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## RESEARCH ARTICLE

# ASSESSING THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEES COMMITMENT IN ETHIOPIAN BANKING SECTOR

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### ABSTRACT

To achieve organizational goals and achieving satisfaction and loyalty of the customers, considering the leadership styles of managers and correct understanding of the effective variables on employees' commitment to service quality are valuable factors. Studies in the organizational psychology and organizational behavior literatures have shown that leadership styles and employee commitment are of major factors to the organizational success or failure. The purpose of this study was to survey out the effect of leadership styles (transactional, transformational, and laissez-faire) on employee commitments (affective, continuance, and normative commitment) in Dashen Bank Dessie city. The study populations are all employees and managers with a total target population 128 employees and 21 leaders and from these only 95 non leader employees and 20 leaders respectively are responded for questionnaire, with a non-response rate of 25.8% for employees and 5% for leaders from 5 branches and one district office of the bank located at Dessie. Two separate instruments, namely multifactor leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ), were used to measure leadership styles and employees' organizational commitment respectively. As the findings of the study showed that transformational leadership style has significant and positively affects affective and continuance commitment of employees while transactional leadership style has significant and positively affects only normative commitment. A laissez-faire leadership style is found to be significantly and negatively associated with employees' affective commitment.

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## INTRODUCTION

The workplace is changing dramatically and demands for the highest quality of product and service is increasing. To remain competitive in the face of these pressures, employee commitment is crucial. This reality is applicable to all organizations but it is of particular importance to small and medium sized businesses. Much has been written recently about the need for improving the education, training and development of organizational workforce. As important as this is, Hersey & Blanchard (1984) argue that, at least equal emphasis must be given to improving the quality of leadership if business is to succeed in achieving greater employee commitment and thereby its profitability. Leadership is one of the most pressing issues and one of the least understood concepts in the corporate world. The history of leadership encompasses through several paradigm shifts and voluminous body of knowledge. As a universal activity, leadership is fundamental for effective organizational and social functioning. The very nature of leadership is its influencing process and its resultant outcomes. Such process is determined by the leaders and followers characteristics, dispositions, behavior perceptions, attributions and the context wherein the process of influencing occurs. The moral purpose of leadership is to create an empowered follower that leads to moral outcomes that are achieved through moral means (Hersey &

According to Bass & Avolio (1993), leadership styles are behaviors or processes that leaders conduct or participate in that enable extraordinary things to be done in or by the organization. Therefore, leadership in the organizational context in this study is related to the person who is appointed by the organization or owner to follow up the whole or sub activities of the organization as well as the subordinates report to whom in the context of a work place relationship. The term employee commitment is mainly defined as a psychological state that binds the individual to the organization. In many organizations there is a growing commitment gap - a widening split between the expectations of employers and what workers are prepared to do. There are a number of reasons for this erosion of employee commitment; the most common one being a failure of management in some way or another. To be effective, the skills of committed employee management must be installed in an organization so they become part of its culture. In this way there will be consistency and equity with respect to how people are managed from the top down to the most junior employee (Allen & Meyer, 1990). Businesses need skilled, competent and committed employees as an effective team member to succeed. Failure to ensure this by managers or supervisors can lead to the loss of valued employees who place a premium on the success of organization. Employee behavior on the job is influenced by his or her immediate supervisor. Positive influences are essential to strengthening employee commitment.

The contribution of youth entrepreneurs is equally important in this drive and their marginalization could close the doors of development (Ahmed and Ahmed, 2021). Therefore, the first step in building commitment is to improve the quality of management (Hunt & Morgan, 1994; Meyer et al., 2004). What is now apparent is that employee commitment will be largely influenced by the interactions that occur between colleagues and with their immediate and senior managers. Commitment is complex and continuous, and requires employers or managers to discover ways of enhancing the work life of their employees (Meyer et al., 2004; Avolio et al., 2004). The investigator should examine the content of the variables that have high loadings from each factor to see if they fit together conceptually and can be named (Ahmed et al., 2018). Thus, the commitment of competent employees is critical to the success of the organization. Although researches were undertaken on the importance of the effect of directive, participative and empowerment styles leadership styles on employees commitment, but now in present days more of transformational, transactional and laissez-faire leadership are exercised. Therefore, this study is considered an important to determine the effect of leadership Styles of bank leaders (i.e. transformational, transactional and laissez-faire leadership) on employees commitment of employees (i.e. affective, normative and continuance) particularly in Dashen bank located in Dessie city.

## LITERATURE REVIEW

**The Concept of Leadership:** Leadership can be of many facets and they differ in effectiveness in terms of consequences of their actions towards internal and external stakeholders. Since organizations today are faced with many challenges, especially with the constant changes in technology, economic, social, political and legal conditions and internal processes, flexibility is required in resource utilization and in the promotion of continuous learning (James & Collins, 2008; Leavy & Mckierman, 2009). The solution of the addressed problem will be through admitting the problem from the concerned offices and taking corrective action. Finally, researchers and academicians will find it an addition value to the literature in its field (Ahmed et al., 2022). Therefore, there is a need for leaders in organizations to contribute not only in terms of knowledge or ideas but also in making right decisions and responding to the changes. Leadership can be defined as a complex social process, rooted in aspects of values, skills, knowledge as well as ways of thinking of both leaders and followers. Thus, it is all about the continuous process of establishing and maintaining a connection between who aspire to lead and those who are willing to follow (Hersey & Blanchard, 1984). For this there may be other factors than these that have been studied (Ahmed et al., 2018). Furthermore, it has been the focal point of many academic research projects and of more than dozen journals in the market. Many academicians and researchers have made vital contributions in the different theories as well as practices of leadership, and after of extensive research, the subject of leadership has emerged as a legitimate discipline. However, there is still agreement about what leadership actually is. Many of scholars and researchers agreed that leadership is a combination of skills and behavior which exhibits those skills (Bass et al., 2003; Bolden et al., 2003; James & Collins, 2008).

**Transformational Leadership:** Transformational leadership is a process of influencing in which leaders change their associates' awareness of what is important, and move them to see themselves and the opportunities and challenges of their environment in a new way. Transformational leaders are proactive: they seek to optimize individual, group and organizational development and innovation, not just achieve performance "at expectations". Finance, market linkage, business training, working area, seed money, information support, technological and infrastructural supports given to women returnees to start their own business is limited. Moreover, administrative supports including business assistance, administrative network, legal and policy supports, loan support, bureaucracies, incentives and tax advantages are extremely weak (Ahmed and Wube, 2019). They convince their associates to strive for higher levels of potential as well as higher levels of moral and ethical standards.

Transformational leadership does not replace transactional leadership, but augments it in achieving the goals of the group (Bass, 1997; Hall et al., 2002). In a transformational style, there is generally a sense of purpose and a feeling of family. Leaders and followers share mutual interests and a sense of shared fates and interdependence. They go beyond their self-interests or expected rewards for the good of the team and the good of the organization. The inclusion of transformational assumptions, norms, and values does not preclude individuals pursuing their own goals and rewards. Superiors serve as mentors, coaches, role models, and leaders, socializing members into the culture, not necessarily because they are expected to do so but because they feel a personal obligation to help new members assimilate into the culture. There is a rich set of norms which cover a wide range of behaviors, norms that will adapt to and change with external changes in the organization's environment (Bass and Avolio, 1993; Bolden et al., 2003; MLQ, undated). According to Bass et al. (2003), transformational leaders will focus on developing their followers by tapping them of their potentials, inspiring them, promoting collaboration, motivating them, and by reinforcing positive behaviors. The employees often develop a high level of trust and confidence in such a leader. The current employment crisis is the result of the cumulative inability to achieve an effective connection between employer expectations and perceptions from the graduates (Ahmed and Tessa, 2020). The employees are proud to identify themselves with the leader and develop a strong sense of loyalty to them. Similarly, Bass (1997) argues that transformational leaders are pertinent especially during turbulent times when rapid changes and globalization takes place.

**Transactional Leadership:** A "pure" transactional style focuses on everything in terms of explicit and implicit contractual relationships. All job assignments are explicitly spelled out along with conditions of employment, disciplinary codes, and benefit structures. Self-interests are stressed. Employees work as independently as possible from their colleagues. Cooperation depends on negotiations not problem solving or a common mission. There is little identification of the employees with the organization, its mission or vision. Superiors primarily are negotiators and resource allocators (Bass and Avolio, 1993). Transactional leadership is based more on "exchanges" between the leader and follower, in which followers are rewarded for meeting specific goals or performance criteria (Trottier et al., 2008; Bass et al., 2003). The researchers conclude that educational level of father's and Mothers' of students have a significant association with student's intention to start their own business (Ahmed et al., 2017). Rewards and positive reinforcement are provided or mediated by the leader. Thus transactional leadership is more practical in nature because of its emphasis on meeting specific targets or objectives (James & Collins, 2008; Sosik & Dinger, 2007). Today's consumers have more choices for their financial needs than ever before (Buba et al., 2018). According to Ferejo et al., (2022) individuals and their relatives are the main source of finance for the majority of MSEs for two major reasons. An effective transactional leader is able to recognize and reward followers' accomplishments in a timely way. However, subordinates of transactional leaders are not necessarily expected to think innovatively and may be monitored on the basis of predetermined criteria. Poor transactional leaders may be less likely to anticipate problems and to intervene before problems come to the fore, whereas more effective transactional leaders take appropriate action in a timely manner (Bass et al., 2003).

**Laissez-Faire leadership:** Both the transformational and transactional leaders are described as leaders who actively intervene and try to prevent problems, although they use different approaches. When researching these two active forms of leadership, one finds that they are often contrasted with the third style of leadership, called laissez-faire leadership (Bass, 1990 as cited in Bučiūnienė & Škudienė, 2008). James & Collins (2008) describe the laissez-faire leader as an extreme passive leader who is reluctant to influence subordinates' considerable freedom, to the point of handing over his/her responsibilities. In a sense, this extremely passive type of leadership indicates the absence of leadership.

Laissez-faire leadership should not be confused with democratic, relations oriented, participative, or considerate leadership behavior. Nor should it be confused with delegation or management by exception. Delegation implies the leader's active direction of a subordinate to take responsibility for some role or task. The findings of the study conducted by Thomran and Ahmed (2020) show Lack of experts, absence of training providers, moreover the absences of the educational institutions are additional obstacles facing the profession. According to Awoke and Ahmed (2022). The study findings showed that all factors significantly affect consumer buying behavior. The leader who practices management by exception allows the subordinate to continue on paths that the subordinate and the leader agreed on until problems arise or standards are not met, at which time the leader intervenes to make corrections.

**The Concept of Employee Commitment:** Employee commitment<sup>1</sup> has been studied in the public, private, and non-profit sector, and more recently internationally. Early research focused on defining the concept whereas current research continues to examine organizational commitment through two popular approaches, commitment-related attitudes and commitment-related behaviors. When looking at employee commitment within an organization, it is the relative strength of an individual's identification with and involvement in a particular organization. In relation to this, Allen & Meyer (1990) define employee commitment as a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue employment with the organization. Similarly, Meyer & Becker (2004) define a committed employee as being one "stays with an organization, attends work regularly, puts in a full day and more, protects corporate assets, and believes in the organizational goals". This employee positively contributes to the organization because of its commitment to the organization.

**The Dimensions of Employee Commitment:** The most basic theory of employee commitment is Allen and Meyer's conceptualization. This theory differs from others in the nature of the psychological state being described. They identified three dimensions of employee commitment: affective, continuance, and normative commitment. The study proposes to provide a new impact of theoretical framework (Ahmed et al., 2022). Normative commitment is a relatively new aspect of organizational commitment having been defined after the former ones (Allen & Meyer, 1990). Affective commitment refers to an employee's emotional attachment to, involvement in, and identification with the organization and its goals. Affective commitment involves three aspects such as the formation of an emotional attachment to an organization, identification with, and the desire to maintain organizational membership. In this context, affective commitment reflects the identification and commitment situation where the employees stay in the organization with their own will (Allen & Meyer, 1990; Meyer et al., 2004). Continuance commitment is a commitment situation originating from the needs of employees to stay in the organization considering the costs of leaving. It refers to an awareness of the costs associated with leaving the organization as well as the willingness to remain in an organization because of the investment that the employee has with "nontransferable" investments. Nontransferable investments include things such as retirement, relationships with other employees, or things that are special to the organization (Allen & Meyer, 1990; Brockner et al., 1992). Personnel require a great deal of knowledge to carry out their work (Raman et al. 2022). Continuance commitment also includes factors such as years of employment or benefits that the employee may receive that are unique to the organization (Hunt and Morgan, 1994). In continuance commitment, the employees consider the disadvantages of leaving the organization and avoid quitting. Moreover, continuance commitment is not a negative situation though it is considered to be a negative commitment type by the organizations. Those with high levels of continuance commitment stay with the organization because they *need to*. Thus, the employee keeps his organization membership thinking it might cost him too much to leave the organization (Allen & Meyer, 1990).

The third dimension of employee commitment is normative commitment, which reflects a feeling of obligation to continue employment. Those with high levels of normative commitment stay with an organization because they feel they *ought to remain* (Allen & Meyer, 1990). It has argued that normative commitment is only natural due to the way we are raised in society. Normative commitment can be explained by other commitments such as marriage, family, religion, etc. Therefore, when it comes to one's commitment to their place of employment, they often feel like they have a moral obligation to the organization (Meyer et al., 2004). The three components of employee commitment are a psychological state that either characterizes the employee's relationship with the organization or has the implications to affect whether the employee will continue with the organization. An individual can have similar or different levels of all types of commitment. The result of the study shows that among the four variables brand perception, and perceived quality has a significant positive impact on brand awareness of local leather footwear while advertising and product innovation do not have (Muzeyin et al., 2022). They are not mutually exclusive. Thus, regardless of the definition, "committed" employees are more likely to remain with the organization (Allen & Meyer, 1990).

**The Relationship between Leadership Styles and Employee Commitment:** A relationship between commitment and leadership style has been reported in the organizational and management literatures. Several studies found a positive relationship between the two variables. For instance, Lo et al. (2010) concluded that the leadership styles of supervisors are important dimensions of the social context because they shape subordinates' organizational commitment in various important ways. Likewise, Ponnu&Tennakoon (2009) indicate that ethical leadership behavior has a positive impact on employee organizational commitment and employee trust in leaders. On the other hand, the study results on the relationship among leadership style, organizational culture and employee commitment in university libraries by Awan&Mahmood (2009) show that the leadership style (in their case, autocratic or laissez-faire) has no effect on the commitment of employees in university libraries. Instead, most of the library professionals seemed to be highly committed with their organizations i.e., they favored result-oriented culture. The findings also show that all factors significantly affect consumer buying behavior, psychological factors significantly affect consumer buying behavior than other three variable namely cultural, social and persona factors. Similarly, Lok& Crawford (1999) reported that the leadership style variable, a bureaucratic environment, often resulted in a lower level of employee commitment and performance, whereas Hunt and Liesbscher (1973) [as cited in Bučiūnienė & Škudienė, 2008] discovered a negative association between these two variables. Consistent with previous studies, Avolio et al. (2004) found a positive association between transformational leadership and organizational commitment.

Contrary to the previous research, they found that transformational leadership at the indirect senior level had a more positive relationship with employees' level of organizational commitment as compared to the relationship between commitment and ratings of transformational leadership of the followers' immediate supervisor. To sum up, as we have seen in this chapter there is plenty in the literature that describes leadership styles and employee commitment from a multitude of angles and views. Many articles also repeat the same topics and findings and the author chose to include just to show that the findings are similar but from a wide range of domains. In many researches in the literature it was determined that there was a strong relationship between leadership styles and employee commitment (Lo et al., 2009; Lo et al., 2010; Avolio et al., 2004; Bučiūnienė & Škudienė, 2008; Lok& Crawford, 1999; Awan & Mahmood, 2009; Ponnu & Tennakoon, 2009). These studies were generally conducted in business organizations, yet there have been few researches conducted in banking industries specifically in Ethiopia. Thus, the aim of this research is to survey out the impact of leadership styles on employee commitment of Dashen bank located at Dessie city.

## RESEARCH METHODOLOGY

This study was carried out at DB found in Dessie City. The study was designed as the cross - sectional survey for the quantitative study which was used to gather the relevant and pertinent information with regard to leadership styles effect on employee's commitment. Thus, this study is classified as survey research followed by descriptive analysis. Since the purpose of this study is to explore the impact of leadership styles on employee's commitment by surveying employees and leaders from Dashen bank, the target population of this study includes both employees and leaders of Dashen bank branches under Dessie town. As per information obtained from the Dashen bank dessie district office, there are about 5 branches in the town with total of 149 employees as of November 2019. Hence for executing this study the sample population are divided into two strata mainly leaders or managers and other professional staffs. As the population data are small and manageable, all employees are included in the study and this therefore accurate data is generated. The sample consisted of participants of this study surveyed from 5 branches and one district office of Dashen bank found under Dessie city. I distributed 21 leader questionnaires and 128 subordinate questionnaires whereas 20 leader and 95 subordinate questionnaires were successfully completed and returned with a non-response rate of 4.7 % and 25.78%, respectively. Finally, the total sample size of 115 respondents, including leaders and employees, were used in this study amounting to a total non-response rate of approximately 22.8% from the original sample. As this study is basically empirical in nature, primary data was gathered from professional employees and their leaders/supervisors to answer the questions. Hence, the more emphasize is inclined to the primary data source. The closed ended questionnaires which were designed on an ordinal scale of measurement basis were used to collect primary data, so that the variables could be ranked to measure the degree of their strength or the agreement or the disagreement of the respondents with the variables. Secondary data collected from books, journals, magazine, websites and others relevant sources (Argaw and Ahmed, 2017).

## RESULTS AND DISCUSSION

**Descriptive Statistics for Leadership Styles and Employee Commitment:** The descriptive statistics was used as a way to examine the mean, standard deviation and other information which are not apparent in the raw data. It was needed to determine the academic staffs' perception to leadership style and organizational commitment. Table 1 below contains descriptive data (mean and standard deviations) for the five transformational leadership subscales, three transactional leadership subscales, one laissez-faire subscale, and three employee commitment scales as indicated by the respondents. In all cases, the distribution of scores for the sample contained reasonable variance and normality for use in subsequent analyses.

**Table 1: Mean and Standard Deviations of Leadership Styles and Employee Commitment for leaders and employees Responses**

Variables	Mean	Std. Deviation
Idealized Influence (attributed)	2.12	1.09
Idealized Influence (behavior)	2.53	.93
Inspirational Motivation	2.52	.99
Intellectual Stimulation	2.18	.96
Individualized Consideration	2.13	.88
<b>Transformational Leadership</b>	<b>2.30</b>	<b>.80</b>
Contingent Reward	2.31	.99
Management-by-Exception (active)	1.86	.89
Management-by-Exception (passive)	1.66	1.05
<b>Transactional Leadership</b>	<b>1.94</b>	<b>.48</b>
<b>Laissez-Faire</b>	<b>1.75</b>	<b>1.02</b>
Affective Commitment	2.41	.83
Continuance Commitment	1.51	.88
Normative Commitment	2.07	.72

Note: N=95

**The Relationship between Leadership Styles and Employee Commitment:** In this section, correlation analysis conducted in the light of each research questions is mentioned. The relationship between leadership styles and employee commitment was investigated using two-tailed Pearson correlation analysis. This provided correlation coefficients which indicated the strength and direction of relationship. The p-value also indicated the probability of this relationship's significance. These findings are presented below.

**Correlations between Transformational Leadership Style and Employee Commitment Dimensions:** As seen from the results, transformational leadership has relatively weak, but significant positive correlation with affective commitment (0.305\*\*) and very weak, but significant, positive relationship with continuance commitment (0.238\*) whereas no relationship with normative commitment (0.053). It can also be said that 9% of the variance in affective commitment and 6% of the variance in continuance commitment originate from the transformational leadership behaviors when coefficient of determination ( $r^2=0.09$  &  $0.06$ , respectively) are taken into consideration. These findings suggest that there is a positive, although not very strong, relationship between the transformational leadership style and both affective commitment and continuance commitment. For affective commitment, this suggests that leadership behaviors which involve building trust, inspiring a shared vision, encouraging creativity, emphasizing development, and recognizing accomplishments is somewhat positively related to how employees feel about *wanting to stay* with the DB. For continuance commitment, this finding suggests that these same leadership behaviors are related to how employees feel about *having to stay* with the organization. Continuance commitment is more likely related to transferability of skills, education, retirement money, status, and job security, and alternative employment opportunities (Allen & Meyer, 1990; Shore & Wayne, 1993; Hunt & Morgan, 1994; Meyer et al., 2004). However, the rate in the relationship between transformational leadership behavior and continuance commitment is rather lower than the rate in the relationship with affective commitment, because continuance commitment is about the costs of leaving the organization and is largely affected by the variables such as gender, age, seniority, career opportunities, salary, and marital status (Allen & Meyer, 1990). As for the lack of statistically significant correlations between the transformational leadership and normative commitment, the findings suggest that this same leadership style may not be related to how employees feel about their *obligation to stay* with organization. The finding that transformational leadership style has no relationship with normative commitment is also appropriate since employees who stay with an organization because they feel *obligated to do* may not exhibit the same enthusiasm and involvement as employees who stay with an organization because they *want to stay* and *need to stay* (Allen & Meyer, 1990; Brooks et al., 2006). This is also in line with the argument of Mannheim & Halamish (2008) that reveals as transformational leadership is enacted, members of organizations no longer seek merely self-interest, but that which is beneficial to the organization as a whole. As such, transformational leadership style may not be related to normative commitment as to affective and continuance commitment. Similar to the findings of Bučūnienė & Škudienė (2008), transformational leadership, according to the results of this research, has a positive but lower relationship with employees' continuance commitment. The finding of this study also coincides with the findings of Bycio et al. (1995) [cited in Ponnu & Tennakoon, 2009] that revealed transformational leadership was a better predictor of affective, continuance, and normative commitment than transactional leadership. Another consistent finding was that by Lok & Crawford (1999) which revealed the leadership style variable, consideration, had relatively stronger relationship with commitment when compared with other variables. Generally, the present study has exhibited that transformational leaders have a more significant positive relationships with employee commitment in psychological, value, and economic terms. This is consistent with previous studies by Lo et al. (2009) and Lo et al. (2010), who revealed that transformational leadership styles have a more significant positive correlation with employee commitment dimensions.

Table 2. Pearson correlation matrix between leadership styles and employee commitment dimensions

Employee commitment	Affective	Continuance	Normative	Total Employee
Leadership styles	commitment	Commitment	Commitment	commitment
Transformational leadership style	.305**	.238*	.053	.303**
Transactional leadership style	.075	.177	.222*	.229*
Laissez-faire leadership style	-.349**	-.046	.024	-.189

Note: N=95

\*. Correlation is significant at the  $p < 0.05$  level (2-tailed). \*\*. Correlation is significant at the  $p < 0.01$  level (2-tailed).

Given that a transformational leadership style is often associated with emotional aspects, it is not surprising that transformational leadership has the greatest correlation with affective employee commitment. Consistent with the study of (Avolio *et al.*, 2004), the result of my study indicated significant and positive associations between transformational leadership and employee commitment dimensions. Accordingly, it can be said that there is a significant relationship between employee commitments and transformational leadership behaviors of DB. As a transformational leader helps followers develop beyond their potential and satisfy their higher order needs, he/she is likely to gain their followers' commitment to the organization (Bass, 1997).

**Correlations between Transactional Leadership Style and Employee Commitment Dimensions:** According to the analysis results, there is very weak, but positive and significant relationship between transactional leadership style and normative commitment (0.222\*) but there is no statistically significant correlation with affective commitment (0.075) and continuance commitment (0.177). It can also be said that 5% of the variance in normative commitment originates from the transactional leadership behaviors when coefficient of determination ( $r^2=0.05$ ) is taken into consideration. The positive correlation between transactional leadership style and normative commitment suggests that leadership behaviors involving rewards, highlighting problems, and positive reinforcement related to how employees feel about *ought to* stay with the organization (Bass & Avolio, 1993). This relationship also indicates that the leaders' and followers' associations affects employees' moral identification with an organization and relates to their feelings of responsibility (Allen & Meyer, 1990). On the other hand, the absence for transactional leadership style with affective commitment and continuance commitment suggests that leadership behaviors involving exchange of rewards for meeting agreed-on objectives, highlighting problems, or waiting for problems to become serious before taking action, may not be related to how employees feel about *want to* stay and *need to* stay with the organization. These natures are more related with negative performance (Allen & Meyer, 1990; Bass & Avolio, 1993). This finding verifies with the finding of Bučiūnienė & Škudienė (2008) that identified significant and positive correlation between transactional leadership style and normative commitment though it does not confirm the relationship with that of affective and normative commitment by the same authors. Taken together, the finding also supports the studies of Bycio *et al.* (1995) [cited in Ponnu & Tennakoon, 2009], Lo *et al.* (2009) and Lo *et al.* (2010) those indicated that transactional leadership has positive relationship with employees' organizational commitment.

**Correlations between Laissez-Faire leadership style and Employee Commitment Dimensions:** Laissez-faire leadership style, according to the research data, is significantly and negatively related to affective commitment (-0.349\*\*) though it is relatively weak. It can also be said that 12% of the variance in affective commitment originates from the laissez-faire leadership behaviors when coefficient of determination ( $r^2=0.12$ ) is taken into consideration. But it has no relationship with both continuance commitment (-.046) and normative commitment (.024). This existence of significant and negative correlation between laissez-faire leadership style and affective commitment suggests the strengths of negative influence on the affective commitment.

Therefore, leadership behaviors that involve ignoring problems, displaying indifference, and overlooking achievements are negatively related to affective employees' commitment in DB. However, laissez-faire leadership does not have any statistically significant correlations with continuance and normative commitments. These almost nonexistent correlations suggest that leadership behaviors involving ignoring problems, acting non-involved, displaying indifference, and overlooking achievements may not be related to how employees feel about *need to* stay and *having to* stay with the DB. Laissez-faire leadership, given its non-intervening nature, has negative consequences on affective employee commitment dimension but nothing on others. The results are consistent with the literature indicating that laissez-faire leadership is negatively related to affective commitment and has no relationship with continuance commitment though it contradicts the significant negative relationship with normative commitment (Bučiūnienė and Škudienė, 2008). Likewise, the nonexistent correlations of laissez-faire leadership with both continuance and normative commitments confirms the finding by Awan & Mahmood (2009) that depicted as the leadership style (in their case, autocratic or laissez-faire) has no effect on the commitment of employees in Dashen bank.

**Comparisons of Overall Correlations among the Variables:** The findings of this study reveal that transformational leadership has positive effect with the dimensions of employee commitment, and that transformational and transactional leadership are important in relation to followers' organizational commitment. Such findings clearly indicate the important role of transformational leadership, and the importance for organizations to nurture transformational leadership qualities among their leaders. When compared to transformational leadership, transactional leadership is effective in affecting only employees' normative commitment whereas transformational leadership is effective in affecting both employees' affective and continuance commitments without having any effect on normative commitment. Compared to transformational and transactional leadership, laissez-faire leadership has significant and negative correlation with affective employees' commitment but not has any significant correlation to both continuance and normative commitments. Generally, the present study has exhibited that transformational leaders have a more significant and stronger effect with organizational commitment. This is consistent with previous studies by Bass & Avolio (1993) who claimed that transactional culture creates only short-term commitment, whereas transformational culture creates long-term commitment as well as with that of Lok & Crawford (1999) who explained that the leadership style variable, a bureaucratic environment that resembles transactional characteristics, often resulted in a lower level of employee commitment and performance. Similarly, Mannheim & Halamish (2008) revealed that leaders who exhibit transformational leadership styles are more effective in achieving significantly higher commitment levels than transactional leaders.

## CONCLUSION

The main objective of this research was to examine the effect leadership styles on employees' organizational commitment in DB. According to the analysis results and discussion of the study, conclusions are made on the nature and the effect of leadership styles on employee's commitment.

The results of this study confirm some of earlier findings and contradict the others on the leadership styles effect on employee commitment dimensions (affective, continuance, and normative commitments). Pearson correlation analysis was used to investigate the relationship between these variables. The important finding of this study is that transformational leadership style has a greater significant influence on affective employee commitment than on continuance employee commitment. It can be suggested that transformational leadership styles which involve building trust, inspiring a shared vision, encouraging creativity, and emphasizing development explains some of the variation in whether employees *want to* or *do not want to* stay with the DB. For continuance commitment, these same transformational leadership activities explain a little less of the variation in whether employees feel *needed to* or *do not feel needed to* stay with the institutions. This finding also led us to conclude that transformational leadership is a better predictor of employee commitment. According to the results of the research, there is a positive and significant relationship between transactional leadership style and only normative commitment. This reflects that leadership behaviors, which involve recognizing accomplishments taking immediate action or waiting for problems to become chronic before taking action, explain positive variations in how employees feel about *having to* stay with the organization. In other word, it can be said that employees' feeling of *having to* stay in the organization increases as transactional leadership behaviors increases. The third leadership style, a *laissez-faire* leadership, was found to be significantly and negatively associated with employees' affective commitment but has no significant relationship with others. This predicts that leadership behaviors which involve ignoring problems, displaying indifference, and overlooking achievements will negatively affect how employees feel about *wanting to* stay with the organization. Thus, it can be said that this leadership style may intervene in the work affairs of leader-employee interaction or inhibit the successful development of an organization. In general, the findings have indicated that transformational leadership is effective in affecting significantly both employees' affective and continuance commitments without having any significant effect on normative commitment whereas transactional leadership is effective in affecting significantly employees' normative commitment. Compared to transformational and transactional leadership, *laissez-faire* leadership has significant and negative correlation with affective employees' commitment but does not have any significant correlation to both continuance and normative commitments.

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