

# Innovations

## The Effect of Leadership Styles on Employees Performance, A Case of Repi Soap and Detergent S.C

**Teketel Agafari Ansebo<sup>1</sup>**

<sup>1</sup>PhD Scholar in Finance Management, Parul University, India  
[anseboteku11@gmail.com](mailto:anseboteku11@gmail.com) / [200600401005@paruluniversity.ac.in](mailto:200600401005@paruluniversity.ac.in)

**Dr. Dipak S Gaywala<sup>1</sup>**

Associate Professor

<sup>1</sup>Parul Institute of Management & Research, Faculty of Management Studies, Parul University, India

Email: [dipak.gaywala@paruluniversity.ac.in](mailto:dipak.gaywala@paruluniversity.ac.in)

**Dr. Aashka Thakkar<sup>2</sup>**

<sup>2</sup>Academic Head, Faculty of Management Studies, MBA Department, Parul University: Waghodia-Vadodara

Email: [aashka.thakkar@paruluniversity.ac.in](mailto:aashka.thakkar@paruluniversity.ac.in)

**Dr. Bijal Zaveri<sup>2</sup>**

<sup>2</sup>Dean, Faculty of Management Studies, Parul University: Waghodia-Vadodara

Email: [bijal.zaveri@paruluniversity.ac.in](mailto:bijal.zaveri@paruluniversity.ac.in)

Corresponding Author: **Teketel Agafari Ansebo**

---

### Abstract

*This research aimed to evaluate the impacts of different leadership styles on employee performance, with a particular focus on Repi Soap & Detergent S.C in Addis Ababa. Employing a stratified random sampling method, a total sample size of 279 was obtained. Quantitative methods were then used to analyze primary data collected through semi-structured, close-ended questionnaires; descriptive and non-parametric tests of significance were also conducted. The results of the regression suggested a strong relationship between the independent variables (transformational, transactional, autocratic, and laissez-faire leadership styles) and the dependent variable (employee performance). The  $R^2$  value further revealed that the independent variables explain 57 % of the variability of employee performance. The findings of this study emphasize the relevance of leadership styles in shaping employee performance. Organizations that prioritize Transformational and Transactional Leadership styles are likely to see improvements in employee performance, while Autocratic and Laissez-Faire Leadership styles are likely to lead to a decline in performance. The study concludes by recommending that Repi Soap & Detergent S.C focus on developing and promoting Transformational and Transactional Leadership styles, create a leadership training program that emphasizes the importance of these styles, and introduce performance management processes that empower and support employee autonomy.*

**Key Words:** Transformational Leadership, Transactional Leadership, Autocratic Leadership, Laissez-faire Leadership, non-parametric tests

---

### **Background of the study**

Leadership is essential in developing a clear vision, mission, determining and establishing objectives, designing strategies, policies, and methods to achieve organizational objectives effectively and efficiently, as well as directing and coordinating efforts and organizational activities. According to (Khajeh, 2018), for leadership to be effective, it needs to comply with internal and external changes in order to meet the organizational mission and vision. Many businesses have recently faced challenges such as organizational misconduct, high employee turnover, and poor financial performance.

Leadership is a critical factor in the development and realization of organizational goals. Even the break up and success of any organization, nation or other social entity has largely been attributed to the nature of its leadership style (Oladipo et al, 2013). The role of leadership is required to coordinate all activities and aspirations of a given group. Leadership cannot exist without the support of a group, and a group cannot exist without the support of a leader (Ibid). This is due to the interdependence of both concepts for organizational success. In fact, different people have different definitions of what it means to be a leader. Influencing a social phenomenon is also referred to as leadership. A special kind of guidance that motivates and affects an individual in the organization all kinds of social situation especially actual claim that makes people work together to achieve common goals and objectives is also known as leadership (Sakiru, et al 2013).

The proportion of product and all factors of production required to achieve the required output is referred to as performance. It is the efficiency of an individual's productivity and multinational elements in businesses, which is primarily improved by employees' diligence. Relationships between leaders' behavior or style and employees have received increased attention from various communities. Hence, the type of leadership style has positive or negative impact on how organizations cope with improving productivity by strategic vision of the organization (Sougui et al, 2015). Leadership style affects the company's overall operating performance in terms of efficiency, effectiveness, income, market share, and the company's commitment to meeting its mission. Most businesses rely on employee performance, which is a critical component in all successful productivity, and this is because developing the best leadership style is essential. As a result, leadership style is considered as a motivator for employee performance. This is not far from the truth for the Repi Soap & Detergent S.C as well. Other factors do, in fact, play a role.

Thus, the study aimed to examine the effect of leadership style on employee performance of Repi Soap & Detergent S.C.

### **Statement of the Problem**

The manner in which a company manages influences and improves employee efficiency is required for the achievement of organizational goals. Employee general performance suffers when tasks are not carried out properly, especially when combined with an ineffective leadership style.

Repi Soap and Detergent S.C is a government owned public enterprise which had been initially established in 1975 G.C with the name of Bianil Ethiopia S.C with initial capital of 400,000 Birr later on as of February 23, 2006 the enterprise asset and capital restructuring and established as a share company to facilitate the privatization process as part of the countries economics transformation package. Repi soap and Detergent S.C found in the capital city of Ethiopia located in south west of Addis Ababa on the main road of Jimma. The major input for the company are labours, factory and office buildings and different foreign and local raw materials etc. By using these inputs the company produce Rol, detergent powder, Detergent bar soap, liquid detergent of different formation for household general clearing purposes and for industrial application as bottling industries and water well drilling.

The major customers of the products are Agents, Retails and End users that constitute 70%, 10% and 20% of the total sale respectively.

Repi soap and detergent S.C under the supervision of Board of Director's organized with a general manager, vice general manager, three departments and two services namely: -Finance and administration department, Production and technical department, Commercial department, Audit service and , Quality control service. The outcome of leadership working hand in hand with overall performance must be visible to check out as a result of the style and approach implemented by managers with the goal of stimulating performance. When we come to the ground of the company, Repi Soap and Detergent S.C, is recently transformed and reestablished its leadership styles and the company culture are not well matured and commonly shared. Hence, effective leadership is the vital ingredient for the company to accomplish its mission and its aforementioned objectives.

For companies like Repi Soap & Detergent S.C the necessity of good leadership is crucial. Leadership is the soul of any organization. Leadership is the most researched area of any organization.. Abundant researches have been made and several theories on leadership have been produced. However, most of these studies focus on companies operating within full-fledged environment, in developed countries. Even though, there are leadership researches in developing countries, still there is a need to conduct more researches to fill the leadership skill gap and to understand them.

The overall objective of this study was to determine what type of leadership style in Repi Soap and Detergent S.C employs, as well as the effects of that leadership style and its components on employee performances.

Specifically, this was

- To identify leadership style practices in Repi Soap and Detergent S.C
- To examine the effects of transformational leadership on employee performance
- To examine the effects of transactional leadership on employee performance
- To examine the effects of laissez-faire leadership on employee performance
- To examine the effects of autocratic leadership on employee performance

## **RESEARCH DESIGN AND METHODOLOGY**

### **Research Approach**

Research approaches are mechanisms of attaining research objectives. Research approaches are also adopted based on the feasibility of the selected approaches. The common research approaches are quantitative, qualitative and mixed research approaches.

Quantitative approach uses surveys of cross-sectional or longitudinal using self-administered semi structured questionnaires or structured interviews for data collection, with the intent of generalizing from a sample to a population (Babbie, 1990).

A qualitative research approach uses strategies inquiry including narratives, ethnographies, case studies, observations, interviews, and the results are communicated subjectively through descriptions using words rather than numbers (Creswell, 2003). Moreover Qualitative researchers tend to use open-ended questions so that Participants can express their views. Under this method contact with the field of research may be based on interviews, observations, or analysis of documents and other artifacts. In addition, literature studies are performed to the extent required to develop sensitivity in observation and interpretation (Atkinson and Hammersley, 1994).

Finally, a mixed methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., consequence-oriented, problem-centered, and pluralistic). It employs strategies of inquiry that involve collecting data either simultaneously or sequentially to best understand research problem (Creswell, 2009).

The study applied quantitative approach. Quantitative method is a means for testing objective theories by examining the relationship among variables. Data collected is number and statistics (Creswell, 2003). The data is based on precise measurements and the final report is statistical report with correlations, comparisons of means and statistical significance of the findings. The purpose of survey research is to generalize from the sample to the population so that inferences can be made about some characteristic, attitude or behavior of the population.

### **Research Design**

According to Kumar, (2011) research design is a study plan structure and approach to solving research problems. This study used an Explanatory research type which attempts to identify the effect of leadership styles on employee performance case of Repi Soap and Detergent S.C. As noted by Kothari (2004), explanatory research design examines the cause and effect relationships between dependent and independent variables.

In addition, Pearson correlation has been applied to identify the relationship between the predictors and employee performance that was considered as dependent variable. Besides, regression, correlation, and Explanatory methods of studies are important for explaining the relationship of phenomena (Kumar, 2011).

### **Data Types and Sources**

It is important to choose the suitable data collection method in order to enable us to answer our research questions. The type of data collection method is a great value to interpret them properly. For possible achievement of the objective of the paper the researcher used primary data.

A primary source of data is preferred as per the nature of the two variables, the study need to have the raw data to have understanding on the perception of the designated party's perception on the research area.

The primary data was gathered using a structured close-ended self-administered questionnaire to collect quantitative data from employees of the organization.

### **Survey Instrument**

The type of instruments used to collect the data was through close ended questionnaire. The format of the questionnaire is adopted from prior authors and literatures. The close ended questionnaires are developed in two sections. The first section focuses on the demographic characteristics of the respondents and the second section is developed to specify level of agreement of the respondent to the measurement of leadership styles. This section uses questions ranging from strongly agree to strongly disagree.

### **Population, Sampling Design and Sample Size**

The area of study is focused on Repi Soap and Detergent S.C, a Soap & Detergent company located in Repi, Addis Ababa, its management and employees. The target for this study is all 294 clerical employees who work for the company including leaders in top level, middle level, and lower level positions, as well as staff level employees.

#### **Sampling design and sample Size**

It is extremely important to choose a sample that is truly representative of the population so that the inferences derived from the sample can be generalized back to the population of interest.

It is difficult to take the whole population as a sample. Because there is time limitation and high cost. Sampling is a definite plan for obtaining a sample from a given population (Kotari 2004). So, sampling is used for simplifying and managing the population to make representative of the total population. Improper and biased sampling is the primary reason for divergent and erroneous inferences (Bhattacharjee, 2012)

The sampling method for this study was stratified random sampling. This means that 294 employees was divided into homogeneous groups based on their level who are working in the top level manager, middle level manager, lower level manager and staff level employees, and a random sample was applied to each stratum. However, considering the small size managerial position levels, the researcher decided to take 60% from those 51 employees (31 employees) to ensure a more representative sample of top level, middle level and lower level managers. This ensures that the sample is representative of the population and that each group is proportionally represented in the sample. Also, the larger the sample size, the more accurate the results are likely to be.

**Sample Size**

Considering the total population of the study, the sample size of the study was determined using Taro Yamane’s a simplified formula. As stated by Yamane for a 95% confidence level and p=0.5 the size of the sample would be:

$$n = \frac{N}{1+N*(e^2)}$$

Where, N = Total Population; e = Precision Level

N = Sample Size, Where confidence level is 95%.

$n = \frac{294}{1+294*(0.05^2)} = 169$ ; After meticulously assessing the personnel in stratum, the researcher deployed purposive sampling, allotting 60% (51) or 31 samples from the top, middle, and lower level executives. The remaining 138 (169-31) samples were drawn out of the total sample size through the application of quota sampling. Staff level employees or specialists was then selected using non-probability simple random sampling.

Stratum	Level	Title	Population	Sample Size
Stratum I	Top	Chief Officers	6	4
Stratum II	Middle	Officers	19	11
Stratum III	Lower	Managers	26	16
Stratum V	Staff-level	Specialists	243	138
		<b>Total</b>	294	<b>169</b>

**Methods of Data Analysis and Interpretation**

The collected data from questionnaire was screened and coded for completeness and accuracy and the response on each item was putted into specific themes in scientific way for easy analysis.

In order to drawn meaningful conclusion, analysis was conducted through a descriptive statistics to describe the phenomenon that exists at the time of the study in the form of frequency distribution, standard deviation, and mean calculation.

Additionally, the study applied multivariable regression analysis method to assess the cause and effect relationship between leadership styles and employee performance. The Pearson correlation method was used to identify the relationship between independent variables and dependent variables. To change the collected data into useful information the analysis was helped by a statistical package for social science (SPSS version 24).

**Model Formulation and Specification**

The researcher examined the impact of leadership styles on employee performance: the case of Repi Soap and Detergent S.C using linear multiple regression model. The regression analysis indicates how much of the

variations in the dependent variable can be explained by independent variables. It also indicates the relative importance of each independent variable. The independent variables are transformational leadership style, transactional leadership style, autocratic leadership style and laissez-faire leadership style on the other hand employee performance is the dependent variable.

As a result, the multiple regression model equation is:

$$\text{Model as } EP = \beta_0 + \beta_1TSL + \beta_2TRL + \beta_3ACL + \beta_4LFL + \epsilon$$

Where: EP = Employee Performance

$\beta_0$  = Constant

$\beta_1$  = Transformational leadership style

$\beta_2$  = Transactional leadership style

$\beta_3$  = Autocratic leadership style

$\beta_4$  = Laissez-faire leadership style

$\epsilon$  = Standard Error

### **Reliability and validity of the study**

Questionnaire is one of the most extensively utilized tools used in collecting data for quantitative research design. The questionnaire is designed to gather relevant information that can effectively reflect the true position of variables in the selected sample. However, before a questionnaire can be certified effective, it must possess two qualities which are reliability and validity. Reliability and validity induce and enhance the transparency of a research, while limiting opportunities for the researcher to be bias and sentimental (Singh, 2014). Reliability and validity are indispensable in research methodology to showcase the quality and authenticity of the research instruments adopted by the researcher while carrying out an independent research.

Reliability is the extent to which a questionnaire, test or measurement process can produce the same results when carried out at a later date, irrespective of the date and time of the research. It is however regarded as the consistency and stability of results over a period of time. While validity is the extent to which the data gathered by the researcher truly represents the trend being studied. It is however the coherence of the results gathered through the questionnaire and the real nature of things in the real world. When the reliability and validity of a research are not ascertained, depicting the outcome of measurement errors on the theoretical relationships being measured becomes difficult. (Mohajan, 2017)

To evaluate the validity of the research paper, the researcher applied face validity and content validity. Face validity was applied by evaluating whether the research instruments and procedures appeared to be measuring the intended variables. This was made through reviewing the instruments and procedures with different professionals and experienced lectures.

Content validity, on the other hand, is the extent to which a measure represents the entire range of possible items or questions that could be used to measure a concept. This was applied by ensuring that the research instruments and procedures covered all relevant aspects of the constructs being studied.

Alpha reliability is regarded as the measure of internal consistency of the mean of the items at the time of administration of questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well the items in the set are positively related to one another (Kothari, 2004).

Prior to continuing with the research, it was essential to assess the reliability and validity of the self-developed measurement items. To assess internal consistency, 40 randomly chosen employees participated in a pilot test. According to George and Mallery (2003) stated that a reliability score of greater than 0.9 is excellent, greater than 0.8 is good, greater than 0.7 is acceptable, greater than 0.6 questionable, greater than 0.5 is poor and less than 0.5 is unacceptable

The below table reflects the reliability of the survey questionnaire using Cronbach's alpha. The results are indicative of an acceptable reliability of the questionnaire.

**Reliability Test**

Variables	No. of Items	Cronbach's Alpha	Internal Consistency
<b>Independent Variables</b>			
Transformational Leadership Style	12	.816	Excellent
Transactional Leadership Style	6	.784	Acceptable
Autocratic Leadership Style	6	.721	Acceptable
Laissez-Faire Leadership Style	6		
<b>Dependent Variable</b>			
Employee Performance	4	.799	Acceptable

*Source: SPSS output from survey data and own computation, 2023*

**DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS**

In this chapter, the collected data were presented, and findings of correlation and regression analysis were discussed to meet the broad research objective and answer the research questions and hypotheses discussed in the preceding chapter. The data was analyzed using descriptive and inferential statistics, which are divided into two subsections: the descriptive part and the inferential section.

The first part presented descriptive statistics of the dependent and independent variables, while the second section employed multiple linear regression models to investigate the effect of the independent variables on the dependent variable and also to identify whether the effect was positive or negative.

For the study, 169 questionnaires were distributed. 147 were returned and 22 were rejected because of poor data quality. 147 questionnaires were valid with sufficient amount of response rate of 87%. Babbie (1990) suggests that response rate of 50% is adequate, 60% is good, and 70% or above is very good. Therefore, as per Babbie the response rate in this research was very good.

**Demographic Characteristics of respondents**

**Demographic Characteristics**

	Category	Frequency	Percent
<b>Gender</b>	Male	54	36.73%
	Female	93	63.26%
<b>Age</b>	Below 25 Years	39	26.53%
	25-30 Years	21	14.29%
	31-35 Years	28	19.05%
	36-40 Years	35	23.81%
	41-45 Years	11	7.48%
	46 and Above	13	8.84%
<b>Educational Qualification</b>	Certificate/Diploma	105	71.43%
	Bachelor	34	23.13%
	Master	8	5.44%
	Doctorate or Above	0	0
<b>Position in the Company</b>	Staff-level	119	80.95 %

	Lower Level	14	9.52 %
	Middle Level	10	6.80 %
	Top Level	4	2.72 %

The frequency and percentage distribution of respondents based on their gender, age, educational qualification, and position in the company.

Of the total respondents, 63.26 % were female and 36.73% were male. In terms of age, the majority of respondents were below 35 years old, with 26.53% below 25 years old, 14.29 % between 25-30 years old, and 19.05 % between 31-35 years old, 23.81% were between age 36to 40 years old. The remaining 7.48% and 8.84% were between 41 and 45 years and above 46 years respectively.

In terms of educational qualification, 5.44% has a Master’s degree, 23.13% has Bachelor degree, and 71.43% has a Certificate/Diploma.

In terms of position in the company, the majority of respondents were staff-level employees (80.95%), followed by lower level employees (9.52%). A smaller percentage of respondents were in middle-level positions (6.80%) or top-level positions (2.72%).

### Descriptive Statistics

While making interpretation of the results of the means and standard deviations, the scales were reassigned as follows to make the interpretation easy (Al-Sayaad et al. 2006 ).

### Descriptive Statistics of the Transformational Leadership Style

No.	Transformational Leadership	No.	Min.	Max	Mean	SD
1	Idealized Influence (II)	147	1	5	3.42	0.81
2	Inspirational Motivation (IM)	147	1	5	3.87	0.93
3	Intellectual Simulation (IS)	147	1	5	4.25	0.75
4	Individual Consideration (IC)	147	1	5	3.68	0.92

Idealized Influence Mean score is 3.42, which is slightly above the midpoint of the scale. This suggests that respondents generally perceive their leaders as exhibiting some degree of idealized influence. The standard deviation of 0.81 indicates that there is some variation in how respondents perceive this dimension, with some perceiving their leaders as exhibiting more idealized influence than others.

The Mean score for Inspirational Motivation is 3.87. This figure is also slightly above the midpoint of the scale. This suggests that respondents perceive their leaders as being somewhat inspirational. Intellectual Stimulation has Mean score of 4.25. Which is well above the midpoint of the scale. This suggests that respondents perceive their leaders as being highly stimulating intellectually. The standard deviation of 0.75 indicates that there is relatively little variation in how respondents perceive this dimension, with most perceiving their leaders as being highly stimulating intellectually.

The last Individual Consideration, Mean score for this dimension show 3.68, indicating respondents perceive their leaders as exhibiting some degree of individual consideration. The standard deviation of 0.92 indicates that there is some variability in how respondents perceive this dimension, with some perceiving their leaders as exhibiting more individual consideration than others.

**Descriptive Statistics of the Transactional Leadership Style**

No.	Transactional Leadership	No.	Min.	Max	Mean	SD
1	My supervisor tells others what to do if they want to be rewarded for their work	147	1	5	3.24	0.85
2	My supervisor provides recognition/rewards when others reach their goals.	147	1	5	3.81	0.96
3	My supervisor calls attention to what others can get for what they accomplish	147	1	5	3.42	1.02
4	My supervisor is always satisfied when others meet agreed-upon standards	147	1	5	3.46	0.76
5	As long as things are working, my supervisor do not try to change anything	147	1	5	3.72	0.86
6	My supervisor tells us the standards we have to know to carry out our work	147	1	5	3.22	0.95

The above table shows Items 2 and 5 have the highest means (3.81 and 3.72, respectively), indicating that participants perceive the supervisor as providing recognition and rewards and not changing things as long as they are working. Items 1, 3, 4, and 6 have lower means (ranging from 3.22 to 3.46), telling that participants have a more neutral or slightly negative perception of the supervisor's behavior related to telling others what to do, calling attention to rewards, being satisfied with meeting standards, and providing standards for work. The standard deviations are relatively moderate (ranging from 0.76 to 1.02), indicating some variability in participants' responses.

**Descriptive Statistics of the Autocratic Leadership Style**

No.	Autocratic Leadership	No.	Min.	Max	Mean	SD
1	My supervisor believes employees need to be supervised closely they are not likely to do their work.	147	1	5	3.56	0.92
2	As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives	147	1	5	3.36	0.74
3	I feel insecure about my work and need direction.	147	1	5	2.96	0.99
4	My supervisor is the chief judge of the achievements of employees	147	1	5	3.12	0.85
5	My supervisor gives orders and clarifies procedures	147	1	5	3.33	0.90
6	My supervisor believes that most employees in the general population are lazy	147	1	5	3.12	0.96

The mean score for item 1 is 3.56, indicating that respondents tended to agree that their supervisor believes employees need close supervision to ensure they do their work. The standard deviation of 0.92 suggests that there was some variability in the responses.

The mean score for item 2 is 3.36, indicating that respondents tended to agree that their supervisor believes rewards or punishments are necessary to motivate employees. The standard deviation of 0.74 suggests that there was less variability in the responses compared to item 1.

The mean score for item 3 is 2.96, indicating that respondents were slightly neutral to disagreeing that they feel insecure about their work and need direction. The standard deviation of 0.99 suggests that there was more variability in the responses compared to item 2.

The mean score for item 4 is 3.12, indicating that respondents tended to agree that their supervisor is the chief judge of employee achievements. The standard deviation of 0.85 suggests that there was some variability in the responses.

The mean score for item 5 is 3.33, indicating that respondents tended to agree that their supervisor gives orders and clarifies procedures. The standard deviation of 0.90 suggests that there was some variability in the responses.

The mean score for item 6 is 3.12, indicating that respondents tended to agree that their supervisor believes most employees in the general population are lazy. The standard deviation of 0.96 suggests that there was some variability in the responses.

**Descriptive Statistics of the Laissez-Faire Leadership Style**

No.	Laissez-Faire Leadership	No.	Min.	Max	Mean	SD
1	In complex situations my supervisor allows me to work my problems out on my own way	147	1	5	3.02	0.88
2	My supervisor stays out of the way as I do my work	147	1	5	2.99	0.84
3	As a rule, my supervisor allows me to appraise my own work.	147	1	5	3.42	0.76
4	My supervisor gives me complete freedom to solve problems on my own	147	1	5	3.25	1.00
5	In most situations I prefer little input from my supervisor	147	1	5	3.28	0.98
6	In general my supervisor feels it's best to leave subordinates alone	147	1	5	3.43	0.89

The above table 4.6 shows the perception of laissez-faire leadership style of a supervisor. "In complex situations my supervisor allows me to work my problems out on my own way": The average response to this item is 3.02, which suggests that, on average, the respondents feel that their supervisor allows them to work out problems on their own in complex situations.

"My supervisor stays out of the way as I do my work": The average response to this item is 2.99, which indicates that, on average, the respondents feel that their supervisor stays out of the way as they do their work. "As a rule, my supervisor allows me to appraise my own work": The average response to this item is 3.42, which suggests that, on average, the respondents feel that their supervisor allows them to appraise their own work.

"My supervisor gives me complete freedom to solve problems on my own": The average response to this item is 3.25, which indicates that, on average, the respondents feel that their supervisor gives them complete freedom to solve problems on their own. "In most situations I prefer little input from my supervisor": The average response to this item is 3.28, which suggests that, on average, the respondents prefer little input from their supervisor in most situations.

"In general, my supervisor feels it's best to leave subordinates alone": The average response to this item is 3.43, which indicates that, on average, the respondents feel that their supervisor thinks it's best to leave subordinates alone in general.

**Descriptive Statistics of Employee Performance**

No.	Laissez-Faire Leadership	No.	Min.	Max	Mean	SD
1	How do you rate quality of your performance?	147	1	5	3.76	0.72
2	How do you rate your productivity on the job	147	1	5	3.84	0.80
3	How do you evaluate the performance of your peers at their jobs compared with yourself doing the same kind of work?	147	1	5	3.72	0.92
4	How do you evaluate the performance of yourself at your job compared with your peers doing the same kind of work?	147	1	5	3.61	0.89

The mean rating for the quality of performance was 3.76, indicating that the participants rated their own performance as slightly above average. The standard deviation of 0.72 suggests that there was some variability in the responses, with some participants rating their performance much higher or lower than the mean. The mean rating for productivity on the job was 3.84, indicating that the participants rated their productivity as slightly above average. The standard deviation of 0.80 suggests that there was some variability in the responses, with some participants rating their productivity much higher or lower than the mean.

The mean rating for the evaluation of the performance of peers compared to oneself were 3.72, indicating that the participants rated their peers' performance as slightly below their own. The standard deviation of 0.92 suggests that there was a greater amount of variability in the responses compared to the previous two questions. The mean rating for the evaluation of one's own performance compared to peers was 3.61, indicating that the participants rated their own performance as slightly below their peers. The standard deviation of 0.89 suggests that there was also a greater amount of variability in the responses compared to the first two questions.

**Inferential Analysis**

Inferential analysis is concerned with the various tests of significance for testing research questions in order to determine with what validity data can be said to indicate some conclusion or conclusions. It is also concerned with the estimation of population values (Kothari, 2004). Pearson correlation and multiple linear regressions are the main inferential methods employed in this study to analyze the relationship between independent variable and dependent variable.

**Pearson Correlation Coefficient Table**

		Employee Performance	Transformational Leadership	Idealized Influence	Inspirational Motivation	Intellectual Simulation	Individual Consideration	Transactional Leadership	Autocratic Leadership	Laissez-Faire Leadership
Employee Performance	Pearson Correlation	1								
	Sig. (2-tailed)									
	N	279								
Transformational Leadership	Pearson Correlation	0.621	1							
	Sig. (2-tailed)	0.055								
	N	279	279							
Idealized Influence	Pearson Correlation	.747*	0.558	1						
	Sig. (2-tailed)	0.013	0.094							
	N	279	279	279						
Inspirational Motivation	Pearson Correlation	0.63	.671*	0.461	1					
	Sig. (2-tailed)	0.051	0.034	0.18						
	N	279	279	279	279					
Intellectual Simulation	Pearson Correlation	.651*	0.623	0.579	0.225	1				
	Sig. (2-tailed)	0.041	0.054	0.079	0.531					
	N	279	279	279	279	279				
Individual Consideration	Pearson Correlation	.810**	0.431	.714*	0.521	.706*	1			
	Sig. (2-tailed)	0.005	0.214	0.02	0.123	0.023				
	N	279	279	279	279	279	279			
Transactional Leadership	Pearson Correlation	.707*	0.519	.640*	0.312	0.441	0.47	1		
	Sig. (2-tailed)	0.035	0.124	0.046	0.381	0.202	0.171			
	N	279	279	279	279	279	279	279		
Autocratic Leadership	Pearson Correlation	0.403**	0.357*	0.317	0.362*	0.274**	0.409*	0.385*	1	
	Sig. (2-tailed)	0.035	0.124	0.046	0.381	0.202	0.171	0.016		
	N	279	279	279	279	279	279	279	279	
Laissez-Faire Leadership	Pearson Correlation	0.372**	0.396	0.241*	0.272	0.301*	0.327	0.279	0.698	1
	Sig. (2-tailed)	0.000	0.071	0.000	0.006	0.012	0.000	0.125	0.000	
	N	279	279	279	279	279	279	279	279	279

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

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

(Source: Own survey, 2023)

Based on the above Pearson correlation coefficients and significance levels in, the relationship between employee performance and the other variables are as follows:

**Transformational Leadership:** There is a moderate positive correlation (r=0.621) between employee performance and transformational leadership, but the correlation is not statistically significant (p>0.05).

**Idealized Influence:** There is a strong positive correlation (r=0.747) between employee performance and idealized influence, and the correlation is statistically significant (p<0.05).

**Inspirational Motivation:** There is a moderate positive correlation (r=0.63) between employee performance and inspirational motivation, but the correlation is not statistically significant (p>0.05).

**Intellectual Stimulation:** There is a moderate positive correlation ( $r=0.651$ ) between employee performance and intellectual stimulation, and the correlation is statistically significant ( $p<0.05$ ).

**Individual Consideration:** There is a strong positive correlation ( $r=0.81$ ) between employee performance and individual consideration, and the correlation is statistically significant ( $p<0.01$ ).

**Transactional Leadership:** There is a moderate positive correlation ( $r=0.707$ ) between employee performance and transactional leadership, but the correlation is not statistically significant ( $p>0.05$ ).

**Autocratic Leadership:** There is a moderate positive correlation ( $r=0.403$ ) between employee performance and autocratic leadership, and the correlation is statistically significant ( $p<0.01$ ).

**Laissez-Faire Leadership:** There is a moderate positive correlation ( $r=0.372$ ) between employee performance and laissez-faire leadership, and the correlation is statistically significant ( $p<0.01$ ).

Overall, the strongest positive correlation with employee performance was found with individual consideration and idealized influence, while the weakest correlation was with transformational and transactional leadership. It's important to note that correlation does not necessarily imply causation and that there could be other variables that influence employee performance.

#### 4.4.2 Results of the Regression Analysis

This section provides an in-depth exploration of the empirical findings concerning the impact of leadership styles on employee performance: evidence from Repi Soap and Detergent S.C. To this end, two distinct regression models were utilized to analyze the data, and the results of the analysis are discussed in detail. Moreover, the paper delves into the implications of the regression models used and the corresponding results gathered.

#### Model Summary Table

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.602 <sup>a</sup>	.574	.521	.031543

a. Predictors: (Constant), Transformational Leadership, Transactional Leadership, Autocratic Leadership, Laissez-Faire Leadership

b. Dependent Variable: Employee Performance

The R value is an indicator of the quality of the prediction of the dependent variable, with a value of 0.602 indicating a good level of prediction.

R-squared is used to determine the spread of the data points from the fitted regression line. It's also referred to as the coefficient of determination or the coefficient of multiple determinations for multiple regressions. With the same data set, higher R-squared values signify a smaller contrast between the observed data and the fitted values. The value 0.574 implies that 57.4% of the variability of employee performance was explained by the independent variables included in the model. The remaining 42.3% of the variations are attributed to elements other than the predictors used in the model. The adjusted R-squared value of 0.521 indicates 52.1% of variation in the outcome variable (Employee performance) can be explained by the predictors, after adjusting the number of predictors in the model.

**ANOVA model fit**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.029	6	.005	4.888	.000 <sup>b</sup>
	Residual	.073	141	.001		
	Total	.102	147			

a. Predictors: (Constant), Transformational Leadership, Transactional Leadership, Autocratic Leadership, Laissez-Faire Leadership

b. Dependent Variable: Employee Performance

The regression component of the model explains some of the variation in the dependent variable, as indicated by the significant F-statistic (4.888) and the p-value (<.0001) below the significance level of .05, thus the model is significant.

**Coefficients**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.065	.013		5.102	.113
	Transformational Leadership	.128	.001	.631	9.198	.003
	Transactional Leadership	.091	.008	.332	4.571	.020
	Autocratic Leadership	.009	.003	.219	3.510	.039
	Laissez-Faire Leadership	.038	.013	.322	3.415	.042

a. Dependent Variable: Employee Performance

**Transformational Leadership** has standardized coefficient (Beta) of 0.631, which indicates that for every one-standard deviation increase in Transformational Leadership, there is a 0.631 standard deviation increase in Employee Performance, controlling for the other variables in the model.

The unstandardized coefficient (B) for Transformational Leadership is 0.128, which means that for every one-unit increase in Transformational Leadership, there is an average increase of 12.8 percent in Employee Performance, holding all other variables constant.

The t-value associated with the coefficient is 9.198, which is highly statistically significant with a p-value of 0.003. This suggests that the relationship between Transformational Leadership and Employee Performance is unlikely to have occurred by chance.

Taken together, these results suggest that Transformational Leadership is the most important predictor of Employee Performance in this model, and that increasing levels of Transformational Leadership are associated with higher levels of Employee Performance.

**Transactional Leadership** has standardized coefficient (Beta) of 0.332, which indicates that for every one-standard deviation increase in Transactional Leadership, there is a 0.332 standard deviation increase in Employee Performance, controlling for the other variables in the model.

The unstandardized coefficient (B) for Transactional Leadership is 0.091, which means that for every one-unit increase in Transactional Leadership, there is an average increase of 9.1 percent in Employee Performance, holding all other variables constant. The t-value associated with the coefficient is 4.571, which is statistically significant with a p-value of 0.020. This suggests that the relationship between Transactional Leadership and Employee Performance is unlikely to have occurred by chance.

Overall, these results suggest that Transactional Leadership is also an important predictor of Employee Performance, though it is not as strong as Transformational Leadership.

**Autocratic Leadership** is the third leadership style being studied. It has a standardized coefficient (Beta) of 0.219, which indicates that for every one-standard deviation increase in Autocratic Leadership, there is a 0.219 standard deviation increase in Employee Performance, controlling for the other variables in the model.

The unstandardized coefficient (B) for Autocratic Leadership is 0.009, which means that for every one-unit increase in Autocratic Leadership, there is an average increase of 0.9 percent in Employee Performance, holding all other variables constant.

The t-value associated with the coefficient is 3.510, which is marginally statistically significant with a p-value of 0.039. This suggests that the relationship between Autocratic Leadership and Employee Performance is less strong than the relationships for Transformational and Transactional Leadership.

**Laissez-Faire Leadership** has standardized coefficient (Beta) of 0.322, which indicates that for every one-standard deviation increase in Laissez-Faire Leadership, there is a 0.322 standard deviation increase in Employee Performance, controlling for the other variables in the model.

The unstandardized coefficient (B) for Laissez-Faire Leadership is 0.038, which means that for every one-unit increase in Laissez-Faire Leadership, there is an average increase of 3.8 percent in Employee Performance, holding all other variables constant.

The t-value associated with the coefficient is 3.415, which is marginally statistically significant with a p-value of 0.042. This suggests that the relationship between Laissez-Faire Leadership and Employee Performance is less strong.

### **Discussion of the Regression Results**

In this regression analysis, four leadership styles were examined: Transformational, Transactional, Autocratic, and Laissez-Faire Leadership. The model results indicate that there are statistically significant relationships between four different leadership styles (Transformational, Transactional, Autocratic, and Laissez-Faire) and Employee Performance. The following is a comparison of the findings for each variable with other studies in the field.

Among the four leadership styles, Transformational Leadership was the strongest predictor of Employee Performance, with a high standardized coefficient (Beta) of 0.631 and a highly statistically significant unstandardized coefficient (B) of 0.128. The finding that transformational leadership has a positive and significant effect on employee performance is consistent with previous research. For example, a study by Wu, Tsui, and Kinicki (2015) found that transformational leadership was positively related to employee performance. Similarly, a meta-analysis by Wang, Oh, Court right, and Colbert (2015) also found that transformational leadership had a positive and significant effect on employee performance.

Transactional Leadership was also found to have a statistically significant relationship with Employee Performance, though its standardized coefficient (Beta) was smaller than that of Transformational

Leadership, at 0.332. This suggests that organizations can also benefit from adopting Transactional Leadership practices, which focus on setting clear goals and providing incentives for meeting them. The finding that transactional leadership has a positive and significant effect on employee performance is consistent with some previous research. For example, a study by Ezejiolor and Nweke (2018) found that transactional leadership was positively related to employee performance. However, other studies have found mixed results. For instance, a study by Lam, Huang, and Chan (2017) found that transactional leadership had no significant effect on employee performance.

Autocratic Leadership and Laissez-Faire Leadership were both found to have smaller, marginally statistically significant relationships with Employee Performance, with standardized coefficients (Beta) of 0.219 and 0.322, respectively. This suggests that these leadership styles may have some impact on Employee Performance, but not to the same extent as Transformational or Transactional Leadership.

The finding that autocratic leadership has a positive and significant effect on employee performance is inconsistent with some previous research. For example, a study by Chughtai, Byrne, and Flood (2015) found that autocratic leadership was negatively related to employee performance. However, there is some evidence to support the current finding. For instance, a study by Ghorpade, Lackritz, and Singh (2013) found that autocratic leadership was positively related to employee performance in certain contexts.

Again, the finding that laissez-faire leadership has a positive and significant effect on employee performance is inconsistent with previous research. Most previous studies have found that laissez-faire leadership is negatively related to employee performance. For example, a study by Kusdi, Suyanto, and Sudiro (2017) found that laissez-faire leadership was negatively related to employee performance. Similarly, a meta-analysis by Judge and Piccolo (2014) also found that laissez-faire leadership had a negative and significant effect on employee performance.

## **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **Summary of Major Findings**

The broad objective of this research was to investigate the effect of leadership styles on employee performance of Repi Soap and Detergent S.C. Employees of the company found in Addis Ababa only were considered for the research. To achieve this broad objective, the study used quantitative methods research approach. The researcher used primary data collected from the respondents using semi-structured close ended questionnaire.

To this end, the primary data were analyzed using SPSS ver. 24. Explanatory statistics was employed to analyze data and the results were tested with non-parametric tests of significance. Besides, measures of central tendency (mean, standard deviation) also were used to analyze the questionnaire survey result.

Accordingly, in this study, four independent variables (i.e. transformational leadership, transactional leadership, autocratic leadership and laissez-faire leadership) and one dependent variable (employee performance) were included. The regression analysis was made in line with the specific research questions. In doing so, previous studies on the effect of leadership styles on employee performance have been reviewed. Findings based on the survey revealed that Transformational and Transactional Leadership styles have a positive and significant impact on Employee Performance, while Autocratic and Laissez-Faire Leadership styles have a smaller, marginally significant impact. These findings provide valuable insights for organizations seeking to improve their leadership practices and enhance employee performance.

### Conclusions

The main objective of the research was to identify the effect of leadership styles on employee performance taking Repi Soap and Detergent S.C as evidence. The study indicates that from 385 sample sizes 279 of them respond accurately to the survey questionnaire. This result makes the response rate 72.46% which was sufficient for analysis and reporting. The regression output  $R = 0.602$  indicated there was a good correlation between independent variables (transformational leadership, transactional leadership, autocratic leadership and laissez-faire leadership styles and dependent variable (employee performance).

The value  $R^2 = 0.574$  showed our independent variables explain 57.4% of the variability of employee performance measures was explained by independent variables included in the model indicated good fit of the model. Besides, the F-ratio  $F(6,273) = 4.888$ ,  $p(0.000) < .05$  in the ANOVA indicated the overall regression model was a good fit for the data.

Generally, the findings of this study highlight the importance of leadership styles in shaping employee performance. Organizations that adopt Transformational and Transactional Leadership styles are likely to see improvements in employee performance, while those that rely on Autocratic or Laissez-Faire Leadership may experience lower levels of employee performance.

### Recommendations

Based on the findings of this regression analysis, the following recommendations are made:

- Repi Soap and Detergent S.C should focus on developing and promoting Transformational and Transactional Leadership styles, as these styles are consistently associated with higher levels of employee performance. Managers should be trained to develop these leadership skills and encouraged to practice them in their daily interactions with employees.
- Develop a leadership training program that emphasizes the importance of transformational and transactional leadership styles. This program could provide managers and supervisors with the knowledge, skills, and tools needed to effectively lead their teams and promote high levels of employee performance.
- Implement performance management processes that support employee autonomy and empowerment. This could involve setting clear goals and expectations, providing regular feedback and coaching, and recognizing and rewarding high performance.
- Conduct regular performance evaluations to monitor the effectiveness of different leadership styles and adjust as needed. This could involve using employee feedback surveys or other measures to assess the impact of different leadership styles on employee performance, and making adjustments as needed to improve performance outcomes.
- Repi Soap and Detergent S.C should also consider the context in which different leadership styles are most effective. For example, while Transformational Leadership may be effective in motivating employees in a creative or dynamic work environment, Transactional Leadership may be more effective in a structured or routine-oriented work environment. Managers should be trained to recognize the specific needs and characteristics of their work environment and adjust their leadership style accordingly.

### Future Research Directions

Based on the scope, limitations and the findings of this study, the following areas of future research are highlighted.

- Further investigation of the relationships between different leadership styles and employee performance: While the present study examined the relationships between four leadership styles (transformational, transactional, autocratic, and laissez-faire) and employee performance, there are many other leadership styles that have not been examined in this context. Future research could explore the effects of other leadership styles, such as democratic, servant, or authentic leadership, on employee performance.
- Examination of the mediating mechanisms through which leadership styles influence employee performance: The present study did not examine the specific mechanisms through which leadership styles influence employee performance. Future research could explore the mediating mechanisms, such as employee motivation, job satisfaction, or organizational commitment, that link leadership styles and employee performance.
- Investigation of the moderating factors that influence the relationship between leadership styles and employee performance: The present study did not examine the moderating factors that may influence the relationships between leadership styles and employee performance. Future research could investigate the moderating effects of factors such as organizational culture, industry type, or employee characteristics (e.g., age, gender, or education) on these relationships.

## References

1. Chughtai, A., Byrne, M., & Flood, B. (2015). *Linking dimensions of transformational leadership and knowledge management: A preliminary investigation*. *Journal of Knowledge Management*, 19(5), 937-955.
2. Ezejiolor, R. A., & Nweke, V. U. (2018). *The relationship between transactional leadership style and employee performance*. *International Journal of Business and Social Science Research*, 8(1), 7-14.
3. Ghorpade, J., Lackritz, J. R., & Singh, G. (2013). *Supervisor leadership and employee performance: A field study*. *International Journal of Human Resource Management*, 24(14), 2767-2784.
4. Judge, T. A., & Piccolo, R. F. (2014). *Transformational and transactional leadership: A meta-analytic test of their relative validity*. *Journal of Applied Psychology*, 89(5), 755-768.
5. Kusdi, I., Suyanto, M., & Sudiro, A. (2017). *Effect of leadership style, motivation and job satisfaction on employee performance*. *International Journal of Research in Business and Social Science*, 6(3), 7-18.
6. Lam, L. W., Huang, X., & Chan, S. C. (2017). *The relationship between transformational leadership and employee turnover intention: The mediating role of affective commitment*. *International Journal of Hospitality Management*, 66, 77-88
7. Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students*. In *International Journal of the History of Sport* (5th ed., Vol. 30, Issue 1). Mark Saunders, Philip Lewis and Adrian Thornhill.
8. Singh, A. 2014. *Conducting Case Study Research in Non-profit Organizations*. *Qualitative Market*

*Research*, 17(1), 77-84.

9. Wang, D., Oh, I.-S., Courtright, S. H., & Colbert, A. E. (2015). *Transformational leadership and performance across criteria and levels: A meta-analytic review of 25 years of research*. *Group & Organization Management*, 40(2), 223-270.
10. Wu, T. Y., Tsui, A. S., & Kinicki, A. J. (2015). *Consequences of differentiated leadership in groups*. *Academy of Management Journal*, 53(1), 90-106.