Exploring the Relationship between Supervisor’s Leadership style and Employees’ Organizational Commitment in Ethiopia’s banking sector

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Abstract
Employees are considered to be the most valuable assets that make a difference in organization’s performance. In order to utilize this asset increasing their commitment level is a determinant issue. Leadership style is among the organizational factors that have a determinant effect on employee commitment to the organization. With this notion the primary objective of this study is to examine the influence of leadership styles on employee organizational commitment in the context of Ethiopian banking sector. Survey questionnaires were used to measure the leadership style and commitment of employees to organization in five private commercial banks in Ethiopia. Data were collected from 246 subordinate respondents (80% response rate) working in private banks regarding their perception of existing leadership style and employee organizational commitment. Descriptive statistics such as mean and inferential statistics such as correlation, and regression were employed in testing the hypothesis. Finding of the empirical study shows a significant relation between leadership styles and employee organizational commitment components. The implications of the findings were discussed and recommendations were made.

Key Words: Leadership style, organizational commitment

I. Introduction

1.1. Background of the study
The success of any organization depends not only upon the collection of individuals, including leaders and subordinate, but also on the amount of effort each individual puts into it (Huges, 2005). In this regard employee commitment seems to be decisive importance for any organization competitiveness. No organization can perform at peak levels unless each employee is involved and committed to the organization’s objectives and activities. The extent of the employee level of commitment could be influenced either positively or negatively by the leadership style existing in an organization. Leadership is widely recognized as a critical factor in the success or failure of an organization. Leaders play a very important role to lead their followers to full fill organizational goals effectively.

Prior research such as Lok & Crawford, (1999) reported a significant influence of leadership style on employee organizational commitment. If a leader and his/her style are seen as trust worthy, employees are willing to follow that leader in accomplishing the organization’s goals. This leads to positive results for the organizations which in time affect the organization commitment. In order to get best results from subordinate, managers need to encourage high morale, a spirit of involvement and cooperation and a willingness to work by adapting desirable leadership style. However the potential links among the content of leadership style and forms of organizational commitment where they much remain largely unexplored. Among the referenced literature very few of them had considered the effect of leadership style based on full range leadership theory on multi dimensional aspect of employee organizational commitment. They however, tackled all issues separately or from different perspectives. Although Meyer & Allen, (1991) had classified the commitment as multi-
dimensional contrast (affective, continuance and normative) most previous studies had analyzed organizational commitment as one dimension. Although there have been studies examining the relationship between leadership style and organizational commitment, to the researchers view the existing literature about leadership style and employee organizational commitment is lack of scholarly research addressing those issues in Ethiopia. As more and more private banks are flourishing in the future in Ethiopia, better understanding of leadership’s style, and employee organizational commitment relationship is fundamental issue. To the best of researchers, knowledge no evidenced such research attempt has been carried in this regard in Ethiopia context which provide a substantial research gap that this study intends to fill. This study aimed to examine which leadership style based on full range leadership theory lead to the desired levels of all three components of employee organizational commitment in Ethiopian banking sector. While discussing its importance for Ethiopian banking sector, the study also gives a direction to the policy makers to increase the commitment of their employees by changing the leadership style in the organizations.

1.2. The Objectives of this research are:
1. To identify the dominant leadership style in private commercial banking sector in Ethiopia.
2. To identify which components of organizational commitment the employee of banking sector in Ethiopia currently engaged with.
3. To assess how leadership style predicts employee organizational commitment components.

1.3. Research Hypothesis
Corresponding to these objectives, the study will design to provide answer to the following research questions:
Q.1. what is the dominant leadership style in Ethiopian banking sector?
Q.2. what is the prevailing organizational commitment components in banking sector of Ethiopia?
Q.3. Is there a relationship between employees’ perceptions of leadership styles and organizational commitment components?
Q.4. To what extent, if any, do leadership style predicts employee organizational commitment components?

II. Review of Literature
2.1. Leadership style
Researchers have been discussing the definition of leadership for many years with different results. Despite the fact that there have been very different definitions of leadership, concept of influence has been used in almost all of them (North house, 2007). Leadership is a process of interactions between leaders and subordinates where a leader attempts to influence the behaviour of his or her subordinates to accomplish organizational goals (North house, 2007; Yukl, 2002). Yukl, (2002) further elaborated the difference on the definition of leadership on who exert the influence, the intended purpose of influence, the manner in which influence is exerted, and outcomes of influence attempt. If leaders can be considered as the extent to which leader’s influence others, the question must be asked, what are the leadership style individuals possess that enable them to influence other to unite for a common purpose?
One of the “new-leadership” theories has been called the “full-range leadership theory” (FRLT) proposed by Avolio & Bass, (1991). The contrasts comprising the FRLT according to authors denote three types of leadership style: transformational, transactional and laissez-faire.

Transformational Leadership Style
Transformational leadership style is the leaders’ power of motivating the subordinate for achieving more than already planned by follower (Bass, 1985). Transformational leadership focuses more on change, and inspires followers to “commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers’ leadership capacity via coaching, mentoring, and provision of both challenge and support” (Bass & Riggio, 2006). Based on these notion Bass & Avolio, (1995, 1997) have identified five factors which represents the
characteristics and behavioural components of transformational leadership style. These are Idealized influence (attributes), idealized influence (behaviours), Inspirational motivation, Intellectual stimulation, and Individual consideration. It is a combination of these factors that create transformational leadership.

**Transactional Leadership Style**

The influence of transactional leaders is dependent on their ability to provide reward as incentives to manipulate followers in to performing tasks (Bass and Avolio, 1997). Rewards may be positive or negative. Transactional leaders display behaviours associated with constructive and corrective transactions (Bass & Avolio, 1997). According to authors the constructive style is labelled as contingent reward and the corrective style is labelled as management-by-exception (active/passive). Hence, transactional leadership behaviours include three factors in the multifactor leadership questionnaire (MLQ) contingent reward, management -by-exception (active), and management-by-exception (passive) (Bass & Avolio, 1995).

**Laissez faire Leadership Style**

Although Laissez-faire leadership is not displayed as often as other leadership style (Bass & Avolio, 1990), this leadership style is still exhibited and remains a legitimate approach to leadership. Laissez-faire behaviour is “the absence of leadership, the avoidance of intervention or both” (Bass & Avolio, 1990 p. 20). It is most inactive, as well as most ineffective according to almost all research on the leadership style.

### 2.2. Organizational commitment

The success, survival and competing power of organization depends on the commitment of their members. This is because a highly committed employee will identify with the goals and values of the organization, has a stronger desire to belong to organization and willing to go over and beyond their required job duties. The importance of employee organizational commitment is described by the fact that committed employees’ shows loyalty to their organization and are motivated to do their work (Raju & Srivastava, 1994; and Mowday, 1998).

Although there have been several definitions and measures of organizational commitment, the most comprehensive and integrated popular recent definition was set by Meyer and his colleague (Allen & Meyer, 1996; Meyer and Allen, 1991, 1997). They argued that organizational commitment is a multi dimensional construct. They describe organizational commitment in terms of employees’ perceptions and expectations of their organization, and may take a mixture of the following three components: the affective (desire to remain), continuance (perceived cost of leaving), and normative (perceived obligation to remain) commitment. This definition and concepts was applied in this study.

Each of these three dimensions represents a possible description of an individual’s attachment to an organization that has implication for the decision to continue or discontinue membership in the organization. Allen and Meyer, (1991) argued that affective, continuance and normative components of commitment are distinguishable; conceptually and empirically. The employee relationship with the organization varies employee to employee and reflects different degree of attachment with the organization. It is possible one employee have affective and normative commitment toward the organization do not have continuance commitment. Therefore the degree of employee attachment with organization changes person to person.

### 2.3 Leadership style and Organizational commitment

Leadership style and Organizational Commitment have received significant attention in different research studies (Lok & Crawford, 1999; Yousef, 2000; Mathieu & Zajac, 1990). Various studies conducted on the relationship between leadership style and organizational commitment (e.g. Mathieu and Zajac, 1990) verified the impact of leadership styles on followers work attitude such as organizational commitment. Organizational commitment is influenced by the job environment created by the employee’s supervisor. The degree to which employees show their emotional intimacy with organization is largely influenced by leadership style. Because Leadership has been proposed as one of the most decisive factors contributing to the attitude of employees toward their organization (Bass, Avolio, Jung, and Berson, 2003), it is probably among the most prominent predictors of organizational commitment.
Employee commitment reflects the quality of the leadership in the organization. The success of an organization in achieving its goal and objectives is highly dependent on their leadership style that would have a significant relationship with employee organizational commitment. At this point it is logical to assume that leadership style would have a significant relationship with the development of organizational commitment. However, the empirical evidence on their relationship is limited. Particularly studies on effect of leadership style on organizational commitment do not explicitly indicate which leadership style (based on full range leadership style) affects which components of organizational commitment since the antecedents and outcomes of each component of organizational commitment vary (Meyer and Allen, 1991; Mohanty et.al., 2012). Even the scientific literatures and research analysis survey reveal that there is no full consensus regarding the relationships between leadership styles and employee organizational commitment. Such studies were even none existent in Ethiopian organization context. The findings in this research study are expected to show that the style of leadership practice within an organization had an effect on the organizations commitment of employees in the context of Ethiopian banking sector.

III. Methodology
The target population of this study consists of employees working in five private commercial banks in Ethiopia. A total of 246 questionnaires were distributed to respondents where 198 respondents were completed and returned the questionnaires, resulting in response rate of 81%. Out of these questionnaires 186 were correctly completed. The relevant data was collected through a survey instrument. The questionnaire is adapted from previously tested and validated standardized instruments. The structured survey questionnaire consists of two parts. In the first part leadership style assessment was constituted based on a scale developed by Bass & Avolio (1995) (MLQ 5x). The Multifactor Leadership Questionnaire measure leadership style as transformational, transactional and laissez faire with 9 items where by participant rate their immediate supervisor with a five-point likert scale. The second part of the survey measuring instrument was employee organizational commitment questionnaire of Meyer and Allen, (1997) which was used for measuring the level of commitment in three forms as affective, continuance and normative commitment. The questionnaire consists of 18 items (6 items for each subscale).

The validity of all instruments were tested with subject matter specialists and become acceptable. The reliability of the instruments was checked with Cronbach alpha coefficient. The overall Cronbach alpha coefficient for all dimensions of both instruments were found to be between .76 and .87 which was above .70, and then we could claim that the research tools and means enjoying high reliability (Table 4.1 & Table 4.2). Descriptive statistical techniques, correlation analysis and regression analysis were techniques used in data analysis.

IV. Results and Discussions
Demographic characteristics of Respondents
Among 186 respondents 30% are female and the remaining 70% are male. Majority of the respondents 48% were observed to fall in the age bracket of (31-40) years. Of the subject, the remaining 35% came between 41-50 years, 11% less than 30 years and 5% are above 51 years. Most of participants 73% have first degree, 22% have second degree and the remaining 5% have diploma. With regard to position level 60% are middle level managers and the remaining 60% did not have management position. The demographic variables summarized in Table 4.1 above clearly showed that the participants of the current study can qualify as primary sources of data to fill in the questionnaire scales.

Descriptive data for variables studied
a. The prevailing leadership style
The survey respondents identify the dominant leadership style of their immediate supervisors. Exploring the dominant leadership style will facilitate predicting and explaining the effectiveness of different leadership styles in the Ethiopian context particularly banking sector. The answer to this research question was generated from leadership style score rating by subordinate (n=186) as
described. The mean value of each factor under each category was calculated to examine dominant leadership style.

Table 4.1. The dominant leadership style based on subordinate rating

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>Reliability (alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership (TFL)</td>
<td>2.48</td>
<td>.616</td>
<td></td>
</tr>
<tr>
<td>Idealized Influence attribute (IIA)</td>
<td>2.51</td>
<td>.703</td>
<td>.83</td>
</tr>
<tr>
<td>Idealized Influence behavior (IIB)</td>
<td>2.42</td>
<td>.709</td>
<td>.83</td>
</tr>
<tr>
<td>Inspirational motivation (IM)</td>
<td>2.54</td>
<td>.804</td>
<td>.86</td>
</tr>
<tr>
<td>Intellectual stimulation (IS)</td>
<td>2.42</td>
<td>.730</td>
<td>.83</td>
</tr>
<tr>
<td>Individual consideration (IC)</td>
<td>2.50</td>
<td>.743</td>
<td>.82</td>
</tr>
<tr>
<td>Transactional leadership (TRL)</td>
<td>1.79</td>
<td>.404</td>
<td></td>
</tr>
<tr>
<td>Contingent Reward (CR)</td>
<td>2.24</td>
<td>.524</td>
<td>.76</td>
</tr>
<tr>
<td>Management-by-exception (active)(MbEA)</td>
<td>1.74</td>
<td>.586</td>
<td>.78</td>
</tr>
<tr>
<td>Management-by-exception (passive) (MbEP)</td>
<td>1.39</td>
<td>.791</td>
<td>.81</td>
</tr>
<tr>
<td>Laissez-faire leadership (LFL)</td>
<td>1.19</td>
<td>.603</td>
<td>.83</td>
</tr>
</tbody>
</table>

Source: Calculated from researcher survey data

The statistical analysis of MLQ of subordinate rating portrayed in Table 4.1 for this study shows that arithmetic mean between 2.42 to 2.54 for transformational leadership variables and mean range of 1.39 to 2.24 for transactional leadership and the mean of 1.19 for laissez faire leadership. The overall scores for transformational leadership style subscales in this study are less than what Bass & Avolio, (1997) consider ideal level for effective leadership. Bass & Avolio, (1997) in discussing about MLQ suggested the ‘ideal’ level for effective leadership suggested scores measured with their instrument will have a transformational leadership score of 3.0 or higher. This could imply that employees of banking sector perceive less transformational leadership style than the ideal level. The mean score of transformational leadership subscales are approximately close to each others.

Bass and Avoio, (1997) also suggested a mean score of 2 for contingent reward, which is lower than the current study’s mean score of 2.31. The suggested range for MbEA was 1.0 to 2.0 and the mean score obtained for the current study was 1.74, which is within the suggested range. Suggested score for MbEP and laissez-faire are 1.0 and 0.00 respectively; however, the mean score for the current study were 1.39 and 1.19 respectively outside the suggested range. The occurrence of transactional leadership components above ideal level of Bass & Avolio, (1997) is expected as organizations in Ethiopia are hierarchical in nature. As the above data reveals all three styles of leadership exists in banking sector even though in a varying degree in occurrence. Even thought employee perception of their transformational leadership style were below the standard acceptable level, relatively banking sector supervisors produced a more positive profile of transformational leadership style than transactional and laissez faire leadership styles.

b. Dominant Organizational Commitment Components

Table 4.2. The mean score for organizational commitment components

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>Reliability (Alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective commitment</td>
<td>3.62</td>
<td>.75</td>
<td>.87</td>
</tr>
<tr>
<td>Continuance commitment</td>
<td>2.47</td>
<td>.51</td>
<td>.80</td>
</tr>
<tr>
<td>Normative commitment</td>
<td>3.08</td>
<td>.76</td>
<td>.83</td>
</tr>
</tbody>
</table>

Source: Primary data

The mean scores for each of the employee commitment scales are ranked by respondents as affective commitment has 3.62; continuance commitment has 2.47 and normative commitment has 3.08. The mean score results for this study as portrayed in Table 4.6 are consistent with the findings by Meyer and Allen, (1997). In describing the application of organizational commitment questionnaire (OCQ) scales, Meyer & Allen, (1997) do not provide guidance about expected, desired, average, or ideal means for affective, continuance and normative commitment. Instead Meyer & Allen, (1997) and other researchers (Meyer et al., 2004) examined whether there was a positive or negative relationship between the different types of organizational commitment, as well as the pattern for those findings.
Of all three organizational commitment components, affective commitment had the highest mean, followed by normative commitment and continuance commitment in this study. This result is consistent with the finding by Meyer and Allen (1997), who suggest that, at least in theory, the optimal organizational commitment profile should have affective commitment with the highest score, followed by normative and continuance commitment scores that are considerably lower. The greater mean value of affective commitment indicated that employee staying with the organization was related to wanting to, rather than needing to or feeling they ought to. It is imperative for organizations to have employees who feel affective and normative commitment but continuance commitment is not desirable because employees may leave the organization if they get other alternatives.

**Relationship between leadership style and employee organizational commitment**

The existence of a relationship between leadership styles with employee organizational commitment components was assessed using Pearson’s correlation coefficient (r). This was done in order to indicate the strength and direction of the linear relationship between the leadership styles and organizational commitment components.

Table 4.3. Correlation among leadership style, organizational culture typologies and employee organizational commitment component.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>MTFL</th>
<th>MTRL</th>
<th>MLFL</th>
<th>MAOC</th>
<th>MCOC</th>
<th>MNOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTFL</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTRL</td>
<td>-0.077</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MLFL</td>
<td>-0.194**</td>
<td>0.306**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAOC</td>
<td>0.354**</td>
<td>-0.159*</td>
<td>-0.284**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCOC</td>
<td>-0.221**</td>
<td>0.235**</td>
<td>0.161*</td>
<td>-0.003</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>MNOC</td>
<td>0.105</td>
<td>-0.046</td>
<td>-0.095</td>
<td>0.415**</td>
<td>0.198**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: Derived from survey data

The result in Table 4.3 shows correlation between three leadership styles and three employee organizational commitment components in varying degrees. As anticipated in hypothesis, the study results show that there is a relationship between perceived leadership style and organizational commitment components.

A positive significant relationship between perceived transformational leadership style and their subordinate’s affective organizational commitment was empirically supported in this study. Reviewing Table 4.3 shows that the Pearson correlation coefficient r = 0.354 and p-value < 0.01 indicate a positive significant relationship between transformational leadership and affective commitment and we reject the sub component of null hypothesis 3. Further analysis of the data through examination of the Pearson r² value (0.354) indicates that approximately 12.5% of the variability in affective commitment is related to employee perception of transformational leadership style. This finding was supported by prior researchers such as Brown (2003) where she found employees with high affective commitment do have perception of transformational leadership style.

On the other hand, transformational leadership style has a negative and significant (r = -0.221, p < 0.01) relationship with continuance organizational commitment and therefore sub components of the null hypothesis 3 is rejected. This finding is inconsistent with (Brown, 2003) study, where she found no statistically significant correlation among any of the transformational leadership style sub scales and continuance organizational commitment. The inverse relation of transformational leadership and continuance commitment found in this study is expected. The existence of continuance commitment indicates that if a better employment possibility happens, employees will certainly leave the
organization. In general lack of transformational leadership style will increase the continuance commitment level of employees.

The correlation results in table 4.9 shows none significant but positive correlation of TFL and normative commitment (r=.105) and we accept the null hypothesis for this sub components of relationship. The insignificant linkage of transformational leadership and normative commitment found in this study was inconsistent with other research findings such as (Brown, 2005; Simon.L, 1994). The results do not confirm the existence of a relationship between these two variables, suggesting that transformational leadership does not significantly influence normative organizational commitment.

The findings that transformational leadership style has a weaker relationship with normative commitment and continuance commitment than affective commitment is appropriate since affective commitment is a feeling of employees want to stay, continuance commitment is a feeling employee need to stay and normative commitment is employee ought to say with the organization (Meyer & Allen, 1997). As described by Meyer and Allen, employees who stay with an organization because they feel obligated or having no choice do not exhibit the same eagerness and involvement as employees who are willing to stay with the organization. This is beneficial for banking sector of Ethiopia as affective commitment results in better performance and more meaningful contribution than continuance and normative commitment (Meyer & Allen, 1997).

Transactional leadership has a significant correlation with affective, and continuance commitment where its relation is positive for continuance commitment (r=.159, P<.05) & (r=235, P<.01) respectively. Transactional leadership style has also insignificant and negative relationship with normative commitment (r= -.046). Further analysis of the data through examination of the Pearson r² value indicate that approximately 2.5% and 5.5% of the variability of affective and continuance commitment respectively were related to employee perception of transactional leadership style. This finding are also acceptable in that the longer the leader deliver negative feedback about the job, the greater effect it has on employee who want to commit to the organization. On the other hand the study finding reveals significant and positive relation of transactional leadership with continuance commitment. This finding is also expected. Meyer & Allen (1997) suggest that employees who have a strong continuance commitment stay with the organization, because they do not want to lose the investment they made or because they have no employment alternatives.

Laissez-faire leadership style, according to the research data, is significantly and negatively related to affective commitment originate from the laissez-faire leadership style when coefficient of determination (r²=.0806) is taken in to consideration. The existence of significant and negative correlation between laissez-faire leadership style and affective commitment suggests that ignoring problems, displaying indifferences and overlooking achievements are negatively related to affective employee commitment in Ethiopian banking sector. With regard to continuance commitment laissez-faire leadership style has significant positive relation (r=.161, P<.05) and with normative commitment it has negative insignificant relationship (r= -.095).

**Testing the Effects of Leadership style on Employee organizational commitment**

Table 4.4. Regression analysis between leadership styles and employee organizational commitment

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>t</th>
<th>p</th>
<th>Beta</th>
<th>t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOC</td>
<td></td>
<td></td>
<td></td>
<td>COC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TFL</td>
<td>.309</td>
<td>4.51</td>
<td>.000</td>
<td>-.194</td>
<td>2.70</td>
<td>.008</td>
</tr>
<tr>
<td>TRL</td>
<td>-.073</td>
<td>-1.04</td>
<td>.300</td>
<td>.202</td>
<td>2.72</td>
<td>.007</td>
</tr>
<tr>
<td>LFL</td>
<td>-.202</td>
<td>-2.81</td>
<td>.060</td>
<td>.061</td>
<td>.815</td>
<td>.410</td>
</tr>
<tr>
<td>R Value</td>
<td>.422</td>
<td></td>
<td>.316</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.178</td>
<td></td>
<td>.100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² change TRL</td>
<td>.017</td>
<td></td>
<td>.048</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² change LFL</td>
<td>.036</td>
<td></td>
<td>.003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F value</td>
<td>13.160</td>
<td></td>
<td>6.747</td>
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</tbody>
</table>
Results in Table 4.4 show the model summary of hierarchical regression analysis of leadership styles and employee organizational commitment components. As described in correlation analysis normative organizational commitment has no significant relationship with any of the leadership style variables. Hence, the researchers did not compute regression analysis of normative commitment with leadership styles. As results reveal the predictor variables (leadership styles) explain at least 17.8% of the variance in affective organizational commitment ($R^2=.178$). This implies that an improvement in leadership style leads to 17.8% general improvement in affective commitment in Ethiopian banks. The results further indicated that transformational leadership style ($\beta=.309$, $p<.000$) and laissez faire leadership style with ($\beta=-.202$, $P<.006$) were a better predictor of affective commitment as compared to transactional leadership style ($\beta= -.073$, $P<.300$) which has no significant effect. It means that changes in transformational and laissez faire leadership styles leads to 17.8% positive change in affective commitment while transactional are not significant predictor of affective commitment. As regression data shows $R^2$ change value of 1.7% and 3.6% of change in affective commitment were created due to transactional and laissez–faire leadership style respectively. Therefore banks should prioritize transformational leadership style if they are to improve affective employee commitment.

On the other hand regression analysis data shows that 10 % of continuance commitment was derived due to effect of leadership style. The results further indicate that relatively transformational and transactional leadership with ($\beta=-.194$, $p<.008$) and ($\beta=202$, $P<.002$) respectively were a better predictor of continuance commitment. Laissez-faire leadership style has insignificant predicting value on effect on continuance commitment.

The finding of this study reveals the predicting value of leadership styles in relation to employee organizational commitment. With regard to research hypothesis 4, which requests if leadership style determine and predicted employee organizational commitment, the result showed that transformational leadership has strong influence and more weight in generating employee affective organizational commitment as compared to transactional and laissez faire leaders. This finding suggested that TFL was positively correlated to AOC, and the association was strong enough to support the statistically significant predicting power of TFL upon the variance of AOC. This shows a direct proportion with transformational leadership and affective organizational commitment, as the mean value of transformational leadership increases, affective organizational commitment increases. The high relationship between transformational leadership and employee affective organizational commitment is acceptable because as Bass & Riggo (2006) stated transformational leadership have distinguished personal and work-related relationships with their followers which make them satisfied with their jobs, loyal to their leader and high performers of their duties. According to the author such work relationship increase employee affective organizational commitment.

The continuance commitment of employees is negatively impacted by transformational leadership style as revealed from Table 4.4. Since continuance commitment is based on the cost calculations of leaving the organization transformational leadership style has inverse role to play in this regard. Transformational leadership style is not as strongly related to continuance commitment as to affective and normative commitment. This finding implies that leaders who give advice, support, and give attention to individual needs of subordinate enhance the level of employee commitment to their organization. The opportunity cost of leaving the organization as perceived by employees is not significantly associated with transformational leadership. Since transformational leadership is an engaging relationship, it does not influence employees to stay in the organization only because they have too.

Transactional leadership has negative effect on affective organizational commitment since it emphasize on rules and regulations. Transactional leadership style sub components such as management-by-expection passive has the characteristics such as waits for mistakes to happen for taking corrective action could negatively affect employee affective organizational commitment. Transactional leadership style sub components such as contingent reward that closely inspecting
employee performance, telling them what to do and describing them their roles has relatively positive relationship with affective organizational commitment. MbEA components of transactional leadership have significant negative relationship with affective organizational commitment since it relies on risk avoidance behaviour. Analyzed data revealed that laissez-faire leadership style has significant negative relation with AOC and significant positive relation with COC. This result indicates that employees do have poor relationship with leadership style but they did not consider leaving the organization. As revealed in the study result neither of the leadership styles were found to be significant predictors of normative commitment. This result suggests that there might be other influencing factors which imply employee’s obligation to stay in the organization.

V. Conclusion
This study provides empirical evidence on the connections between leadership styles and employees’ organizational commitment. This study has contributed to the growing body of research on the effect of leadership style based on full range leadership theories on employee organizational commitment components. Pearson correlation and regression analysis were used to investigate the relationship between these two variables. Results of this study provides clear and practical message for private banking sector of Ethiopia by identifying the leadership style required to enhance commitment of employees to ward their organization. It suggests that transformational leadership style is important for development of subordinate affective organizational commitment. On the other hand laissez-faire leadership style has significant inverse relation and effect on employee affective organizational commitment.

The finding of this study indicates that leaders should not only base their style to only one style, rather to adopt both transformational and transactional leadership style accordingly. Because as the study results revealed continuance components of organizational commitment have positive relationship with transactional leadership style.

The low mean value observed in this study compared to ideal level of transformational leadership style suggests the need for improvement of transformational leadership style in banking sector. In summary the finding of the study provides some understanding on the importance of effects of leadership styles on organizational commitment components.

VI. Recommendations
In the view of the results and conclusion of the current study the following recommendation were made:

Banking sector should consider on improving their leadership skill to more transformational style in order to create better working relationship with employees. Many researchers such as Bas (1990a) confirmed that transformational leadership can be learned and it can and should be the subject of management training and development. The Ethiopian banking sector should develop leadership training program to develop supervisor transformational leadership style. The impact of affective commitment on positive work outcomes has already been well established in prior studies. So it will be rewarding for banking sector in Ethiopia to invest in transformational leadership style training and development of their managers.

The results of the study showed that the effect of transactional leadership styles on the continuance commitment of banking employees is more effective than the transformational leadership style. The study therefore recommended that since the transactional leadership style is based on contingent reward and punishment behaviour, therefore managers should positively reward the employees with praise or recognition when they perform at or above expectation. Similarly, negative rewarding approach should also be used in the form of correction, coercion, criticism, and/or other forms of punishment, when performance is below the expected standard.