Innovations

The Relationship between Leadership Styles and Organizational performance in Ethiopian HEIs

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Abstract

Leadership can play huge role for creating high performance culture since it organizes both utilization of human and other resources. Competent and strong leader motivates employees and motivated employees does not only increase his or her job performance and commitment within an organization, but also goes beyond the job requirements thus increasing the organization's general performance and making it more successful. This study is an attempt to assess the impact of leadership styles on the performance public universities of Ethiopia. For this purpose, a theoretical framework was first explored from the existing research containing the study variables. The aim of this study was to investigate the relationship between leadership styles practiced and organizational performance in Ethiopian HEIs. Quantitative and Qualitative descriptive survey was conducted for the study. The study population comprised the number of respondents has been be chosen employing a proportional sampling technique from each university and 386 respondents were participated for the survey method. Analysis techniques which used for quantitative study were descriptive statisticsand correlation analysis. On the other hand, qualitative data from the interview guide was analyzed by content analysis; this involved selecting and grouping the data according to emerging themes in line with objectives of the study. The study revealed that all kinds of leadership styles were practiced in EHIs as the overall respondents' perception is above average (>50%) and there is strong and positive relationship between Transformational and transactional leadership styles and organizational performance in Ethiopian HEIs. Whereas Lassis faire Leadership Style has negative relationship with organizational performance

Keywords: 1.leadership style, 2.organizational performance s performance, 3.Laissez faire, 4.Transformational, 5.Transactional

1. Introduction

In order to set the trend and develop a high-performing organizational culture, leadership in academic institutions is a highly important topic for leaders. The ability to play a significant part in educational institution administration is a prerequisite for leading academic institutions. These people are at the heart of organizational effectiveness, which eventually results in the advancement of civilization. It has been extensively studied for a long time how to categorize the components, routines, and traits of effective leadership in higher education. (Bryman, 2007).

The modern era presents numerous obstacles for higher education institutions. The strongest aspect of the higher educational system is the autonomy, innovation, and independent thought of those employed in it. The leading academics have been compared to herding cats. Studies on leadership tend to concentrate on the part that leadership plays in enhancing organizational effectiveness in higher education. (Ahmed Abubakar and Narentheren, 2018).

One the result of a leadership style was reported to be increased productivity and innovation in relation to leadership and organizational performance (Kolzow, 2014). Furthermore, it was asserted that the effectiveness of a leader's style contributes significantly to employees' job satisfaction (Rothfelder, K., *et al.*, 2012). Organizational performance depends on the employees' positive feelings towards his or her job (Sundi K. 2013). Transformational leadership has been linked to increased job satisfaction due to its ability to raise pride, attention, respect, and the proclivity to produce innovative ideas. (Zahari and Shurbagi, 2012) which leads to effective organizational performance. Whereas, transactional leadership has as well been found to have a positive, albeit weaker, influence on job satisfaction (Garg and Ramjee, 2013).

Transformational leadership, on the other hand, focuses on team development, which encourages employees to perform better and fosters more creativity (Morgeson, F., et al. 2010), whereas transactional leadership focuses on how the organization functions and does not take employees' development and learning ability into account.Whilst transformational leadership seeks to build relationships amongst subordinates in order to boost employee motivation and morale, transactional leadership is solely concerned with the flow of information between the leader and the workforce (Northouse, 2013).As a result, job satisfaction is an important outcome that needs to be investigated in the context of Ethiopian public HEIs.

Ethiopian public Higher Education Institutions (HEIs) that are responsible for producing high-quality human capital, conducting strong problem-solving research, generating, developing, and disseminating technologies to society, and serving the community at large are also characterized by organizational diversity and concomitant institutional complexity.This means that Ethiopian public high school institutions, like any other institution, must deal with the complexities of diversity.In general, Kolzow (2014) stated that organizational life nowadays is frequently a complicated social context. Worker variety is thus one of the variables that contribute to the complicated organizational climate commonly found in HEIs (Mekonnen, 2013). The organizational complexity of HEIs can also arise from the various attributes that characterize the different functional entities. Such organizational complexity can as well arise from factors external to the HEIs such as technological artifacts introduced into the landscape of HEIs and shifting policy signals associated with management of HEIs, both having implications for leadership styles to be employed and resultant organizational performance. These complexities, unquestionably, give organizational leaders a deep sense of unease (Carneiro, 2008).

An important issue associated with the role of leadership under such complex organizational landscape is as to how to deal with such organizational complexity so that their direct and indirect effects on organizational performance would be well understood. Such understanding is hoped to enhance the ability of leaders to regularly analyze their situation and respond to the prevailing complex organizational climate through innovative and contextually valid leadership style. This necessitates the deployment of leadership styles that enable organizational leaders to work effectively.

Using the context of selected public HEIs, this study has thus looked into the effect of leadership styles on organizational performance in Ethiopia. Evaluation of the perceived leadership styles of selected public HEIs was the focus of the study and this is to serve as a source of information that would help to design initiatives that facilitate implementation of effective organismal strategies for better performance.

2. Statement of the Problem

Under the context of the Ethiopian HEIs, the patterns of the relationships between leadership styles and organizational performance were not comprehensively studied yet using appropriate research tools. The Ethiopian HEIs, as one would expect, are multifaceted organizations. They have diverse goals, work units, and leaders and employees of diverse attributes. Leaders working for Ethiopian HEIs are not recruited for their leadership competence but rather for their academic talent. Despite major attempts to construct HEIs in Ethiopia, the attention paid to leadership development targeted at enhancing implementation of envisioned institutional goals is insufficient.According to Teshome Y. (2004), the necessity to transform higher education by increasing the system's efficiency and effectiveness necessitates the development of its leadership in terms of commitment and competence.This suggests that competent leadership of public HEIs in Ethiopia is essential to confront the complex difficulties that they encounter in order to accomplish the national higher education system's established goals.As a result, extensive research on leadership style and its direct and indirect impact on organizational success is required. (Fernandes and Awamleh, 2004).

In the framework of the Full Range Leadership Model (FRLM), leadership outcome has three dimensions: extra effort and job satisfaction of the follower, and leader effectiveness (Bass and Avolio, 2000). However, the type of leadership style employed and the extent to which leaders and employees are affected by the leadership style had not been studied extensively and well documented for Ethiopian public HEIs, and the available information does not commensurate with well and hence these limitations justify the coming to being of this study.

1.1 Purpose of the study
The general objective of this study is to establish the relationship of leadership stylesand the organizational performance of selected universities in Ethiopia.

1.2 Research objectives
The research objectives were to:
- To examine how leadership styles is practiced in HEIs in Ethiopia.

- To examine the relationship of leadership styles and organizationalperformance of the Ethiopia HEIs.

1.3 Research questions
The study sought to answer the following research questions:
- How leadership styles practiced in the Ethiopian public HEIs?
- What is the relationship between leadership styles and organizational performance universities in Ethiopia?

1.4 Theoretical framework

Leadership has clearly been well researched over the years, but there is still a lack of a universally accepted standard definition.Leaders motivate, direct, guide, and persuade their followers to achieve their personal and organizational objectives.There are different leadership styles and approaches that encompass all areas of relationships within and outside of an organization, dispute resolution, empowering and mentoring people to complete their jobs, and presenting oneself as a role model for others.Kumar (2014) described leadership

as the process through which a person encourages others to achieve a goal and guides the organization in a way that aligns it with its strategic objectives, making it more cohesive and coherent. These are realized through the application of leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills.

Some scholars define leadership as the articulate sharing of vision, resources, and value with followers in order to drive good change.It is the ability to instill confidence and ardor in others in order to instill a desire in them to follow.Wammy&Swammy (2014) defined leadership as a social influence process in which the leader seeks the voluntary engagement of followers in order to achieve an organization's goals.As a result, a leader is someone who delegated or influenced others to behave in order to accomplish specific objectives. Memon (2014) defined leadership as a 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 realize it.

According to Sundi (2013), leadership is the ability to persuade others to freely follow one's counsel or obey one's decisions.

A leader, on the other hand, is defined as someone who attracts followers and influences them to create and achieve organizational goals.Leadership, according to the same source (Sundi, 2013), is described as the ability to persuade and organize others to work together as a team to achieve a certain goal.Others have claimed that leadership is the process of influencing leaders and followers to achieve organizational goals through change (Lussier and Achua, 2009).Hill (2008) defines leadership as the activity of motivating, influencing, and directing individuals in an organization to work productively toward organizational goals. Armstrong (2004) defined leadership as the ability to persuade others willingly to act differently to accomplish the task assigned to them.

Every leader has a distinct style in guiding his followers, and this style is referred to as leadership style.Leadership style may also be defined as a consistent collection of behaviors with two dimensions: task-oriented behaviors and relation-oriented behaviors (Fernandez, Cuadrado, Nava and Morles, 2007).Memon (2014) defines leadership style as the way a leader provides guidance, motivates people, and implements plans.Leadership styles are perceived as ways used by leaders when leading organizations, departments, or groups (Mehmood and Arif, 2011).Leaders seeking the most successful leadership style may discover that a variety of styles is helpful because no single leadership style is optimal (Darling and Leffel, 2010). If leadership style employed is good and can give a good direction to subordinates, then it creates confidence and work motivation to employees, thus increasing employees' motivation, which in turn affects employees' performance. Leaders must work in harmony with followers to achieve enhanced performance as the style employed by the leaders significantly affects employee performance (Sudi, 2013).

In relation to the scales making up Transformational Leadership, the following are found:

1) **Idealized Influence (Attributes)** where leaders possessing these attributes manage to exercise great power and influence on their subordinates, in such a way that the latter form feelings about their leaders that they are unique and exemplary people, placing complete confidence in them and showing the will to identify with them and their mission;

2) **Idealized Influence (Behavior)** where leaders inspire and implant dynamics in their group through the vision they believe the organization can reach. Therefore, idealized influence is the charismatic element of transformational leadership whereby leaders become models that are admired, respected and imitated by their followers. This shows that followers having a high degree of confidence in such

leaders (Jung and Avolio 2000). Leaders with idealized influence tend to place followers' needs above their own, share risks with followers and demonstrate dedication to a set of underlying principles and values (Walumbwa et al. (2008),

3) **Inspirational Motivation** where transformational leaders inspire and motivate others, which means proposing goals and challenging their followers (Avolio and Bass 2002). Team spirit is aroused, while enthusiasm and optimism are shown. The transformational leader builds relationships with followers through interactive communication that forms a cultural link between the two participants and leads to a change of values by both parties towards common ground;

4) **Intellectual Stimulation**. For Avolio and Bass (2002), in this scale transformational leaders stimulate their followers' efforts to be innovative and creative through questioning, reformulating and solving old situations in new ways. In this group, followers' mistakes are not criticized publicly and creativity is openly stimulated, which implies encouraging followers to question old assumptions or dogmas (Walumbwa et al. 2008). Transformational leaders ask their followers for ideas and look for creative solutions to problems, as well as encouraging followers to solve problems. The leader stimulates followers intellectually to try out and test new approaches, but emphasizing rationality (Bass 1990).

5) **Individualized Consideration**, a characteristic observed in the leader, which lets him treat each subordinate individually, through understanding and sharing their worries and needs. Besides recognizing subordinates' capacities and trying to satisfy their needs, by showing this characteristic, the leader intends to create an atmosphere in which each subordinate can develop and express himself, and develop his capacities, thereby creating an organizational culture facilitating that individual growth (Bass 1997; Avolio and Bass 1995). In this consideration, the transformational leader gives personal attention to his followers based on their needs for fulfillment and growth (Avolio and Bass 2002). For Walumbwa et al. (2008), leaders who show individualized consideration are seen as those who pay attention to the needs of individual followers for fulfillment and growth, acting as trainers or mentors, creating learning opportunities and promoting an atmosphere that favors individual growth.

1.4 Literature Review

The relationship between organizational leadership and performance is the most commonly discussed issue at national and global levels. Though the school of thought of leadership is expanding rapidly, leadership research from the context of HEIs can be discussed from the perspective of behavioral leadership theory. Behavioral leadership theory focuses on behaviors exercised by organizational leaders. According to Spendlove (2007), leadership is a diverse phenomenon that tries to inspire an organization's employees in a specific direction.Leadership is a process that entails projecting a vision, establishing a direction, and motivating employees in order to achieve desired organizational goals.Leaders are seen effective when their followers execute competently against predetermined performance standards while utilizing a specific leadership style.

Bryman (2007) also argued that leadership in HEIs is expected to support the workforce to be in a collegial harmony. Leaders are also expected to play a facilitating role in empowering the workforce to value each other's contributions for enhanced achievement of institutional goals (Gappa, Austin and Trice, 2007). Similarly, Linda, Arthur and Sara (1983) examined the concept of organizational effectiveness in institutions of higher education. He suggested that several factors affect realization of set goals of HEIs among which the

type of leadership style can be cited. This justifies the need for exploring the extant leadership styles in use by the leaders of Ethiopian HEIs so that evidence-based advice would be advanced lest a change in leadership style is required, and this is an additional source of motivation for this dissertation research project.

According to Nourthouse (2013), leadership style entails the behavioral pattern of a leader who attempts to influence his or her followers. The appraisal of leadership style being employed by the top and subordinate management team of the Ethiopian HEIs in the present research is evidently founded on the Full-Range Leadership Model (FRLM). The FRLM is constituted of transformational, transactional and laissez-faire leadership dimensions. Bass and Riggio (2006) have indicated that four behavioral sub-domains manifest transformational leadership: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. As leadership is a behavioral construct, each of these styles is further divided into manifest items to facilitate detailed examination of these behaviors demonstrated by organizational leaders. The FRLM has extensively been used in the assessment of perceived leadership behaviors and is one of the most endorsed models of leadership, justifying its suitability for use in present study.

Transformational leaders inspire followers to achieve extraordinary outcomes, and, in the process develop their own leadership capacity. They also enable the growth of followers and develop them into leaders by responding to the needs of followers through empowerment mechanism and by aligning the objectives and goals of the leader, the followers and the organization. Besides, transformational leaders motivate others to do more, set more challenging expectations and tend to have more committed and satisfied followers. Transformational leadership raises leadership to the next level by inspiring followers to commit to common vision and goals of an organization, challenging them to be innovative and developing followers' capacity to lead via coaching and mentoring (Bass and Riggio, 2006).

According to Bass (1985), certain transformational leadership qualities are appropriate for leading a change process. He affirms that transformational leadership is better in non-routine situations while Pawar and Eastman (1997) state that organizations are more receptive to transformational leadership during time of adaptation. When there is cognizance that the old ways no longer work, transformational leaders assume the role of developing an engaging vision for the future. A study by Tichy and Devanna (1990) further revealed that transformational leaders involve in change process with different phases: recognizing the need for change, creating a new vision, and institutionalizing it.

Leadership style that puts emphasis on reciprocal transactions between leaders and followers is termed transactional leadership. Bass and Avolio (2000) indicate that characteristics of transactional leadership consist of two dimensions: contingent reward and exception management. Contingent reward is where leaders make agreement about what a subordinate must do according to the promise of reward gained when the goal set at the beginning is well accomplished. On the other hand, exception management is employed when a variance in performance is observed between a plan and an achievement through evaluating achievement against established performance standards and when remedial action is taken to correct the flaw. Transactional leaders encourage and influence followers by exchanging reward with a specific performance (Yulk, 2007).Under this leadership style, the follower is promised a reward when he or she completes his or her tasks in compliance with the agreement made in advance.

To sum up, transformational leadership involves the motivation of individuals beyond what simple stimulus-response theory would imply (Bass, 1990). It implies organizational activities that support this leadership style. Transactional leadership encompasses the account of tasks and expectations. It leads to organizational activities that support transformational behaviors. Although the notion of transformational leader is earlier contrasted to the transactional leader, later researchers have identified the need for integrated use of both

transformational and transactional leadership (Sashkin, 1986). Laissez-faire leadership represents a type of behavior in which a leader displays passive indifference towards followers (Moss and Ritossa, 2007). Laissez-faire leaders incline to move out from the leadership role and offer little direction or support to followers (Kirkbride, 2006); they avoid making decision, give up responsibilities, and are indifferent to the needs of their followers. It is believed that laissez-faire is the passive avoidant and ineffective type leadership theory. Consistent with the FRLM, the assumption in the present study is that as public HEIs contexts are characterized by diversity, integrated use of different leadership styles is required to ensure performance effectiveness at organizational level. In a situation where the context of study is diverse and dynamic, decisions are made at different hierarchical levels and greater information sharing occurs, behavioral features of transformational leadership can be used. On the other hand, directive and less information-rich transactional behavior can be employed under a situation where institutions are considered to be stable (Kolzow, 2004). It is thus posited in here that the multifaceted and complex circumstances that prevail in Ethiopian HEIs would justify the need for an integrated use of different leadership styles to cope with the prevailing organizational complexity. For decisions associated with the furthering of mixed use of leadership styles, understanding the styles being used by leaders of Ethiopian HEIs is thought to be vital and hence this is one of the issues that inspired the present study.

1.5 Empirical Literature on Leadership Styles

A large body of empirical evidences has demonstrated that leadership styles influence employee performance. A number of studies have been conducted on the effects of leadership styles on employee performance. Rasool *et al* (2015) studied leadership styles and its impact on employee's performance and concluded that transformational leadership has a positive effect on employee performance than transactional leadership. They found out that transformational leader performs better in dynamic environments 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 employees' performance.

Pradeep and Prabhu (2011) further indicated that transformational leadership 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 style. Aboshaiqah*et al* (2014) revealed that transformational leadership is utilized more often than transactional and laissez-faire leadership styles. Further analysis has indicated that there are positive relationships between outcome factors (effectiveness, extra efforts and satisfaction) and transformational and transactional leadership styles and negative correlation with laissez-faire leadership style. They indicated that transformational leadership contributed to an increase in extra effort, satisfaction and overall employee performance.

Kehinde and Banjo (2014) also did a test of the impact of leadership styles on employee performance: Variousstudies were conducted and 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 were 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.

According to Rassol (2015), the measure of relationship between job performance and leadership style attracted 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.

For this present dissertation research, which will focus on Ethiopian public HEIs as objects of study, the issue of leadership effectiveness entails as to what leadership styles leaders should use so that the institutions would effectively achieve their set organizational goals.

2. Methodology

Quantitative and Qualitative descriptive survey was conducted for the study. In order to gather relevant information, structured questionnaire was used for survey method. The second part of the instrument is to measure the perceived leadership styles currently applied by leaders in the organization using Multifactor Leadership Questionnaire (MLQ). It uses 5-point agree-disagree response choices (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).This instrument was tested in this research context using pilot test. The instrument is made up of 45 manifest items or constructs. The responses by the respondents are classified on a 5-point Likert-type scale. These 45 manifest items are divided into three groups: (1) Transformational Leadership which consists of five dimensions: idealized influence (attributes), idealized influence (behavior), inspirational motivation, intellectual stimulation and, individualized consideration; (2) Transactional Leadership contains two items: contingent reward, and management by exception (active); and (3) Laissez-faire leadership consist of two items: fights fires (management - by - exception (passive), and avoids involvement (laissez-faire).

Key Informant Interview were conducted and triangulated in the discussion part. The collected data from primary sources through a survey questionnaire from respondents was analyzed and inferred quantitatively the treatment of different statistical techniques. Both descriptive and inferential statistics were employed to summarize the results. Descriptive statistics, such as frequency, percentage, mean and standard deviation were calculated to determine demographic characteristics of respondents, leadership styles and level of employees 'job performance using of SPSS version 23.With regard to inferential statistics, Pearson correlation analysis technique was used to evaluate the relationship between leadership styles and organizational performance.

Variables and Measurement Instruments
A. Leadership Styles and Their Outcomes

Leadership styles and their outcomes were measured using the Multifactor Leadership Questionnaire (Bass and Avolio 2004), which was developed to measure the transformational, transactional, and laissez-faire leadership styles and their outcomes. This instrument was selected based on the endorsements given by Bass

(1985) and Langowitz (2010). The instrument is made up of 45 manifest items or constructs. The responses by the respondents were classified on a 5-point Likert-type scale. These 45 manifest items were divided into three groups: (1) Transformational Leadership which consists of five dimensions: idealized influence (attributes), idealized influence (behaviour), inspirational motivation, intellectual stimulation and, individualized consideration; (2) Transactional Leadership contains two items: contingent reward, and management by exception (active); and (3) Laissez-faire leadership consist of two items: fights fires (management - by - exception (passive), and avoids involvement (laissez-faire). Based on available literature, the dimensions were reported to have good reliability justifying its appropriateness for use in the present study.Table 3.2 The Multifactor Leadership Questionnaire (Bass and Avolio 2004) used to measure the transformational, transactional and laissez-faire leadership styles and their outcomes.

B. Organizational performance

Performance measurement for HEIs normally uses indicators that measure research and teaching related performances (Asif and Searcy, 2014). Other reports that focus on income generation related indicators of research and consultancy projects are also available (Asif and Searcy, 2014). Though some works that focus on satisfaction of students and other stakeholders are also available (Asif and Raouf, 2013), little attention has been given to academic performance indicators such as academic reputations and employability, among others. Recently new scales for measuring academic performance have been developed (Ahmed Abubeker, HaimHilman, and NarentherenKaliappen, 2018). These scales were reported to have high reliability and assess a single construct of performance measures for HEIs. The adequate level of validity and reliability reported for this scale suggests the suitability of the instrument for measuring academic performance in HEIs (Ahmed *et al.*, 2018). This instrument was used to determine performance of case study HEIs at organizational level in the present study

3. Data Source

The source of data collection for this research is from different faculty of four targeted universities of Ethiopia. The research was done on Ethiopian public HEIs which were selected by the researcher. These are public universities namely Addis Ababa University, Bahir Dar University, Jimma University and Hawassa University. The universities are categorized under research universities cluster according to the current Ethiopian universities' classification system and also represent long year served Ethiopian universities with significant reputation, structural diversity and institutional legacy, hence justifying their inclusion in this study. The study mainly focused on the academic staffs of the four universities indicated in the foregoing table 3.1. Based on the information gathered from the universities, the total populations of academic staff of the four study universities were found to be 10,766. The total academic staffs of the study universities are summarized in the table below.

Table1: Study Population of the Study

S/N	Ethiopian HEI/University	Total Academic staffs
1	Addis Ababa University	3,095
2	Bahir Dar University	3,150
3	Hawassa University	2,251
4	Jimma University	2,270
Total		**10,766**

4. Findings and Discussion

4.1. Demographic details of the respondents (Gender, Marital Status, Age, Religion)

The study gathered the primary data from four Universities namely BDU, AAU, JU and HU 386 respondents were involved.

Table 4.1: Demographic details of the respondents (Gender, Marital Status, Age, Religion)

Variables	Description	BDU		AAU		JU		HU		No	%age
		N	%	N	%	N	%	N	%	N	%
Gender	Male	92	81.4	63	56.8	48	59.3	47	58.0	250	64.8
	Female	21	18.6	48	43.2	33	40.7	34	42.0	136	35.2
	Total	**113**		**111**		**81**		**81**		**386**	**100**
Marital Status	Single	17	15.0	36	32.4	25	30.9	26	32.1	104	26.9
	Married	96	85.0	75	67.6	56	69.1	55	67.9	282	73.1
	Total	**113**		**111**		**81**		**81**		**386**	**100**
Age	20-30	1	0.9	4	3.6	2	2.5	3	3.7	10	2.6
	31-40	30	26.5	51	45.9	39	48.1	38	46.9	158	40.9
	41-50	48	42.5	56	50.5	40	49.4	40	49.4	184	47.7
	51-60	24	21.2	-	-	-	-	-	-	24	6.2
	Above 60	10	8.8	-	-	-	-	-	-	10	2.6
	Total	**113**		**111**		**81**		**81**		**386**	**100**
Religion	Christian	100	88.5	95	85.6	69	85.2	71	87.7	335	86.8
	Muslim	13	11.5	16	14.4	12	14.8	10	12.3	51	13.2
	Total	**113**		**111**		**81**		**81**		**386**	**100**

From this 250 (64.8%) of the respondents are male, while 136(35.2%) are female and 282 (73.1%) of the respondents were married and 104 (26.9%) were not married. And also 10 (2.6%) of the respondents were within the ages of 20-30 years, 158(40.9%) where within the ages of 31-40 years, 184(47.7%), 24(6.2%) where within the age of 41-50 years, where within the age of 51-60 and 10 (2.6%) where above 60 years. The researcher investigate the religious diversity and 335 (86.8%) where Christian and 51(13.2%) are Muslim.

4.2 The leadership styles used in the public HEIs in Ethiopia.

The researcher examined the leadership styles used in the public HEIs in Ethiopia.Leadership styles and their outcomes were measured using the Multifactor Leadership Questionnaire, which was developed to measure the transformational, transactional, and laissez-faire leadership styles.

The result of each leadership styles scale is the average of the value of the responses corresponding to each scale, and then dividing that value by the number of corresponding questions. It is also of great interest to make a brief description of the meaning of each scale. As with the interview with leaders, the MLQ underwent a pre-test in order to validate the vocabulary used in the questions and ensure this would be interpreted as intended with a view to gathering and analyzing the desired information. The results obtained were seen to be easily understood and interpreted.

An organization's perception and attitude toward diversity are largely shaped and influenced by its leadership. How leaders perceive diversity in an organization further goes on to shape their organizational strategy in general and human resource management strategy to be specific.

Table 4.1: MLQ results summary

		Scales	Average	Group Average
Types of leadership	Transformational	Idealized influence (Attributes)	3.72	3.74
		Idealized influence (Behaviour)	3.78	
		Inspirational motivation	3.82	
		Intellectual stimulation	3.68	
		Individual consideration	3.69	
	Transactional	Contingent reward	3.74	3.69
		Management by exception (active)	3.66	
	Laissez fair	Management by Exception (Passive)	3.64	3.63
		Laissez faire	3.62	
Results of leadership		Extra effort	3.77	3.80
		Effectiveness	3.87	
		Satisfaction	3.78	

The analysis of the primary data reveled that there is a balance between the groups of Transformational Leadership and Transactional Leadership styles practiced in EHIs, as they present very similar values (Table 4.1). The overall perception of respondents was above average and this situation has to do with the fact that both leadership styles are exercised and Laissez faire style has relatively low score. One respondent among the key informant interviewee mentioned, "Members of leadership in this university empower their subordinates and encourage them to seek differing perspectives when solving problems. They go beyond self-interest for the good of the group and treat their staff as an as a key member of a group". He is so positive of his coworkers' performance and says that "Members of leadership in this university are effective in meeting organizational requirements and get their staff to do more than they expected to do." This finding is in agreement with the studies by Spector (2008) and Sakiru et al. (2013), who appealed that transformational and transactional leadership behaviors are important factors contributing to employees' performance.

4.2 The leadership styles used in the public HEIs in Ethiopia.
4.2.1 Transformational Leadership Style

Table 4.2 depicts the descriptive Statistics of Transformational Leadership Style dimensions: Idealized Influence (Attributes); Idealized Influence (Behavior); Inspirational Motivation; Intellectual Stimulation; and Individualized Consideration

Table 4.2: Descriptive Statistics of Transformational Leadership Style

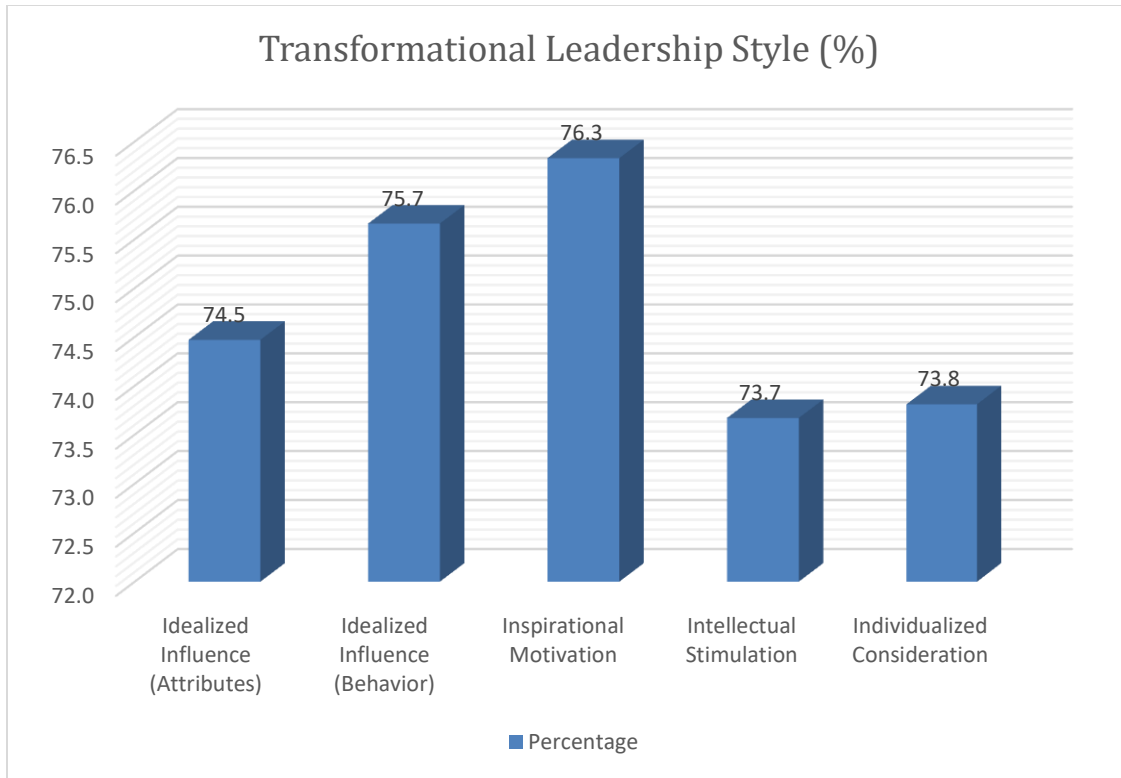| Transformational Leadership Style Dimensions	N	Mean	Std. Deviation	Percentage
Idealized Influence (Attributes)	386	3.7234	.79187	74.47
Idealized Influence (Behaviour)	386	3.7832	.75589	75.66
Inspirational Motivation	386	3.8167	.76506	76.33
Intellectual Stimulation	386	3.6833	.81876	73.67
Individualized Consideration	386	3.6904	.82828	73.81

Figure 4.1: Transformational leadership styles scsles

A transformational leader is a person who stimulates and inspires (transform) followers to achieve extraordinary outcomes (Robbins and Coulter, 2005). He/she pay attention to the concern and developmental needs of individual followers; transformational leaders change followers' awareness of issues by helping them to look at old problems in a new way; and leaders are able to arouse, excite and inspire followers to put out extra effort to achieve group goals. Transformational leadership theory is all about leadership that creates positive change in the followers whereby they take care of each other's interests and act in the interests of the group as a whole (Robbins and Coulter, 2005)

Table 4.2 shows that the overall mean of transformational leadership style exercised by EHIs is 74.8%. Within transformational leadership style subscale, inspirational motivation and idealized influence (Behavior) are relatively dominant by (76.3%) and (75.7) respectively.

Inspirational Motivation can be explained as leaders inspire and motivate others by proposing goals and challenging their followers (Avolio and Bass 2002). This study also shows that team spirit and well managed group dynamics is exercised and leaders builds relationships with followers through interactive communication that forms a cultural link among coworkers.

Regarding Intellectual Stimulation, the evidence also shows that leaders consider their subordinates as creative, and they understand that their creativity is stimulated by their influence.

Based on the interview conducted with key leaders regarding how they perceive their relationship with other staffs, there is a positive and intimate relationship and this created high performing culture by making an effort and giving a little more than is asked of them. An interviewee states that "leadership is based on mutual respect and empowerment among team members". Therefore, he considers his coworkers as dependable, efficient, and inspired and they trust his leadership through their daily routines.

The results of this study show that transformational leadership sets the most favorable leadership endeavors for Ethiopian Higher Institutions. Accordingly, Leaders of the institutions are most effective in facilitating inspirational behavior within the staff workers and shares a sense of mission, deliver mentoring and coaching

(i.e. individual consideration), awakens staff workers to be creative (i.e. intellectual stimulations), and gain others' trust and confidence (i.e. idealized influence). This result is in line with other studies that transformational leadership styles nurture members' creativity.

Other Literatures also indicates that leadership plays an important role while dealing with diverse mix of employees that are increasing rapidly in organizations (Sparks et al., 2001), and transformational leadership style help followers to coordinate with each other effectively increases followers' satisfaction level (Shibru, 2011). Transformational leadership has positive impact on employees' behaviors (Al-Swidi et al., 2012). Transformational leaders are leaders who engage with followers, focus on higher order intrinsic needs, and raise consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved (Hay, 2012).

Transformational leadership has been demonstrated as an effective leadership style in leading organization (Felfe&Schyns, 2004). Transformational leadership has great effects on subordinates" behavior and organizational outcomes (Tickle et al, 2005; Bommer et al, 2004).

Transformational leaders raise the awareness of their constituencies about what is important, increase and concerns for achievement, self-actualization and ideals. They move followers to go beyond their own self-interests for the good of their group, organization or community, country or society as a whole.

Transformational leaders are proactive, raise follower awareness for transcendent collective interests, and help followers achieve extraordinary goals. It is theorized to comprise the following five first-order factors:

Idealized influence (attributed) refers to the socialized charisma of the leader, whether the leader is perceived as being confident and powerful, and whether the leader is viewed as focusing on higher-order ideals and ethics;

Idealized influence (behavior) refers to charismatic actions of the leader that are centered on values, beliefs, and a sense of mission; inspirational motivation refers to the ways leaders energize their followers by viewing the future with optimism, stressing ambitious goals, projecting an idealized vision, and communicating to followers that the vision is achievable;

Intellectual stimulation allows leaders to increase their followers' efforts at innovation by questioning assumptions, reframing known problems, and applying new frameworks and perspectives to old and established situations and challenges (Bass & Riggio, 2006). Intellectual stimulation requires openness on the part of the leader. Openness without fear of criticism and increased levels of confidence in problem solving situation combine to increase the self-efficacy of followers. Increased self-efficacy leads to increased effectiveness (Bandura, 1977). intellectual stimulation refers to leader actions that appeal to followers' sense of logic and analysis by challenging followers to think creatively and find solutions to difficult problems; and individualized consideration refers to leader behavior that contributes to follower satisfaction by advising, supporting, and paying attention to the individual needs of followers, and thus allowing them to develop and self-actualize (Antonakis,et.al. 2003).

Transformational leadership has been demonstrated as an effective leadership style in leading organization (Felfe&Schyns, 2004), it has great effects on subordinates" behavior and organizational outcomes (Tickle et al, 2005; Bommer et al, 2004). In one national study, transformational leadership was correlated with perceived leader effectiveness (Mary, 2005). Transformational and transactional leadership are viewed by different authors as either competing or complementary. Studies have shown that the transformational leadership style is more effective than the transactional style and is positively correlated to the performance of businesses (Benjamin, 2006).

4.2.2 Transactional Leadership Style

Table 4.3 depicts the descriptive Statistics of Transactional Leadership Style dimensions: Contingent Reward; Management by Exception (Passive); Management by Exception (Active)

Table 4.3: Descriptive statistics of Transactional Leadership Style

Transactional Leadership Style	N	Mean	Std. Deviation	Percentage
Contingent Reward	386	3.7403	.80284	74.81
Management by Exception (Active)	386	3.6431	.82064	72.86

As transformational leaders empower their followers to go beyond expectations, transactional leaders focused on exchanging resources to their followers with something that they required, in exchange for something wanted by the leader. The second component of leadership style is transactional Leadership and analyzed at three levels: Management by exception (Active) and Contingent Reward. The output table reveals that the overall transactional Leadership style is used by leaders equals 3.68(73.8%). Among transactional Leadership subscales, contingent reward is dominant (74.8%).

In the Transactional Leadership style, the scale that has high score is contingent reward, which builds on rules and structure around reward for specific results or behaviors. This implies that institutions can work well when true motivation, inspiration, and employee engagement are challenging to build. In difficult settings such as lack of employee motivations, adding a contingent reward system can enhance productivity and performance significantly. When staffs know exactly what they can get if they meet requirements, it can motivate them with incentives to work hard at great speeds in meeting all the expectations. From transactional leadership scale, team members are extrinsically motivated (i.e. contingency rewards and active management-by-exception) and therefore they are less motivated to go beyond their job descriptions to be innovative and go beyond their responsibilities in the organization.

Transactional Leadership, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; Transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments. Unlike Transformational leadership, leaders using the transactional approach are not looking to change the future; they are looking to merely keep things the same. These leaders pay attention to followers' work in order to find faults and deviations.

This type of leadership is effective in crisis and emergency situations, as well as when projects need to be carried out in a specific fashion. Transactional leadership is defined by Avolio and Bass (2004) as setting up and defining agreements or contracts to achieve specific work objectives, discovering individuals' capabilities, and specifying the compensation and rewards that can be expected upon successful completion of the tasks. Transactional leaders focus on the basic needs of their staff (Bass, 1985), but they are not interested in providing high level motivation, job satisfaction, or commitment.The three component behaviors of transactional leadership include contingent reward, passive management-by exception, and active management-by-exception.

Within the context of Maslow's hierarchy of needs, transactional leadership works at the basic levels of need satisfaction, where transactional leaders focus on the lower levels of the hierarchy. Transactional leaders use an exchange model, with rewards being given for good work or positive outcomes. Conversely, people with this leadership style also can punish poor work or negative outcomes, until the problem is corrected. One way that transactional leadership focuses on lower-level needs is by stressing specific task performance (Hargis et al, 2001). Transactional leaders are concerned with processes rather than forward-thinking ideas. With transactional leadership being applied to the lower-level needs and being more managerial in style, it is a foundation for transformational leadership which applies to higher-level needs (Cheng, 2003).

Transactional leaderdirect followers to achieve established goals by explaining role and task requirements (Armandi et al, 2003). This leadership style tends to emphasize extrinsic rewards, such as monetary incentives and promotion (Jung et al, 2008). Transactional leaders prefer to avoid risk, and focus on efficiency (Levy et al, 2002). It can be concluded that transactional leaders help the followers to identify what must be

done to accomplish the described results such as better-quality output, more services, and reduce cost of production.

4.2.3. Laissez-fair Leadership style

Table 4.4: Descriptive statistics of Transactional Leadership Style

Laissez Faire Leadership Style	N	Mean	Std. Deviation	Percentage
Management by Exception (Passive)	386	3.66	.87974	73.2
Laissez faire	386	3.62	.81839	72.5

The third type of Leadership style is Laissez-fair Leadership style which shows that leaders are inactive and are not proactive. The above result show that the overall mean of Laissez-fair Leadership style is practiced low (mean score of 3.64) relative to the other styles. Thus the Laissez-fair Leadership style is not dominant having only 72.8% rating value.

Laissez-faire leadership (LF) represents a type of behavior in which leaders display a passive indifference towards their followers (Moss &Ritossa, 2007). Laissez- Fair is uninvolved in the work of the unit. It's difficult to defend this leadership style unless the leader's subordinates are expert and well-motivated specialists, such as Scientists. "Leaders let group members make all decision"(Mondy&Premeaux, 1995).

The concept of laissez was also written by Osborn as "Abdicates responsibilities and avoiding decisions" (Osborn, 2008). Laissez-faire leadership represents the absence of a transaction of sorts with respect to leadership in which the leader avoids making decisions, abdicates responsibility, and does not use their authority. It is considered active to the extent that the leader ''chooses'' to avoid taking action. This component is generally considered the most passive and ineffective form of leadership (Kirkbride, 2006). Above all the authors defines the laissez – faire leadership with their own words according to their given definitions the idea of this type of leadership is similar each other.

Laissez-faire leaders dispose to move out from the leadership role and offer little direction or support to followers, they avoid making decision, give up responsibilities, and are indifferent to the needs of their followers is the behavior of those individuals in a group who, in the extreme, do not care what happens, avoid taking responsibility, cannot make up their minds, and are satisfied to sit and wait for others to take the necessary initiatives imposed by the tasks at hand, these types of individuals social loafers. It is quite human to avoid certain decisions, yet it is ineffective leadership to be seen over time by their peers, supervisors, or followers as primarily avoidant. They normally allowed to their subordinates that they have power to get their personal decisions about the work. They are free to do work in their own way and they are also responsible for their decision.

4.3 Correlational and Regression Analysis of Leadership styles and Employee Performance

This research also investigated the relationship between leadership styles and the employee performance of the Ethiopia HEIs. The results represent that there is a positive significant relationship between the leadership styles with academic performance and the detail analysis is presented in following table.

Table 4.5: The relationship of leadership styles and the employee performance

		Transactional	Transformational	Laissez faire	Perform
Transactional	Pearson Correlation	1	.559**	.567**	.490**
	Sig. (2-tailed)		.000	.000	.000
	N	386	386	386	386
Transformational	Pearson Correlation	.559**	1	.620**	.626**
	Sig. (2-tailed)	.000		.000	.000
	N	386	386	386	386
Laissez faire	Pearson Correlation	.567**	.620**	1	.468**
	Sig. (2-tailed)	.000	.000		.000
	N	386	386	386	386
Perform	Pearson Correlation	.490**	.626**	.468**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	386	386	386	386
**. Correlation is significant at the 0.01 level (2-tailed).					

A Pearson product-moment correlation was conducted to evaluate the relationship between perceived leadership styles and employee performance of the Ethiopia HEIs. The correlation analysis result shows that there was a strong, positive correlation between each leadership styles dimensions and employee performance of the Ethiopia HEIs.

- There was also a strong, positive correlation between Transactional leadership style and employee performance of the Ethiopia HEIs (r=0.490, N=386, p<0.05) indicating that high levels of transactional leadership style practice is associated with high levels of employee performance.
- There was a strong, positive correlation between transformational leadership style and employee performance of the Ethiopia HEIs (r=0.626, N=386, p<0.05) indicating that high levels of transformational leadership style practice is associated with high levels of employee performance.
- There was also a medium, positive correlation between Laissez faire leadership style and employee performance of the Ethiopia HEIs (r=0.468, N=386, p<0.05) indicating that high levels of Laissez faire leadership style practice is associated with high levels of employee performance.

4.4 Overall Leadership Styles and Results

Table 4.6: Descriptive Statistics of Overall Leadership Styles

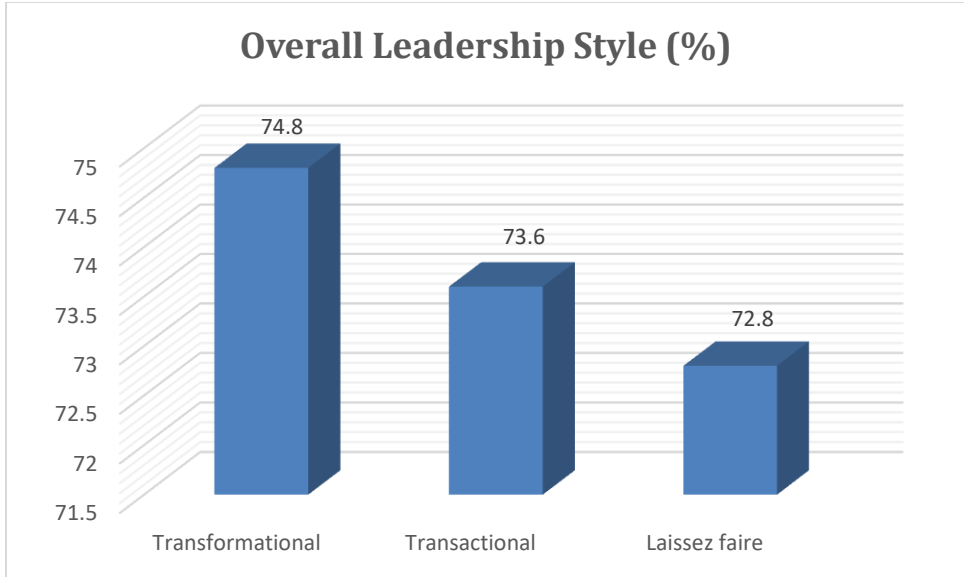|	N	Mean	Std. Deviation
Transformational	386	3.74	.72615
Transactional	386	3.68	.73574
Laissez faire	386	3.64	.88490

Figure 4.2: overall leadership styles

Table 4.6 shows that the overall mean of transformational leadership style exercised by EHIs is 74.8% followed by transactional (73.6%) and Laissez faire (72.8%) leadership styles. Hence, transformational leadership style is dominant in EHIs. Within transformational leadership style, subscale, inspirational motivation and idealized influence are relatively dominant by (76.4%), (75.6%) respectively.
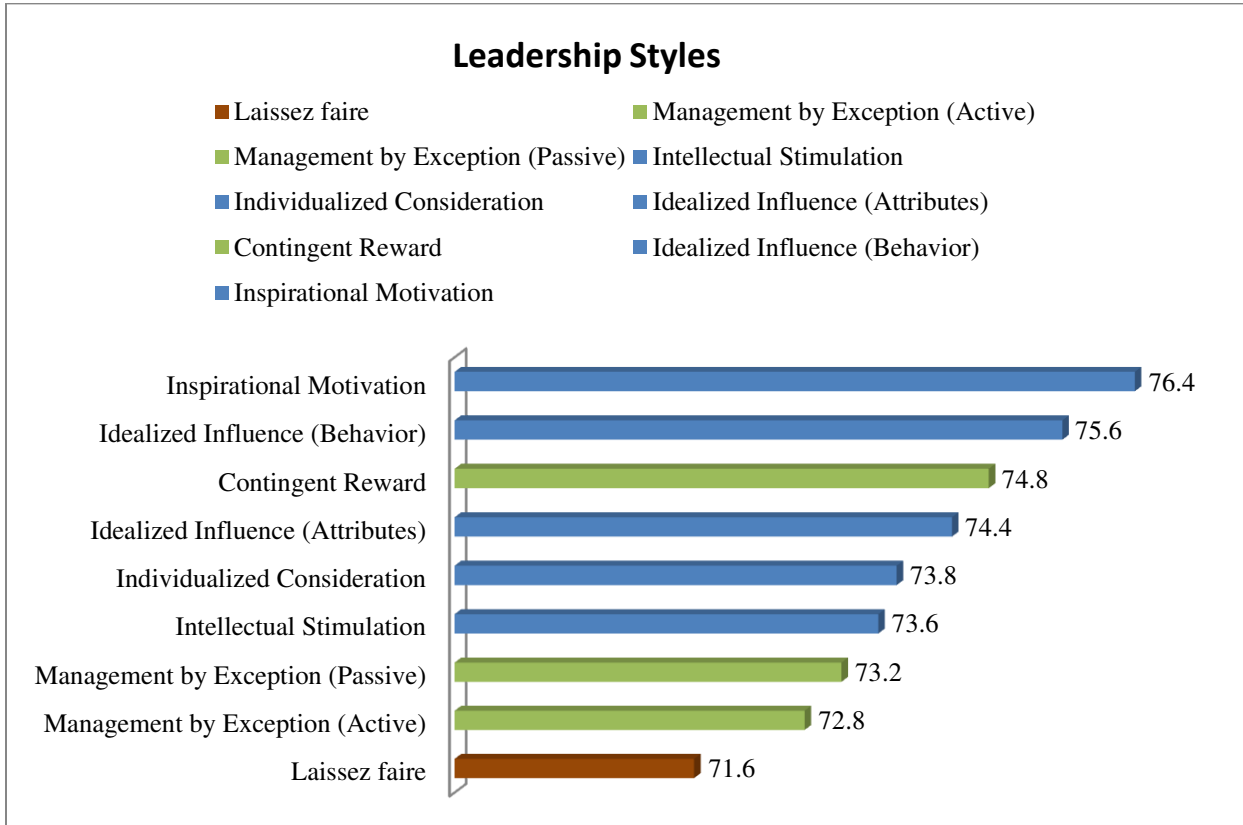

Figure 4.3: Leadership styles combined

In summary, the research result reveled that all kinds of leadership styles were practiced in EHIs as the overall respondents' perception is above average (>50%). The qualitative analysis also presents Members of leadership in this university provide me with assistance in exchange for my efforts.

Members of leadership in this university work in harmony to seek differing perspectives when solving problems, talk optimistically about the diversity management and go beyond self-interest for the good of their staffs. However, there is a gap in create ting organizational justice such as: policies should be implemented consistently and leaders of this university should strive to create a comfortable working environment for all employees.

4.5 Leadership Result

Table 4.7 Leadership Result

	Scales	Average	Group Average
Results of leadership	Extra effort	3.77	3.80
	Effectiveness	3.87	
	Satisfaction	3.78	

As for Leadership Results of leadership styles identified, the most significant results are found to be Effectiveness (3.87) and followed by Satisfaction (7.8), with Extra Effort also presenting a considerable value (3.33). Effectiveness indicates how a leader manages to be effective dealing with individual and group interests as a whole, and has the capacity to represent the team at higher hierarchical levels. Whereas, Satisfaction indicates subordinates' satisfaction with the action of their leaders and indicates whether the leader's way of acting leads to an organizational climate which is productive and perceived as appropriate.

From the analysis of the key informant interview with the selected HIs leaders, all leadership members do not show a single leadership style (no single leadership type can dominate) which supports other studies that leadership style depends on the situation and the actual context faced by the leader (Azevedo 2002). Effective leadership is sometimes difficult to define since it is built upon many variables and characteristics influencing the way it is measured in order to be considered effective. Effective leadership is a critical component of good public governance (OECD, 2004). It is an important variable that leads to enhanced management capacity and performance in public sector organizations.

Effective leaders are capable to fully engage followers in the organizational strategies. Appropriate leadership style is an important factor influences effectiveness of the leaders (Hur et al, 2011; Hogg et al, 2005; Bruno & Lay, 2006 as cited by Amir S.,2012). Leaders to be effective require good relationships with their followers because these relationships should enhance followers' well-being and work performance. Leader is leading the human resource function, collaborating with other functions and providing leadership to them, setting and enhancing the standards for strategic thinking. (Armstrong,2006.). In order to accomplish the intended target in the organization the leaders have to be visionary, develop followership, following through, follow implementation their vision, achieving the result and team playing. In this study the researcher measure the leadership effectiveness by those stated in the above factors.

Amir Sadeghi (2012) stated that transformational leadership and its predictive effects on leadership effectiveness in order to find significant predictors of leadership effectiveness stepwise regression analysis was run. The result revealed that among nine variables which were entered as a block, contingent reward, idealized influence attribute, individualized consideration, inspirational motivation, laissez-faire, intellectual stimulation, and management-by-exception active were significantly contributed towards the variance of leadership effectiveness as predictors. These factors accounted for 82% of variance in leadership

effectiveness. Among all dimensions of transformational and transactional leadership, contingent reward had highest correlation with leadership effectiveness (r=.83, p<.oo1), contingent reward was selected as first predictor of leadership effectiveness. In general, findings revealed that heads of departments utilized a combination of transformational, transactional and laissez-faire leadership styles with different frequencies. Thus, the research findings are consistent with the existing literature

5   Conclusions and implications

Integrating the diverse literature related to leadership styles to organizational performance relationship, the current study was developed to observe the relationship between leadership styles on organizational performance. This study revealed that that all kinds of leadership styles were practiced in EHIs as the overall respondents' perception is above average and transformational leadership style exercised by EHIs is higher followed by transactional. Hence, transformational leadership style is dominant in EHIs. Within transformational leadership style, subscale, inspirational motivation and idealized influence are relatively dominant.

Members of leadership in this university work in harmony to seek differing perspectives when solving problems, talk optimistically about the diversity management and go beyond self-interest for the good of their staffs. However, there is a gap in create ting organizational justice such as: policies should be implemented consistently and leaders of this university should strive to create a comfortable working environment for all employees.

The major purpose of this research was to bring some much-needed information to the area in five key ways. First, it synthesizes empirical data to produce robust estimates of the correlations between three leadership styles (transformational, transactional and laissez-faire) and employees' performance.

The study revealed that all kinds of leadership styles were practiced in EHIs as the overall respondents' perception is above average (>50%) and there is strong and positive relationship between Transformational and transactional leadership styles and organizational performance in Ethiopian HEIs. Whereas Lassis faire Leadership Style has negative relationship with organizational performance

The Leadership Results of leadership styles shows that the most significant results are found to be Effectiveness and followed by Satisfaction, with Extra Effort also presenting a considerable value. Effectiveness indicates how a leader manages to be effective dealing with individual and group interests as a whole, and has the capacity to represent the team at higher hierarchical levels. Whereas, satisfaction indicates subordinates' satisfaction with the action of their leaders and indicates whether the leader's way of acting leads to an organizational climate which is productive and perceived as appropriate.

6   Limitation And Recommendations

There were some constraints that challenged the researcher especially in the process of data collection. Mainly, obtaining key informants who readily showed their willingness to give their time was very tiresome since it needs repeated communication to convince them which demanded extra resource (money, time and energy) during data collection. Moreover, since almost all of the interviewees for which the questionnaires were distributed were staffs of higher educational institutions mostly leaders (lecturers, department heads, school deans and other academic professionals) getting their minds and obtaining genuine information from them still required extreme patience that made the researcher suffer a lot. But after long patience and hard work through communication with all the concerned leaders and staffs, the questionnaires were collected with all the relevant responses. Otherwise, the political mess that was orchestrated between the Federal Government of Ethiopia and Tigray regional force which disturbed the northern part of the country that has affected one of the study area namely Bahir Dar University which is found in Amhara Regional Government. But in those challenges, the researcher has handled data collection without affecting the number of respondents in communication with the university administration and academic personnel.

On the other hand, since the study was not sponsored by any sponsoring organs whether by individuals or organizations, it was affected by the budget constraint. The effect was not on the content of the study but including more numbers of the public HEI will have more advantage to give clear understanding on diversity management and organization performance in the other HEIs.Finally, the scope of this study was limited to one kind of work outcomes which is organization performance. Future research could examine a broader range of work outcomes, such as organizational commitment, satisfaction, extra-role behaviors and employee turnover.

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