

## Leadership Style and Service Quality On Customer Satisfaction A Qualitative and Quantitative Exploration In Ethiopian Banks

Hailemichael Woldu Kiros<sup>1</sup>, Dr. Arvinder Sing Chawla<sup>2</sup>

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<sup>1</sup>Department of Management, PhD candidate at Guru Kashi University (GKU), Talwandi Sabo (Punjab), India  
Email: [hmWol@yahoo.com](mailto:hmWol@yahoo.com), [hailemichaelwoldu@gmail.com](mailto:hailemichaelwoldu@gmail.com), ORCID: <https://orcid.org/0009-0005-1818-9213>

<sup>2</sup>PhD in management, My supervisor and Visiting professor at Guru Kashi University (GKU) Talwadi Sabo (Punjab), India.

Email: [chawlaas4207@gmail.com](mailto:chawlaas4207@gmail.com), <https://orcid.org/0000-0003-4196-9830>

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### Abstract

**Back Ground/orientation:** Leadership is a complex, multifaceted process concerned with the art of influencing followers in a particular direction which involves casting a vision, goal setting and motivating people.

**Purpose:** The purpose of this study is to examine measured the relationship of leadership styles and service quality on customer satisfaction in the case of the Ethiopian banks .

**Method:** A total of 385 Bank Customers drawn from commercial banks were included using simple random sampling techniques and purposive sampling techniques. Structured questionnaires were distributed and 85 % (327) of respondents are completed and responses were returned. Interviews were also conducted with management bodies of the banks. Data were collected using SERVQUAL model ,Multi-factor Leadership Questionnaire and analyzed using descriptive and inferential statistics.

**Finding /Results:** The results of the descriptive analysis shows that transformational leadership had high and significant correlations with all the leadership variables perceived leadership effectiveness . Thus, the study suggested that public and private commercial banks of Ethiopia should be used transformational leadership that helps to get a quality services finally staff satisfaction, while transactional leadership had moderate and significant relationships with customers .Besides, laissez-faire leadership style had low and non-significant relationships with all the three measures of leadership outcomes.

**Conclusion:** The study concludes that the customers of private commercial banks have a moderate level of transactional leadership behavior. The comparative data on others leadership styles of the public and private commercial banks customers were not significantly different.

**Contribution /Value Add :** The researchers out comes offer valuable insights in to how transfer leadership styles can enhance service quality and pro active measures for its implementation .

**Keywords:** leadership styles, quality of service, customer satisfaction, *transformational leadership*, SERVQUAL

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### BACK GROUND OF THE STUDY

A leader and his way of dealing with followers is a determining factor in achieving organizational goals while also influencing the quality of services provided to customers (Mustaqim, 2016). Service quality is closely related to the level of employee motivation in organizations, considering that motivation encourages and increases employee engagement. This is related to the leadership style used toward followers (Mustaqim, 2016). Increasing the level of quality of services and products and continuous improvement are essential for business development. This is even more evident in the highly competitive and changing environment of banks, which are also concentrated on the continuous development and training of employees to achieve a satisfactory level of service quality (Kumar et al., 2022).

Familiarity with different leadership styles helps organizations and executives cope with the changing global environment in all areas, such as technology, resources, management forms, marketing strategies, distribution systems, and coping with recent crises. Inspiring and stimulating others to achieve common goals are critical characteristics of leadership. Therefore, the ability to inspire trust and mutual support between people to achieve common organizational goals can be defined as leadership (DuBrin, 2016). Moreover, leadership can be defined with different terms directed to one objective: goal achievement. Leadership definitions include process, act, art, effort, and force. Sampson Quain (2019) explained that leadership styles have a profound impact on the success or failure of any organization. Leadership is the decisions making process about the kind of organizational cultures in the organizations. It affects the organization by enhancing employee morale, productivity and decision-making. Successful leaders carefully analyze problems, assess the skill of subordinates, consider alternatives, and make appropriate choices that have an invaluable impact on organizational performance. According to DuBrin (2016), leadership is explained as the ability of an individual to influence others to achieve organizational goals. On the other hand, it seemed to be an effort to use power over others. According to Northouse (2010), leadership involves influence in the group context, including the achievement of organizational goals. Recently, leadership has been perceived as a collaborative instrument to achieve organizational goals. It is mainly used by hyperconnected organizations dependent on social media and internet usage, also driven by globalization. Leadership is also the ability to create an environment where every one feels committed and valued to do work for the common good (Osborne, 2015).

### **Background of the Study**

Leadership is a complex, multifaceted process concerned with the art of influencing followers in a particular direction which involves casting a vision, goal setting and motivating people (Spendlove, 2007). For Northouse (2013), however, leadership is a process whereby an individual influence a group of individuals to achieve a common goal.

Karagöz and Öz (2008) described that study on organizational effectiveness has been started in the 1930s, but various contemporary approaches were developed in the 1970s. According to Rojas (2000), organizational effectiveness has been the widely researched topic by many researchers. For instance, a study by Luftman, Bullen, Liao, Nash, and Neumann (2004) has suggested that leaders motivate and help their employees by using effective leadership styles to be competitive. Waldman, Ramirez, House, and Pagan (2001) have also reported that transformational leadership behaviors are more positively related to subordinate effectiveness in a variety of organizational settings than are transformational behaviors. Organizational effectiveness largely depends on the effectiveness of its leadership. Yair and Jonathan (2005), for instance, argue that effective leadership is a key predictor of organizational success. Leadership effectiveness can be measured in a variety of ways. Leaders are considered effective when their groups perform well against set standards. Basham (2012) further elucidates that traits that define leadership are included in either a group or individual category. Leaders in higher education institutions have to examine how to better lead their organizations, and must also find the most effective leadership approach (Kennedy, 1994). Bryman (2007) further proposes that leadership in higher education is expected to maintain autonomy, consultation and fostering a culture of collegiality. Collegiality refers to opportunities for members in the university to feel that they belong to a mutually respected community of scholars who value each other's contributions to the institution and feel concern for their colleagues' wellbeing (Gappa et al., 2007). Cameron (1978) and Karagöz and Öz, (2008) described that various effectiveness approaches and models have been developed but unfortunately few studies have been done on organizational effectiveness in higher education context. Among these studies, Linda et al., (1983) examined the concept of organizational effectiveness in institutions of higher education. There are many factors which may affect the effectiveness of leadership. Among the factors leadership style is one. According to Northouse (2013), leadership style consists of the behavior pattern of a person who attempts to influence others. It is a pattern of behavior that leaders use when they are working with and through other people, as perceived by those people (Hersey, Blanchard & Johnson, 1996).

In general terms, the empirical study of leadership formally began in the early 1930's (Alimo-Metcalfe & Alban-Metcalfe, 2001). Most of these studies on leadership paid more attention to leadership effectiveness and came up with different leadership theories: the traits theory of the 1940s (Bass, 1990) to the 1980s theories of transformational and transactional leadership (Burns, 1978).

As a result of debates and research efforts conducted to find out the constituencies of leadership effectiveness, different theories have been developed in the field of leadership. Different sources classify leadership theories into four categories, namely: personality or trait, behavior, contingency or situational, and transactional and transformational theories.

### **Trait Theories**

This theory is the oldest approach to studying leadership which assumed that some traits and skills can predict whether a person will attain positions of leadership and be effective in these positions. Personal attributes include humor, courage, judgment, integrity, intelligence, persistence, hard work, vision, and being opportunity conscious. They also include interpersonal abilities that include being open, building teams, and being compassionate, and technical management skills,

which include producing results, resolving conflicts, analyzing and evaluating problems, shaping the work environment, and being goal oriented (Vaughan, 1986, Yukl, 2006). This early theory views that leaders are born and not made. Hundreds of trait studies conducted during the 1930s and 1940s sought to discover these qualities, but failed to find any traits that would guarantee leadership success (Northhouse, 2013).

#### **Behavioral Style Theory**

The behavior approach began in the early 1950s due to researchers' dissatisfaction with the trait approach that focus only on one aspect of leadership, i.e. the traits of the leader and ignores context and style. This theory began to examine patterns of leader's behavior and came up with leadership styles such as democratic or autocratic, permissive or restrictive and participative or non-participative (Richmon & Allison, 2003). Three widely known studies of classic behavioral theories of leadership were conducted at the University of Iowa, Ohio State University, and the University of Michigan, all in the United States of America.

#### **Situational Theories**

The situational theory came into being due to the failure in behavioral theory that ignores the disposition and abilities of the follower. Hence, situational theory was developed by Hersey and Blanchard in 1969 and it was revised different times later (Northhouse, 2013). This theory focuses on leadership within given situations and states that different situations require different styles of leadership which a leader has to adapt to his/her specific style to fit the situation (Northhouse, 2013).

#### **Theoretical Framework**

##### **Transactional and Transformational Theories**

According to Njoroge.D (2015) transactional leadership succeeds best in a context of structure and rigid hierarchy. Transactional leadership style is formed by the concept of reward and punishment (Northhouse, P, 2007). It focuses mainly on the physical and security needs of subordinates (Mgbeze Vincent, 2019). In transactional leadership, leader's prime responsibility is to focus on clarifying roles and tasks requirement (Zohra Kalsoom, 2018). It follows the concept of management by exception (active or passive) and contingent reward system (Uzma Rasool. et.al, 2016). As a result the following hypothesis was developed.

According to Michael A.(2010), transformational leaders the most valuable form of leadership styles since followers are given the chance to change, transform and, in the process, develop themselves as contributors. Transformational leaders provide their employees with a vision and motivate them in achieving particular goals (Armstrong. M., 2009). Transformational leadership has the ability to affect employee's perceptions through the returns that the organization gets in the form of human capital benefits. Njoroge.D (2015) explained that transformational leaders seek ways to get the best performance and potential out of each team member. It takes courage to challenge old ways of doing things in favor of better, more efficient, and more intuitive strategies. Mathern, A. (2016) discussed that transformational leadership condition was associated with enhanced task performance, higher social support perceptions, greater efficacy beliefs, lower negative affect, and lower threat appraisals compared to the transactional conditions. Transformational leadership is inspirational, challenging, charismatic, stimulating and always developing the capability of the employees (Ali Alghazo, 2016). Based on the above information the following hypothesis was developed.

**Laissez-faire leadership (LF):** laissez-faire leadership is the avoidance or absence of leadership and is, by definition, most inactive, as well as most ineffective according to almost all research on the style (Bass & Riggio, 2006). Laissez-faire leadership style means the absence of effective leadership that avoids decision-making, ignores existing problems, refuses to intervene, and avoids initiative to interact with group members (Bassam Al-Daibat, 2017).

Democratic leadership, also known as participative leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process. Democratic leadership is related with increased followers' productivity, satisfaction, involvement, and commitment (Hackman & Johnson, 1996). Member satisfaction and nominations for leadership are greater under democratic leadership (Bass, 1990; Stogdill, 1974). Although the significant drawbacks to democratic leadership are time consuming activities and lengthy debate over policy, participation plays a key role for increasing the productivity of leadership (Denhardt & Denhardt, 2003; Hackman & Johnson, 1996). Consequently, the primary characteristics of democratic leadership signifies that group members are encouraged to share ideas and opinions, even though the leader retains the final say over decisions and members of the group feel more engaged in the process leading to encouragement of creativity. Participation is a core characteristic of democratic leadership; and the ideal of democratic leadership is friendly, helpful, and encouraging participation (Luthar, 1996). Again, Wilson, George, Wellins, And Byham (1994) categorized autocratic leadership, participative leadership, and high involvement leadership by the level of participation encouraged by the leader.

##### **Autocratic leadership style**

Autocratic leadership is a classical leadership approach, and the corporate equivalent of dictatorship or tyranny. This leadership style is marked with the leader having complete authority and the followers obeying the instructions of the leader

without questioning and without receiving an explanation or rationale for such instructions.

### **History of Ethiopian Banks and Ethiopian Currency Bank Notes**

Ethiopia's first bank was the Bank of Abyssinia, which was founded in 1905. By 1915, the same bank began issuing the first Ethiopian bank notes. Paper money was considered something of a revolutionary aspect and was not immediately accepted by the population at large. Many people of the time claim that as much as twenty five years after the Bank issued the first Ethiopian bank notes, most people outside the capital Addis Ababa were not even using it. Furthermore, it was noted that even the government's post office and customs offices were not using the paper money.

Nevertheless, traders and others would come to realize that a 500 Thayer note was a lot easier to put in a pocket than its equivalent in coins, which would weigh close to 14 kilograms. By 1931, following the liquidation of the Bank of Abyssinia, the Bank of Ethiopia would be formed. They would issue Ethiopian bank notes based largely on the animal motifs used by the now defunct Bank of Abyssinia. By 1964, the National Bank of Ethiopia or the NBE began its operations. The role of this bank to this day is to act as the Ethiopian central bank which issues banking licenses and supervises other banks in the country. Other responsibilities of the NBE include regulating the supply, availability, and the price of Ethiopia's credit and money; manage and administer the country's international reserves, and initiate and Commercial Bank of Ethiopia.

Ethiopia is Africa's fastest growing economy, offering investors a variety of opportunities. With a population of over 120 million, the country is one of the most populous countries in Africa. Ethiopia also has a long and established banking history, with many banks having been in operation since the late 19th century. Ethiopia's banking industry has something for everyone. Boasting a wide variety of commercial banks, credit unions, and other financial institutions, Ethiopia's banking sector has grown considerably over the years. With this growth come more opportunities to save and invest your hard-earned money. In Ethiopia now a days There are thirty (30) commercial banks are available . They are Commercial Bank of Ethiopia,,Development Bank of Ethiopia,Dashen Bank,Wegagen Bank,Bank of Abyssinia,Hibret Bank,Nib International Bank,Cooperative Bank of Oromia,Lion International Bank,Zemen Bank,Oromia Bank,Bunna International Bank,Berhan International Bank,Abay Bank S.C,Addis International Bank S.C,Debut Global Bank S.C,Enat Bank S.C,ZamZam Bank S.C, Goh Betoch Bank S.C,Hijira Bank S.C,Siinquee Bank S.C,Shabelle Bank S.C,Ahadu Bank S.C,Tsedey Bank S.C,Amhara Bank S.C, Gadaa Bank S.C,Sidama Bank S.C,Rammis Bank S.C,Omo Bank Share Company,and Tsehay Bank Share Company. Out of these banks to ensure you get the most out of any Ethiopian bank, we've picked out our (10) commercial banks in Ethiopia. They are namely : *Commercial banks in Ethiopia(CBE),Awash Bank,Dashen Bank,Wegagen Bank,Bank of Abyssinia,Oromia International Bank,Hibret Bank,Nib International Bank,Zemen Bank, CooperativeBankofOromia*(SOURCE: February 23, 2023[https://typical Ethiopian.com/top-10-banks-in-ethiopia/#google\\_vignette](https://typical Ethiopian.com/top-10-banks-in-ethiopia/#google_vignette))

### **GENERAL OBJECTIVE**

The main objective of the study was measured the relationship of leadership styles and service quality on customer satisfaction.in the case of Ethiopian Banks.

### **SPECIFIC OBJECTIVE**

The study would have the following specific objective

1. To analyze there is a difference in customer satisfaction among commercial banks.
2. To analysis the Quality of services affects customer satisfaction.
3. To examine the Leadership styles affect the quality of services in banks categorized by capital.
4. To analyze the difference in the quality of services among commercial banks..

### **SIGNIFICANCE OF THE STUDY**

The study can assist other scholars who are conducting research on the same topic for academic purposes. This study will be beneficial to identify which leadership style is good for employees and managers in terms of satisfaction for the success of their career and achieving their vision.

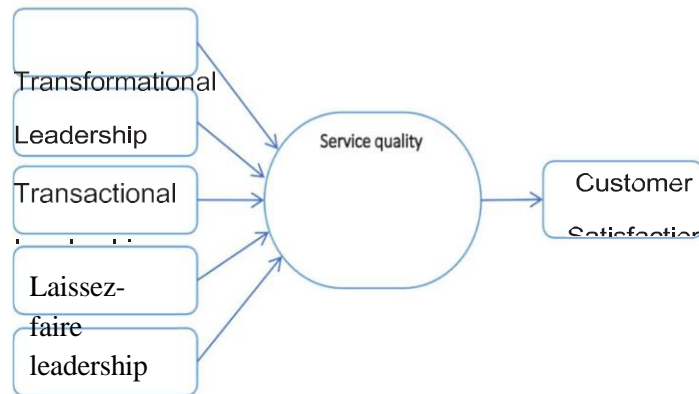
The study can provide information to Ethiopian Banks on how their leadership style is affecting employees and can help to identify which leadership style will be appropriate to be effective. It can be beneficial for leaders to understand which types of leadership style and its effect on organizational performance for a better performance and how employees can also be motivated through proper leadership.

### **SCOPE OF THE STUDY**

To ensure you get the most out of any Ethiopian banks, I have picked out out top 10 banks in Ethiopia. , is not even the financial sector as it excludes insurance and microfinance due to time constraints. According to top-10-banks-in-ethiopia/#google\_vignette Ethiopia's banking sector, which focuses on Ethiopian commercial banks ( includes Commercial Bank of Ethiopia, Awash Bank, Dashen Bank, Wegagen Bank,Bank of Abyssinia,Oromia International Bank,Hibret Bank, Nib International Bank, Zemen Bank and Cooperative Bank of Oromia. They are selected because of different parameters

such as : total assets, profitability, numbers of customer accounts, numbers of branches ,number of employees and so on . It is based on a sample of the top banks in the banking sector, chosen for convenience. Geographically, the study was limited to Addis Ababa because the headquarters and special branches were both in the city.

**CONCEPTUAL FRAME WORK** Figure 1. Study framework



## RESEARCH METHODOLOGY

### RESEARCH APPROACHES AND DESIGN

#### RESEARCH APPROACH

Creswell (2003) discussed three research approaches, namely quantitative, and qualitative (mixed research approaches), and Explanatory research approaches .In this research quantitative research approach were used. The study is quantitative in nature which is generally associated with especially since it is used with predetermined and highly structured data collection techniques under this study.

#### RESEARCH DESIGN

The study used both explanatory research design *and correlational research design* to explaining, understanding, predicting and controlling the relationship between variables.

### POPULATION, SAMPLE SIZE AND SAMPLING TECHNIQUE

#### RESEARCH POPULATION AND SAMPLE SIZE

##### TARGET POPULATION

Cochran's (1977) tests the null hypothesis that the proportion of “successes” is the same in all groups versus the alternative that the proportion is different in at least one of the groups. Cochran's Q test is an extension of the Mc Nemar test to a situation where there are more than two matched samples. Using the unlimited formula based on your own estimates of the z-score (based on your confidence level), population proportion, and margin of error, you can get an estimate of a sample size required for a population of unlimited size. However, this is not realistic as populations are finite. Therefore, you can take the sample size estimate from the unlimited population formula and insert it into the finite population formula. This considers the size of the population of interest and provides a better estimate of the sample size based on your needs.

Unlimited population:

$$n = \frac{z^2 * \hat{p}(1 - \hat{p})}{\epsilon^2}$$

$$\text{Or } n = Z^2 pq$$

e<sup>2</sup>

Where:

- n is the sample size
- z is the z-score
- $\hat{p}$  is the population proportion
- $\epsilon$  is the margin of error (confidence interval)

$$n = \frac{1.96^2 * 0.50(1 - 0.50)}{0.05^2}$$

$$n = 385$$

The respondents were classifying two sub groups such as business owners , and individual depositors .

#### **SAMPLING TECHNIQUE**

simple random sampling techniques and purposive sampling techniques

was used for this study . In non-random sampling, the sample choice follows a specific set of conditions and is normally used in studies where in the sample wishes to be collected primarily based on a specific feature of the population.

#### **DATA SOURCE**

In regards to the sources of data, the study used both primary and secondary source of data.

#### **DATA COLLECTION TOOLS**

Primary data was gathered using a structured questionnaire and secondary data sources like books, documents, existing research papers, journals and publication, websites, and other relevant journals.

#### **DATA ANALYSIS METHOD**

The study to analyze the data and produce results, the software, Statistical Package for Social Sciences (SPSS version 22) was used and also researches was used a descriptive and inferential method to analyze the data.

#### **VALIDITY AND RELIABILITY RESULT**

##### **VALIDITY**

According to Kothari (2004) content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. According to Creswell (2006), validity is the degree to which results acquired from the process of analysis of the data actually embodies the phenomenon under the study. There are two types of validity: content validity and face validity. Face validity refers to probability that a question is misinterpreted or misunderstood. According to Cooper and Schindler (2006) pre-testing is a proper way to increase the possibility of face validity. On the other hand, content validity, also referred to as logical validity, refers to the degree to which a measure depicts all facets of a given social construct. In this study, the content validity was improved by seeking the opinions of experts in the field of study, particularly the supervisors. Also, the face validity of the research instrument was improved by carrying out a pilot test and changing any unclear and ambiguous question.

##### **Ethical Consideration**

Throughout the conduct of the research, the researcher upholds the basic research ethics. That depends on the request of informants to remain confidential or based on the judgments of the researcher. Accordingly, anonymity of informants was granted. The research participants were properly informed about the academic purpose of the research. The other ethical issue of the research focus is on the use of sources. Accordingly, source materials were properly cited and due acknowledgement was made. The research participants were properly informed about the academic purpose of the research. The refrained from any sort of data manipulation or plagiarism.

##### **RELIABILITY TEST**

Reliability Test was Conducted to ensure internal consistency of the research instrument and Cronbach's alpha is used to measure the internal consistency of the measurement items.

The following table presents the computed values of internal reliability testing for each of the variables used in this study. It shows that the variables build used in this study were internally consistent.

Table 1 Reliability of Measurements

o	variable	umber of items	ronbach's Alpha
	ransformational leadership	2	979
	ransactional leadership	0	947
	aissez faire Leadership		762

Autocratic leadership		781
Democratic leadership		881
Customer satisfaction		967
Total	8	

Sources: Own survey 2023  
 From table 1 above, the result of reliability test for both independent and dependent variable was 0.870 and 0.967

respectively, which is excellent. Reliability is the consistency of measurement, or the degree to which an instrument gives the same results each time. It is used on the same subjects under the same condition. In this study reliability of the research instrument was measured by internal consistency of the responses. The Cronbach's Alpha technique was used to measure the internal consistency technique, where alpha values range from 0 to 1, with the reliability increasing as the alpha value increases. The commonly used coefficient in the acceptance of reliability is 0.6 to 0.7, with greater than or equal to 0.8 indicating a good reliability (Kothari, 2004).

### Data Presentation and Analysis

Data was analyzed using the Statistical Package for Social Science (SPSS- 22) to run all basic descriptive and inferential statistics. Accordingly, the first part of the questionnaire on the background information of respondents was analyzed and interpreted using a descriptive analysis such as percentages. Mean ratings were used to identify the dominant leadership styles and leadership effectiveness as rated by respondents

### Descriptive statistics findings of the study variables

Descriptive statistics were presented in the following table. It shows the mean variation on transformational, transactional and laissez-faire Autocratic, Democratic leadership styles of public and private commercial banks in Ethiopia. An independent sample t-test was conducted to compare and determine whether there are any significant differences in mean scores among customers on leadership styles practices of public and private commercial banks in Ethiopia.

**Table 2. Comparative Statistics of among Public and Private Commercial banks in Ethiopia**

Sources: own survey 2023

As shown in table 2 above, the overall result of the independent t-test indicated that there is a significant difference in the

	inds of commercial banks				t-value	Sig.	HypothesisDecision
	ean		andard deviation				
Variables	overnment	ivate	overnment	ivate			
ransformational leadership	2476	3903	4679	7743	5.403	.00	Accepted
ransactional Leadership	4466	6648	0045	9833	802	.05	ected
aissez faire Leadership	0091	8563	13816	2701	076	.05	ected
uto cratic leadership	008	214	81534	75365	0875	.05	ected
emocratic leadership	0042	255	84265	71568	09456	.05	ected

scores of transformational leadership style among commercial (M=3.2476, SD=0.74679) and private commercial banks (M= 2.3903; SD=0.57743). The computed t value was at 15.403 and was significant at the 0.001 level. The study also shows that private commercial banks leaders have moderate transactional leadership behavior than public commercial banks counterpart. Besides, comparative data on public and private commercial banks provided clearly shows that transactional, autocratic, democratic and laissez faire leadership styles could not show a significant statistical difference between the mean scores of the customers of public and private commercial banks in Ethiopia since p-value is >.001.

Multiple regressions were used to analyze the relationship between multiple independent variables and dependent variable. Accordingly, the links between each of the leadership styles (transformational, transactional and laissez-faire, autocratic, democratic) and leadership outcomes were analyzed using this method. The strength of relationships between independent variables and each of the dependent variables were measured with the help of Pearson's product moment correlation (r) where a correlation coefficients (r) between 0 to +.35 was interpreted as weak or low; between +.36 to +.65 considered as a moderate and greater than +.65 was considered as strong relationship (Gay, Miliis & Airsan, 2009)

ANOVA was used to examine if there were statistically significant differences between the independent variables in predicting each dependent variable in the study. The SPSS ANOVA was used to provide a summary of variance for regression to indicate if there was a significant relationship between the independent and the dependent variable.

**Table 3:** Leadership Independent variables

Multiple R=.774						
R <sup>2</sup> = .599						
ANOVA Table						
	Sum of Squares		Mean Square			Sig.
Regression	28.889		109.630	56.948		.000 <sup>b</sup>
Residual	19.730	15	1.315			
Total	48.619	18				
Variables in the Equation						
Variables			Std. Error	Beta		Sig.
Constant		.070	.92		.766	.44
Transformational Leadership	.72	.122	.53	.23	1.242	.00
Transactional Leadership	.93	.099	.60	.072	.662	.97
Laissez-faire Leadership	.79	.006	.37	.005	.167	.67
Autocratic leadership	.267	.06	.42	.002	.642	.88
Democratic leadership	.8568	.072	.315	.052	.523	.81

### SUMMARY OF MAJOR FINDING

The researcher distributed 385 questionnaires and interview to respondents and 85 percent of the respondents data is collected during the study. For the analysis, the respondents were categorized with five demographic variables; age, gender, education level, Experience and Department. In this study there are five independent variables transformational, transactional Autocratic leadership, Democratic leadership and laissez-faire. and one dependent variable (customer satisfaction).

### CONCLUSIONS

Based on the findings, the following conclusions were made on the relationship between leadership style and service quality on customer satisfaction in the case of some selected banks in Ethiopia:

- ✓ The result of reliability test for both independent and dependent variable was 0.870 and 0.967 respectively, which is excellent. In this study, there is a significant positive relationship between independent and dependent variable which shows direct relationship.
- ✓ The findings revealed that the customers of private commercial banks have a moderate level of transactional leadership behavior. The comparative data on others leadership styles of the public and private commercial banks customers were not significantly different.
- ✓ Public commercial banks leaders tried to offers ideas about new and different ways of doing things; pushes for growth; initiates new projects; with new ways of doing things.
- ✓ Both public and private commercial banks should work on demand and problems of their customers.

### RECOMMENDATIONS

Based on the findings of the study, the following recommendations were forwarded:

- It is recommended that managers/leaders of Ethiopian Banks to practice authoritative leadership style to have better customer satisfaction. Since, the research had found, above all measurements of leadership style and quality services as well as independent variables, transformational Leadership Style has a very strong and significant impact on customer satisfaction in the case of Ethiopian Banks. Next to transformational leadership style transactional leadership has a very strong and significant impact on customer satisfaction.
- Government and owners of private banks (shareholders) should encourage the organization's leaders to facilitate the way through which improve their skill gap by providing short and long term training. There should be prioritized of creativity & innovation in the organization.



- The bank leaders should first identify the challenges and then work collaboratively to reduce the challenges and use the strategies like promoting the effective communication within the organizational staff and customer relations ,encourage active participation; develop vision, mission and values that control, guide and sustain everyone who is a part of the organization.
- It is recommended that the bank leaders should state clear strategy and use the necessary step and discuss on each strategy with the staff members and implement it for their customer satisfaction.

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