

**EFFECTS OF LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE  
AT BOA KENYA LIMITED**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS OF HUMAN  
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**2015**

**CERTIFICATION**

I, the undersigned, certify that I have read the dissertation entitled: “The effect of leadership styles on employees’ performance at Bank of Africa, Kenya” and found it to be in a form acceptable for examination.

.....

Dr. Proches Ngatuni

(Supervisor)

.....

Date

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## DECLARATION

I, **Celestine Awino Anyango**, do hereby declare that this dissertation is my own original work and that it has not been submitted for a similar degree in any other University.

.....

Signature

.....

Date

## **DEDICATION**

I wish to dedicate this piece of work to my beloved Father the late Samuel Anyango, the man who gave away everything he had to see me go to school. I will forever cherish his candid love, care and all the good and the bad times we shared together. With love always; Celestine.

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## **ABSTRACT**

The study aimed at assessing the effect of leadership styles on employees' performance at Bank of Africa, Kenya. The main objective of this study was to investigate the effect of different leadership styles (transformational, transactional, autocratic, and laissez-faire leadership styles) on employees' performance of employees. A cross section descriptive survey research strategy was adopted in which 80 usable structured questionnaires were collected from 300 questionnaires distributed. The leadership styles were measured through the Multi factor Leadership Questionnaire developed by Avolio and Bass (1995), modified to fit the context of the study. Employee performance was measured by the scale of Yousef (2000). Descriptive and inferential statistical techniques were used for data analysis. In inferential statistics, Pearson's correlation and regression analysis were used to assess both relationships and effects as per the hypotheses of the study. The findings show that transformational leadership style is the most exhibited style at the bank followed by the transactional leadership style and laissez-faire. Employee performance is above average. Overall, scores in transformational leadership style were found to be strongly correlated with both measures of employee performance and overall performance except for the intellectual simulation dimension, which had insignificant positive correlation with quality of performance. Transactional leadership style was found to be positively correlated with both measures of employee performance as well as overall performance. However, contingent rewards had a negative but insignificant correlation with performance while management by exception had insignificant positive correlations. Authoritative leadership style had insignificant relationship while laissez faire style had insignificant positive

correlation. The results suggest that supervisors in organizations need to use a lot of transformational leadership behaviors or rather embrace transformational leadership style, but not laissez-faire leadership. From the results, transformational leadership could have greater effects on employee productivity and quality of performance. It is recommended therefore that Transformational and transactional leaderships are the most effective leadership styles.

**Key words:** leadership style, transformational leadership, transactional leadership, authoritative leadership, laissez fare leadership, employee performance, job performance, banking, Kenya.



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## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Background to the Research Problem**

In society today, thousands of individuals are appointed or elected to shoulder the role and responsibilities of leadership. Leadership is practiced in schools and colleges, factories and farms, business enterprises, dispensaries and hospitals, in the civil and military organizations of a country and public life, at all levels, in short in every walk of life. These leaders should promote unity, harmony, strength, prosperity and happiness in society.

The challenges of coping with today's uncertain business environment have put many organizations on their toes to struggle for survival in the heat of competition. The driver of such strategic move towards surviving the competition is the leadership provided by managers who are expected to influence others in achieving organizational goals and also boost employee's performance. Shafie et al. (2013) explains the importance of leadership in organizations and especially on human beings who are apparently the biggest asset of any firm; "The main drivers of organizations are usually employees, they give life to the organizations and provide goals" (Shafie et al., 2013). It is very paramount to provide workers with direction and psychological satisfaction to get the best from them, this direction can only come from leaders. In fact, leadership is very critical for all organizations in realizing their set objectives. Since leadership is a key factor for improving the performance of many if not all organizations and the success or failure of an organization depends on the effectiveness of leadership at all levels. Paracha et al (2012) is in support of this

“Leaders play essential role in accomplishment of goals and boost employee’s performance by satisfying them with their jobs” (p.55) Leadership is perhaps the most thoroughly investigated organizational variable that has a potential impact on employee performance (Cummings and Schwab, 1973). “It is a vital issue in every organization primarily because the decisions made by the leaders could lead to success or business failure”. Notably, it has been widely accepted that effective organizations require effective leadership and that employee performance together with organizational performance will suffer in direct proportion to the neglect of this, Fiedler and House (1988). Furthermore, it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of its leadership – effective leader behavior facilitates the attainment of the follower’s desires, which then results in effective performance (Fiedler & House, 1988; Maritz, 1995; Ristow, et al., 1999).

A number of recent studies examined the effect of leadership styles on employees’ performance. Se for example, Rasool, et al. (2015), Pradeep and Prabhu (2011), Aboshaqah et al. (2015), Ipas (2012), Kahinde and Bajo (2014), Tsigu ad Rao (2015), Gimuguni, et al (2014), Raja and Palanichamy (2015) etc. Rasool et al (2015) examined the health sector in Pakistani and report that both transformational and transactional leadership styles affect employee performance but the effect of transformation leadership style is higher than that of transactional leadership Raja and Palanichamy (2015) report positive relationship between both transformational and transactional leadership styles but negative relationship between laissez-faire leadership style and employee performance from a sample of employees in public and private sector enterprises in India.

Ipas (2012) reports that autocratic leadership to be the most used style by managers in the hotel industry arguing that it is perceived as a style that yields the most results. Aboshaiqah et al (2015) also looked at the link between leadership and employee performance among hospital nurses and report that the transformational and transactional leadership styles are significantly positively related to employee performance while laissez-faire is significantly negatively correlated to employee performance. Significant positive relationship between both transformational and transactional leadership styles and employee performance is also reported in Pradeep and Prabhu (2011) in India, and in Kehinde and Banjo (2014) and Ejere and Abasilim (2013), both in Nigeria. Other studies in Africa are Tsigu and Rao (2012) and Gimuguni et al (2014) in Ethiopian banking industry and Ugandan local government authorities respectively. While Tsigu and Rao finds that the transformation leadership explained the variation in employee performance better than transaction leadership style, Gimuguni et al report significant positive relationship between autocratic, laissez-faire and democratic and performance.

Therefore, although the literature on leadership and employee performance is scattered across countries and across industry, the evidence of the effect of leadership style on employee performance is also varied. While most of the literature reviewed is somehow consistent in suggesting that both transformational and transactional leadership styles are significantly positively related to employee performance and that transformational style's effect is more pronounced than that of the transactional leadership style (Rasool, et al., 2015; Kehinde and Bajo, 2014; Tsigu and Rao, 2015), the evidence on the relationship between laissez-faire and performance is not that



straight forward. For example while, some are reporting negative relationship, e.g. Aboushaqah et al (2015), others like Gimuguni, et al (2014) have reported a positive relationship. This suggests that the evidence on this leadership style is inconsistent. In addition, neither all industries nor countries are covered in the literature. Of those reviewed, the medical field is represented (Rassol et al, 2015; Aboushaqah, et al 2015), local government authorities (Gimuguni, et al., 2014), hotel (Ipas, 2012), Petroleum (Kehinde and Bajo, 2014). Of more interest to this study is the paucity of researches in this area from Africa and East Africa in particular. A few reviewed here are Tsigu and Rao (2015), Ejere and Abaslim (2013) and Gimuguni (2015), Nuhu, (2010), but there are also those from South Africa (Howard, et al., 2003). While several industries are represented in the growing body of evidence few are coming from the banking sector, see for example Tsigu and Rao (2015) from Ethiopian banking industry.

Therefore, from the preview of literature it is evident that the research evidence on the effect of leadership style on employee performance that leadership style can explain significant number of performance outcomes at individual and organizational level. But the evidence is not evenly distributed across economies at large or even within African economies. It is also evident that evidence from the banking sector is lagging behind. It is these facts that have motivated this study in order to contribute evidence from the Kenyan banking industry.

## **1.2 Profile of Bank of Africa Kenya**

Bank of Africa (BOA) started its operations in Kenya in 2004 with only two branches one in Nairobi and the other in Mombasa, initially it was purely a corporate bank but

with the many changes in the economy and forces from the competition, the bank was left with no choice but to change its strategy in 2012 to start venturing in the retail market with a composition of 80% retail business, 10% cooperate business and 10% concentration in SME banking. The management has also changed since then and BOA has observed a big drop in staff productivity in 2013 and 2014 making performance management a big concern for the human resource department and the bank's management at large, it seems as if leadership, style, situation and performance criteria have been left to suffocate on their own. As a result, employee performance has been seriously affected due to lack of proper direction and application of strategic style in managing daily duties.

The bank has currently put in place a leadership development project daubed (YLP) that is trying to give selected managers and their designates the required leadership skills to ensure business continuity and survival. Though since this program started way back in 2013 not so much has been achieved in terms of performance, it is this concern that drove the researcher to find out the effects of leadership style in employee's performance.. This study therefore will be about the effect of leadership styles on employee performance at Bank of Africa Kenya limited and majorly focus on employees in different branches of the bank specifically Nairobi, Western, cost and Mount Kenya regions.

### **1.3 Statement of the Research Problem**

Kehinde and Banjo (2014) emphasized on the importance of leaders in an organization "In today's competitive environment, organizations expand globally and face a lot of challenges in meeting their objectives and chase to be more successful

from others”. Just like BOA Kenya which has grown from a two branched bank to thirty six branches to date struggling to fit in the retail market and compete with other giants in the same industry. In this study the researcher sought to develop an interest in this topic from the many concerns of the shareholders of BOA Kenya limited on increased drop in productivity/performance of the bank’s staff. Leadership styles affect everyone in the organization from senior management to temporary/ interns /contract employees. In the case of BOA, only a fraction of staff received bonuses which were purely pegged on performance implying that many employees failed to meet the set targets for the year 2014, this clearly shows that the performance of the past two years has not been to the expected standards.

Employee performance which is perceived as: Executing defined duties, meeting deadlines, team input, and the cohesion of both leadership and performance should be evident through style and approach used by managers in the attempt to cause efficiency which requires specific leadership approaches to unique performance challenges in achieving departmental goals. The above should as pointed by Armstrong (2005) lead to efficiency, specialization, effective feedback and good organizational relations. The independent variable (IV) in this study was leadership styles and indeed Richard et al (2010) states that leadership is the ability to influence people towards attainment of goals. This captures the idea that leaders are involved with other people in achievement of goals. This is an area of concern that promoted the researcher to carry out a study on the subject. The idea here is to assess performance of employees and test whether it is affected by employees’ perception of leadership style that is practiced by immediate supervisor.

## **1.4 Research Objective**

### **1.4.1 General Objective**

The objective of this study was therefore to investigate the effect of different leadership styles on the performance of employees at BOA Kenya.

### **1.4.2 Specific Objectives**

The study was guided by the following specific objectives:

- (i) To evaluate the effects of transformational leadership on employee performance in Bank of Africa Kenya
- (ii) To evaluate the effect of transactional leadership on employee performance in Bank of Africa.
- (iii) To evaluate the effect of laissez-faire leadership style on employee performance in Bank of Africa Kenya.
- (iv) To evaluate the effect of autocratic leadership on employee performance in Bank of Africa Kenya

## **1.5 Research Questions**

The study sought to answer the following questions;

- (i) What is the effect of transformational leadership style on employee performance in Bank of Africa Kenya??
- (ii) What is the effect of transactional leadership style on employee performance in Bank of Africa Kenya?
- (iii) What is the effect of laissez -faire leadership style on employee performance in Bank of Africa Kenya?

- (iv) What is the effect of Autocratic leadership style on employee performance in Bank of Africa Kenya?

### **1.6 Relevance of the Research**

The researcher hopes that in view of this study:

- (a) The basis and findings of this research will be useful by future researchers, students and academicians digesting the effects and importance of different leadership styles on employee performance.
- (b) After determining the relationship between leadership style and employee performance, the bank will be in a better position to use the findings of this research to develop leadership programmes that will see leaders acquire relevant leadership skills for effective management and organizational performance.
- (c) This study's findings will assist different leaders in identifying the best and the most appropriate leadership style to use in relevant situations for team effectiveness and increased staff productivity.

### **1.7 Organization of the Dissertation**

This dissertation is organized in five chapters. The rest of it is organized as follows: Chapter two presents literature review. Chapter three presents the methodology applied in the study. Chapter four presents and discusses the findings of the study. Finally, chapter five summarizes, concludes and presents recommendations. Areas for future studies are also recommended.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Overview**

The chapter presents a review of the literature related to the study. Past studies are important as they guide the researcher on other studies done on the same topic. From this review, a conceptual framework using the dependent and the independent variables in the survey is developed, which lays a framework for the study. The chapter has six parts; conceptual definitions, the theoretical review, the empirical literature review, research gap, the conceptual framework and statements of hypotheses.

#### **2.2. Conceptual Definitions**

##### **2.2.1 Leadership and Leadership Style**

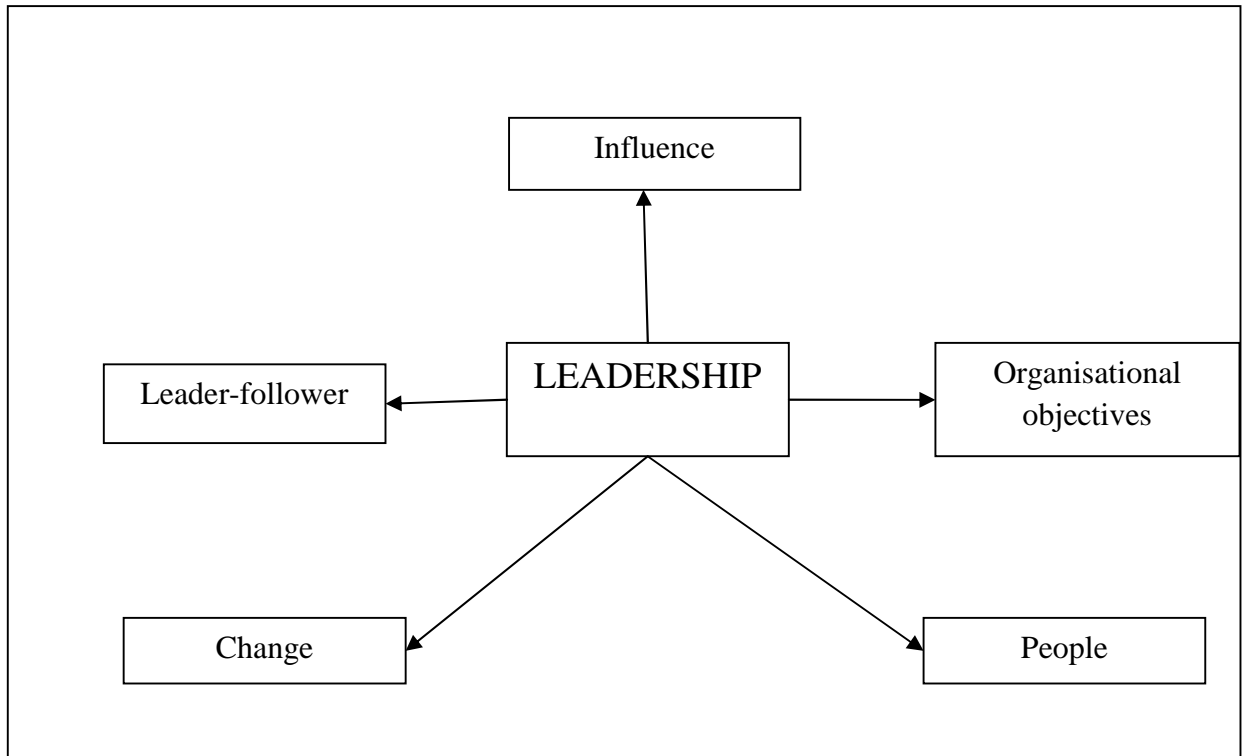
Although leadership has been well researched over the years, there is still lack of a definition that is universally accepted. Just like Stogdill (1974) puts it, “There are almost as many definitions of leadership as there are persons who have attempted to define the concept”. The following are a few examples of such definitions Talat et al (2015) asserts that leadership is wide spread process, which calls for authority, responsibility and delegation of power. Leaders help to direct, guide and persuade their followers (employees) towards achieving their personal and organizational goals and objectives. Thus, leadership styles cover all aspects of dealing within and outside of an organization, handling or dealing with conflicts, helping and guiding the workforce to achieve and accomplish their tasks and appearing as a role model

for all. According to Kumar (2014) “leadership is leadership is defined as a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent” ( p. 441). These are accomplished through the application of leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. Leadership is the integrated sharing of vision, resources, and value to induce positive change. It is the ability to build up confidence and zeal among people and to create an urge in them to be led.

Wammy & Swammy (2014) see leadership as a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals and therefore a leader is a person who delegates or influences others to act so as to carry out specified objectives. Memon (2014) defines leadership as process by which an individual influences the thoughts, attitudes and behaviors of others by taking responsibility for setting direction for the firm, others to see and visualize what lies ahead and figure out how to archive it.

Leslie et al (2013) asserts that leadership is the ability to influence people to willingly follow one’s guidance or adhere to one’s decisions. On the other hand who a leader is; one who obtains followers and influence them in setting and achieving objectives. In Sundi (2013), “Leadership is the ability to convince and mobilize others to work together as a team under his leadership to achieve a certain goal”( p. 50). Leadership is the influencing process of leaders and followers to achieve organizational objectives through change Lussier and Achua (2009). They have

explained in their book that there are five key elements of this definition as illustrated in Figure 2.1.



**Figure 2.1 Leadership Definition’s Key Elements**

**Source:** Adapted from Lussier and Achua (2009) page 7.

According to Hill (2008). Leadership is the process of motivating, influencing and directing others in the organization to work productively in the pursuit of organization goals. Armstrong (2003), leadership is simply the ability to persuade others willingly to behave differently for achieving the task set for them with the help of the group. Leadership, according to Levine and Crom (1994), “is about listening to people, supporting and encouraging them and involving them in the decision-making and problem-solving processing. It is about building teams and developing their ability to make skillful decisions”.



Conger (1992) define leadership as “individuals who establish direction for a working group of individuals who gain commitment from these group of members to this direction and who then motivate these members to achieve the direction’s outcome”.

Basically every leader has a different behavior in leading his followers. It is called leadership style. Cuadrado et al (2007) described leadership style as consistent set of behaviors /patterns, proposing two dimensions in leaders behavior, structure initiation which includes task oriented leaders and consideration which includes relation oriented leaders. Memon (2014) defines leadership style as a leader’s style of providing direction, motivating people and implementing plans. Leadership styles are seen as approaches that leaders use when leading organizations, departments, or groups (Mehmood & Arif, 2011) Leaders who search for the most effective leadership style may find that a combination of styles is effective because no one leadership style is best (Darling & Leffel, 2010).

Based on the above, this study adopts the definition of leadership by Hill (2008). A well-directed employee is a focused employee in terms of expectations and organizational goals, such individual tend to understand product knowledge, procedures and processes, any time we develop our employees we give them the power and the ability to produce and give their best to the organization hence increased productivity. Leadership style application is determined by leaders themselves. If leadership style applied is good and can give a good direction to subordinates, then it create confidence and work motivation to employees, thus increasing employee morale which also effects on better employee performance.

Leaders must work together with subordinates/employees to achieve better performance. Sudi (2013) in his research, employee performance is very influenced by leadership style.

### **2.2.2 Employee Performance**

The main goal of any organization is to enhance the job performance of its employees so that it could survive in this highly competitive environment. Performance is a multidimensional construct and an extremely vital criterion that determines organizational successes or failures. Prasetya and Kato (2011) define performance as the attained outcomes of actions with skills of employees who perform in some situation. According to Pattanayak (2005), the performance of an employee is his/her resultant behavior on a task which can be observed and evaluated. To Pattanayak, employee performance is the contribution made by an individual in the accomplishment of organizational goals.

Here employee performance is simply the result of patterns of action carried out to satisfy an objective according to some standards. This means employee performance is a behavior which consists of directly observable actions of an employee, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of goals. Ibrahim (2004) defined job performance as an important activity that provides both the goals and methods to achieve the organizational goals and also provide the achievement level in term of out-put. El-Saghier (2002) considered it as an effort of an employee to achieve some specific goal, the researcher will adopt this definition.

## **2.3 Theoretical Literature Review**

Globally, leadership has become the most widely studied aspect of organizational behavior and a number of theories have emerged focusing on the strategies, traits, styles and the situational approach to leadership. As a result of ever-growing interest in the field of leadership, behavioral scientists and sociologists began to analyze the possible consequences of leadership behaviors and the variables that are used to predict the leader's behaviors.

### **2.3.1 Traits and Behavioral Theory**

The trait perspective was one of the earliest theories of leadership in the 1940's which assumes that great leaders are born with distinguished personality traits that make them better suited for leadership and make them different from other people or their followers. Stogdill's (1948) survey of the leadership literature came up with the most comprehensive list of traits. Stogdill's observation that leadership situations vary significantly and place different demands on leaders, destroyed trait theory, leading to the emergence of situational and behavioral approaches.

Behavioral theories of leadership state that it is the behavior of leaders that distinguishes them from their followers. It focuses on the actions of leaders rather than on mental qualities or internal states with the belief that great leaders are made, not born. According to this theory, people can learn to become leaders through teaching and observation. Behavior theories examine whether the leader is task oriented, people oriented, or both. Studies conducted at the University of Michigan and Ohio State University in 1945, established two major forms of leader behavior namely: employee-centered and production-centered (Hersey and Blanchard, 1988).

### **2.3.2 Situational and Contingency Theory**

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

Three models exist in this leadership approach: Fiedler's (1967) co-worker theory, House's (1971) path-goal theory, and Hersey and Blanchard (1969) situational leadership theory. From this approach and the three models no leadership style is best in all situations. Success depends upon a number of variables, including the leader's preferred style, the capabilities and behaviours of the followers, and aspects of the situation. Effective leadership requires adapting one's style of leadership to situational factors, and control is contingent on three factors namely the relationship between the leader and followers, the degree of the task structure and the leaders' authority, position or power.

### **2.3.3 Transformational and Transactional Theory**

Over the past twenty five years, a large body of research has emerged around transformational – transactional leadership theory. Transactional theories focus on the role of supervision, organization and group performance and they base leadership on a system of rewards and punishments for meeting particular objectives. The type

of transaction, whether a reward or discipline, depends on the performance of the employee. Bass (1985) as cited by Chan (2005) theorized the transactional leaders appeal to the subordinates' self-interests. Transactional leaders attempt to meet the current needs of their subordinates through bargaining and exchanging. Both leaders and followers focus on achieving the negotiated performance level. Transformational theories focus upon the connections formed between leaders and followers. Transformational leadership is the leader's ability to motivate followers to rise above their own personal goals for the greater good of the organization (Bass, 1985, 1996 as cited by Murphy & Drodge, 2004). Bass (1985) theorized the transformational style of leadership comes from deeply held personal values which cannot be negotiated and appeals to the subordinates' sense of moral obligation and values. Bass declared there were four types of transformational leadership behavior, namely idealized influence (charisma), inspirational motivation, individualized consideration, and intellectual stimulation.

#### **2.3.4 Transactional Leadership and Employee Performance**

Transactional leadership: is a leadership style that emphasizes to transactions between leaders and subordinates. Bass and Avolio (2003) suggest that characteristics of transactional leadership consist of two aspects, namely contingent reward and exception management. Contingent reward is where leaders make agreement about what must subordinate do and promising reward obtained when goal is achieved. While exception management is leader monitor deviations from established standards and take corrective action to achieve organizational goals. Yulk (2007) asserts that transactional leadership style is one leadership style that

emphasizes on transaction between leaders and subordinates. Transactional leadership motivates and influencing subordinates by exchanging reward with a particular performance .In a transaction the subordinate promised to be given rewards when subordinate is able to complete their duties in accordance with agreements. In other words, he encourages subordinates to work. Transactional leadership styles can affect positively or negatively on performance. It depends on employee assessment. Positive effect can occur when employees assess transactional leadership positively and a negative effect can occur if employee considers that transactional leadership styles cannot be trusted because they do not keep their promises, dishonest or not transparent.

### **2.3.5 Transformational Leadership and Employee Performance**

This seeks to transform of visionary. It becomes collective vision where subordinates work to realize the vision into reality. In other words, transformational process can be seen through a number of transformational leadership behaviors as: attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration Bass and Avolio, (2003). Yukl (2007) states that application of transformational leadership style can improve performance because transformational leadership style wants to develop knowledge and employees potential. Leader with transformational leadership provides opportunity and confidence to his subordinates to carry out duties in accordance with his mindset to achieve organizational goals. Butler (1999) states that a transformational leader encourages subordinates to have vision, mission and organization goals, encouraging and motivating to show maximum performance, stimulates subordinates to act

critically and to solve problems in new ways and treat employees individually. Suharto (2005) suggests that more frequent transformational leadership behaviors implemented will bring significant positive effect to improve psychological empowerment quality of subordinates. Transformational leader that gives attention to individual will be capable to direct vision and mission of organization, providing motivational support, and creating new ways to work effectively.

### **2.3.6 Laissez Faire Leadership and Employee Performance**

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership, (laissez-faire style) North house (2001). Many researchers have tested it and have found it to be valid and reliable to explaining how effective leadership can be achieved. It stresses the importance of focusing on inter personal relationships between the leader's style and the demands of various situations and employees. Under this type of leadership according to Kumar (2015) maximum freedom is allowed to subordinates. They are given freehand in deciding their own policies and methods and to make independent decisions.

It carries the belief that the most effective leadership style depends on the ability to allow some degree of freedom to employees in administering any leadership style. This study will aim to investigate further how laissez-faire may contribute to employee performance. On the other hand, much has been written in regard to the relation of positive self and effective management. Kerns (2004) discussed the relationship of values to organizational leadership and his study was hugely in

support of the laissez-faire style in bridging the gap between the employer and employee where his concern was solely on the fact that laissez-faire would create a positive environment through which employees and employers felt like a family regardless of their positions.

### **2.3.7 Autocratic Leadership and Employee Performance**

Autocratic leaders are classic “do as I say” types. Typically, these leaders are inexperienced with leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision-making rights. They can damage an organization irreparably as they force their ‘followers’ to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure this leadership produces and the removal of the leader that follows Michael (2010).

## **2.4 Empirical Analysis**

### **2.4.1 General Studies**

A large body of empirical evidences has demonstrated that leadership behaviors influence employee performance that strong leaders outperform weak leaders, and that transformational leadership generates higher performance than transactional leadership (Burns 1978; Bass 1990; Hater and Bass 1985; Howell and Avolio 1993).

Research (Bass & Avolio, 1994; Kotter, 1988 and Meyer & Botha, 2000) in organisational behavior has identified transformational leadership as the most



suitable for modern-day organisations. The current business environment requires this innovative kind of leadership style; a style that empowers employees and raises employee performance in an effort to improve organisational performance and continued existence (Kotter, 1988). Evidence has been gathered in service, retail and manufacturing sectors, as well in the armed forces of the United States, Canada and Germany that points towards the marginal impact transactional leaders have on the effectiveness of their subordinates in contrast to the strong, positive effects of transformational leaders (Brand, Heyl & Maritz, 2000). Furthermore, in the Canadian financial industry it was found that transformational leadership is more strongly correlated with higher employee satisfaction and individual/organisational performance than transactional leadership (Meyer & Botha, 2000). On the basis then of the literature, it could be proposed that transformational leadership as opposed to transactional leadership would be more effective in achieving higher levels of employee performance.

Under transformational leaders, employees may receive individualized attention from the leader. As a result, they tend to reciprocate by supporting the leader's agenda and performing beyond expectations. Hence, transformational leaders can develop high quality leader member exchange relationships with followers, through which they influence followers' performance (e.g., Wang et al., 2005). Although the initial stage of LMX may be transactional, it can be transformational if the last stage is reached (Bass, 1999). In both Bass's (1985) and Podsakoff et al.'s (1990) conceptualization, transactional leadership clarifies expectations toward followers' performance and provides rewards to followers contingently on the level of their performance.

Followers will be motivated to meet performance expectations and fulfill their end of the contract in order to be rewarded accordingly (Bass, 1985). A strong empirical support for the relationship between leaders' contingent reward and employee performance has been found (cf. Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). However, transformational leadership inspires followers with attractive vision, expresses optimism and high expectations for excellence and performance on the part of followers. It should be able to move followers beyond their normal level of performance (Bass, 1985).

A positive relationship between transformational leadership and employee performance has been found in both lab (Howell & Frost, 1989) and field (Bass, 1985) settings. Thus both transformational and transactional leadership are expected to have positive direct effect on employee performance. Raja and Palanichamy (2015) examined the effect of leadership styles on employee performance in public vs. private sector enterprises in India. From *43 middle-level managers and 156 subordinates, the study results indicate* sufficient evidence, at the 5% level of significance, that there is a linear positive relationship between transformational leadership and employee performance, there is a significant positive relationship between transactional leadership employee performance. However, the study found that laissez-faire leadership had a negative relationship with the employee performance/outcomes”.

Leaders and their leadership styles is one of the mostly researched topics in the recent past. A number of studies have been conducted on the effects of leadership styles on employee performance. Rassol et al (2015) studied leadership styles and its

impact on employee's performance in health sector of Pakistan and concluded that transformational leadership styles have more positive effect on employee performance than transactional leadership. They found out that transformational leadership can perform better in highly organic environment where focus is on competitive advantages. Results of their study also explored that the impact of transactional leadership was not much stronger as compared to transformational leadership on job performance. According to Pradeep and Prabhu (2011), leadership is positively linked with employee performance for both transformational leadership behaviors and transactional contingent reward leadership behaviors. The managers, who are perceived to demonstrate strong leadership behaviors, whether transformational or transactional, are seen to be engaging in increasing the employees' performance.

In giving their summary it was found that the transformational leadership style has significant relationships with performance outcomes; viz. effectiveness in work, satisfaction, extra effort and dependability. Their study added some additional knowledge for a better understanding of the preferred leadership approach and appropriate style for using with subordinate in various professional levels. By using their results, leaders can adjust their behaviors in practical ways to enhance subordinates' job performance, thereby reaping increased productivity for their organizations as a consequence. They emphasize on the need of leaders to have the ability to attract / influence their subordinates, be able to set clear standards of performance to their peers and act as a best role model to the subordinates. A study by Aboshaiqah et al (2015) on nurses' perception of managers' leadership styles and

Its Associated Outcomes, demonstrated that staff nurses perceived that transformational leadership and its factors are utilized more often than transactional and laissez-faire leadership styles, again, further analysis showed that there was positive correlation between outcome factors (effectiveness, extra efforts and satisfaction) and transformational and transactional leadership styles and negative correlation with laissez-faire leadership style. They concluded that a combination of transformational leadership styles and behaviors/factors contributed to an increase in extra effort, satisfaction and overall employee performance and perceived leader effectiveness among nurses. Ipas (2012) did a study on the perceived leadership style and employee performance in hotel industry, they found that autocratic leadership style is perceived as being the most used style by the managers that ensures expected results. They also stressed the fact that managers must find the good solution to help the employees to increase their individual performance.

Kehinde and Banjo (2014) also did a test of the impact of leadership styles on employee performance: A study of department of Petroleum Resources; The implication of their study was that “transformational leadership style” would bring effective results in organizations because it motivates employees to go beyond ordinary expectations, appeals to follower’s higher order needs and moral values, generates the passion and commitment of followers for the mission and values of the organization, instills pride and faith in followers, communicates personal respect, stimulates subordinates intellectually, facilitates creative thinking and inspires followers to willingly accept challenging goals and a mission or vision of the future mission and objectives of organization, they recommend that transformational

leadership style is good or appropriate for organizations that wish to compete successfully and mentor subordinates who will be managers of tomorrow to keep the flag flying for the firm. “Leadership has got a paramount attention in both the academia and practitioners since recent decades as determinant factor on employee behavior and performance”. Rasool, (2015) “The measure of relationship between the job performance and leadership style draws the considerable attention of scholars. Leader and their leadership styles is one of the mostly studied topics of recent history. Chan (2010) points out that the many researchers who have done studies on leadership style have not come up with a specific style suitable for specific issue, however Chan advises that it is important to note that different styles are needed for different situations and leaders just need to know when to use a particular approach and by using appropriate leadership styles, leaders can affect employee job satisfaction, commitment, productivity and ultimately the organization’s performance through its employees. The amount of direction and social support a leader gives to subordinates/ followers depend greatly on their styles to fit the situation.

#### **2.4.2 Empirical Analysis in Africa and Locally**

In the South African context Hayward, Davidson, Pascoe, Tasker, Amos and Pearse (2003) found transformational leadership to be more effective than transactional leadership in increasing employee performance. The research (Hayward *et al.*, 2003) found a significant positive linear relationship between transformational leadership and employee performance but no significant linear relationship between transactional leadership and employee performance in a South African pharmaceutical organisation.

Elsewhere in Africa empirical evidence by Nuhu (2004) who sought to study the effect of leadership styles on employee performance in Kampala City Council reveals that laissez faire leadership was practiced especially in higher offices and also the laissez faire leadership was existent especially in lower offices. Authoritative leadership style has a positive relationship with employee performance (NUHU 2004), most employees believed that authoritative leadership brought about performance the autocratic way (coerced), yet other forms of leadership would approach the employee from a more humanistic manner.

According to Nuhu (2004) Laissez fare leadership style has a positive relationship with employee performance .. Since most employees believed that they would rather be made comfortable at work rather than coerce them around like kids. Infact this was eminent in some departments that supervisors or managers were naturally approachable, friendly and not arrogant at employees. Since the correlation his study showed that laissez-faire leadership leads to performance, this implied that that in these departments, employee performance actually existed however on a slow pace, rather than in the authoritative leadership which was filled with Tension. Tsigu and Rao (2015) in their study “leadership styles: their impact on job outcomes in Ethiopian banking industry” found that transformational leadership style explained the variation on performance better than transactional leadership style. Hence, the researchers recommended that if banks under study emphasize more on transformational leadership style dimensions, it would enable them to better satisfy and hence gain more output from their employees. A study in Uganda on the effect of leadership styles on performance of local governments, a case of Mbale district

done by Gimuguni, et al (2014) concluded that there is a moderate high positive and significant relationship between the three leadership styles (autocratic, laissez-faire, democratic), and performance in Mbale local government. The researchers revealed further findings that Mbale local government leaders use autocratic style of leadership to influence employees to perform their duties, but laissez-faire style of leadership dominated Mbale local leadership which could have caused delay in meeting deadlines. The findings also revealed that the local government has realised some performance in terms of increased work forces, high speed of accomplishment of work, effectiveness and timeliness due to democratic leadership. It was therefore concluded that Mbale local government tries to integrate the three leadership styles though autocratic and laissez-faire dominated.

## **2.5 Research Gaps**

The literature on leadership and employee performance is scattered across countries and across industry. The evidence of the effect of leadership style on employee performance is also varied. While most of the literature reviewed is somehow consistent in suggesting that both transformational and transactional leadership styles are significantly positively related to employee performance and that transformational style's effect is more pronounced than that of the transactional leadership style (Rasool, et al., 2015; Kehinde and Bajo, 2014; Tsigu and Rao, 2015), the evidence on the relationship between laissez-faire and performance is not that straight forward. For example while, some are reporting negative relationship, e.g. Aboushaqah et al (2015), others like Gimuguni, et al (2014) have reported a positive relationship. This suggests that the evidence on this leadership style is inconsistent.

In addition, neither all industries nor countries are covered in the literature. Of those reviewed, the medical field is represented (Rassol et al, 2015; Aboushaqah, et al 2015), local government authorities (Gimuguni, et al., 2014), hotel (Ipas, 2012), Petroleum (Kehinde and Bajo, 2014). Of more interest to this study is the paucity of researches in this area from Africa and East Africa in particular. A few reviewed here are Tsigu and Rao (2015), Ejere and Abasalim (2013) and Gimuguni (2015), Nuhu, (2010), but there are also those from South Africa (Howard, et al., 2003). While several industries are represented in the growing body of evidence few are coming from the banking sector, see for example Tsigu and Rao (2015) from Ethiopian banking industry.

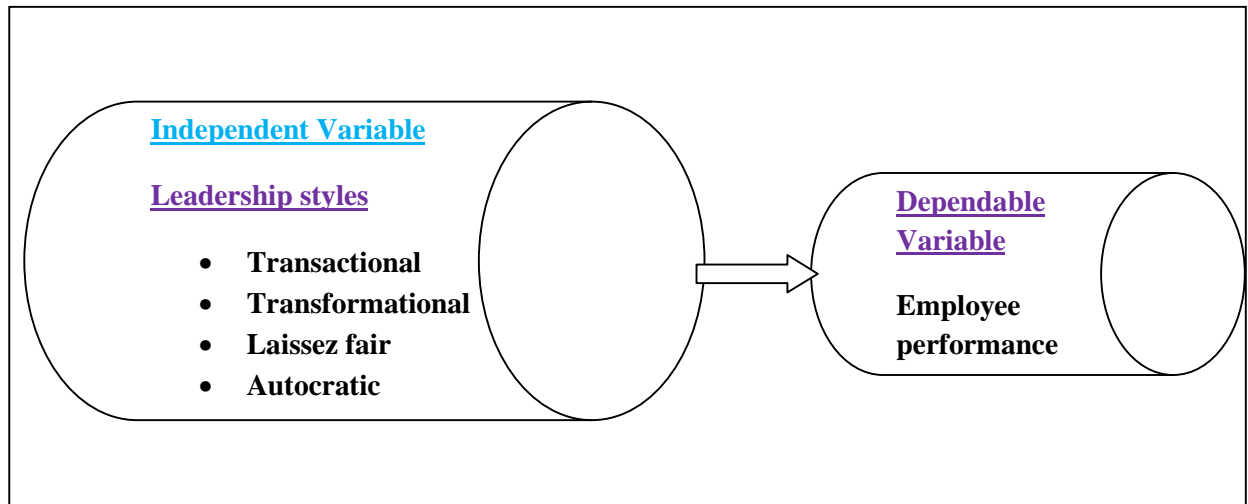
Therefore, from the preview of literature it is evident that the research evidence on the effect of leadership style on employee performance that leadership style can explain significant number of performance outcomes at individual and organizational level. But the evidence is not evenly distributed across economies at large or even within African economies. It is also evident that evidence from the banking sector is lagging behind. It is these facts that have motivated this study in order to contribute evidence from the Kenyan banking industry.

## **2.6 Conceptual Framework**

The importance of leadership in an organization cannot be overemphasized as different scholars have given various definitions due to its complexity and importance. Leadership has been viewed as a transaction between a leader and his subordinates. It had also been defined as a process of influencing people towards a



particular objective or goal. Whichever leadership style that is exhibited by a person is a combination of traits, characteristics, skills and behaviors. The situation also matters and will call for a totally different style



**Figure 2.2 Conceptual Framework**

The research sought to identify different types of attributes of transactional leadership offered by the Bank of Africa to its employees and how they affect the employee performance, to assess whether by offering reward employees are motivated to perform better or the absence of rewards indeed affects the employee performance. The research also sought seek to understand how the attributes of transformational leadership affect employee performance at Bank of Africa and if indeed the supervisors of bank of Africa exhibit the following attributes in furtherance for employee performance. The research will also seek to understand the extend of laissez faire leadership in Bank Of Africa and how it affects the performance of employees, whether it slows performance or what extend it can improve performance of the employees of Bank Of Africa, lastly, the research sought

to understand how authoritative leadership affects the employee performance of Bank Of Africa, to know how coerced the employees of Bank of Africa feel and how this improves or slows down their performance. The background information to be collected to help understand more on the research included the following factors; age, gender, length of service and education levels

## **2.8 Statement of Hypothesis**

- H1. The Transformational leadership style positively affects employee performance in Bank of Africa Kenya.
- H2. The Transactional leadership style positively affects employee performance in Bank of Africa Kenya.
- H3. The laissez-faire leadership style does not affect employee performance in Bank of Africa Kenya.
- H4. The Autocratic leadership style positively affects employee performance in Bank of Africa Kenya

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was be used to carry out the study. The chapter considers in detail the methods that were used to collect primary or secondary data required in the study. In this chapter, the researcher discusses the research design and population size that was used. The researcher also discusses how collected data was analyzed giving details of any models or programmes that was used in analysis with reasons as to why these particular models or programmes was applied.

#### **3.2 Research Design**

The study adopted a survey research design. This survey research design according to Amin (2005) would be important in Bank of Africa since it would help the researcher attain systematic data on different respondents at the same time. Convenience sampling of respondents was used to ensure that those employees found at their workplaces were the ones used for the study. This design was quantitative to allow for descriptive and inferential analysis.

##### **3.2.1 Study Population**

The study was conducted among Bank tellers, customer care staff, back office staff, credit officers, relationship officers, team leaders, supervisors and Branch managers of Bank Of Africa-Kenya. The categories chosen were thought to be involved in the leadership management, decision making and operations of the bank. The study

population was 600 employees in Nairobi 1, Nairobi 2, Western, Mt. Kenya and Coast Regions. From the above population of respondents, the researcher consulted the Human Resource department to obtain a number of 300 permanent employees. The researcher obtained the names and telephone extension numbers of 300 permanent employees in the study regions.

### **3.3 Area of Research**

The study was conducted in Bank Of Africa in the following regions, Nairobi 1, Nairobi 2, Western and Coast regions was used to generalize the findings of the research. The regions were chosen due to the proximity of the researcher and also because a larger focus has been laid by the bank in these regions in terms of branches, employees and client base.

### **3.4 Sample Size and Sampling Technique**

Studying the whole of the population was impossible. For this reason, the researcher picked a representative sample of the whole population from staff inventory. To achieve a representative sample for a research study, the people who were studied (i.e. the subjects) were carefully selected using a simple random sampling methods. The researcher used a sample of 300 respondents drawn from the population of 600 Bank of Africa Staff in the four sample regions of BOA Kenya. A sample of 300 respondents was chosen since it represents the permanent employees in the region and also these respondents have worked for the bank for more than two years leading to reliable assessment of both perception of leadership study and own performance on the job. The 300 respondents include 25 branch managers and 275

employees who are tellers, banking officers, retail officers and customer service staff.

### **3.5. Variables and Measurement Procedures**

The researcher formulated questionnaires to obtain data regarding age of respondents, gender, education levels, and length of service in the organization which helped in understanding the respondent's background information. The key variables include the independent variables, which are leadership styles – namely, transformational, transactional, laissez faire and autocratic. The scale used for leadership styles in order to measure them was the Multi factor Leadership Questionnaire developed by Avolio and Bass (1995), modified to fit the context of the study. The second variable measured was the dependent variable which was employee performance based on a scale of Yousef (2000). Some demographic variables like age, gender, job tenure, and job position were added .

### **3.6 Methods of Data Collection**

Data for this study was collected using a structured self-complete research questionnaire which was distributed to the target population and collected after a few days. Primary data was collected from the subject of study. The questionnaire proposed used in this study was divided into five parts. Part A as introduction; Part B was a series of statements to capture perception of employees on the leadership style practiced by the immediate supervisor, Part C was for capturing employees' self rated performance, and Part D was for the demographic variables. Lastly Part E was appreciation. These questionnaires were sent to the HR departments in each of the selected branches.

### 3.7 Validity and Reliability of the Instrument

The study adopted scales which had been validated elsewhere. In measuring leadership styles the study adapted the Multi factor Leadership Questionnaire (MLQ) developed by Avolio and Bass (1995), modified to fit the context of the study. To measure employee performance the study adapted scale of Yousef (2000). For reliability, the study used a scale test was used to produce Cronbach's alphas which were then compare to the conventional cut-off point of 0.7. According to Field (2005), Pallant (2013) a Cronbach's alpha higher than 0.7 indicates internal consistency on the instrument. Cronbach alphas were produced for each sub scale and the results are presented in Table 3.1. The results show Cronbach's alphas ranging from 0.755 to 0.908. These alpha coefficients are all higher than the conventional level of 0.7, suggesting that each subscale used in the study had acceptable internal consistency and hence reliable in measuring what they were designed to measure.

**Table 3.1 Reliability Statistics**

Scale	N	Alpha
<b>TRANSFORMATIONAL LEADERSHIP</b>		
<b>Idealized Influence (II)</b>	3	0.908
<b>Inspirational Motivation (IM)</b>	3	0.812
<b>Intellectual Simulation (IS)</b>	3	0.755
<b>Individual Consideration (IC)</b>	3	0.820
<b>TRANSACTIONAL LEADERSHIP</b>		
<b>Contingent Reward (CR)</b>	3	0.792
<b>Management by exception (MBE)</b>	3	0.792
<b>AUTHORITATIVE LEADERSHIP (AL)</b>	6	0.831
<b>LAISSEZ FAIRE LEADERSHIP (LF)</b>	6	0.882
<b>EMPLOYEE PERFORMANCE (EP)</b>	2	0.803

**Source:** Field Data, 2015

### **3.8 Data processing and Analysis**

After the data was collected, it was coded and entered into SPSS. Correctness of data entry was checked. The scale based variables were checked for internal consistence after which the scores were aggregated to obtain mean scores for each respondent per scale variable measure.

Descriptive and inferential statistical techniques were used for data analysis. According to Amin (2005) Descriptive statistics provides us with the techniques of numerically and graphically presenting information that gives an overall picture of the data collected. In inferential statistics, Pearson's correlation and multiple regression analysis were used to assess both relationships and effects as per the hypotheses of the study.

## CHAPTER FOUR

### 4.0 FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter presents and discusses the findings of the study. It is organized as follows. Section 4.2 describes the sample. Section 4.3 presents the findings according to the research objectives and Section 4.4 discusses them.

#### 4.2 Description of the Sample

Data on respondents' demographics were collected and analysed. Variables included were age, gender and education. The following subsections present the results.

##### 4.2.1: Distribution of Respondents by Age

Table 4.1 presents the results of the respondent's age. It is clear that the majority of respondents, 40(50.0%) were in the age range of 25-30 years, this was followed by 15 (18.8%) in the age range of 31-35, followed by 10(12.5%) in the age range of 35-40, then 9(11.2%) in the age range of below 25 years while the least age range was 41+year which was represented by only 6 (7.5%). This meant that the majority of respondents (who took part in the study) were aged 25-30years.

**Table 4.1: Age Distribution**

	<b>Frequency</b>	<b>Percentage</b>
Less than 25 years	9	11.2
25-30	40	50.0
31-35	15	18.8
35-40	10	12.5
41+ years	6	7.5
Total	80	100

**Source:** Field Data, (2015)



#### 4.2.2: Distribution of Respondents by Gender

Table 4.2 presents the distribution of the respondents by gender. It is clear that the majority of the respondents, 46 (57.5%), were male as opposed to females who were 34 (42.5%). This presupposes that generally, the margin between males and females is minimal. This implied that there was fairly equal representation of the male and female employees in Bank of Africa.

**Table 4.2 Gender Distribution**

Category	Frequency	Percentage
Male	46	57.3
Female	34	42.5
Total	80	100

**Source:** Field data, 2015

#### 4.2.3 Distribution of Respondents by Education Level

Table 4.3 presents the results of the sample distribution by education level. Results show that the majority of respondents 51 (63.8%) were bachelors degree holders while Higher diploma and masters holders tied at 13.8% each, the diploma/certificates holders were the least represented with only 7 (8.8%) representation. This implies that most respondents were in a position to give a very fair assessment of their performance as well as that of the leadership style of the immediate supervisor.

**Table 4.3 Education Distribution**

<b>Education level</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate/diplomas	7	8.8
Higher diploma	11	13.8
Bachelor	51	63.8
Master	11	13.8
<b>Total</b>	<b>80</b>	<b>100</b>

**Source: Field data, 2015**

### **4.3 Findings**

The following subsections present the results as per the research objectives.

#### **4.3.1 Research objective One: Analysis of Leadership Style**

This subsection presents the results of the analysis of leadership styles. Four (4) main types of leadership styles were assessed. These were transformation leadership style with four dimensions (each with three items), transactional leadership style with two (2) dimensions (each with three items). Authoritative and laissez-faire leadership styles each had six (6) items. Descriptive statistics were used to assess the level. Table 4.4 presents results of transformational leadership style. The mean and standard deviation (S.D.) of the four dimensions of transformational leadership styles were calculated, to establish the respondents, assessment of the extent to which their immediate supervisors practices this leadership style. The scale used in the statements was 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree. The descriptive statistics of the findings are represented in Table 4.4.

**Table 4.4 Descriptive Statistics on Transformational Leadership**

	N	Min.	Max.	Mean	S.D.
Idealized Influence	80	1.00	5.00	4.1083	.93799
Inspirational motivation	80	2.00	5.00	3.9708	.82880
Intellectual simulation	80	1.33	5.00	3.8500	.82660
Individual consideration	80	1.00	5.00	3.7542	.83816
Transformational leadership (overall)	80	1.83	5.00	3.9208	.71316
Valid N (list wise)	80				

**Source: Field data, 2015**

The results in Table 4.4 show that the idealized influence had the highest mean of 4.1083 and standard deviation of 0.93799, followed by inspirational motivation at a mean of 3.9708 and standard deviation of 0.82880. Intellectual simulation had a mean of 3.85 and standard deviation of 0.82660. The least but still with a high mean of 3.7542 and standard deviation of 0.83816 was individual consideration. Overall the transformational leadership style scored a mean of 3.9208 and S.D. of 0.71316.

Table 4.5 presents the mean and standard deviation from respondents' assessment of whether their immediate supervisors practiced transactional leadership style. Management by exception (MBE) had the highest mean of 3.8439 and standard deviation of 0.89448, while contingent reward had a mean of 3.6333 and standard deviation of 0.89631. Overall the results show that Transactional leadership style with an overall mean score of 3.7437 and standard deviation of 0.75471 is the also practiced by some of the immediate supervisors at BOA. In fact it is important to note that the mean score was above the midpoint. This statistics indeed show that supervisors at Bank of Africa apply transactional leadership

**Table 4.5 Descriptive Statistics on Transactional Leadership**

	N	Min.	Max.	Mean	S.D.
Contingent reward	80	1.00	5.00	3.6333	.89631
Management by Exception	79	1.67	5.00	3.8439	.89448
Transnational leadership (overall)	80	1.67	5.00	3.7437	.75471
Valid N (list wise)	79				

**Source:** Field Data, 2015

Table 4.6 presents the mean and standard deviation of the respondent's assessment of the presence of Authoritative leadership style in their immediate supervisors.

**Table 4.6 Descriptive Statistics on Authoritative Leadership**

	N	Min.	Max.	Mean	S.D.
My supervisor believes employees need to be supervised closely they are not likely to do their work.	80	1	5	2.96	1.354
As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	79	1	5	3.10	1.045
I feel insecure about my work and need direction.	79	1	5	2.90	1.246
My supervisor is the chief judge of the achievements of employees.	80	1	5	2.84	1.213
My supervisor gives orders and clarifies procedures	77	1	5	3.10	1.083
My supervisor believes that most employees in the general population are lazy.	79	1	5	2.70	1.314
Authoritative Leadership (overall)	80	1.00	5.00	2.952	.9119
Valid N (list wise)	77				

**Source:** Field Data, 2015

The statement that ‘as a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives’ had the highest mean of 3.10 and standard deviation of 1.045 same as the question of ‘my supervisor gives orders and clarifies procedures’ which had a mean of 3.10 but a standard deviation of 1.083. The statement with the lowest mean of 2.70 and standard deviation of 1.314 was ‘my supervisor believes that most employees in the general population are lazy’. Overall authoritative leadership upon assessing the six statements had a mean score of 2.9521 and a standard deviation of 0.91193. This mean is below the midpoint and indicates that respondents disagreed that their supervisors use authoritative leadership. The results suggest that Authoritative leadership style is less exhibited by immediate supervisors at BOA.

**Table 4.7 Descriptive Statistics on Laissez Faire Leadership**

	N	Min.	Max.	Mean	S.D.
In complex situations my supervisor allows me to work my problems out on my own way.	79	1	5	3.49	1.280
My supervisor stays out of the way as I do my work	78	1	5	3.69	.958
As a rule, my supervisor allows me to appraise my own work.	78	1	5	3.64	1.162
My supervisor gives me complete freedom to solve problems on my own.	76	1	5	3.64	1.116
In most situations I prefer little input from my supervisor.	77	1	5	3.79	1.174
In general my supervisor feels it's best to leave subordinates alone.	78	1	5	3.64	1.329
Laissez-Fair Leadership (overall)	79	1.50	5.00	3.662	.9390
Valid N (list wise)	75				

**Source: Field data, 2015**

Table 4.7 presents the mean and standard deviation of the results from respondents' assessment of laissez faire leadership style. This was assessed by six items. The statement that 'In most situations I prefer little input from my supervisor' had the highest mean of 3.79 and standard deviation of 1.174 while the question with the lowest mean of 3.49 and standard deviation of 1.280 was that 'In complex situations my supervisor allows me to work my problems out on my way'. Overall Laissez faire leadership upon assessing the six statements had a mean score of 3.6624 and a standard deviation of 0.91193. This mean is above the midpoint and indicates that respondents agree that their supervisors indeed utilize laissez faire leadership to a moderate extent. Therefore, from the results of the analysis of leadership styles, it can be concluded that transformational leadership style is the most exhibited leadership style by immediate supervisors at BOA followed by the transactional leadership style. The results also show that laissez-faire leadership style is practiced above average. However, authoritative leadership style is the least exhibited style

#### **4.3.2 Research Objective Two: Analysis of Employee Performance**

Employee performance (self-rated) was captured by four constructs; one each for self assessment of the quality and productivity, and two others which compared one's performance to that of the peers doing the same kind of work. Examples of the items used were 'How do you evaluate the performance of **your peers** at their jobs compared with yourself doing the same kind of work?' and 'How do you evaluate the performance of **yourself** at your job compared with your peers doing the same kind of work? When a scale test was run on these four items, a below conventional level Cronbach's alpha was obtained. Reverse-coding the third statement, as it

should, yielded a negative Cronbach's alpha. Unable to identify the source of these confusing results, the two statements were dropped from the scale test and when the first two statements were included, the Cronbach's alpha was 0.803. Therefore, the analysis of employee performance was based on the scale with two out of the originally planned 4 items.

Table 4.8 presents results of the analysis of employee performance. The results show that productivity was highly rated with a mean of 4.35 and a standard deviation of 0.576 while quality of performance closely followed with a mean of 4.31 and a standard deviation of 0.739. Overall employee performance had a mean score of 4.3312 indicating a high performance. This is then subjected to further analysis in the next section to determine whether it is affected by the employees' perception of the leadership style of the immediate supervisor.

**Table 4.8 Descriptive Statistics on Employee Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
How do you rate quality of your performance	80	2	5	4.31	.739
How do you rate your productivity on the job?	80	3	5	4.35	.576
Employee performance score.	80	2.5	5.00	4.3312	.60558
Valid N ( List wise)	80				

**Source: Field data, 2015**

### **4.3.3 Research Objective Three: The Effect of Leadership Style on Employee Performance**

#### **4.3.3.1 Correlation Analysis**

Table 4.9 presents the results of bivariate correlation based on Pearson correlation statistics. Transformational leadership ( $M = 3.9208$ ,  $SD = .71316$ ) strongly and positively correlated with overall employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .427$ ,  $P < 0.01$ . And also, there was a positive correlation between transformational leadership ( $M = 3.9208$ ,  $SD = .71316$ ) and employees quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80) = .338$ ,  $p < 0.01$ . There was a strong and positive correlation between transformational leadership ( $M = 3.9208$ ,  $SD = .71316$ ) and productivity on the job ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .464$ ,  $p < 0.01$ .

Idealized Influence ( $M = 4.103$ ,  $SD = .9379$ ) strongly and positively correlated with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .501$ ,  $p < 0.01$ . There was also a positive correlation between idealized influence ( $M = 4.103$ ,  $SD = .9379$ ) and quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80) = .413$ ,  $p < 0.01$ . There was also a strong and positive correlation between idealized influence ( $M = 4.31$ ,  $SD = .739$ ) and productivity on the job ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .523$ ,  $P < 0.01$ .



Table 4.9 Correlation between Leadership Styles and Employee Performance

		Correlations												
		Transformational Leadership	Idealized Influence	Inspirational Motivation	Intellectual Stimulation	Individual Consideration	Transactional Leadership	Contingent Reward	Management By Exception	Authoritative Leadership	Laissez-Faire Leadership	How do you rate quality of your performance?	How do you rate your productivity on the job?	Employee Performance score
Transformational Leadership	Pearson Correlation	1	.820**	.885**	.870**	.753**	.594**	.500**	.496**	-.214	-.112	.338**	.464**	.427**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.057	.326	.002	.000	.000
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Idealized Influence	Pearson Correlation	.820**	1	.855**	.818**	.414*	.480**	.367**	.402**	-.324**	-.107	.413**	.523**	.501**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.001	.000	.003	.349	.000	.000	.000
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Inspirational Motivation	Pearson Correlation	.885**	.855**	1	.739**	.561**	.425**	.347**	.364**	-.172	-.114	.284*	.419**	.373**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.002	.001	.127	.319	.011	.000	.001
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Intellectual Stimulation	Pearson Correlation	.870**	.818**	.739**	1	.553**	.478**	.394**	.405**	-.199	-.038	.167	.333**	.261*
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.076	.741	.138	.003	.020
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Individual Consideration	Pearson Correlation	.753**	.414*	.561**	.553**	1	.616**	.558**	.475**	.002	-.108	.241*	.250*	.266*
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.983	.345	.031	.025	.017
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Transactional Leadership	Pearson Correlation	.594**	.480**	.425**	.478**	.616**	1	.844**	.841**	-.235	-.268	.009	.054	.031
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.038	.017	.935	.637	.784
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Contingent Reward	Pearson Correlation	.500**	.367**	.347**	.394**	.558**	.844**	1	.415**	-.142	-.263	-.060	-.051	-.061
	Sig. (2-tailed)	.000	.001	.002	.000	.000	.000		.000	.209	.019	.594	.655	.591
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Management By Exception	Pearson Correlation	.496**	.402**	.364**	.405**	.475**	.841**	.415**	1	-.251*	-.179	.066	.130	.102
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000	.000		.028	.117	.583	.253	.370
	N	79	79	79	79	79	79	79	79	79	78	79	79	79
Authoritative Leadership	Pearson Correlation	-.214	-.324**	-.172	-.199	.002	-.235	-.142	-.251*	1	.307**	-.128	-.084	-.117
	Sig. (2-tailed)	.057	.003	.127	.078	.983	.038	.209	.028		.006	.266	.458	.302
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Laissez-Faire Leadership	Pearson Correlation	-.112	-.107	-.114	-.038	-.108	-.268	-.263	-.179	.307**	1	.050	.033	.046
	Sig. (2-tailed)	.326	.349	.319	.741	.345	.017	.019	.117	.006		.664	.775	.688
	N	79	79	79	79	79	79	79	78	79	79	79	79	79
How do you rate quality of your performance?	Pearson Correlation	.338**	.413**	.284*	.167	.241*	.009	-.060	.066	-.126	.050	1	.691**	.939**
	Sig. (2-tailed)	.002	.000	.011	.138	.031	.935	.594	.563	.266	.664		.000	.000
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
How do you rate your productivity on the job?	Pearson Correlation	.464**	.523**	.419**	.333**	.250*	.054	-.051	.130	-.084	.033	.691**	1	.897**
	Sig. (2-tailed)	.000	.000	.000	.003	.025	.837	.655	.253	.458	.775	.000		.000
	N	80	80	80	80	80	80	80	79	80	79	80	80	80
Employee Performance score	Pearson Correlation	.427**	.501**	.373**	.261*	.266*	.031	-.061	.102	-.117	.046	.939**	.897**	1
	Sig. (2-tailed)	.000	.000	.001	.020	.017	.784	.591	.370	.302	.688	.000	.000	
	N	80	80	80	80	80	80	80	79	80	79	80	80	80

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

Inspirational motivation ( $M = 3.9708$ ,  $SD = .82880$ ) positively correlated with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .373$ ,  $p < 0.01$ . There was also a positive correlation between Inspirational motivation ( $M = 3.9708$ ,  $SD = .82880$ ) and quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80) = .284$ ,  $p < 0.05$ . There was also a strong and positive correlation between Inspirational motivation ( $M = 3.9708$ ,  $SD = .82880$ ) and productivity on the job ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .419$ ,  $P < 0.01$ . Intellectual stimulation ( $M = 3.8500$ ,  $SD = .82660$ ) positively correlated with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .261$ ,  $p < 0.05$ . There was also a positive correlation between Intellectual stimulation ( $M = 3.8500$ ,  $SD = .82660$ ) and productivity on job performance ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .333$ ,  $p < 0.01$ . However there was no significant correlation between Intellectual stimulation ( $M = 3.8500$ ,  $SD = .82660$ ) and quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80) = .167$ ,  $P > 0.01$ .

Individual consideration ( $M = 3.7542$ ,  $SD = .83816$ ) positively correlated with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .266$ ,  $p < 0.05$ . There was also a positive correlation between Individual consideration ( $M = 3.7542$ ,  $SD = .83816$ ) and quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80) = .241$ ,  $p < 0.05$ . There was also a positive correlation between Individual consideration ( $M = 3.7542$ ,  $SD = .83816$ ) and productivity on the job ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .250$ ,  $P < 0.05$ . Transactional Leadership ( $M = 3.7431$ ,  $SD = .75471$ ) did not have significant correlation with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .031$ ,  $p > 0.01$ . There was also no significant correlation between Transactional Leadership ( $M = 3.7431$ ,  $SD = .75471$ ) and quality of performance ( $M = 4.31$ ,  $SD = .739$ ),  $r(80)$

= .09,  $p > 0.01$ . There was also no significant correlation between Transactional Leadership ( $M = 3.7431$ ,  $SD = .75471$ ) and productivity on the job ( $M = 4.35$ ,  $SD = .576$ ),  $r(80) = .054$ ,  $P > 0.01$ . None of the two dimensions (contingent rewards and management by exception) significantly correlated with any of the two items of performance. However, while the correlation of the contingent rewards was negative, the correlation coefficient of the management by exemption was positive. Authoritative leadership ( $M = 2.952$ ,  $SD = .91193$ ) had negative but insignificant correlation with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = -.117$ ,  $p > 0.05$  irrespective of how performance was measured. Laissez Faire Leadership style ( $M = 3.64$ ,  $SD = 1.329$ ) on the other hand had a positive but also insignificant correlation with employee performance ( $M = 4.3312$ ,  $SD = .60558$ ),  $r(80) = .046$ ,  $p > 0.05$ , irrespective of how performance was measured.

In a summary, the results of correlation analysis indicated transformational leadership had strong and positive correlations with employee's general performance, and strong positive with all the two dimensions of employee performance, i.e. quality and productivity. Transactional leadership had insignificant negative correlations with employee performance; however, contingent reward had negative correlation with employee performance and its dimensions while management by exception had insignificant positive correlation with employee performance and its dimensions. Authoritative leadership exhibited negative but insignificant correlation across all the dimensions of employee performance while laissez faire exhibited insignificant positive correlation with employee performance and its dimensions.

#### 4.3.3.2 Multiple Regression Analysis

The multiple regression analysis was carried out to estimate the effect of leadership styles (independent variables) on employees' performance (dependent variable). Results are presented in Tables 4.10-4.12. Table 4.10 presents a summary of the model in which the item of interest is the adjusted  $R^2$  statistics, which is .225. This suggests leadership styles accounts for 22.5% of the variation in employees' performance.

**Table 4.10 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.514 <sup>a</sup>	.265	.225	.53314	1.839

a. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Authoritative Leadership, Transactional Leadership

b. Dependent Variable: Employee Performance score

Source: Field data, 2015

Table 4.11 presents the analysis of variance (ANOVA) results. It is also known as model fit results. Of interest in this table are the F-statistics and its associated sig. value. The results show that the F-statistics is 6.659% ( $p < 0.01$ ). The results indicate that the model's hypothesis that the "model has no power to predict employees' performance from leadership style scores" could not be accepted. They therefore suggest that the model has power to predict employees' performance significantly from the leadership style scores.

**Table 4.11 Model Fit Results**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	7.571	4	1.893	6.659	.000 <sup>b</sup>
	Residual	21.034	74	.284		
	Total	28.605	78			

a. Dependent Variable: Employee Performance score

b. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Authoritative Leadership, Transactional Leadership

Source: field data 2015

Table 4.12 presents the results on the coefficients of the regression model. The coefficients results show that transformational leadership positively predict employee performance, standardized B = .618, ( $p < 0.01$ ). These results suggest that performance of employees whose immediate supervisor exhibited transformational leadership characteristics increased significantly by 61.8 percent. The results also show that transactional leadership and authoritative leadership styles insignificantly negatively predict employees' performance. Laissez-faire also insignificantly negatively predict employees' performance

Multicollinearity statistics show tolerance figures ranging from 0.603 to 0.869 while Variance Inflation factors (VIFs) ranged from 1.151 to 1.659. these figures suggest that multicollinerarity not suspected amongst the independent variables. Field (2005) suggests that multicollinearity would be suspected is tolerance figures are below 0.10 or if VIF statistics are 10.0 or higher.

**Table 4.12 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.344	.526		6.356	.000		
Transformational Leadership	.525	.106	.618	4.947	.000	.636	1.572
1 Transactional Leadership	-.275	.103	-.342	-2.666	.009	.603	1.659
Authoritative Leadership	-.053	.071	-.080	-.748	.457	.869	1.151
Laissez-faire Leadership	.031	.069	.048	.447	.656	.858	1.165

a. Dependent Variable: Employee Performance score

Source: Field data, 2015

#### 4.4 Discussion of the Results

In a summary, multiple regression analysis indicated that, transformational leadership positively predicted employee performance. If supervisors exhibited more transformational leadership, the employees will have higher employee performance. As predicted, this result supported hypothesis 1. Transactional leadership positively affects employee performance. The results of transformational leadership were consistent with most of results on previous studies reviewed in chapter two. See as example, studies like Raja and Palanichamy (2015) for sample of employees in public and private sector enterprises in India; Aboshaiqah et al (2015) on a sample of hospital nurses, Pradeep and Prabhu (2011) in India, Kehinde and Banjo (2014) and Ejere and Abasilim (2013), both in Nigeria, Tsigu and Rao (2012) and Gimuguni et al (2014) in Ehtiopian banking industry and Ugandan local government authorities respectively.

Transactional leadership negatively affects employee performance and therefore the second hypothesis of this study which stated that the transactional leadership style positively affects employee performance in Bank of Africa Kenya could not be supported. These findings are inconsistent with the many studies reviewed in chapter two in which it was reported that transactional leadership style significantly positively affected employees' performance. S for example studies by Pradeep and Prabhu (2011), Kehinde and Banjo (2014) and Ejere and Abasilim (2013). Authoritative leadership was found to have negative effect on employees' performance. This suggests that the study's fourth hypothesis that "the Autocratic leadership style positively affects employee performance in Bank of Africa Kenya" could not be supported. Furthermore, the study findings are inconsistent with those reported earlier in Gimuguni, et al (2014) and in Nuhu (2004) both of whom reported positive relationship between autocratic leadership styles and employees' performance.

Lastly, the study found that laissez-faire leadership styles are insignificantly positively affect employee performance. These results are consistent with the study's third hypothesis which stated that "the laissez-faire leadership style does not affect employee performance in Bank of Africa Kenya". The results lend weak support to the previous evidence which reported negative relationship, e.g. Aboushaqah et al (2015), Nuhu (2004). However the same results are inconsistent with those which reported a positive relationship between laissez-faire leadership style and employee performance. See for example, Gimuguni, et al (2014). The study did contribute to the expansion of knowledge in the human resource field on how leadership styles

can be used to achieve employee performance. It also tried to close a gap in current literature in which studies of leadership styles and employee performance in the banking industry have not been fully and efficiently explored. Thus, the study added empirical evidence on the topic by providing evidence from an frontier market's banking sector. Previous study in banking was that of Tsigu and Rao (2015) based on Ethiopian banking industry.



## **CHAPTER FIVE**

### **5.0 CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS**

#### **5.1 Overview**

The main objective of this study was to investigate the effect of different leadership styles (transformational, transactional, autocratic, and laissez-faire leadership styles) on employees' performance of employees. A cross section descriptive survey research strategy was adopted in which a sample of 80 employees sampled conveniently from a study population was 600 employees in Nairobi 1, Nairobi 2, Western, Mt. Kenya and Coast Regions different staff cadres - Bank tellers, customer care staff, back office staff, credit officers, relationship officers, team leaders, supervisors and Branch managers of Bank Of Africa-Kenya -was surveyed. A structured questionnaire was used to collect primary data from the sample.

The leadership styles were measured through the Multi factor Leadership Questionnaire developed by Avolio and Bass (1995), modified to fit the context of the study. Employee performance was measured by the scale of Yousef (2000). Descriptive and inferential statistical techniques were used for data analysis. In inferential statistics, Pearson's correlation and regression analysis were used to assess both relationships and effects as per the hypotheses of the study. This chapter presents conclusions, implications and recommendations. It is organized in various sections: Section 5.2 gives a key summary of findings, Section 5.3 discusses conclusions and recommendation, Section 5.4 presents recommendations while the

last section, Section 5.5 gives limitations of the study and suggestions for further research.

## **5.2 Summary of Key Findings**

The findings show that transformational leadership style is the most exhibited style at the bank followed by the transactional leadership style and laissez-faire. Employee performance is above average. Overall, scores in transformational leadership style were found to be strongly correlated with both measures of employee performance and overall performance except for the intellectual simulation dimension, which had insignificant positive correlation with quality of performance.

Transactional leadership style was found to be positively correlated with both measures of employee performance as well as overall performance. However, contingent rewards had a negative but insignificant correlation with performance while management by exception had insignificant positive correlations. Authoritative leadership style had insignificant relationship while laissez faire style had insignificant positive correlation.

Transformational leadership style significantly positively affected employee performance while transactional leadership style affected employee performance significantly negatively. Authoritative and laissez faire leadership styles exhibited insignificant negative and positive effects on employees' performance, respectively.

### **5.3 Conclusions and Implications**

From the study findings it can be concluded that supervisors who are driven by the desire to achieve better performance from his/her employees should try and exhibit more of transformation leadership style and less of the rest of the styles.

### **5.4 Recommendations**

Banks expect employees to perform, supervisors expect their followers to perform too. The results of this study provided insights into what employees need from their supervisors and the kind of leadership behaviors they prefer. This information could be used to help develop strategies and meet organizational needs through leadership behavior development. According to the results, some strategies for improving supervisor's leadership and employee performance could be suggested. It indicated that transformational leadership behavior would lead to higher employee performance. The leaders or supervisors should be aware of what is important for the subordinates and the organizations as a whole and encourage the employees to see the opportunities and challenges around them creatively. The supervisors should also have their own visions and development plans for followers, working in groups and champion team work spirit.

The supervisors should have sense of innovation and also encourage followers to seek more opportunities and possibilities, not just achieve performance within expectations. Supervisors should understand the values of the followers and try to build their departmental/ unit's business strategies, plans, processes and practices that will likely to improve the wellbeing of staff. Respect for individual is also very key in building a positive relationship between leaders and employees. Employees

prefer to idealized attributes leadership behaviors from their supervisor because it can increase their level of performance. Employees would like to see more of idealized attributes in their supervisors; therefore, the supervisors should act to promote faith from their subordinates. They should connect with the working groups and the individuals beyond self-interest. A sense of confidence and power for the workloads should be displayed.

Supervisor's authoritative leadership style will decrease employee performance. So they should try to avoid this type of leadership style. Contrarily, supervisors should clarify expectations and provide goals and standards to be achieved for the followers. They should not wait until the problems become more serious and then act/ take action they should monitor performance on timely basis. Whenever a problem arises, supervisors should try to intervene into the issues as soon as possible. Supervisors should respond to urgent questions and make decisions promptly and precisely. They should not be afraid of getting involved in problem solving. Regarding to the results of correlation analysis, it indicated that transformational leadership, transactional leadership and authoritative leadership all have significant correlations with employee performance. Transformational leadership had strong and positive correlations with employee productivity, quality and overall performance. The group of specific behaviors factors of transformational leadership positively correlated with employee performance. Therefore, as mentioned before, leaders or supervisors should be aware of the importance of transformational leadership style and try to put it in practice. Authoritative leadership had a negative correlation with employee performance. It was obvious to

see that authoritative leadership is not an effective leadership style. So supervisors should try to avoid this style. Supervisors should enrich the knowledge about the perceptions of leaders' behaviors and how these behaviors relate to employee performance. Based on the results of the current study, leadership development programs could help leaders understand the relationships between effective leadership styles and employee performance.

Organizations can develop certain training programs or mentoring by professionals for the supervisors and leaders. Professionals and trainers can use the results from the current study to develop training programs that support leadership development. Organization can provide leadership training program or interventions to improve supervisor's leadership. The leadership training program can be designed based on employee needs and organizational needs to achieve the very best from such particular programs. And also, psychological interventions are needed to clarify for the employees about the relationship with supervisors, and the impacts of leadership styles on loyalty employee performance, including leader's daily practice, leadership behaviors, and the importance of feedback. The organization and supervisors should involve employees in decision making and leadership improvement and provide training and teamwork facilitation. In addition, policies and practices related to rewards or feedback system in the organizations can be adjusted to meet employees' needs in order to improve employee performance.

### **5.5 Limitations and Suggestions for Future Research**

The main limitation of the study was how different culture distribution impacted the relationships between supervisors and employees. The study was conducted in Bank

of Africa-Kenya, and it was important to consider the values and beliefs of employees of Bank of Africa-Kenya culture and how it impacted the roles of individuals within the workplace. The impact of culture on leadership perceptions might have practical and theoretical implications, particularly in globalization. Another limitation of the study was the employees' personalities and preferences on supervisor's leadership. Personality and personal preferences would affect people's perceptions on leadership styles and their relationships with supervisors. In current study, these factors were not controlled.

The other limitation was the limited sample size. Limited conclusions and generalizations could be made. Because the target participants in this study were in a certain branches of Bank of Africa. Generalization of this research topic was difficult to make to other populations. Regarding to this current study, several recommendations for future research are drawn. Firstly, future studies could be focused on how organization culture factors influence on the relationships between leadership styles and employee performance, like how to incorporate leadership development in organizations or industries of diverse cultures. It could improve productivity of organizations and increase employee commitment. The results of the current study were a little different from the previous research, because some of the previous studies were conducted under western cultural background. The influence of culture needs to be researched more in future study.

Secondly, the influences of gender and personality on the perception of leadership behaviors were not investigated in this study, but they would influence the relationships between leadership styles and employee performance. Investigating the

influence of gender differences on these variables may provide additional information for leaders to adjust leadership behaviors in the work processes to meet the needs of different demographic groups. So a recommendation is to investigate the influence of demographic differences on the perception of leadership behaviors in order to develop leadership training programs.

Thirdly, this study examined that how different leadership styles affected employee performance, The high level of employee performance was due to supervisor's leadership style, but there are still other factors that would affect employee performance. Future research could focus on other factors that might also affect employee performance and not only the few leadership leadership styles.

In a summary, according to the results of this current study, Bank of Africa should pay more attention to improving supervisors' management and leadership skills and to monitoring the relationship between supervisors and employees. Some strategies and managerial plans need to be developed in Bank of Africa in order to attain extraordinary performance.

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## APPENDICES

### QUESTIONNAIRE

#### PART A: Introduction

**Dear Respondent,**

I am **Celestine Anyango**, a Masters student at the Open University of Tanzania (OUT) in collaboration with the College of Human Resource Management (CHRM) Nairobi. I am carrying out a study on the **“Effects of Leadership Styles on Employee performance at Bank of Africa Kenya limited”** under the guidance of Dr. Proches Ngatuni of The Open University of Tanzania. This is required as part of the fulfillment of requirement for the award of Master of Human Resource Management of the Open University of Tanzania.

To that end, I request you to kindly respond to a few questions on this questionnaire as sincere and thoughtful as possible. A guide is provided under each part of the questionnaire. The completion of this questionnaire is very important to the overall design of the study and should take you less than 15 minutes to complete. Your timely completion and return of this questionnaire is highly appreciated and will be counted as a continuation of your kind support to the development of the profession and myself as a member of the same. All the data you provide will be strictly confidential and used for the stated purpose only. Furthermore, your responses will only be presented in aggregate and no single results will be traceable back to individual respondent.

I once again thank you for your participation and if you have any questions or concerns please do not hesitate to contact me directly at **+254 720 058 939 or Dr Proches Ngatuni on +255 754 609 596 or email at [proches.ngatui@out.ac.tz](mailto:proches.ngatui@out.ac.tz)**

Sincerely,

Celestine Anyango

Student, Master of Human Resource Management Programme

The Open University of Tanzania.

## QUESTIONNAIRE

### PART B: LEADERSHIP STYLE

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

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

Please place a tick ( ) or a mark (x) in the box (cell) that represents your appropriate level of agreement

<b>TRANSFORMATIONAL LEADERSHIP</b>					
<b>Idealized Influence (II)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor makes others feel good to be around him / her					
2. I have complete faith in my supervisor					
3. I am proud to be associated with my supervisor					
<b>Inspirational Motivation (IM)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor expresses in a few simple words what we could and should do					
2. My supervisor provides appealing images about what we can do					
3. My supervisor helps me find meaning in my work					
<b>Intellectual Simulation (IS)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor enables others to think about old problems in new ways					
2. My supervisor provides others with new ways of looking at puzzling things.					
3. My supervisor gets others to rethink ideas that they had never questioned before.					
<b>Individual Consideration (IC)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor helps others develop themselves					
2. My supervisor lets others know how he /she thinks we are doing					
3. My supervisor gives personal attention to others who seem rejected.					
<b>TRANSACTIONAL LEADERSHIP</b>					
<b>Contingent Reward (CR)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor tells others what to do if they want to be rewarded for their work					
2. My supervisor provides recognition/rewards when others reach their goals.					
3. My supervisor calls attention to what others can get for what they accomplish.					
<b>Management by exception (MBE)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor is always satisfied when others meet agreed-upon standards					
2. As long as things are working, my supervisor do not try to change anything					
3. My supervisor tells us the standards we have to know to carry out our work					
<b>AUTHORITATIVE LEADERSHIP</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. My supervisor believes employees need to be supervised closely they are not					

likely to do their work.					
2. As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.					
3. I feel insecure about my work and need direction.					
4. My supervisor is the chief judge of the achievements of employees.					
5. My supervisor gives orders and clarifies procedures					
6. My supervisor believes that most employees in the general population are lazy.					
<b>LAISSEZ FAIRE LEADERSHIP</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. In complex situations my supervisor allows me to work my problems out on my own way					
2. My supervisor stays out of the way as I do my work					
3. As a rule, my supervisor allows me to appraise my own work.					
4. My supervisor gives me complete freedom to solve problems on my own.					
5. In most situations I prefer little input from my supervisor.					
6. In general my supervisor feels it's best to leave subordinates alone.					

Source: Adopted from Bass and Avolio (1992)

### Part C: EMPLOYEE PERFORMANCE

The sets of statements aimed at helping you assess your performance at your job in the company. You are requested to rate yourself against each statement to indicate your self assessment of your own performance, where the following ratings are:

**1 = very low    2 = low            3 = Average    4 = high            5 = very high**

Please place a tick ( ) or a mark (x) in the box (cell) that represents your appropriate level of performance rating.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Quality of your performance and productivity.</b>					
1. How do you rate quality of your performance?					
2. How do you rate your productivity on the job					
<b>Individual's quality of performance and productivity compared with other's doing similar jobs.</b>					
1. How do you evaluate the performance of <b>your peers</b> at their jobs compared with yourself doing the same kind of work?					
2. How do you evaluate the performance of <b>yourself</b> at your job compared with your peers doing the same kind of work?					



Source: Adopted from Yousef (2000)

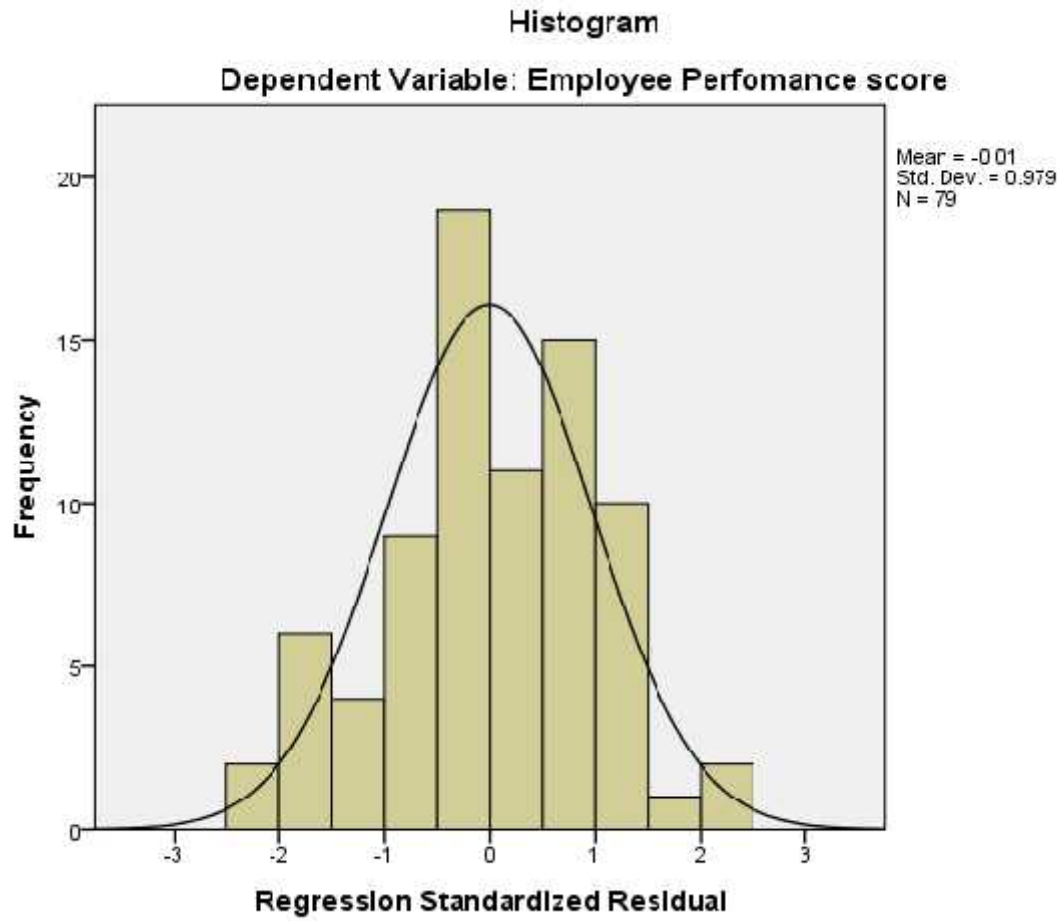
**PART D: General Information**

1. What is your age?  
Below 25 years ( )    25-30 years ( )    31-35 years ( )    36-40 years ( )  
41-45 years ( )    46 and above ( )
2. What is your gender?  
Male ( )    Female ( )
3. What is your highest education qualification?  
Certificate/diploma ( )    Higher diploma ( )    Bachelor ( )    Master ( )

**PART E: Appreciation**

I wish to thank you very much for spending your valuable time to respond to this questionnaire.

**Test of standardized errors for normality**



**Normal P-P Plot of Regression Standardized Residual****Dependent Variable: Employee Performance score**