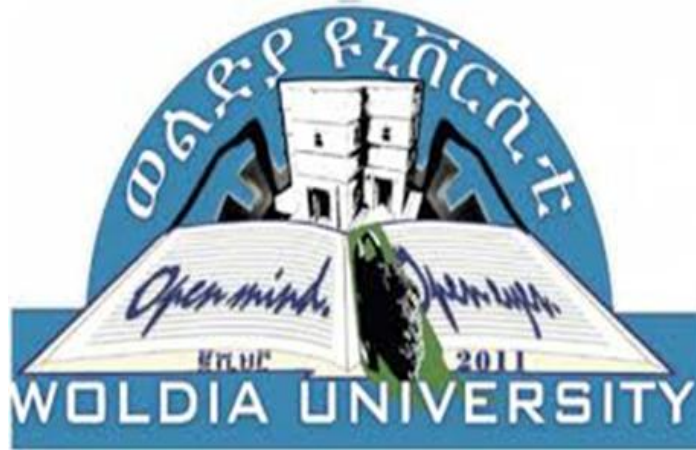




**FACULTY OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**THE EFFECTS OF LEADERSHIP STYLES ON EMPLOYEES'**  
**PERFORMANCE**  
**(THE CASE OF KOBO TOWN CBE BANK)**

**By**

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**June, 2024**

**Woldia, Ethiopia**

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**A THESIS SUBMITTED TO DEPARTMENT OF MANAGEMENT FOR THE PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER DEGREE IN  
BUSINESS ADMINISTRATION (MBA)**

**June, 2024**

**Woldia, Ethiopia**



## **CERTIFICATE**

This certifies that the study, "The Effect of Leadership Styles on Employees' Performance in the Case of Kobo Town CBE Employees," has been conducted. This research project was completed by Zinabu Negasi under my direction and supervision in order to partially fulfill the requirements for the Masters of Business Administration (MBA) at Woldia University Faculty of Business and Economics Department of Management.

Advisor: **Yohannes Mekonen (Ph.D)**

Signature-----

Date-----

## **APPROVAL**

This is to certify that the thesis prepared by Zinabu Negasi entitled “The effect of leadership styles on employee performance (In case of kobo town CBE employees)”. And submitted for partial fulfillment of the requirements for the degree of Masters of Business Administration complied with the regulation of University and meet the accepted standard.

Signed by Examining committee

1. Advisor \_\_\_\_\_ Signature\_\_\_\_\_

Date\_\_\_\_\_

2. Internal Examiner \_\_\_\_\_ Signature\_\_\_\_\_

Date\_\_\_\_\_

3. External Examiner \_\_\_\_\_ Signature \_\_\_\_\_ Date

\_\_\_\_\_



## DECLARATION

I Zinabu Negasi hereby declare that this thesis, entitled “The Impact of leadership styles on employees performance (In case of kobo town CBE employees)”. Submitted to the Department of Management, Faculty of Business and Economics, Woldia University, in partial fulfillment of the requirements for the award of the **Degree of MASTER OF BUSINESS ADMINISTRATION (MBA)**, is a record of original research work done by me in 2016E.C, under the supervision and guidance of Yohannis Mekonen (Ph.D). It has not formed the basis for the award of any Degree / Diploma or other similar title of any candidate of any university. I have produced it independently except for the guidance and suggestion of my research advisor.

Zinabu Negasi

**Signature**\_\_\_\_\_

**Date**\_\_\_\_\_

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## **ACRONYMS**

|       |                                        |
|-------|----------------------------------------|
| ANOVA | Analysis of Variance                   |
| MLQ   | Multi-factor Leadership Questionnaire  |
| SD    | Standard Deviation                     |
| SPSS  | Statistical Package for Social Science |

## **ABSTRACT**

*The purpose of this study was to assess “the effects of leadership styles on employees’ performance in the case of kobo town CBE employees. It used explanatory and descriptive research design and quantitative research approach. A questionnaire was administered to 186 employees and the respondents who were selected by using survey sampling. The collected data was analyzed using SPSS Software version 26. In addition, to analyze the collected data descriptive statistics (frequencies, means & standard deviations), and regression analysis were used. The finding of this study indicated that leadership styles (Democratic, Autocratic, transformational and Laissez-faire) affects employee performance. Democratic leadership is the most practiced over autocratic and laissez-faire leadership style. In this study, all the four leadership styles had positive and significant effect on employee performance. Based on the findings of this study, the researcher recommends democratic leadership to managers in the working environment in the banking sector positive influence on employee performance; the practiced is less in comparison with democratic and autocratic leadership style. Thus, it is recommended implementing these two styles to improve performance of employees. There is relationship between employee performance and leadership style. Therefore, the management institute of the government has to make various efforts to improve leaders behaviors or/ways of leadership in order to enhance the institutional or organizational performance.*

***Key words; Autocratic, Democratic, Lassize-faire, laissez-faire, transformation, Employees performance***

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

According to Shafie et al. (2013) illustrate the significance of leadership in the business and particularly on people, who are any company's greatest asset. "Organizations ' main drivers are usually employees; they give life and goals to organizations" (Shaf vie and colleagues, 2013). To attain the highest performance, it is imperative to give employees psychological fulfillment and direction. Thus, in many firms, leadership plays a crucial role in helping employees perform better.

Leadership is an influential relationship among leaders and followers who intend to bring about real change and outcomes that reflect their shared purposes. Even if there is no universally accepted definition of leadership most writers agreed upon the influence relationship between leaders and followers (Igbaekemen, 2014).

The relationship between leadership and worker performance among hospital nurses was also studied by Aboshaiqah et al. (2015). They found that transactional and transformational leadership styles significantly improve worker performance, while laissez-faire leadership significantly degrades it.

A competent leader can identify the obstacles and the primary issues underlying them. The same phenomenon can be advanced to the ultimate aims with front-running personnel (Avolio, Walumbwa & Weber, 2009). Along the same lines, a number of factors, including decision-making and communication abilities, leadership authority and performance, intellectual prowess, and personal traits, comprise the fundamental kinematics. The workforce and the leadership are connected through the performance level (Bass, Avolio, Jung & Berson, 2012).

Employees the performance and leadership of these institutions' staff members are the only factors contributing to their success. Employees' unwavering efforts, diligence, and effectiveness in achieving the intended goals are models of several leadership philosophies (Iqbal, Anwar, & Haider, 2015).

According to (Ken & Heresy, 2015). leadership is the managerial competency of an employee that organizes the performance process by inspiring and motivating the team to achieve the organizational goal. Various leadership philosophies are employed to the advantage of workers, depending on the degree of guidance, empowerment, and decision-making authority. Because of this, employee performance suffers in any given organization when daily tasks are managed improperly and without appropriate strategic style.

According to Brownell (2010), "are profoundly affected by a leader's behaviors and personal characteristics, and especially the manner in which the leader relates to and influences followers," so leadership is important. This suggests that in order to achieve high employee performance as well as skill improvement and an organization focused on results, better leadership and management are required. Numerous studies have been conducted on the impact of leadership style on the performance of employees. The majority of them concentrated on service and economic organization. Studies concentrating on law enforcement and other protective agencies were scarce. A lot of businesses are currently dealing with problems including unethical business practices, excessive employee turnover, subpar financial results, etc. This could be the result of ineffective leadership. Achieving their stated objectives is often a company's main priority, therefore having competent executives is essential for organizing and inspiring staff. As a result employee performance face a slew of extra concerns, including leadership styles problem face. To overcome their depressive position and attain a higher level of competence to compete at a country level and faster expansion, employee's performance require the involvement and managerial capacity of all stakeholders. Due to this the study aimed to assess the impact of leadership styles on employee performance related to democratic, autocratic, transformational and laissez faire on employee performance.

## **1.2.Statement of the Problem**

The conduct and attitude of individuals inside an organization are significantly influenced by the leadership style employed. The empirical research on the direct relationship between management and overall performance is insufficient and ambiguous. Many research on bank performance and leadership styles in Ethiopia's commercial banks have been carried out. The majority of research is conducted in Addis Ababa, while some research has also been conducted outside of the city (Tariku, 2021).

Additionally, prior research has looked at how different leadership philosophies affect worker performance in a range of contexts, including public commercial banks, the military, healthcare, educational institutions, and corporate organizations (Armstrong, 2012; and Bass, 2011 as referenced in Kala'lembang, Soetjipto, & Sutrisno, 2015).

There is a statistically substantial and favorable correlation between employee performance and leadership styles (Salehipour & Ah mand, 2018). As to the findings of a recent study entitled "Leadership and Employee Performance," an employee's personality and degree of dedication are greatly influenced by their workplace culture, but their performance is not statistically significantly affected by it (Sahertian, Setiawan, & Sunnaryo, 2019). The performance of employees is significantly impacted by innovative leaders, a crucial component of company culture (Nwakoby, Okoye, & Anugwu, 2019). An additional study by Mohammed and Mohsin (2020) illustrates leadership and how it helps achieve management goals. Additionally, in several firms, managerial performance and knowledge management are impacted by leadership.

According to (Gcaza et al., 2018) examined the effects of leadership style and corporate culture on worker performance. Their findings indicate that leadership philosophies and worker performance are major factors in worker performance. The study also demonstrated that transformational leadership styles had a greater effect on workers' performance than transactional leadership approaches. Employee turnover is higher and organizational performance is lower when weak leadership is used (Dewan & Squintani, 2018). In light of this argument and the understanding of how important a committed employee is to achieving company goals and objectives, this review examines the relationship between affective employee commitment and charismatic leadership style.

Different leadership philosophies are exhibited by organizational leaders, and they can adapt to various situational settings. Studies contend that a leader's style has a role in determining how to address various organizational issues and create a framework for improving team member performance and employee performance (Mohamed, 2018). Effective leadership is widely acknowledged as a critical factor in achieving total organizational performance success by organizational theorists. But the most common issue in businesses is trying to define leadership, and it's less clear what leaders actually do to guarantee the success of their teams and organizations. Although leadership style contribute in assessing the impact on the resolving different organizational problems and formulating a platform for enhancement of employee's

performance through influencing team members (Mohamed, 2018) and Richard, (2006) only demonstrates a effect of leadership style but not show what type of leadership style formulate plat-form for organization is clearly stated. Nevertheless, the researcher requires re-see kind of leadership with these variables like autocratic leadership style, Most of the research that has been done on employee performance has been done outside of Ethiopia. Remarkably, no research has been done on Ethiopian employee performance that has been made publicly available, especially when it comes to employees made at the town level. The researcher was further inspired to conduct this study by employee performance, particularly those made in the North Wollo zone, kobo town CBE employees by this additional significant gap. Due the above stated problems researcher wants to fill this gap and try to assess impact of leadership styles on employee performance. Based on the above research problems researcher develop the following basic research questions.

### **1.3. Research Questions**

1. What is the effect of democratic leadership style on employee performance?
2. To what extent affect employee performance?
3. What is the effect of autocratic affect employee performance?
3. What is the effect of transformational leadership style affect the performance employees?
4. How laissez faire leadership styles affect the performance employees?

### **1.4. Objective of the Study**

#### **1.4.1. General Objective**

The main objective of the study is to investigate the impact of leadership styles on employees' performance in kobo town administration CBE employees.

#### **1.4.2. Specific objectives**

1. To investigate the effect of democratic leadership style on employee performance
2. To evaluate the effect of autocratic leadership styles affect employee performance in the study area
3. To examine the effect of autocratic leadership styles affects the performance of employees in the study area
4. To determine the effect of transformational leadership styles on employee performance.

### **1.5. Hypothesis Testing**

Ha: Democratic leadership styles have a significant effect on the employee performance in the study area

Ha: Autocratic leadership has a significant effect on the employee performance in the study area

Ha: Transactional leadership styles have a significant effect on the employee performance in the study area

Ha: Laissez faire leadership styles have a significant effect on the employee performance in the study area

Ha: Transformational styles have a significant effect on the employee performance in the study area

### **1.6. Significance of the Study**

The main significance of the study is researcher enable to know the pressing problems of leadership impact on employee performance.

For employees, It may an input for further improvement and maximize their effort to all organizations, show direction and motivate for better usage, the study might detect their weakness in their day to day operation concerning to their performance.

For other researchers, it would be the source of information, knowledge, to conduct other study particularly determinant of employee performance. And for policy makers, In order to establish priorities, create a set of effective policies, and assess progress, policymakers should pose pertinent questions about employee task, motivation, institutions, and policy settings.

### **1.7. Scope of the Study**

The scope of the study was delimited through geographically, conceptually and methodologically.

Geographically, Even though researcher to understand the need to cover all countries level of problems, un- manageable population size, lack of finance, and resource limitation the study delimited in kobo town only.

Conceptually, the study was assessed the impact of leadership styles on employee performance specifically, democratic, autocratic, laissez-faire and transformational styles on employee performance.

Methodically, the study would use simple random sampling in order to get valuable and true information from respondents and data was collected primary from all employees who work in the kobo town CBE bank.

### **1.8. Organization of the Study**

The research paper contained five chapters. The first chapter is concern with introductory part which include introduction, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study and organization of the study. The second chapter deals with review of related literatures. The third chapter is concern about the research methodology. In this section it includes study design, data type and source of data, target population, sample and sampling technique, method of data collection, method of data analysis and validity and reliability. The fourth chapter deals with about result and discussion and the fifth chapter contain conclusion and recommendation.

### **1.9. Definition of key terms**

**Leadership style:** leadership style is the typical pattern of behavior that a leader uses to influence his or her employees to achieve organizational goal (DuBrin, 2016).

**Autocratic Leadership:** an autocratic leader is a leader who tends to centralize authority and derive power from position, control of rewards, and coercion (Daft, 2018).

**Democratic leaders:** democratic leader is a leader who delegates authority to others, encourages participation, relies on subordinate's knowledge for completion of tasks, and depends on subordinate respect for influence (Daft, 2018).

**Laissez –Fair leaders:** According to (Cole, 2010); the laissez-faire leader is a leader who is uninvolved in the work of the unit.

**Transformational leaders** According to MacGregor (2018), transformational leaders are distinguished by their capacity to recognize when change is necessary, win over people's support

and commitment, develop a vision for the change, and implement the change. These leaders give each member of their team personalized attention and strive to help them grow in awareness, ethics, and abilities by giving their work purpose and challenge.

**Employee performance:** Performance is understood as achievement of the employee's in relation with its set goals. It includes outcomes achieved, or accomplished through contribution of individuals or teams to the organization's strategic goals (Aguinis, 2019).

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITRATURE**

#### **2.1. Theoretical Literature on leadership styles**

Leadership was a topic for discussion with increasing complexity and globally changing operations, but no universal definition was agreed upon. According to Jong and Hartog (2017), leadership can be defined as a process of influencing individuals to achieve the desired results. Andersen (2016) said leaders are the ones who stimulate, motivate and recognize their employees to get the job done and achieve the desired outcomes. This study is an attempt to explore transformative, transactional, and laissez-faire leadership styles and understand their impact on employees' attitudes towards their leadership and performance.

Although over the year's leadership has been well researched, there is still a lack of a universally accepted definition. According to Talat et al. (2015) claim leadership is a wide-spread process that requires authority, accountability, and power delegation. Leaders help direct, guide, and persuade their followers (employees) to achieve their goals and objectives, both personal and organizational. Leadership styles thus cover all aspects of dealing with conflicts within and outside an organization, helping and guiding the workforce to accomplish and fulfill their tasks, and appearing as a role model for all. Leadership is defined as a process by which a person influences other to achieve an objective and directs the organization in a way that makes it more cohesive and coherent.

According to Kumar (2014) applying attributes of leadership such as beliefs, values, ethics, character, knowledge, and abilities. Leadership is the integrated sharing of vision, resources, and values that will lead to positive change. It is the ability to build people's trust and zeal and create an urge to be driven within them.

According to Wammy & Swammy (2014) view leadership as a process of social influence in which the leader seeks subordinates' voluntary participation to achieve organizational goals, and thus a leader is a person who delegates or influences others to act to achieve specific goals.

According to Memon (2014) defines leadership as a process by which an individual influences other people's thoughts, attitudes, and behaviors by taking responsibility for setting the company's direction, others seeing and visualizing what lies ahead, and figuring out how to achieve. Leslie et al. (2013) argue that leadership is the ability to influence people to follow one's guidance willingly or to follow one's decisions. Leadership is the ability to persuade and mobilize others to work together as a team under his command to achieve a particular goal in Sundi (2013). MitongaMonga and Coetzee see leadership as the pattern associated with managerial behavior designed to integrate organizational or personal interests and effects to achieve specific goals. Through the organization's power to mobilize, motivate and communicate, the leadership seeks employee participation with all their dedication and sense of ownership (Chandra & Priyono, 2016).

## **2.2. Leadership theories**

### **2.2.1. Douglas McGregor's Theory X-Y**

According to Mat (2008), McGregor established Theory X–Y in 1960. McGregor made a valuable addition by categorizing the various attitudes managers could have toward their staff or employees, with X and Y representing the extremes of these attitudes. This idea clarifies two contradictory observations about employees that would affect managerial approach. According to Theory X, most people detest their jobs and will do all in their power to avoid them. Additionally, it makes the assumption that people are generally unambitious and that their main motivation is security (Mat, 2008). A more "traditional" perspective on human behavior is Theory X.

### **2.2.2. Fiedler's Contingency Theory**

According to Armstrong's (2009) citation of Fiedler's (1967) theory of contingent leadership, the kind of leadership used is largely dependent on the circumstances and the leader's capacity to recognize them and respond appropriately. This is known as situational leadership in some contexts. Because followers' actions define a leader's efficacy, this leadership style depends on their level of preparation. "Leadership performance depends as much on the organization as it does on the personal qualities of the leader," noted Fiedler. Fiedler made the observation that the show of a group is correlated with the leader's style of leadership and the extent to which the circumstance allows the leader to exercise influence (Armstrong, 2009). The fundamental notion

is to develop a leader's style in the context that will maximize their performance, as Fiedler believed that a person's leadership styles are largely fixed and challenging to alter. The right fit can be established by assessing the corporate environment and leadership style (Daft, 2013). Effective group performance depends on striking the right balance between the leader's style of staff interaction and the amount of influence and control the circumstance grants them, according to Fiedler et al. (1977), as mentioned in Porter et al. (2006).

### **2.2.3. Trait Theory of Leadership**

The Trait Theory, which maintained that leadership attributes can be learned, is a variant of the Great Man Theory. Early theories proposed that a strong leader possesses specific traits or personality characteristics, or "traits," according to Business Essentials (2019). Daft (2018) asserted that traits—such as intelligence, honesty, self-confidence, and even appearance—are what set a leader apart from others.

Therefore, they are leader because of some unique and inherent set of traits that set them apart from normal people.. Arnold and Feldman (1986) stated that trait theories of leadership focus on personal characteristics of the They are leaders as a result of a certain set of innate qualities that make them different from other people. According to Arnold and Feldman (1986), attribute theories of leadership emphasize the individual traits of the leaders.

### **2.2.4. Behaviour Theory of Leadership**

According to the behavioral theory, leadership is defined by observable and teachable behavior, and leaders can be created rather than born (Wakabi, 2014). In order to develop people to be leaders, behavioral theorists discovered the factors that determine leadership, according to Allen (1998) as stated in Maslanka (2004). Behavior theories of leadership effectiveness center on the behaviour of the leader and attempt to explain the connection between the actions of the leader and the behavioral and emotional responses of their followers (Arnold & Feldman, 1986). Then, Allen (1998) stated that behavioral theorists developed training programs to change managers' leadership behaviours and assume that the best styles of leadership could be learned (as cited in Maslanka (2004). Unlike the trait theory, the behavioral theory assumes that leadership capability can be learned rather than being inherent (Wakabi, 2014)

### **2.3.Measuring employee performance**

Measuring performance helps an organization to win competitive advantages on competitors through developing strategies. It is also a means of getting better customer value and builds an organizational reputation; additionally, it helps for managers to decide major Human resource decisions like promotions, transfer, and terminations. It is also helps to develop healthier employee competitions between members for good results of performance. Afshan defines performance as; “The achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed (Afshan, 2012).

Aguinis (2009) indicated that performance definition should not include the employee's behavior, but only the actions themselves. Mwita (as cited in Ali, Elmi & Mohamed, 2013) viewed performance as a significant multidimensional construct directed towards achieving results and has an active link to the strategic goals of an organization. There is a vital role played by employee performance for organizational performance. Employee performance can be described as what an employee does or does not do such as the quantity of output, timeliness of production, presence at work, cooperativeness (Gungor, 2011). It is worth noting that, the organization itself determines the nature of the performance. On the other hand, employees are of vital importance in the achievement of any organization. Hence, effective leadership enhances greater participation of the entire workforce, there by influencing both individual and organizational performance (Mullins, 2010). The style of leadership is vital to enable employees' performance. Thus, employees' performance is being considered as a dependent variable. goshu

Employee performance can be manifested in improvement in production, easiness in using the new technology, highly motivated workers. Many studies of researchers confirmed that human resource management practices have been strongly and positively related to employee performance and developments areas. Commonly, the employee performance is related to the outcomes. However, it can also be looked at in terms of behavior (Armstrong, 2006). Employee performance can be measured against the performance standards set by the organization (Keller et.al, 1992). There are many standard measures that can be taken into consideration when measuring performance by considering efficiency, effectiveness, productivity, quality and profitability measures (Ahuja, 2006).

In order to measure performance, managers should develop a specific performance out comes and standards for groups as well as individuals. Performance can be measured through various dimensions (H.Erkutlu, 2008) it can be measured in objective and subjective basis. Objectively, employee's performance is measured through profit margins, market share, increase in production, decrease in cost, return on investment etc. Subjectively, change in employee's behavior, learning and development capability, employee commitment, enhancement in skills and competencies etc, are measured as leadership effectiveness proofs.

## **2.4.Empirical studies about the effects of leadership styles on employee performance**

### **2.4.1. Democratic leadership style**

According to Mat (2018) one who promotes staff involvement in problem-solving and everyday operational decision-making. He made the argument that employees' roles and contributions matter. According to Nwokocha and Iheriohanma (2015), a democratic leader will solicit staff input, recommendations, and ideas prior to making decisions or giving directives to the group. As a result, staff involvement affects the team's direction. This approach fosters commitment, trust, and respect and is most effective when gathering feedback or getting staff to reach an agreement. The participative leadership style is another name for democratic leadership (Cherry, 2016). It's a leadership approach that promotes worker participation in organizational decision-making. According to the differing perspectives of Zervas and David (2013) and Nwokocha and Iheriohanma (2015), a democratic leadership style tends to encourage accountability, adaptability, and a positive work environment, all of which will enhance employees'

performance. They proposed that a democratic leadership style tends to promote employees' identification and retention within the company, as well as their ambition and motivation.

This suggests that in democratic leadership, the employees feel comfortable with the trust reposed in them which gives them the confidence to build a strong cooperation, team spirit, high morale and expunge any element that will bring in espionage. If the leader handled correctly, this style has a positive impact in the overall organization culture.

#### **2.4.2. Autocratic leadership style**

In an autocratic leadership style, decisions are made by the leader without input from his subordinates, and tasks are delegated to members (Dotse & Asumeng, 2014). Thus, in an autocratic leadership style, there is a clear division of authority between the leader and the followers. After then, managers keep a careful eye on staff members to ensure proper performance. According to Lewin et al. (2019), authoritarian leaders set explicit expectations for what must be done, when it must be done, and how it must be done. According to Business Essential (2009) states that an authoritarian leadership style can be effective in a crisis or as a last choice when dealing with a difficult employee. Nonetheless, it has the greatest detrimental effect on the culture of the entire firm. This approach concentrates decision-making in the leader's hands, who does not who does not promote involvement among subordinates.

#### **2.4.3. Transformational leadership**

Transformational leadership has charismatic capabilities, induces moral values, and attempts to develop employee capabilities. This leadership provides a kind of vision that elevates the follower's/employees' work potential and commitment to achieving the highly valued tasks that yield maximum output (Avolio & Bass, 2004). As a result, the underlying employees put forward all their efforts to bring organizational standards in line with global values. At the same time, transformation leadership is innovative, somewhat creative, take courageous initiatives and stand firm in cooperation with everyone's popular will relevant organizational units (Salman, Riaz, Saifullah & Rashid, 2011).

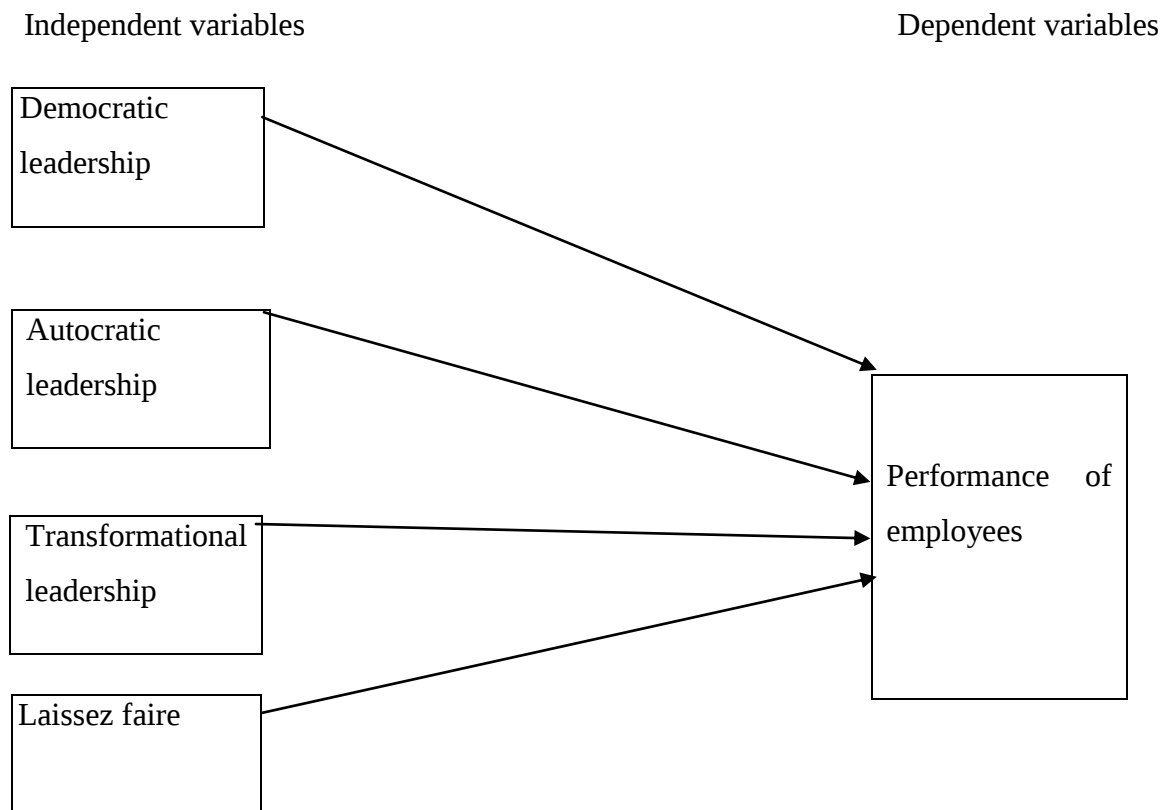
#### **2.4.4. Laissez-faire leadership style**

According to Lewin et al. (2019), laissez-faire leaders essentially delegate decision-making to their followers and participate in it very little themselves. According to Swarup (2013), under this leadership style, employees are granted complete authority and responsibility, and they are responsible for setting objectives, choosing a course of action, and resolving issues on their own. Laissez-faire leadership is more likely to be successful when team members are motivated, experienced, highly talented, trustworthy, and able to operate independently Alan, Kendra 2013).

According to Alan (2013), a laissez-faire leadership style can have both beneficial and bad effects on the firm. According to Alan (2013), a team member's inability to manage their time properly or their lack of drive to complete tasks efficiently might make a leader's style detrimental. Alan has also displayed some positive traits of the leadership style (2013). According to his theory, the primary advantage of a laissez-faire leadership style is that it offers team members a great deal of autonomy, which can boost productivity within the company and result in high job satisfaction. This implies that workers under laissez-faire leadership will perform better if they are happy in their positions.

## 2.5. Conceptual Frame Work

According to Mugenda (2003), a conceptual framework, is a diagrammatic representation of the connection between dependent and independent variables. By using a conceptual framework, the study problem was described using concepts that are related to one another. The dependent variable in this study is employee's performance and the independent variables are the leadership styles.



Source: own developed, 2022

Figure 1: Relationship between dependent and independent variables

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1. Introduction**

The aim of this section was to express the procedure; structure the researcher used to attained the purpose of the study. The main points discussed in this section were research approach, research design, target population, sample size, sample and sampling technique, explanation of information-gathering tools, data analysis, and presentation, and techniques to evaluate facts validity and reliability test.

#### **3.2. Research Approach**

The study used quantitative research approach. The quantitative research approach is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of number or amount. The quantitative research approach was considered to be appropriate to gather data and address the research questions of this study. This is because quantitative research approach is a systematic investigation of phenomena by gathering quantifiable data and performing statistical, mathematical, or computational techniques and is mostly conducted in social sciences using statistical methods (Bryman, 2004).

#### **3.3. Research Design**

The arranging of settings for the collection and analysis of data in a way that tries to combine relevance to the research purpose with the procedural economy is known as a research design (Kothari, 2004). To obtain data from a sample selected, relevant for investigation of leadership styles employed both descriptive and explanatory research design. A descriptive study strategy is practical for describing the dependent variables and the predictor variables (employees Performance) & (leadership styles). An explanation of the relationship between the dependent and independent variables' causes and effects was made possible by the explanatory study design, which was chosen (Creswell, 2003).

#### **3.4. Population of the Study**

All elements (individuals, objects, and events) that meet the sample criterion for inclusion in a report are referred to as the population. The CBE bank employee's town was the study's target

population. A survey sampling strategy is used to choose the study's population. The town's total numbers of employees are 186, according to CBE HR report, 2023.

### **3.5. Sample Size and Sampling Technique**

The study used Simple random sampling technique; to select the sample size. The sample elements were selected proportionally from each stratum by using a simple random sampling technique. To identify the target participants or sample size in this study, survey sampling technique. Researcher taken the whole population as a sample.

$n$  = Sample size

$N$  = Size of total population

$N$  = 186

$n$  = 186

### **3.6. Source of Data and Method of Data Collection**

The study would employed both primary and secondary source of data. Primary data was obtained through closed-ended questionnaire from the representative of the total population of CBE employees in kobo town. Secondary data was obtained from both published and unpublished materials includes bank office reports, reviewed literature, research papers, and policy papers, to provide additional information where appropriate.

### **3.7. Variables Description**

**Dependent Variable:** In this study the performance of employees is measured by perception towards their performance.

**Autocratic Leadership:** an autocratic leader is a leader who tends to centralize authority and derive power from position, control of rewards, and coercion (Daft, 2018).

**Democratic leaders:** democratic leader is a leader who delegates authority to others, encourages participation, relies on subordinate's knowledge for completion of tasks, and depends on subordinate respect for influence (Daft, 2018).

**Laissez –Fair leaders:** According to (Cole, 2010); the laissez-faire leader is a leader who is uninvolved in the work of the unit.

**Transformational leaders** According to MacGregor (2018), transformational leaders are distinguished by their capacity to recognize when change is necessary, win over people's support and commitment, develop a vision for the change, and implement the change.

### 3.8. Data Collection Instrument

Questionnaires were an instrument, which was prepared and distributed to ensure fair and equitable information expected to give true and fair representation; the questionnaires included closed-end questionnaires with a Likert scale. The survey questionnaire in this study contained a five-scale-pointing rating from (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and strongly agree (5). The questionnaires were developed by the researcher by reading literatures, articles and based on study area and respondents.

### 3.9. Pilot Test

Instruments were initially piloted to small numbers of respondents to verify whether the questions are easy to understand, appropriate to the research topic, and unambiguous for respondents to respond properly. It is also important to get feedback and input on other important issues that may be worthy of consideration that the initial instrument may have missed. The pilot test is important for the researchers to understand whether the instrument measures the right concept or not. Based on this researcher was taken thirty (30) respondents from 188 samples to check the reliability of the instrument through Cronbach alpha ( $\alpha$ ). Hence, the reliability of each variable is the following.

Table 1: Cronbach Alpha result ( $\alpha$ )

| No | Variables                   | Cronbach's valve | No of items | Decision |
|----|-----------------------------|------------------|-------------|----------|
| 1  | Performance employees       | .756             | 4           | Accepted |
| 2  | Democratic leadership style | .816             | 6           | Accepted |
| 3  | Autocratic leadership style | .796             | 5           | Accepted |
| 4  | Transformational leadership | .738             | 5           | Accepted |

|   |                                |      |   |        |
|---|--------------------------------|------|---|--------|
|   | style                          |      |   |        |
| 5 | Laissez-faire leadership style | .802 | 6 | Accept |

Source: own survey, 2024

### **3.10. Validity and Reliability Tests**

#### **3.10.1. Validity**

The term "validity" describes how successfully a test captures what it claims to capture (Creswell, 2003). To ensure the validity of the research, the researcher consulted reliable materials, such as published papers, books, and recent articles on the key elements influencing employee's performance. Based on the respondents' responses, some questions were added, some were removed, and others were changed. To further perfect the accuracy of the instrument, a questionnaire was given out and produced based on responses from study area participants. The research adviser also provided insightful input on the prepared questionnaire.

#### **3.10.2. Reliability**

According to Kothari (2004), a measuring instrument is dependable if it gives consistent results. A reliability test was also conducted to ensure the measurement scale's internal consistency and accuracy. Cronbach's alpha was utilized to assess the data instrument's reliability. When researcher checked the reliability of the dependent variables and independent variable in the study (performance), and democratic, autocratic, transformational, and laissez faire). Cronbach Alpha was used in the above table.

### **3.11. Methods of Data Analysis and Model Specification**

Data would analysis after all the relevant data collected from the respondents. The collected data was organized, analyzed, and interpreted using the statistical package for social science (SPSS) version 26. All the collected data were analyzed by using descriptive statistics like frequency, mean and standard deviation, and Pearson correlation, and multiple linear regressions were applied to observe the relationship between the dependent and independent variables, and to show the effect of independent variables on dependent variables. In this case, the value of the dependent variable (performance of employees) is measured by perception. The model of this study is specified using multiple regression analysis between the independent variables and dependent variable as follows.

Employees performance ( $Y_i$ ) =  $\hat{f}$  (Dem, Aut, Tral, Lf)

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon_0$$

Where; Y is Employee's performance.

$\beta_0$  is the constant term,

$\beta$  is coefficient of independent variables

X1 represent of democratic leadership style

X2 represent autocratic leadership style

X3 represent transformational leadership style

X4 represent laissez fare leadership style

$\epsilon_0$  is a marginal error (precision)

### **3.12. Ethical Consideration**

Data has been collected after the researcher got official permission from the institution; the goal of ethics is to ensure that no one is hurt or experiences negative repercussions as a result of research. By sending an official letter to the necessary organizations, all important data for this study was gathered. At any point during the data collection process, respondents had the option to decline or terminate. In terms of the right to anonymity and secrecy, participants were not required to put their names on the questionnaire and affirmed that their answers were unrelated to them in any manner

## CHAPTER FOUR: RESULT AND DISCUSSION

### 4.1. Introduction

This chapter includes reliability analysis, respondent profiles, descriptive statistics, correlation analysis, and multiple regression analysis. It was designed with the presentation, analysis, and interpretation of data in mind. A total of 186 employees completed and returned the questionnaires. 160 of the 186 surveys was correctly completed and gathered. This indicates that 86% of respondents correctly answered and sent it back. These respondent groups are the focus of the analysis and all of the discussions that follow. In order to address the research questions, the gathered data were examined using the statistical package for social science (SPSS) version 26.

### 4.2. Response Rate

#### 4.2.1. Demographic Characteristics of the Respondents

**Table 2: Demographic Characteristics of Respondents**

| Item              |                    | Frequency | Total | Percent | Total (%) |
|-------------------|--------------------|-----------|-------|---------|-----------|
| Sex               | Male               | 104       | 160   | 65      | 100       |
|                   | Female             | 65        |       | 35      |           |
| Age               | 18-25              | 73        | 160   | 45.6    | 100       |
|                   | 26-33              | 76        |       | 47.5    |           |
|                   | 34-41              | 9         |       | 5.6     |           |
|                   | 42-50              | 2         |       | 1.3     |           |
| Marital Status    | Single             | 60        | 160   | 37.5    | 100       |
|                   | Married            | 81        |       | 50.6    |           |
|                   | Divorce/Widowed    | 19        |       | 11.9    |           |
| Educational Level | Grade 12 completed | 28        | 160   | 17.5    | 100       |
|                   | Diploma            | 48        |       | 30      |           |
|                   | Degree             | 56        |       | 35      |           |
|                   | Master             | 28        |       | 17.5    |           |

Source: own survey, 2024

The above table shown about the demographic characteristics of respondents, related to sex 104(65%) of respondents are male and 65(35%) respondents are females. The findings of the study shows majority of respondents are male in the study area. Concerning to age the majority of respondents 73 (45.6) were between the ages of 18-25 years, 78(47.5%) 26-33 years, and 9(5.6%), 2(1.3 %) from 34-41 and 42-50 years respectively. The majority of the responders in this table are between the ages of 26-33 years;

Related to the marital status of respondents, 60(37.5%) of respondents are unmarried (single), 81(50.6%) respondents are married and the remaining 19(11.9%) respondents are divorced/widowed. This shows that the majority of employees in the study area was are married. And regarding to the educational background of respondents, 28(17.5%) of the employees are diploma, 117(73.1%) respondents are degree, 15(9.4%) of the respondent are master and above. The study finding shows that majority of respondents have degree holders. The study finding shows about educational back ground of the study majority of respondents are degree educational qualification. This shows employee of the sectors are degree holders and their performance may good when leadership style is consistent with organization and employees and problems are alleviated and improved.

#### 4.3. Reliability Test

A reliability test was carried out to confirm the measurement scale's accuracy and internal consistency. Cronbach's alpha was employed to evaluate the reliability of the data instrument. A questionnaire was used in the study to look at the variables leadership styles on employee performance. According to George and Malley (2003), the general criteria for reliability are better than.9 outstanding, greater than.8 very good, greater than.7 good, and.6 to.69 acceptable. Consequently, the following table also includes a list of each item's reliability in relation to the factors.

**Table 3: Reliability Test**

| No | Variables                   | Cronbach's Alpha | No of item | Decision |
|----|-----------------------------|------------------|------------|----------|
| 1  | Democratic leadership style | .752             | 8          | Accepted |
| 2  | Autocratic leadership style | .779             | 8          | Accepted |

|   |                                   |      |    |          |
|---|-----------------------------------|------|----|----------|
| 3 | Transformational leadership style | .777 | 9  | Accepted |
| 4 | Laissez-faire leadership style    | .702 | 5  | Accepted |
| 5 | Employee performance              | .706 | 8  | Accepted |
| 6 | Total                             | .897 | 38 | Accepted |

Source: own survey, 2024

As the above table shows, Cronbach's Alpha for all independent and dependent variables was 0.897. According to (George and Malley, 2003), the rule of thumb very good reliability is more than 0.8(.897). The reliability of measurement used in the study can be considered as good and acceptable. The Cronbach's Alpha for all variables was .897.

#### **4.4. The Mean of Dependent and Independent Variables (leadership styles and employees performance)**

##### **4.4.1. Democratic leadership style**

**Table 4: The Descriptive Statistics analyzing democratic leadership style on employee performance**

| <b>Descriptive Statistics</b>                                                                                                    |     |      |                |
|----------------------------------------------------------------------------------------------------------------------------------|-----|------|----------------|
|                                                                                                                                  | N   | Mean | Std. Deviation |
| My supervisor allows employee to participate in decision making, determination of policy implementation of system and procedure. | 160 | 1.76 | .639           |
| My supervisor has good relationship with the employee.                                                                           | 160 | 1.78 | .522           |
| My supervisor leading style is based on participation.                                                                           | 160 | 1.86 | .588           |
| My supervisor support employee to accomplish the task.                                                                           | 160 | 1.79 | .565           |
| My supervisor enables employee to make suggesting and recommendation in major issue                                              | 160 | 1.69 | .540           |
| My manager needs to help subordinates accept responsibility for completing their work                                            | 160 | 1.84 | .734           |
| My manager believes it is the leader's job to help subordinates find their "passion                                              | 160 | 1.68 | .554           |
| My leaders help me to develop my strengths                                                                                       | 160 | 1.68 | .567           |
| Grand mean                                                                                                                       |     | 1.76 |                |

Source: own survey, 2024

The above table shows about the descriptive statics about the democratic leadership effect on employee performance, related to supervisor allows employee to participate in decision making, determination of policy implementation of system and procedure the mean of 1.76 and standard deviation of .639, concerning to supervisor has good relationship with the employee the mean of 1.86 and standard deviation of .522, related to supervisor leading style is based on participation the mean of 1.79 and standard deviation of .565, concerning to supervisor enables employee to make suggesting and recommendation in major issue the mean of 1.69 and standard deviation of .540, concerning to manager needs to help subordinates accept responsibility for completing their work the mean of 1.84 and standard deviation of .734, regarding to manager believes it is the leader's job to help subordinates find their "passion the mean of 1.68 and standard deviation of .554, and related to leaders help me to develop my strengths the mean of 1.68 and standard deviation of .567. The finding of the study shows about the level of agreement of respondents regarding to democratic leadership style is dis-agree.

#### 4.4.2. Autocratic leadership style

**Table 5: The Descriptive Statistics analyzing autocratic leadership style on employee performance**

| Descriptive Statistics                                                                                                             |     |      |                |
|------------------------------------------------------------------------------------------------------------------------------------|-----|------|----------------|
|                                                                                                                                    | N   | Mean | Std. Deviation |
| My supervisor encourages participative decision making                                                                             | 160 | 1.68 | .518           |
| My supervisor not believes that decision is always made by leaders for subordinates                                                | 160 | 1.61 | .526           |
| Performance requirements are designed not according to the leader's needs                                                          | 160 | 1.71 | .578           |
| My supervisor gives order and expects immediate response                                                                           | 160 | 1.64 | .518           |
| My supervisor gives good opportunity to make suggestion                                                                            | 160 | 1.66 | .500           |
| My manager not believes employees need to be supervised closely, or they are not likely to do their work                           | 160 | 1.68 | .618           |
| My supervisor not believes that employees must be given punishments in order to motivate them to achieve organizational objectives | 160 | 1.70 | .581           |
| My leaders suggest new ways of looking at how to complete assignments                                                              | 160 | 1.66 | .525           |
| Grand mean                                                                                                                         |     | 1.67 |                |

Source: own survey, 2024

According to the above table regarding to autocratic leadership style on employee performance in the study area, concerning to supervisor encourages participative decision making the mean of 1.61 and standard deviation of .526, related to Performance requirements are designed not according to the leader's needs the mean of 1.71 and standard deviation of .578, concerning to supervisor gives order and expects immediate response the mean of 1.64 and standard deviation .518, related to supervisor gives good opportunity to make suggestion the mean of 1.66 and standard deviation .500, regarding to manager not believes employees need to be supervised closely, or they are not likely to do their work the mean of 1.68 and standard deviation .618, related to supervisor not believes that employees must be given punishments in order to motivate them to achieve organizational objectives the mean of 1.70 and standard deviation .581, concerning to leaders suggest new ways of looking at how to complete assignments the mean of 1.66 and standard deviation of .525. This shows that the level of agreement about respondents are Dis-agree. The result shows that about autocratic leadership affect the performance of employees.

#### 4.4.3. Transformational leadership style

**Table 6: The Descriptive Statistics analyzing transformational leadership style on employee performance**

| Descriptive Statistics                                                                 |     |      |                |
|----------------------------------------------------------------------------------------|-----|------|----------------|
|                                                                                        | N   | Mean | Std. Deviation |
| As a rule, my manager allows subordinates to perform their own work                    | 160 | 1.59 | .494           |
| My manager believes in most situations, employees prefer little input from the leader  | 160 | 1.69 | .654           |
| my supervisor feels it's best to leave subordinates alone.                             | 160 | 1.68 | .599           |
| My leader is absent when needed                                                        | 160 | 1.68 | .667           |
| My supervisor does not impose policies                                                 | 160 | 1.70 | .632           |
| My supervisor relies on his /her own judgment when passing on performance requirements | 160 | 1.71 | .677           |
| manager gives subordinates complete freedom to solve problems on their own             | 160 | 1.64 | .629           |
| My supervisor does not impose policies                                                 | 160 | 1.59 | .637           |
| subordinates to perform their own work                                                 | 160 | 1.74 | .564           |
| Grand mean                                                                             | 160 | 1.85 |                |

Source: own survey, 2024

According to the above table regarding to autocratic leadership style on employee performance in the study area, related to my manager allows subordinates to perform their own work the mean of 1.59 and standard deviation of .494, related to the manager believes in most situations, employees prefer little input from the leader the mean of 1.69 and standard deviation of .654, concerning to my supervisor feels it's best to leave subordinates alone the mean of 1.68 and standard deviation of .599.

Regarding to My leader is absent when needed the mean of 1.68 and standard deviation of .667, related to supervisor does not impose policies the mean 1.68 and standard deviation of .667, concerning to supervisor relies on his /her own judgment when passing on performance requirements the mean of 1.71 and standard deviation of .667. And related to subordinates to perform their own work the mean of 1.74 and standard deviation of .564. The level of agreement about transformational leadership style is Dis-Agree in the study area.

#### 4.4.4. Laissez-faire leadership style

**Table 7: The Descriptive Statistics analyzing laissez-faire leadership style on employee performance**

| Descriptive Statistics                                                                  |     |      |                |
|-----------------------------------------------------------------------------------------|-----|------|----------------|
|                                                                                         | N   | Mean | Std. Deviation |
| My manager gives subordinates complete freedom to solve problems on their own.          | 160 | 1.67 | .485           |
| There is leadership freedom in my department                                            | 160 | 1.74 | .577           |
| My leader is absent when needed                                                         | 160 | 1.89 | .806           |
| My supervisor does not impose policies                                                  | 160 | 1.78 | .688           |
| My supervisor relies on his /her own judgment when passing on performance requirements. | 160 | 1.80 | .708           |
| Grand mean                                                                              | 160 |      |                |

Source: own survey, 2024

The after mentioned table shows about laissez-faire leadership style on employee performance, related to manager gives subordinates complete freedom to solve problems on their own the mean of 1.67 and standard deviation of .485, related to leadership freedom in my department the mean of 1.74 and standard deviation of .577 and leader is absent when needed the mean of 1.89 and standard deviation of .806, and supervisor does not impose policies the mean of 1.78 and

standard deviation of .688 and about supervisor relies on his /her own judgment when passing on performance requirements the mean of 1.80 and standard deviation of .708. this shows that the agreement level of respondents were Dis-agree. The laissez-faire leadership style is impacted on employees performance in the study area, respondents responded as Dis-agree for the above positive statement.

#### 4.4.5. Employee Performance

**Table 8: The Descriptive Statistics analyzing employee performance**

| Descriptive Statistics                                                                   |     |      |                |
|------------------------------------------------------------------------------------------|-----|------|----------------|
|                                                                                          | N   | Mean | Std. Deviation |
| I always work at one time                                                                | 160 | 1.78 | .590           |
| Customers have a positive feedback after they receive the service.                       | 160 | 1.90 | .779           |
| I clearly understand the mission, vision, and objectives of my organization              | 160 | 1.69 | .711           |
| I actively participated in work meetings and training                                    | 160 | 1.85 | .899           |
| I was able to perform my work well with minimal time and effort                          | 160 | 1.66 | .643           |
| I do my job independently (without waiting for specific instructions from my supervisor) | 160 | 1.70 | .725           |
| I have an ability and willingness to work in collaboration with others                   | 160 | 1.60 | .491           |
| I perform well in my overall job by carrying out tasks as expected                       | 160 | 1.63 | .557           |
| Grand mean                                                                               |     | 1.73 |                |

Source: survey, 2024

The after mentioned table shows about laissez-faire leadership style on employee performance, related to work at one time the mean of 1.78 and standard deviation of .590, related to Customers have a positive feedback after they receive the service the mean of 1.90 and standard deviation of .779, concerning to clearly understand the mission, vision, and objectives of my organization the mean of 1.69 and standard deviation of .711, regarding to actively participated in work meetings and training the mean of 1.85 and standard deviation of .899, concerning to able to perform my work well with minimal time and effort the mean of 1.66 and standard deviation of .643, related to my job independently (without waiting for specific instructions from my supervisor) the mean of 1.70 and standard deviation of .725, related to ability and willingness to work in collaboration with others the mean of 1.60 and standard deviation of .491, concerning to perform well in my overall job by carrying out tasks as expected the mean of 1.63 and standard deviation of .557.

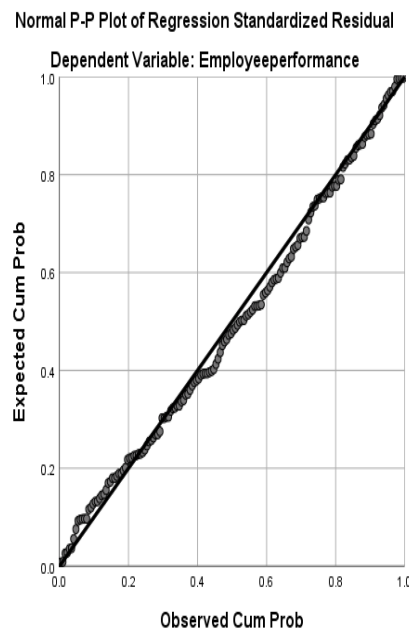
Generally, the study shows about the level of agreement for employee's performance stated in the positive statement and respondent's responded ass Dis-agree.

#### **4.5. Inferential statistics analyzing leadership styles on employee performance**

##### **4.5.1. Diagnostics Test /Assumption/**

##### **4.5.2. Linearity test**

Regression is a statistical technique that describes the relationship between predictor and outcome variables. It requires a linear function for the relationship between independent and dependent variables to be linear since the predictor variables in the regression have a straight line relationship with the outcome variable (Hayes, 2012). The linear relationship between the variables can be verified using SPSS version 26. The linearity assumption states that the plot of the straight line should approximate a straight line.

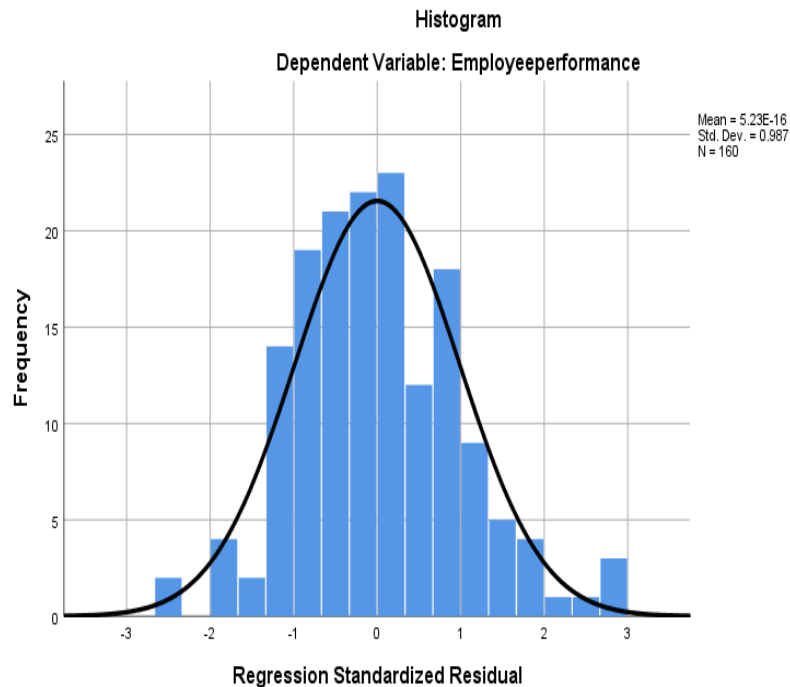


Source: own survey, 2024

**Figure 2: Linearity Test**

#### 4.5.3. Normality test

When data is dispersed, a curve is created that is normally distributed rather than passing through either direction. Gujarati (2007) asserts that because the variance of the residual is nearly one and the mean residual is nearly zero, the distribution is regularly distributed. Consequently, the residual mean approaches zero and the variance approaches one (0.987), suggesting that the distribution of the error term is normally distributed.



Source: own Survey, 2023

**Figure 3: Normality Test**

#### 4.5.4. Multicollinearity Test

Multi-collinearity occurs when there is a significant correlation between your predictor variables. Variance inflation factor (VIF) can be calculated by regression programs for each variable. Generally speaking, a VIF of less than 10 indicates that a multi-collinearity test is not necessary.

**Table 9: Collinearity Test**

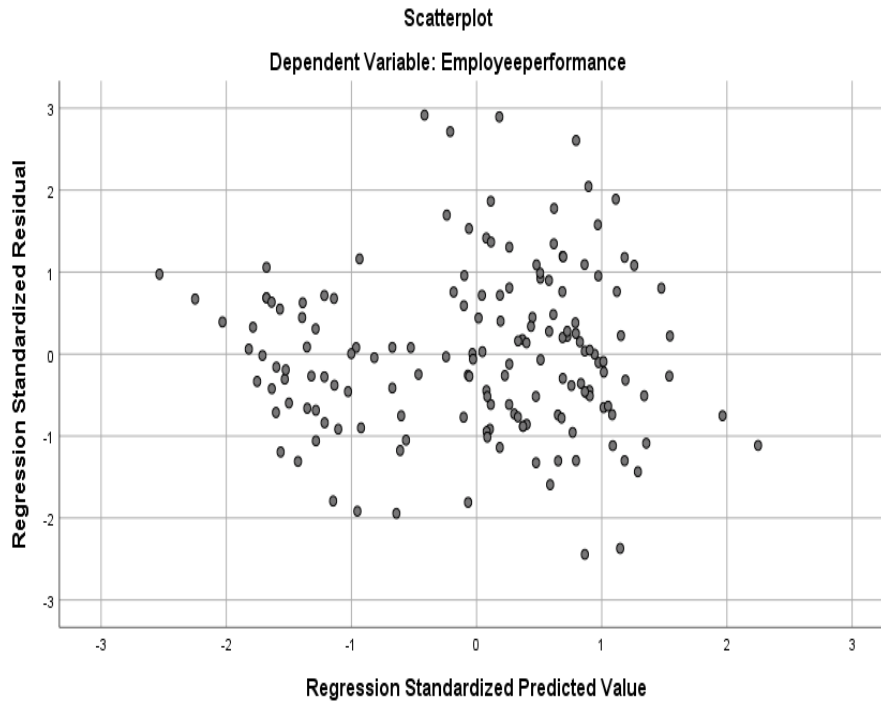
| <b>Coefficients<sup>a</sup></b>             |                             |                         |       |
|---------------------------------------------|-----------------------------|-------------------------|-------|
| Model                                       |                             | Collinearity Statistics |       |
|                                             |                             | Tolerance               | VIF   |
| 1                                           | Democratic leadership style | .874                    | 1.145 |
|                                             | Autocratic leadership style | .427                    | 2.342 |
|                                             | Transformational leadership | .462                    | 2.165 |
|                                             | Laissez-faire leadership    | .658                    | 1.519 |
| a. Dependent Variable: Employee performance |                             |                         |       |

Source: own survey, 2024

All of the variables in this study have variance inflation factor values of 1.145, 2.342, 2.165, and 1.519, for democratic, autocratic, transformational and laissez faire leadership styles respectively. Because the variance inflation factor and tolerance values fell within the acceptable range (VIF, less than 10, and tolerance, 0.1 to 1.0), there is no multi-collinearity symptom as a result. According to Gujarati (2007), there is no multi-collinearity and the variable's variance inflation factors are less than ten.

#### **4.5.5. Homoscedasticity Test**

In SPSS, the researcher used a scatter plot technique to compare the standardized residuals (ZRESID) to the standardized predicted values (ZPRED). Homoscedasticity, also known as homogeneity of variances, is the theory that variances among various groups are comparable or equal (Gugrati, 2007). The variance of the residual should be constant for each level of predictor variables.



Source: own survey, 2024

Figure 4: Homocsedacity test

#### 4.5.6. Auto correlation Test

The premise of auto-correlation holds that errors are uncorrelated with one another and linearly independent of one another. The well-known Durbin-Watson test was employed to ascertain the presence of auto-correlation. According to Watson, the value's auto-correlation is roughly equal to 2, meaning that auto-correlation is not an issue. The autocorrelation issue in this study is resolved by the Durbin-Watson valve, which is roughly 2 (1.712).

**Table 10: Auto correlation test**

| Model | Durbin-Watson |
|-------|---------------|
| 1     | 1.712         |

Source: survey, 2024

#### 4.6. Correlation Analysis

To ascertain whether there is a meaningful correlation between the independent and dependent variables in this study, Pearson's Product Moment Correlation Coefficient was used.

**Table 11: Correlation**

| Correlations                                                 |                     |                             |                             |                             |                          |                      |
|--------------------------------------------------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|----------------------|
|                                                              |                     | Democratic leadership style | Autocratic leadership style | Transformational leadership | Laissez-faire leadership | Employee performance |
| Democratic leadership style                                  | Pearson Correlation | 1                           | .340**                      | .223**                      | .261**                   | .437**               |
|                                                              | Sig. (2-tailed)     |                             | .000                        | .005                        | .001                     | .000                 |
|                                                              | N                   | 160                         | 160                         | 160                         | 160                      | 160                  |
| Autocratic leadership style                                  | Pearson Correlation | .340**                      | 1                           | .714**                      | .544**                   | .726**               |
|                                                              | Sig. (2-tailed)     | .000                        |                             | .000                        | .000                     | .000                 |
|                                                              | N                   | 160                         | 160                         | 160                         | 160                      | 160                  |
| Transformational leadership                                  | Pearson Correlation | .223**                      | .714**                      | 1                           | .525**                   | .671**               |
|                                                              | Sig. (2-tailed)     | .005                        | .000                        |                             | .000                     | .000                 |
|                                                              | N                   | 160                         | 160                         | 160                         | 160                      | 160                  |
| Laissez-faire leadership                                     | Pearson Correlation | .261**                      | .544**                      | .525**                      | 1                        | .531**               |
|                                                              | Sig. (2-tailed)     | .001                        | .000                        | .000                        |                          | .000                 |
|                                                              | N                   | 160                         | 160                         | 160                         | 160                      | 160                  |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |                             |                             |                             |                          |                      |

Source: survey, 2024

The correlation between the dependent and independent variables is presented in this way in the above table.

The Pearson momentum product correlation analysis value ranges, according to McDanail and Gates (2006), characterize the relationship's magnitude as follows:  $\pm 1$  perfect,  $\pm 0.8$  to  $\pm 0.9$  very strong,  $\pm 0.5$  to  $\pm 0.8$  strong,  $\pm 0.3$  to  $\pm 0.5$  moderate,  $\pm 0.1$  to  $\pm 0.3$  modest, and 0 to  $\pm 0.1$  weak. The correlation matrix shows a positive relationship ( $\beta = .437^{**}, .726^{**}, .671^{**}, .531^{**}$ ) between the democratic, autocratic, transformational and laissez-faire leadership styles.

The one correlation which is shown along the diagonal from the above table is the correlation between the variable itself. Hence, the Pearson moment product correlation of democratic leadership and employee performance was  $r = .437^{**}$ ,  $p = .000$ ). This revealed that the employee performance has a moderate relationship with democratic leadership style. The result showed that the correlation between autocratic leadership style and employee performance has a strong positive relationship and is significant at 0.01 levels, ( $r = .726^{**}$ ,  $p = .000$ ). When leaders are stable, non autocratic and improve the employee performance increases.

Regarding the, transformational leadership style, like other leadership styles it have a strong positive relationship with the employee performance ( $r = .671^{**}$ ,  $p = .000$ ). This means that, when the leaders is transform, problems are alleviated, minimized, and solve the employee performance can rise. The correlation between laissez-faire and employee performance is strong and positive when  $r = .531^{**}$ . When the leader and employee performance is inter related each other.

#### **4.7. Multiple Regression Model**

The impact of democratic, autocratic, transformational and laissez-faire leadership styles on employee performance was investigated using multiple linear regression analysis. Regression analysis expresses how independent variables affect the dependent variable.

## 4.7. Effect Analysis

### 4.7.1. Model summary

**Table 12: model summary**

| <b>Model Summary<sup>b</sup></b>                                                                                                    |                   |          |                   |                            |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------|-------------------|----------------------------|
| Model                                                                                                                               | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                                                                                                                                   | .792 <sup>a</sup> | .627     | .617              | .22402                     |
| a. Predictors: (Constant), Laissezfaireleadership, Democraticleadershipstyle, Transformationalleadership, Autocraticleadershipstyle |                   |          |                   |                            |
| b. Dependent Variable: Employeeperformance                                                                                          |                   |          |                   |                            |

Source: own survey, 2024

The above table shows that, of the problems, 62.7 % can be explained by the explanatory variables (democratic, autocratic, transformational and laissez-faire leadership styles on employee performance), while the remaining 37.3% (under the error term) cannot be explained by these variables. The aforementioned table indicates that the percentage change in loan repayment variation that can be attributed to independent variables or the change in the dependent variable can both be explained by coefficient determination.

### 4.7.2. ANOVA

**Table 13: Anova Result**

| ANOVA <sup>a</sup>                                                                                                                  |            |                |     |             |        |                   |
|-------------------------------------------------------------------------------------------------------------------------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model                                                                                                                               |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                                                                                                                                   | Regression | 13.059         | 4   | 3.265       | 65.058 | .000 <sup>b</sup> |
|                                                                                                                                     | Residual   | 7.778          | 155 | .050        |        |                   |
|                                                                                                                                     | Total      | 20.837         | 159 |             |        |                   |
| a. Dependent Variable: Employeeperformance                                                                                          |            |                |     |             |        |                   |
| b. Predictors: (Constant), Laissezfaireleadership, Democraticleadershipstyle, Transformationalleadership, Autocraticleadershipstyle |            |                |     |             |        |                   |

Source: own survey, 2024

Since the F-statistic was 65.058 with a p-value less than 0.05 (.000), this indicates that the model is statistically significant and independent factors jointly had a significant effect on the loan re-

payment. This means that when determining whether the overall results of the ANOVA from the above table are significant, the F statistic must be used in conjunction with the p-value. The statistic is simply comparing the joint effect of all the variables together.

#### 4.7.3. Model Coefficient

**Table 14: Coefficient table**

| Coefficients <sup>a</sup>                   |                             |                             |            |                           |       |      |
|---------------------------------------------|-----------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                                       |                             | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. |
|                                             |                             | B                           | Std. Error | Beta                      |       |      |
| 1                                           | (Constant)                  | .032                        | .122       |                           | .265  | .792 |
|                                             | Democratic leadership style | .246                        | .061       | .212                      | 4.033 | .000 |
|                                             | Autocratic leadership style | .407                        | .079       | .386                      | 5.135 | .000 |
|                                             | Transformational leadership | .282                        | .070       | .289                      | 4.002 | .000 |
|                                             | Laissez-faire leadership    | .100                        | .053       | .114                      | 1.879 | .042 |
| a. Dependent Variable: Employee performance |                             |                             |            |                           |       |      |

Source: own survey, 2024

There were five columns in the regression coefficient table above. Independent variables were covered in the first column, unstandardized beta was covered in the second, standardized beta was covered in the third, T-statistics were covered in the fourth, and the precise p-value at which the independent variables reached statistical significance was covered in the fifth column. The unstandardized coefficients of beta were utilized by the researchers in this study to explain the strength of the correlation. Because the effects of the variables cannot be ranked using scientific measurement of the variables' criteria

$$Y = .032\beta_0 + .246X_1 + .407X_2 + .282X_3 + .042X_4 + \dots \dots \dots \epsilon \text{ ----- or}$$

$$\text{Employee performance} = .032\beta_0 + .246(\text{DL}) + .407(\text{AL}) + .282(\text{TR}) + .042(\text{LF})$$

Where DL= democratic leadership

AL =autocratic leadership

TR =transformational leadership

LF =laissez-faire leadership style

The table above illustrates the statistical significance democratic, autocratic, transformational and laissez-faire leadership styles on employee performance. The study region's democratic leader has improved as a result, and this relationship has caused an alteration in employee performance of 24.6% from the previous level. Conversely, employee performance increases when, democratic leadership improves, addressed and resolved.

Employee performance can increase by 40.7 % from the previous status when the autocratic problems are resolved, If leaders transform are correctly delivered to employees, and improved by the concerned body the employee performance increased by 28.2% and laissez-faire be changed, corrected the employee performance increase.

#### **4.8. Discussion and Hypothesis Testing**

The direction or strength of the relationship between two or more variables is indicated by a correlation. While correlation analysis is useful for establishing the relationship between independent and dependent variables, it is not able to show the interaction between the two. While correlation indicates the relationship between two variables, it does not necessarily indicate a cause-and-effect relationship. Details on the hypothesis and observations derived from the study's results are given below.

H1: Democratic leadership style has a significant effect on employee performance

As far as democratic leadership is concerned, at 5% level of significance, the regression at unstandardized coefficient is 0.246 its p value < 0.05. This shows that there is a positive significant effect of democracy on employee performance. The result suggests that democratic leader improve, accessed, and applied will lead to similar directional change by a rate of 0.246 and vice versa. This tells us, when at better state, leader's boosts employee performance. This result is supported by earlier studies who had found out a significant positive relationship between democratic leadership and employee performance. When an organizations applied democratic leadership style in the study area, employee performance increased by 24.6 percent positively in the study area. The finding of the study is similar with (2018) one who promotes staff involvement in problem-solving and everyday operational decision-making. He made the argument that employees' roles and contributions matter. The result is again consistent with

Nwokocha and Iheriohanma (2015), a democratic leader will solicit staff input, recommendations, and ideas prior to making decisions or giving directives to the group. As a result, staff involvement affects the team's direction. This approach fosters commitment, trust, and respect and is most effective when gathering feedback or getting staff to reach an agreement.

The finding of the study is the same as Zervas and David (2013) and Nwokocha and Iheriohanma (2015), a democratic leadership style tends to encourage accountability, adaptability, and a positive work environment, all of which will enhance employees' performance. They proposed that a democratic leadership style tends to promote employees' identification and retention within the company, as well as their ambition and motivation. This suggests that in democratic leadership, the employees feel comfortable with the trust reposed in them which gives them the confidence to build a strong cooperation, team spirit, high morale and expunge any element that will bring in espionage. So, the hypothesis is accepted

H2: Autocratic leadership style has a significant effect on employee performance

As the result of the unstandardized coefficient of beta and p-value autocratic have a statistically significant effect on the employee performance. The coefficient of beta is .40.7, and the p- valve is .000. This is less than 0.05. These show the independent factors affect the dependent variable (employee performance). The finding of this study also showed that autocratic leadership affects the employee performance, If there is good or non-autocratic leaders, it can increase, acquire skills, synthesize action plans, identify and stimulate drivers for tasks, develop empathy, change the attitude toward the job, aggravate new start-ups and expansion of knowledge and run the new and expanded work properly and increase employee performance. The finding of the study is consistent with Business Essential (2009) states that an authoritarian leadership style can be effective in a crisis or as a last choice when dealing with a difficult employee. Nonetheless, it has the greatest detrimental effect on the culture of the entire firm. This approach concentrates decision-making in the leader's hands, who does not who does not promote involvement among subordinates. The finding of the study is contradict from decisions are made by the leader without input from his subordinates, and tasks are delegated to members (Dotse & Asumeng, 2014). Thus, in an autocratic leadership style, there is a clear division of authority between the

leader and the followers. After then, managers keep a careful eye on staff members to ensure proper performance. So, the hypothesis is accepted

H3: Transformational leadership style has a significant effect on employee performance

According to un-standardize beta transformational leadership style exist in the study region, and as a result of this connection, the employee performance altered by 28.2 percent from the previous performance. When the leaders of an organization transformed, the p-value of the study was .000 which is less than 0.05 that means statistically significant effect on employee performance. If leaders are transform is provided by the organization employee performance can changed by 28.2% or increased employee performance also increase. The result of the study is the same as Salman, Riaz, Saifullah & Rashid, 2011)employees put forward all their efforts to bring organizational standards in line with global values. At the same time, transformation leadership is innovative, somewhat creative, take courageous initiatives and stand firm in cooperation with everyone's popular will relevant organizational units. So, the hypothesis is accepted

H4: Transformational leadership style has a significant effect on employee performance

According to the unstandardized coefficient of beta and p-value, employee performance is statistically significantly impacted by laissez-faire. The p-value is .001 and the coefficient of beta is .208. This is below the 0.05 mark. These demonstrate how the dependent variable (employee performance) is impacted by the independent factors. The results of this study also demonstrated how employee performance is impacted by laissez-faire leadership. Laissez-faire leadership can lead to increased knowledge about how employees perform on the job, skill acquisition, the creation of action plans, the identification and stimulation of task drivers, the development of empathy, a shift in attitude toward the job, difficulties with new hires and employee job performance, and the appropriate application of newly acquired and expanded task-related knowledge. The finding of the study is consistent with (Muhamad S. K., 2015). In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members. So, the hypothesis is accepted

## **CHAPTER FIVE**

### **5. MAJOR FINDING, CONCLUSION AND RECOMMENDATION**

#### **5.1. Finding of the Study**

For this study, a total of 186 questionnaires were distributed to the employees of CBE in kobo town. Out of 186 questionnaires, 160 were filled up and returned with a response rate of 86%.

The above table shown about the demographic characteristics of respondents, related to sex 104(65%) of respondents are male and 65(35%) respondents are females. Concerning to age the majority of respondents 73 (45.6) were between the ages of 18-25 years, 78(47.5%) 26-33 years, and 9(5.6%), 2(1.3 %) from 34-41 and 42-50 years respectively.

Related to the marital status of respondents, 60(37.5%) of respondents are unmarried (single), 81(50.6%) respondents are married and the remaining 19(11.9%) respondents are divorced/widowed. And regarding to the educational background of respondents, 28(17.5%) of the employees are diploma, 117(73.1%) respondents are degree, 15(9.4%) of the respondent are master and above.

Regarding to the independent variables majority of respondents responded as the four independent factors affect employee performance in the study area.

The other finding in this study was concerned with transactional, autocratic, democratic, transformational, and laissez faire leadership styles the majority of the respondents responded agree. The correlation among the transactional, democratic, autocratic, transformation and transactional leadership styles have a positive and strong correlation with the independent factor employee's performance.

Related to the significant effect of variables on employees performance, autocratic, democratic, transformation and laissez faire leadership styles affect the performance of employees when the p-value of is less than 0.05.

## 5.2. Conclusions

The study was conducted in kobo town to analyze the impact of leadership styles on employee performance. Based on the findings of the study the following conclusions are drawn. The study indicated that the performance of employees is significantly affected by the autocratic, democratic, transformational, and laissez-faire leadership styles. The study indicated that the performance of organization is significantly affected by transactional, democratic, autocratic, transformation and laissez-faire leadership styles in the study area.

Related to democratic leadership styles, democratic leadership has a significant effect on employee performance, and it has a positive relation with employee's performance. When the value of p-is less than 0.05 and the correlation is strong with employees performance

Concerning to autocratic leadership, the study's findings led to the conclusion that autocratic statistically influence how well organization perform. Autocratic leadership has a positive relationship with employee's performance in the study area and it have a substantial impact on the performance of organization and have a positive association.

Concerning to transformational leadership styles, like others leadership styles it has a positive relationship when  $r = .631^{**}$  and a significant effect on employees performance in the study area.

Laissez-faire leadership styles have a positive relationship and have a significant effect on employee's performance in the study area. Laissez-faire is good and improves the performance of employees increased.

### **5.3. Recommendations**

Based on the major findings of the study, the following recommendations are forwarded with the view to improve the contributions of employees to the country in general and the study area in particular.

In terms of democratic leadership philosophies, organizations, governments, and hiring agencies should look for experienced, democratic leaders who can receive ideas from staff members and other stakeholders regarding innovation and idea development. Organizations should educate managers to be democratic, open to information from staff members, and to encourage employees to be creative, logical thinkers rather than suppressing their ideas.

In line with autocratic leadership philosophies, leaders accept information to some degree if it is crucial and reject it to some degree if it is not. Considering leadership Recognizing the importance of each individual in the organization and treating subordinates with respect Boost open and honest communication within the team Assign tasks to team members and promote communication and cooperation among them.

Related to transformational leadership styles, leaders should transform through experience, skill and abilities for the success of employee's performance, good and transformed experts come in to leader and aggravate the performance of employees.

Regarding to the laissez-faire leadership style similarly had a positive influence on employee performance; the practiced is less in comparison with democratic and autocratic leadership style. Thus, it is recommended implementing these two styles to improve performance of employees. There is relationship between employee performance and leadership style. Therefore, the management institute of the government has to make various efforts to improve leaders behaviors or/ways of leadership in order to enhance the institutional or organizational performance.

### **5.4. Future Direction of the Research**

The future research line with attempt to the following basic things

Future research should better examine issues at the zonal, regional and national levels and see other factors for employee performance in the study area.

### **5.5. Limitation of the Study**

The study's scope was the source of its limitation. This study concentrated on how different leadership philosophies affected workers' productivity solely in Kobo Town. Therefore, not all environments in Ethiopia or the Amhara region are covered by the study, and not all problems at the national and regional levels may be resolved. The study only looked at a small number of factors, such how employee performance is affected by authoritarian, democratic, laissez-faire, and transformational leadership styles. No, the study included additional factors.

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# **APPENDIXES I: QUESTIONARIES**

**WOLDIA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MASTER OF BUSINESS ADMINISTRATION**

## **SECTION 1: INTRODUCTION**

Dear respondent, Currently, I am undertaking a research entitled ‘**The impact of leadership styles on employee performance**. In case of kobo town CBE employees: You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the leadership on employee performance in the area.

I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual’s responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you in advance for your time devotion to me.

Sincerely,

Zinabu Negasi

Phone: .....

### **Instructions**

- No need of writing your name
- For statements and multiple choice questions indicate your answers with a check mark (✓) in the appropriate block.

## SECTION 2: Background of Respondents

1. Age: 18-25 ☐ 26-33 ☐ 34-41 ☐ 42-49 ☐  
Over 50 ☐
2. Sex Male ☐ Female ☐
3. Marital Status: Single ☐ Married ☐ Divorced/ Widowed ☐
4. Educational level of respondents  
Diploma ☐ Degree ☐ Master ☐ Ph.D ☐
5. Experience

The leadership styles effect on employee performance are listed below. Please indicate the degree to which these styles effect on employee performance.

After you read each of the leadership styles, evaluate them in relation to your organization and then put a tick mark (✓) under the choices below. Where,

**5=Strongly Agree      4 = Agree,**  
**3 = Neutral          2 = Disagree**  
**1= Strongly Disagree.**

1. Please indicate the degree to which you agree with the following statements concerning democratic leadership style.

| Democratic related questions                                                                                                     |   |   |   |   |   |
|----------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
|                                                                                                                                  | 5 | 4 | 3 | 2 | 1 |
| My supervisor allows employee to participate in decision making, determination of policy implementation of system and procedure. |   |   |   |   |   |
| My supervisor has good relationship with the employee.                                                                           |   |   |   |   |   |
| My supervisor leading style is based on participation.                                                                           |   |   |   |   |   |
| My supervisor support employee to accomplish the task.                                                                           |   |   |   |   |   |
| My supervisor enables employee to make suggesting and recommendation in major issue                                              |   |   |   |   |   |
| My manager needs to help subordinates accept responsibility for completing their work                                            |   |   |   |   |   |
| My manager believes it is the leader's job to help subordinates find their "passion                                              |   |   |   |   |   |
| My leaders help me to develop my strengths                                                                                       |   |   |   |   |   |

2. Please indicate the degree to which you agree with the following statements concerning autocratic leadership style.

| <b>Autocratic related questions</b>                                                    |   |   |   |   |   |
|----------------------------------------------------------------------------------------|---|---|---|---|---|
|                                                                                        | 5 | 4 | 3 | 2 | 1 |
| As a rule, my manager allows subordinates to perform their own work                    |   |   |   |   |   |
| My manager believes in most situations, employees prefer little input from the leader  |   |   |   |   |   |
| my supervisor feels it's best to leave subordinates alone.                             |   |   |   |   |   |
| My leader is absent when needed                                                        |   |   |   |   |   |
| My supervisor does not impose policies                                                 |   |   |   |   |   |
| My supervisor relies on his /her own judgment when passing on performance requirements |   |   |   |   |   |
| manager gives subordinates complete freedom to solve problems on their own             |   |   |   |   |   |
| My supervisor does not impose policies                                                 |   |   |   |   |   |

3. Please indicate the degree to which you agree with the following statements concerning transformational leadership style.

| <b>Transformational related questions</b>                                               |   |   |   |   |   |
|-----------------------------------------------------------------------------------------|---|---|---|---|---|
|                                                                                         | 5 | 4 | 3 | 2 | 1 |
| My manager gives subordinates complete freedom to solve problems on their own.          |   |   |   |   |   |
| There is leadership freedom in my department                                            |   |   |   |   |   |
| My leader is absent when needed                                                         |   |   |   |   |   |
| My supervisor does not impose policies                                                  |   |   |   |   |   |
| My supervisor relies on his /her own judgment when passing on performance requirements. |   |   |   |   |   |
| My manager gives subordinates complete freedom to solve problems on their own.          |   |   |   |   |   |
| There is leadership freedom in my department                                            |   |   |   |   |   |
| My leader is absent when needed                                                         |   |   |   |   |   |

4. Please indicate the degree to which you agree with the following statements concerning laissez-faire leadership style.

| <b>Laissez-faire relation questions</b>                                                 |   |   |   |   |   |
|-----------------------------------------------------------------------------------------|---|---|---|---|---|
|                                                                                         | 5 | 4 | 3 | 2 | 1 |
| My manager gives subordinates complete freedom to solve problems on their own           |   |   |   |   |   |
| There is leadership freedom in my department                                            |   |   |   |   |   |
| My leader is absent when needed                                                         |   |   |   |   |   |
| My supervisor does not impose policies                                                  |   |   |   |   |   |
| My supervisor relies on his /her own judgment when passing on performance requirements. |   |   |   |   |   |

5. Please indicate the degree to which you agree with the following statements concerning employee performance.

| <b>Employee Performance Related Questions</b>                                            |   |   |   |   |   |
|------------------------------------------------------------------------------------------|---|---|---|---|---|
|                                                                                          | 5 | 4 | 3 | 2 | 1 |
| I always work at one time                                                                |   |   |   |   |   |
| Customers have a positive feedback after they receive the service.                       |   |   |   |   |   |
| I clearly understand the mission, vision, and objectives of my organization              |   |   |   |   |   |
| I actively participated in work meetings and training                                    |   |   |   |   |   |
| I was able to perform my work well with minimal time and effort                          |   |   |   |   |   |
| I do my job independently (without waiting for specific instructions from my supervisor) |   |   |   |   |   |
| I have an ability and willingness to work in collaboration with others                   |   |   |   |   |   |
| I perform well in my overall job by carrying out tasks as expected                       |   |   |   |   |   |