WOLKITE UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

TRANSFORMATIONAL LEADERSHIP PRACTICE AND ITS EFFECT ON EMPLOYEE JOB SATISFACTION IN THE CASE OF PUBLIC ORGANISATION – A CASE STUDY OF COMMERCIAL BANK OF ETHIOPIA, WELKITE BRANCH

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ABSTRACT

This study examines the impact of transformational leadership practices on employee job satisfaction within a public organization, with a specific focus on the Welkite branch of the Commercial Bank of Ethiopia. It investigates the relationship between the four core dimensions of transformational leadership—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—and their influence on employee satisfaction. The research aims to offer meaningful insights into the effective application of transformational leadership in the public sector, highlighting its potential to enhance job satisfaction, support employee well-being, and contribute to organizational performance.

EXECUTIVE SUMMARY

This research investigates the relationship between transformational leadership and employee job satisfaction within a public organization, with a specific focus on the Welkite branch of the Commercial Bank of Ethiopia. Recognizing that employee satisfaction is a critical driver of organizational commitment, productivity, and overall performance—especially in the public sector—the study explores how transformational leadership influences employee attitudes and engagement. By examining the key components of transformational leadership—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—the research aims to identify leadership strategies that cultivate a positive work environment, encourage professional growth, and acknowledge individual contributions. The findings are intended to offer practical recommendations for public sector leaders seeking to enhance employee satisfaction and, in turn, strengthen organizational effectiveness.

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CHAPTER ONE

1.INTRODUCTION

1.1 Background of the study

1.1.1. Introduction to Transformational Leadership

Leadership plays a critical role in shaping organizational culture, employee behavior, and overall performance. Transformational leadership, first introduced by Bass (1985), has gained widespread recognition as an effective leadership style that positively influences employee motivation, commitment, and job satisfaction. Unlike transactional leadership, which focuses on rewards and punishments to manage employees, transformational leadership inspires followers to exceed expectations by aligning their personal goals with the broader organizational vision. This leadership style is based on four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985). These dimensions not only enhance employee engagement and performance but also foster a work environment that prioritizes employee well-being and growth.

1.1.2. The Role of Transformational Leadership in Public Sector Organizations

Public sector organizations often face unique challenges, including bureaucratic structures, rigid regulations, and limited resources. In such settings, leaders need to foster a positive and motivating work environment to ensure employee satisfaction, reduce turnover, and maintain high levels of organizational commitment. Transformational leadership, with its emphasis on empowerment, innovation, and individualized attention, offers a solution to these challenges by promoting a culture of engagement and personal development.

In Ethiopia, public sector organizations, including banks and government institutions, have been grappling with issues of employee motivation and job satisfaction. The implementation of transformational leadership in these institutions is therefore crucial for improving organizational effectiveness and enhancing employee performance. The Commercial Bank of Ethiopia (CBE), as one of the largest and most prominent public sector institutions, provides a unique case for

studying the impact of transformational leadership practices on employee job satisfaction, particularly within its Welkite branch office.

1.1.3. Commercial Bank of Ethiopia: Context and Relevance

The Commercial Bank of Ethiopia, a state-owned financial institution, is pivotal to the Ethiopian economy, providing a range of banking services to both individuals and businesses. The Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942 and it was legally established as a share company in 1963. CBE merged with the privately owned Addis Ababa Bank in 1974. Since then, it has been playing significant roles in the development of the country as financial intermediary. It was mainly established to perform major banking services such as,

- Accepting saving, demand and time deposits;
- Providing short, medium and long term loans;
- Buying and selling foreign exchanges;
- Buying and selling negotiable instruments and securities issued by the government, private organizations or any other person; and Engaging in other banking activities customarily carried out by commercial banks.

With numerous branches across the country, CBE plays a key role in driving economic development, financial inclusion, and public service. The Welkite branch, located in the Southern Nations, Nationalities, and Peoples' Region (SNNPR), serves a diverse customer base and operates within the dynamic and competitive banking environment.

The branch faces several challenges typical of public sector organizations, including maintaining high levels of employee motivation, managing job satisfaction, and improving organizational efficiency. While CBE has made strides in modernizing its services and expanding its customer base, employee satisfaction within its branches has not always kept pace with organizational changes. Employees at the Welkite branch, like their counterparts in other public organizations, may experience limited opportunities for career advancement, insufficient recognition for their efforts, and a lack of personalized leadership. These factors can contribute to lower levels of job satisfaction, reduced commitment, and high turnover rates.

Given these challenges, it is crucial to explore how transformational leadership practices can be applied within the Commercial Bank of Ethiopia's Welkite branch to improve employee job satisfaction and, by extension, organizational effectiveness. Leadership practices that inspire and motivate employees encourage professional development, and foster a positive work environment can directly influence job satisfaction, leading to better employee retention, higher productivity, and improved customer service.

1.2 problem statement

Transformational leadership is widely recognized as a key factor in improving organizational effectiveness, yet its direct impact on employee job satisfaction, particularly in public sector organizations like the Commercial Bank of Ethiopia, remains underexplored. In such organizations, where bureaucratic structures often prevail, the potential of transformational leadership to enhance employee motivation, job satisfaction, and well-being is unclear. This study aims to examine how transformational leadership practices influence employee job satisfaction at the Commercial Bank of Ethiopia's Welkite branch, identifying the key factors that improve employee morale, productivity, and organizational performance. By addressing this gap, the research will contribute valuable insights into how transformational leadership can foster a more engaged and satisfied workforce, ultimately benefiting the bank's overall success.

1.3 objective

1.3.1 General Objective

The main objective is to examine the practice of transformational leadership and its effect on employee job satisfaction within public organizations, with a specific focus on the Commercial Bank of Ethiopia, Welkite Branch.

1.3.2 Specific Objectives

- To assess the extent to which transformational leadership practices are implemented in the bank.

- To analyze the relationship between transformational leadership and employee motivation in the bank.
- To evaluate the impact of transformational leadership on employee morale and overall job satisfaction in the bank.
- To explore the role of transformational leadership in promoting professional development and career growth among employees in the bank.

1.4 Research Questions

1. How do transformational leadership practices influence employee job satisfaction in the Commercial Bank of Ethiopia, Welkite Branch?

2. What specific aspects of transformational leadership (e.g., idealized influence, inspirational motivation, intellectual stimulation, individualized consideration) have the greatest impact on employee job satisfaction in the Bank?

3. How do employees in the bank perceive the effectiveness of transformational leadership in improving their job satisfaction and overall well-being?

1.5 Significance of the study

This research is significant in several ways. First, it contributes to the academic literature on transformational leadership and employee job satisfaction, particularly in the context of public sector organizations in Ethiopia. Second, it provides practical insights for public sector leaders, particularly at the Commercial Bank of Ethiopia, on how to implement transformational leadership practices to improve employee satisfaction and organizational outcomes. Finally, the findings from this study can serve as a reference for policymakers and organizational managers in other public institutions, helping them to recognize the value of transformational leadership in enhancing employee well-being and organizational performance.

1.6 scope of the study

The scope of this study is focused on examining the practice of transformational leadership and its effect on employee job satisfaction within the Commercial Bank of Ethiopia, Welkite Branch.

The research is conducted at the Commercial Bank of Ethiopia's Welkite Branch, located in the Southern Nations, Nationalities, and Peoples' Region (SNNPR), Ethiopia. It is confined to this branch and does not include other branches or regions of the bank.
The study will examine transformational leadership practices and employee job satisfaction within a defined timeframe, focusing on the current leadership practices and employee experiences at the Welkite branch. Data will be collected during the period of [January to April, 2025], providing a snapshot of leadership effectiveness and job satisfaction within this timeframe.
The primary focus of the study will be on the employees of the Commercial Bank of Ethiopia, Welkite Branch. The research will involve both managerial and non-managerial staff members, as their perspectives will provide a comprehensive understanding of the impact of transformational leadership on job satisfaction. The study will explore the four key components of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, and how each of these dimensions impacts employee job satisfaction. The research will focus on understanding how these leadership practices affect employee motivation, morale, professional development, and overall satisfaction.

Limitation of Scope: The study will not extend to the examination of other leadership styles such as transactional or laissez-faire leadership, nor will it assess job satisfaction in other public or private sector organizations. Additionally, the research will be limited to the data collected from employees at the Welkite branch, meaning that broader generalizations may not be applicable to other branches or financial institutions.

1.7 justification

Transformational leadership has proven to be a powerful tool in inspiring positive changes in employee attitudes, behavior, and motivation. While much of the research on transformational leadership has focused on private organizations, its implementation and impact within public organizations remain significantly underexplored. In the context of the Commercial Bank of Ethiopia, a key public sector organization, understanding how transformational leadership influences employee job satisfaction is critical for improving both employee well-being and organizational performance.

Public organizations, including banks, are under increasing pressure to deliver high-quality services while managing limited resources. This makes effective leadership even more crucial, as it can directly affect employee motivation, morale, and productivity. However, public sector organizations, such as the Commercial Bank of Ethiopia's Welkite Branch, often face challenges such as rigid structures, bureaucratic policies, and limited flexibility, which can hinder job satisfaction and employee engagement.

This study is timely and significant because it addresses the gap in existing literature by exploring how transformational leadership can be effectively implemented within the public sector. By identifying the key components of transformational leadership—such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—and their impact on job satisfaction, the study will contribute valuable empirical evidence on the relevance of this leadership style in the public sector.

Furthermore, the results of this research can serve as a practical guide for bank managers, especially in the public sector, to develop more effective leadership strategies. By understanding the influence of transformational leadership on job satisfaction, managers can better mobilize and motivate their teams, leading to improved employee performance, higher job satisfaction, and more efficient service delivery.

Ultimately, the findings from this study have the potential to enhance leadership practices within the Commercial Bank of Ethiopia and similar public sector organizations, contributing to better employee morale, productivity, and the effective delivery of public services.

1.8. Structure of the Study

This study is organized as follows:

- **Chapter 1: Introduction** – Provides an overview of the research, including the background, problem statement, research objectives, and significance and scope of the study.

- **Chapter 2: Literature Review** – Reviews existing literature on transformational leadership and employee job satisfaction, focusing on theoretical frameworks and empirical studies.
- **Chapter 3: Methodology** – Details the research design, data collection methods, and analysis techniques used in the study.
- **Chapter 4: Data Analysis and Results** – Presents the findings from the research, including data analysis and interpretation.
- **Chapter 5: Finding Summery and Recommendations** – Discusses the results in relation to existing literature and offers practical recommendations for improving employee job satisfaction through transformational leadership practices.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Transformational leadership has become a widely researched and prominent leadership style due to its positive impact on employee motivation, engagement, and performance. Initially conceptualized by James Burns (1978) and further expanded by Bernard Bass (1985), transformational leadership is characterized by leaders who inspire and motivate employees to achieve higher levels of performance and exceed their own self-interests for the benefit of the organization. This leadership style is grounded in four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. While much of the literature has focused on private sector organizations, there is growing interest in understanding how transformational leadership practices affect employee job satisfaction within public sector organizations, such as the Commercial Bank of Ethiopia's Welkite Branch.

This literature review explores the relationship between transformational leadership and employee job satisfaction, focusing on empirical studies and theoretical frameworks that examine these dynamic, particularly within the context of public organizations and financial institutions.

In today's rapidly evolving organizational landscape, transformational leadership has emerged as a pivotal approach that significantly influences employee job satisfaction. Transformational leaders inspire and motivate their followers to exceed their own self-interests for the sake of the organization and its goals, fostering an environment of collaboration, innovation, and personal growth. This leadership style is characterized by four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Each of these elements plays a crucial role in shaping the workplace culture and enhancing employee engagement.

Public organizations, which often operate under unique constraints and responsibilities, face distinct challenges in maintaining employee morale and job satisfaction. Given their mandate to

serve the public good, these organizations must navigate bureaucratic structures while simultaneously striving to meet the needs and expectations of their employees. The relationship between transformational leadership and job satisfaction within public organizations was particularly significant, as satisfied employees are more likely to exhibit higher levels of commitment, productivity, and overall performance.

Research has shown that transformational leadership can lead to increased job satisfaction by promoting a sense of purpose, encouraging professional development, and fostering a supportive work environment. When leaders engage with their employees on a personal level, provide opportunities for growth, and recognize individual contributions, they create a positive organizational climate that enhances job satisfaction. Conversely, a lack of transformational leadership can result in disengaged employees, high turnover rates, and diminished organizational effectiveness.

2.2. Employee Job Satisfaction in Public Organizations

Employee job satisfaction has long been recognized as a key determinant of organizational performance, particularly in public organizations such as banks. Job satisfaction refers to the extent to which employees feel content with various aspects of their job, including their roles, work environment, compensation, leadership, and opportunities for growth. In the context of public sector banks, job satisfaction is not only a reflection of individual well-being but also a crucial factor that influences productivity, employee retention, and the overall effectiveness of the organization.

Public sector banks, in particular, play a pivotal role in a nation's economy by providing essential financial services to the public. As institutions funded by taxpayer money, these banks are expected to deliver high-quality services while maintaining a high level of accountability and efficiency. However, employees working in these banks often face unique challenges such as rigid hierarchical structures, stringent regulations, and limited financial resources. These challenges, combined with high public expectations, can impact employees' job satisfaction and, consequently, their performance.

In recent years, there has been growing recognition of the importance of employee job satisfaction in public sector organizations, including banks. When employees are satisfied, they

are more likely to be motivated, productive, and committed to their roles, resulting in higher organizational performance. On the other hand, job dissatisfaction can lead to increased absenteeism, turnover, and lower levels of service quality, which can affect the reputation and operational efficiency of the organization.

Despite the growing interest in job satisfaction, the factors influencing employee satisfaction in public sector banks remain underexplored. While studies have been conducted in private sector banks and other industries, there is a gap in understanding how employees in public sector banks perceive their work environment and the factors that most significantly impact their job satisfaction

The importance of studying employee job satisfaction in public sector banks cannot be overstated. In the competitive and customer-centric banking sector, employee satisfaction is closely linked to customer service quality, employee engagement, and overall productivity. Given the unique nature of public sector organizations, where employees are often bound by public policies and regulations, understanding what drives their job satisfaction is essential for improving organizational performance.

Additionally, employee satisfaction in public sector banks can help address issues like low morale, burnout, and high turnover rates, which are common in organizations facing limited resources and bureaucratic processes. A deeper understanding of job satisfaction in these institutions can help managers and policymakers design better HR policies, foster a positive organizational culture, and ensure that employees are motivated to contribute to the organization’s goals.

2.3. Factors influence job satisfaction in public organizations:

2.3.1. Public Service Motivation

Public Service Motivation (PSM) plays a significant role in influencing job satisfaction in public organizations. PSM refers to the intrinsic motivation individuals have to serve the public good, driven by a desire to contribute to society, help others, and work for the common good. Here's how PSM affects job satisfaction in public organizations:

Alignment of Values: Employees with high PSM tend to feel more connected to the organization's mission and goals, especially when those values align with their personal desire to make a positive social impact. This alignment fosters greater job satisfaction as employees find meaning and purpose in their work.

Increased Commitment: Employees who are motivated by public service are generally more committed to their jobs, leading to higher job satisfaction. Their motivation goes beyond financial rewards, and they derive satisfaction from the social value and outcomes of their work.

Sense of Purpose: Public sector employees driven by PSM often feel that their work contributes to the public good, which enhances their sense of purpose and overall job satisfaction. This sense of purpose can be a key motivator, especially when dealing with challenges that are common in public sector roles.

Resilience to Job Stress: Individuals with strong PSM are often more resilient to job-related stressors. The intrinsic motivation to serve others can buffer the negative effects of challenges, such as heavy workloads or bureaucratic obstacles, leading to a higher level of job satisfaction despite difficult circumstances.

Organizational Commitment and Engagement: PSM can also lead to increased organizational commitment. Employees who are motivated by public service are more likely to go the extra mile in their roles, showing higher levels of engagement, which directly contributes to job satisfaction.

Employee Retention: Public sector organizations that foster a sense of public service motivation in their workforce may experience lower turnover rates. Employees who are motivated by PSM often prioritize staying in their roles to continue their service-oriented work, which leads to greater job satisfaction and stability in the organization.

Positive Workplace Relationships: PSM often attracts individuals who value collaboration and teamwork, as public service is often seen as a collective effort. This can create a positive organizational culture, with supportive relationships among colleagues, further enhancing job satisfaction.

2.3.2. Work Environment

The culture and climate within public organizations significantly influence employee satisfaction. A supportive and inclusive work environment fosters collaboration and enhances job satisfaction.

The work environment is a critical factor in determining job satisfaction, particularly in public organizations. A positive work environment can lead to higher morale, greater productivity, and improved overall job satisfaction. Several key elements of the work environment influence job satisfaction:

Physical Workspace: The design and condition of the workplace, including factors like cleanliness, comfort, lighting, and layout, directly affect how employees feel while working. A well-organized, clean, and comfortable workspace can enhance employee satisfaction.

Safety and Health: A safe and healthy work environment, both physically and psychologically, is crucial. This includes ensuring employee safety from physical hazards, as well as creating a workplace where employees feel respected, supported, and free from discrimination or harassment.

Organizational Culture: The shared values, norms, and practices within an organization significantly shape the work environment. A culture of trust, transparency, and collaboration promotes positive relationships and contributes to job satisfaction. When employees feel they are part of a supportive and inclusive culture, they are more likely to be satisfied with their jobs.

Team Dynamics and Relationships: Positive interpersonal relationships and effective communication among colleagues and supervisors foster a harmonious work environment. Employees who feel respected and valued by their coworkers and supervisors are more likely to feel satisfied with their jobs.

Autonomy and Flexibility: A work environment that encourages autonomy and flexibility allows employees to have a sense of control over how they perform their tasks. This can increase job satisfaction by reducing stress and giving employees the ability to balance work and personal life more effectively.

2.3.3. Job Security and Benefits:

Public sector jobs often provide greater job security and benefits compared to the private sector. This stability can contribute positively to employee satisfaction.

2.3.4. Bureaucratic Structures:

The hierarchical and bureaucratic nature of many public organizations can sometimes lead to feelings of frustration among employees, especially if they perceive limited opportunities for advancement or innovation.

2.3.5. Recognition and Reward Systems:

Effective recognition and reward systems are essential for enhancing job satisfaction. Public organizations that acknowledge employee contributions tend to foster a more positive work atmosphere.

Understanding employee job satisfaction in public organizations is crucial for developing strategies that enhance workforce engagement and retention. By addressing the unique challenges and leveraging the strengths inherent in public service, organizations can create a more satisfying work environment that ultimately leads to better outcomes for both employees and the communities they serve.

2.4. Leadership Style and Job Performance

Leadership style is a crucial element in an organizational behavior landscape. The role of leadership is a judicious instrument that motivates employees with the aim of achieving growth and development (Fry, 2003) . Regarding the relationship between leadership style and job performance, prior research has shown a significant link between leadership style and the performance of employees— which is described as the capacity of an organization to reach specific goals and objectives—including profits, excellent financial outcomes (Koontz & Donnell, 1993) .

Recent public administration research has studied the behaviors of leaders as a critical factor in employees' job performance (Paarlberg & Lavigna, 2010) . Research of Wright, Hassan, and Park (2016: p. 651) has for example shown that the ethical behaviors of leaders have positive

effects on employee job performance, arguing that an ethical leader communicates, encourages, and holds employees accountable for ethical and unethical conducts. Likewise, Schwarz et al. (2016) found that servant leadership increases employees' motivation and boosts job performance. These two examples draw on the theory of social learning (Bandura, 1977) to define the relationship between leadership style and job performance. Social learning theory supports the idea that individuals learn appropriate and required behaviors at work while observing and imitating credible role models. Leaders are often seen as credible role models because of their positions or because they exhibit positive behaviors that subordinates think are worth reproducing.

In the management field, every organization is judged by its performance. Job performance is usually defined as a behavior that contributes to organizational success (Ivancevich et al., 2007) . While this definition seems explicit, job performance becomes complex when considering the environmental factor. Other theorists, such as Mullins (1999) , assumed that job performance was the ability multiplied by motivation (JP = A × M). From the above definitions, we see that it is the responsibility of the employee in an organization to set goals either to perform a task or to fail to perform said task.

In line with the theoretical aspects of leadership style and job performance, we can briefly ask the following questions: what contingency factors affect which leadership style can increase the leader's effectiveness and employee performance? Or what are the ideal conditions for a specific leadership style to be used? Contingency factors are all the distinct types of variables that influence the style of a leader as they seek to be effective (Van Wart, 2012) . The effectiveness of a leader must then be defined regarding specific outcomes: worker cohesion and involvement, productivity, successful organizational change, worker development, or a combination of these factors.

Performance was originally seen from the organizational perspective as production efficiency. Still, over the years it has shifted its focus to followers' development and satisfaction, production efficiency, and organizational change, among others. We know that the style of leadership that a leader decides to utilize can affect many kinds of behaviors in employees, including motivation, satisfaction, dissatisfaction, and/or creativity, and the different styles of leadership mentioned above can produce different performances under different situations (Azhar, 2004) , and can

remarkably vary in the type of motivation that the leader uses to encourage the performance of subordinates. For example, suppose a leader is indifferent to the motivational needs of subordinates. In that case, this indicates a laissez-faire approach, or when a leader primarily uses his/her legitimate authority to punish and reward for noncompliance and compliance, this indicates an autocratic style. When a leader emphasizes the interests of employees to be appreciated and involved as members of the team, this reflects a democratic style.

Human beings are highly complex and have a large array of motivational needs, several of which are likely operating at any given time. Thus, the number and complexity of recommendations for leaders can become highly complex (Van Wart, 2005) . Many contradictory studies have been done on the relationship between leadership style and job performance. Belonio (2012) explained that autocratic and democratic styles significantly impact employee performance meanwhile Dolatabadi and Safa (2010) argued that autocratic style has no significant impact on employee performance. Tandoh (2011) , on the other hand, found that democratic style has no significant impact on employee performance.

2.5. Leadership effectiveness

The definition of leadership effectiveness differs from writer to writer; one major difference is the type of consequence or outcome selected as the effectiveness criterion (Yukl, 1989). The outcomes include such diverse things as group performance, attainment of group goals, group survival, group growth, group preparedness, and group capacity to deal with crises, subordinate satisfaction with the leader, subordinate commitment to group goals, the psychological well-being and development of group members, and the leader's retention of status in the group. The most commonly used measure of leader effectiveness is the extent to which the leader's group or organization performs its task successfully and attains its goals. In some cases, objective measures of performance or goal attainment are available such as profit growth, profit margin, sales increase, market share, sales relative to targeted sales, return on investment, productivity, cost per unit of output, etc. In other cases, subjective ratings of leader effectiveness are obtained from the leader's superiors, peers, or subordinates.

This study aims to explore the impact of transformational leadership practices on employee job satisfaction within public organizations. By examining the dynamics between leadership styles

and employee attitudes, this research seeks to provide valuable insights into how transformational leadership can be effectively implemented to enhance job satisfaction in the public sector. Ultimately, understanding this relationship is essential for developing strategies that not only improve employee well-being but also contribute to the overall success of public organizations in achieving their objectives.

2.6. Transformational Leadership: Definition and Key Components

Transformational leadership is defined as a leadership approach that causes change in individuals and social systems. It is associated with leaders who are able to motivate and inspire their followers to innovate, improve performance, and align their personal goals with the organizational vision (Bass, 1985). According to Bass (1997), transformational leaders engage with followers on a higher emotional level, which leads to greater job satisfaction, commitment, and organizational citizenship behavior.

The four key components of transformational leadership include:

1. **Idealized Influence**: Leaders act as role models and gain the trust and respect of their employees by displaying ethical behavior and high standards.
2. **Inspirational Motivation**: Leaders inspire their followers by providing a compelling vision and enthusiasm for the future, setting challenging goals, and encouraging commitment to the organization's objectives.
3. **Intellectual Stimulation**: Leaders encourage creativity, innovation, and problem-solving by promoting an open exchange of ideas and fostering critical thinking.
4. **Individualized Consideration**: Leaders offer personalized support and mentorship, focusing on the individual needs and growth of employees (Bass & Avolio, 1994).

2.6.1. Transformational Leadership Practice character

Transformational leadership is a dynamic and influential leadership style that seeks to inspire and motivate individuals to achieve extraordinary outcomes while fostering personal and professional growth. Rooted in the work of James MacGregor Burns in the late 1970s and further developed by Bernard M. Bass, transformational leadership emphasizes the importance of vision, inspiration, and the cultivation of strong relationships between leaders and their followers.

Idealized Influence Defined: is one of the four components of transformational leadership, alongside inspirational motivation, intellectual stimulation, and individualized consideration. It refers to the ability of a leader to serve as a role model for their followers, instilling admiration, respect, and trust. Leaders exhibiting idealized influence are seen as charismatic and ethical, which fosters a strong emotional connection with their team member. This leadership practice not only enhances individual performance but also contributes to the overall success and sustainability of the organization.

Inspirational Motivation: These leaders articulate a compelling vision for the future that resonates with their followers. By communicating high expectations and providing encouragement, they foster enthusiasm and a sense of purpose within the team. trusted transformational leaders act in manners that inspire and stimulate those concerning them by bestowing challenge and meaning to their followers' work. Team spirit is instilled. Eagerness and positive thoughts are displayed. Leaders become followers encompassed in envisioning appealing upcoming states; they craft clearly communicated expectations that followers desire to encounter and additionally clarify commitment to aims and the shared vision.

Intellectual Stimulation: Transformational leaders encourage creativity and innovation by challenging the status quo and promoting critical thinking. They create an environment where team members feel safe to express their ideas and take risks, leading to enhanced problem solving and adaptability. Aged situations in new ways, transformational leaders need to rouse their followers' efforts. There is no area criticism of individual members' mistakes and creativity is inspired. New thoughts and creative setback resolutions are solicited from followers, who are encompassed in the procedure of addressing setbacks and discovering solutions. Followers are inspired to endeavors new ways and their thoughts are not disapproved because they differ from the leaders' ideas.

Individualized Consideration: This aspect involves recognizing and addressing the unique needs and aspirations of each team member. Transformational leaders provide support, mentorship, and opportunities for professional development, fostering a sense of belonging and engagement among employees.

2.6.2. Impact of Transformational Leadership on Employee Job Satisfaction

A large body of research has examined the relationship between transformational leadership and job satisfaction, and many studies suggest that transformational leadership positively influences employee job satisfaction. Job satisfaction, as defined by Locke (1976), refers to the emotional response employees have to their work and the extent to which their needs and expectations are met. In public sector organizations, where employees often face rigid policies and structures, the role of leadership in fostering job satisfaction becomes even more critical.

1. **Motivation and Engagement**: Transformational leaders motivate employees by aligning organizational goals with individual aspirations, which enhances employees' intrinsic motivation and job satisfaction (Bass, 1985). Studies have shown that transformational leadership leads to greater employee engagement, which is directly related to job satisfaction (Breevaart et al., 2014). Employees who feel motivated and engaged are more likely to express job satisfaction, exhibit better performance, and demonstrate organizational commitment.
2. **Morale and Work Environment**: Transformational leadership enhances employee morale by creating a supportive work environment that values employee contributions, fosters trust, and promotes team cohesion. A study by Tims et al. (2011) indicated that transformational leadership positively influences employee well-being and morale by providing emotional support, promoting work-life balance, and encouraging employees to achieve personal and professional growth.
3. **Job Satisfaction and Organizational Commitment**: Employees under transformational leaders often report higher levels of job satisfaction, which leads to stronger organizational commitment. When employees feel valued and supported by their leaders, they are more likely to remain committed to the organization, reducing turnover rates and enhancing long-term organizational performance (Avolio & Bass, 1995). Research by Kark et al. (2003) found that transformational leadership positively impacts both job satisfaction and organizational commitment, resulting in higher productivity and improved customer service.
4. **Public Sector Organizations**: While transformational leadership has been well-studied in private sector organizations, its impact on employee job satisfaction within public

sector organizations, such as the Commercial Bank of Ethiopia, is less explored. However, studies in similar contexts suggest that transformational leadership practices can significantly enhance employee satisfaction, especially in environments characterized by hierarchical structures, limited resources, and stringent regulations (Liu et al., 2010). Public sector organizations often struggle with employee motivation and job satisfaction, making the implementation of transformational leadership particularly relevant to address these issues.

2.6.3. Challenges of Implementing Transformational Leadership in Public Sector Organizations

Despite the positive effects of transformational leadership, its implementation in public sector organizations like the Commercial Bank of Ethiopia faces several challenges. Public sector organizations are often characterized by rigid bureaucratic structures, complex policies, and limited flexibility, which can hinder the adaptability and responsiveness of leadership (Van der Voet, 2014). Additionally, public sector leaders may lack the necessary training or experience to adopt transformational leadership practices effectively.

Research by Wright and Pandey (2010) highlighted that public sector leaders often face institutional constraints that can limit their ability to practice transformational leadership. These challenges include limited resources, resistance to change, and a focus on efficiency rather than employee engagement. As such, for transformational leadership to be successful in public organizations, it must be supported by a culture that values employee development, open communication, and innovation.

2.7. The Commercial Bank of Ethiopia and Its Organizational Context

The Commercial Bank of Ethiopia (CBE), as the largest state-owned financial institution in the country, plays a central role in Ethiopia's financial sector. The bank is an essential part of the public sector, providing a wide range of financial services to individuals, businesses, and government entities. However, like many public institutions, the bank faces challenges related to employee motivation, job satisfaction, and retention, particularly in its regional branches, such as the Welkite branch.

Employees at the Commercial Bank of Ethiopia often work within a structured, hierarchical environment, which may limit opportunities for personal growth and employee empowerment. Transformational leadership has the potential to address these challenges by creating a more motivating and supportive work environment. By applying transformational leadership practices, CBE can enhance employee morale, boost job satisfaction, and improve overall organizational performance.

2.8. Conclusion

This literature review highlights the significant role transformational leadership can play in enhancing employee job satisfaction, particularly within public sector organizations. The positive impact of transformational leadership on employee motivation, morale, and organizational commitment has been well-documented in various sectors, though its application in public organizations like the Commercial Bank of Ethiopia remains understudied. This research will contribute to filling this gap by exploring how transformational leadership practices at the Commercial Bank of Ethiopia's Welkite branch influence employee job satisfaction, with the goal of providing practical recommendations for improving leadership practices and enhancing organizational effectiveness.

CHAPTER THREE

3. Methodology

3.1. Research design approach

This study adopts a **quantitative research design** with a **correlational approach** to explore the relationship between transformational leadership practices and employee job satisfaction in public organizations focusing on Commercial bank of Ethiopia, Welkite branch. A **cross-sectional design** will be used to collect data at a single point in time, providing a snapshot of the current impact of transformational leadership on employee job satisfaction.

3.2. Data Collection Method

- **Survey-Based Data Collection**: Primary data will be collected using a structured questionnaire designed to capture employees' perceptions of transformational leadership practices and their job satisfaction.
- The questionnaire will consist of two main sections:
    1. **Transformational Leadership (Independent Variable)**: Questions based on the four components of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration). The items will be measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).
    2. **Employee Job Satisfaction (Dependent Variable)**: A set of items measuring job satisfaction across various dimensions, such as work environment, leadership, compensation, career development, and job security.

3.3. Sampling

The study will involve employees from the Commercial Bank of Ethiopia, Welkite Branch, to capture a diverse range of responses from different job roles within the organization. A **stratified random sampling method** is used to ensure that the sample represents the different job categories (strata) within the bank. Employees will be grouped into different strata based on their roles, such as:

1. Front-line staff (e.g., tellers, customer service agents)
2. Administrative staff (e.g., clerks, office assistants)
3. Managers (e.g., branch managers, department heads)

- Once the strata are identified, employees will be randomly selected from each group to ensure that the sample includes a diverse range of perspectives, improving the representativeness of the findings.

3.4. Data Collection Procedure

Stratified Random Sampling: Based on the identified strata (e.g., front-line staff, administrative staff, and managers), a **stratified random sampling** technique will be employed to select participants from each category. This ensures that each subgroup within the bank is represented proportionally in the sample.

Sampling Frame: A list of employees from the Commercial Bank of Ethiopia, Welkite Branch, will be obtained from the Human Resources department. Employees will be grouped according to their roles and positions (strata). From each group, a random sample of employees will be selected.

3.5. Data Analysis Overview

The questionnaire was distributed to a total of 19 employees at the **Commercial Bank of Ethiopia, Welkite Branch**, and all 19 respondents returned the completed questionnaires. These 19 employees constitute 50% of the total workforce at the branch, and the sample was selected to

ensure diverse representation from different levels of employees, such as front-line staff, administrative staff, and managers.

Although the distribution of questionnaires was done across different roles to represent the overall employee base of the branch, the actual number of respondents (19) forms the final sample size for this study. This approach ensures that the findings reflect the perceptions of a representative portion of the workforce.

3.5.1. Data Cleaning and Preparation

Before conducting the data analysis, the following steps were taken to ensure that the data is accurate and suitable for analysis:

1. **Checking for Completeness**: All 19 questionnaires were checked to ensure that no responses were missing, incomplete, or inconsistent. Any incomplete responses were identified, and the respondents were contacted for clarification if necessary.
2. **Data Entry**: Data from the questionnaires was entered into a statistical analysis software (e.g., SPSS) for analysis. The responses were coded into numerical values, especially for Likert-scale items (1 = Strongly Disagree to 5 = Strongly Agree).
3. **Data Validation**: After entering the data, consistency checks were performed to ensure that no errors occurred during data entry. Any discrepancies were corrected, and the final dataset was prepared for analysis.

3.5.2. Data Analysis Techniques

The analysis of the collected data was carried out using **descriptive statistics** and **inferential statistics** to explore the relationship between transformational leadership practices and employee job satisfaction. Below is a description of the analytical techniques employed in this study:

1. **Descriptive Statistics**: Descriptive statistics were used to summarize and describe the characteristics of the collected data. This included:

- **Frequency Distribution**: To determine the frequency of responses for each question and to understand the distribution of perceptions regarding transformational leadership and job satisfaction.
- **Measures of Central Tendency**: Mean, median, and mode were calculated for each item on the questionnaire to get a sense of the overall tendencies and patterns in employees' responses.
- **Measures of Dispersion**: Standard deviations were calculated to assess the variability in responses and to understand the spread of employees' perceptions.

2. **Reliability Analysis**: To ensure the consistency and reliability of the questionnaire, a **Cronbach's Alpha** test will be performed. This measure will assess the internal consistency of the scales used for transformational leadership and job satisfaction. A Cronbach's Alpha value of 0.7 or above is generally considered acceptable.
3. **Correlation Analysis**: The primary goal of this study is to examine the relationship between **transformational leadership** and **employee job satisfaction**. To achieve this, **Pearson's correlation coefficient** will be used to measure the strength and direction of the linear relationship between the variables. This will help determine whether higher levels of transformational leadership practices are associated with higher levels of employee job satisfaction.
    - **Hypothesis Testing**: The study will test the following hypothesis:
        - **Null Hypothesis (H_0)**: There is no significant relationship between transformational leadership practices and employee job satisfaction at the Commercial Bank of Ethiopia, Welkite Branch.
        - **Alternative Hypothesis (H_1)**: There is a significant positive relationship between transformational leadership practices and employee job satisfaction at the Commercial Bank of Ethiopia, Welkite Branch.
    - The correlation coefficient will be interpreted as follows:
        - **0.00 to 0.29**: Weak relationship
        - **0.30 to 0.49**: Moderate relationship
        - **0.50 to 1.00**: Strong relationship
4. **Multiple Regression Analysis** (if applicable): If a significant relationship is found between transformational leadership and job satisfaction, a **multiple regression analysis**

may be conducted to explore the predictive power of transformational leadership on job satisfaction while controlling for other potential influencing factors (e.g., employee role, work environment).

5. **Analysis of Variance (ANOVA)**: If there are significant differences in perceptions of transformational leadership and job satisfaction based on employee roles or tenure, an **ANOVA** may be used to compare means between groups (e.g., comparing the perceptions of front-line staff, administrative staff, and managers).

3.5.3 Ethical Considerations in Data Analysis

During the data analysis, several ethical considerations were observed:

- **Confidentiality**: All data was kept confidential and anonymous. No identifying information will be included in any reports or presentations.
- **Informed Consent**: All respondents were fully informed of the purpose of the study and their right to withdraw from the study at any time.
- **Accuracy**: The data analysis process will be carried out with accuracy and integrity, ensuring that the results reflect the true nature of the collected data.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter concentrates on data analysis of transformational leadership practice and its effect on employee job satisfaction case of public organization (commercial Bank of Ethiopia) in wolkite yejoka. The analysis is based on primary data, which has been collected through questionnaire and direct interview.

The questionnaire was distributed to 19 employee of the branch, which constitutes 50% of the total employees of the branch. Although the respondents who returned the questionnaire were 19 sample employees, the distribution of questionnaires was conducted to different workers who are supposed to represent the total manpower of the branch.

In addition to the questionnaire, the researchers used interview question to collect information about the human resource development practice of the bank. The interview was conducted with the general manager and personnel department head of the branch. It was designed to gather relevant information about the topic.

4.1. Characteristic of the respondents

The personal information includes sex, age, marital status, educational level and work experience of the sample employees.

Table 4.1.1. The age, sex and marital status of the sample respondents

No	Item	Respondents	
		Number	Percentage
1	Sex		
	Male	11	57.9%
	Female	8	42.1%
	Total	19	100%

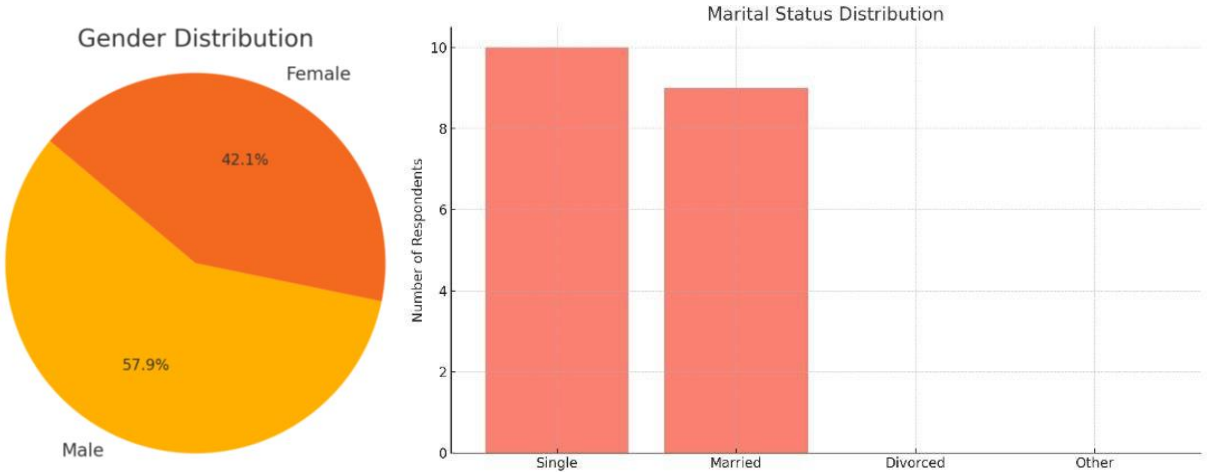
2	Age		
	21-30 years	11	57.9%
	31-40 Years	7	36.8%
	41-50 years	0	0%
	51-60 years	1	5.2%
	61 and above years	0	0%
	Total	19	100%
3	Marital status		
	Single	10	52.6%
	Married	9	47.4%
	Divorced	0	0%
	Other	0	0%
	Total	19	100%

Source: response of respondents to the questioner, primary data

As we can see from the above table 57.9% of the respondents have found to be male and the rest 42.1 of them were females.

The age distribution of the sample employee's is also indicated on the above table item No 2, 57.9 % of the respondents were in the age of 21-30 years, followed by 36.8 of the respondents whose age was between 31-40 years, the rest 5.2% of them were categorized in the age group between 51-60 years. This implies that most of the company's employees were categorized in the productive age group which is 94.7 % of the respondents were between 21-40 years. This enables the company to get benefit for a long period of time from actual and potential skill and knowledge of employees through setting basic human resource development program.

Additionally, the table also shows the marital status of the respondents. Majority (52.6%) of the respondents were found to be single, the rest 47.4% of the sample respondents were married. This tells us most of the employees of the branch were singles, in case of married employees, it helps the company to keep their employees. Which means the company does not lose their employees who had got the development and training program. This is because almost all of married employees have a probability of working for a long period of time within one organization rather than single employees. But, in case of singles the company will have to do different activities to keep its key employees for long period of time.



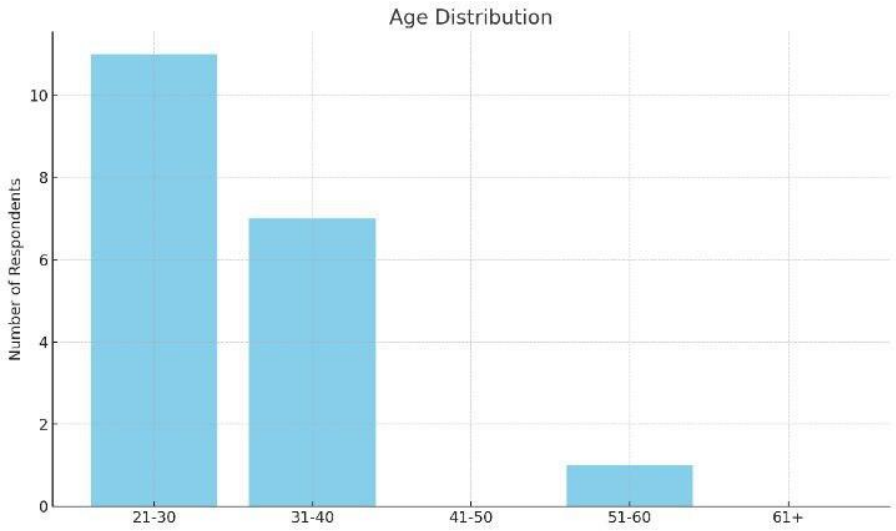
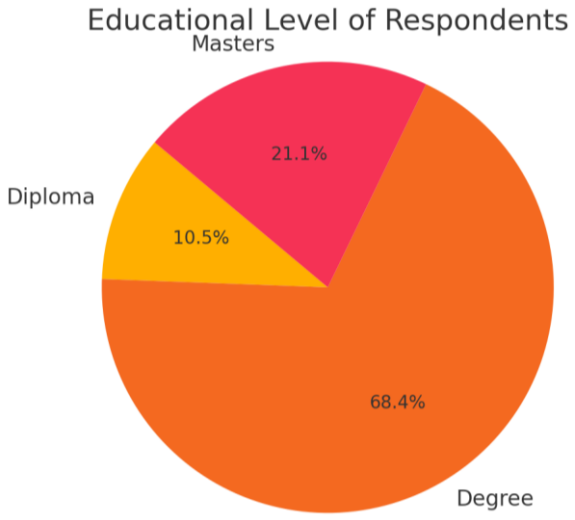


Table 4.1.2. Educational level of the respondents

Item	Respondents	
	Number	Percentage
Below 12th grade	0	0%
Diploma	2	10.5%
Degree	13	68.5%
Masters	4	21%
PHD	0	0%
Total	19	100%

Source: Questionnaire's response of the respondents, primary data.

Table 4.1.2. disclosed the distribution of the sample respondents on the base of education level. As we can understand from the above table only 10.5% of the respondent's educational level were diploma, 21%of the respondent got their masters in different fields, 68.5% of them were degree holders in various fields and there were no respondents who had got PHD. Since 89.5% of the respondents had got degree or masters, we can conclude that most of the branch's employees are well educated and skilled.



For the above reason the company should take different measurements to keep its key employees because keeping skilled employees is far difficult than that of unskilled man power.

4.3. Leadership practice

4.3.1. Description of Survey Results

Item	**Response**	**Respondent**	
		No of respondents	Percentage (%)
Leader ship communication	Strongly Disagree Disagree Neutral Agree Strongly Agree	0 0 0 3 16	 **15.78** **84.21**
My leader motivates me to achieve goals beyond my expectations	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **10** **9**	 **52.63** **47.36**

My leader encourages creativity and innovation within the team	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **3** **5** **11**	 **15.78** **26.31** **57.89**
My leader is considerate of my personal and professional development.	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **4** **14** **1**	 **21.05** **73.68** **5.26**
My leader demonstrates high ethical standards and acts as a role model	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **2** **9** **8**	 **10.52** **47.36** **42.1**
My leader shows genuine concern for the well-being of employees	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **7** **10** **2**	 **36.84** **52.56** **10.52**

4.3.2. Interpretation and Analysis of Survey Results

1. Leadership Communication

Agree: 3 responses (15.78%)

Strongly Agree: 16 responses (84.21%)

Analysis: An overwhelming majority of respondents (84.21%) strongly agree that leadership communication is effective. 15.78% agree. This indicates a very positive perception of how leadership communicates.

2. Leader Motivates to Achieve Goals Beyond Expectations

Agree: 10 responses (52.63%)

Strongly Agree: 9 responses (47.36%)

Analysis: Almost all respondents feel motivated by their leader to exceed expectations. About 53% agree, and 47% strongly agree. This shows a strong motivational influence from leadership.

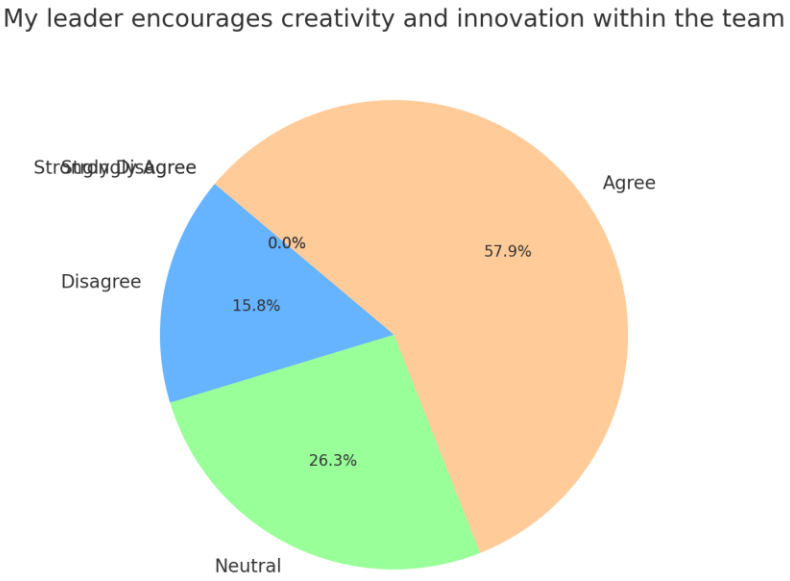
3. Leader Encourages Creativity and Innovation Within the Team

Neutral: 3 responses (15.78%)

Agree: 5 response (26.31%)

Strongly Agree: 11 responses (57.89%)

Analysis: A majority agree that their leader encourages creativity. 57.89% strongly agree and 26.31% agree. However, 15.78% are neutral. While still positive, this suggests that some employees may not perceive the encouragement of creativity as strongly as others.



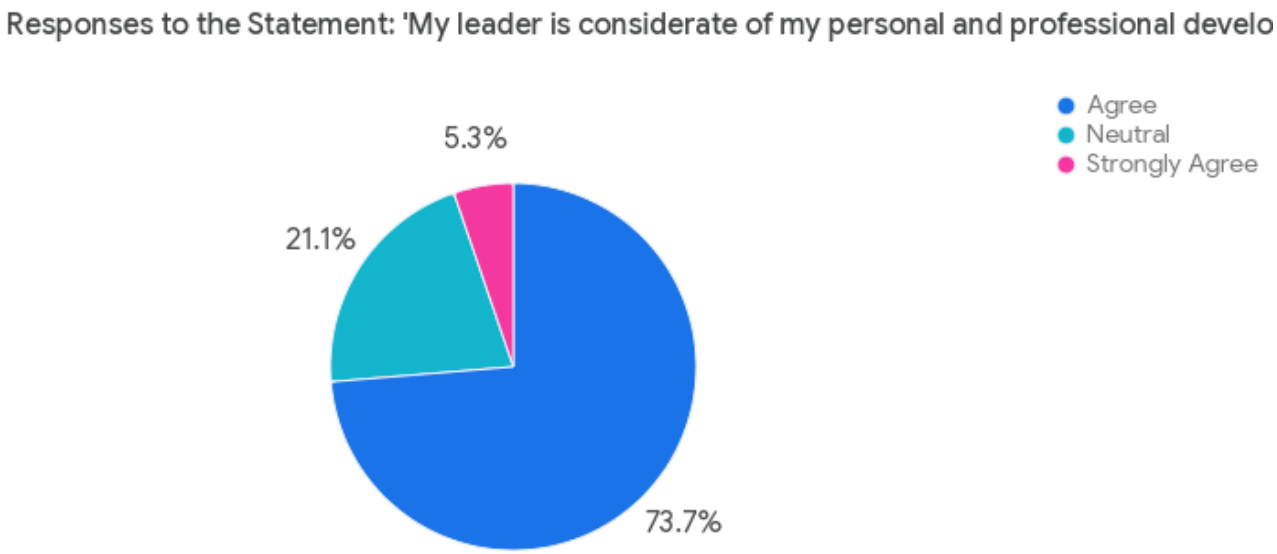
4. "My leader is considerate of my personal and professional development."

Neutral: 4 responses (21.05%)

Agree: 14 responses (73.68%)

Strongly Agree: 1 response (5.26%)

Analysis: A significant majority of respondents (73.68%) agree that their leader is considerate of their personal and professional development, with a smaller percentage strongly agreeing (5.26%). About 21% are neutral. This suggests that while most employees feel supported in their development, a notable portion may not perceive this as strongly.



5. "My leader demonstrates high ethical standards and acts as a role model."

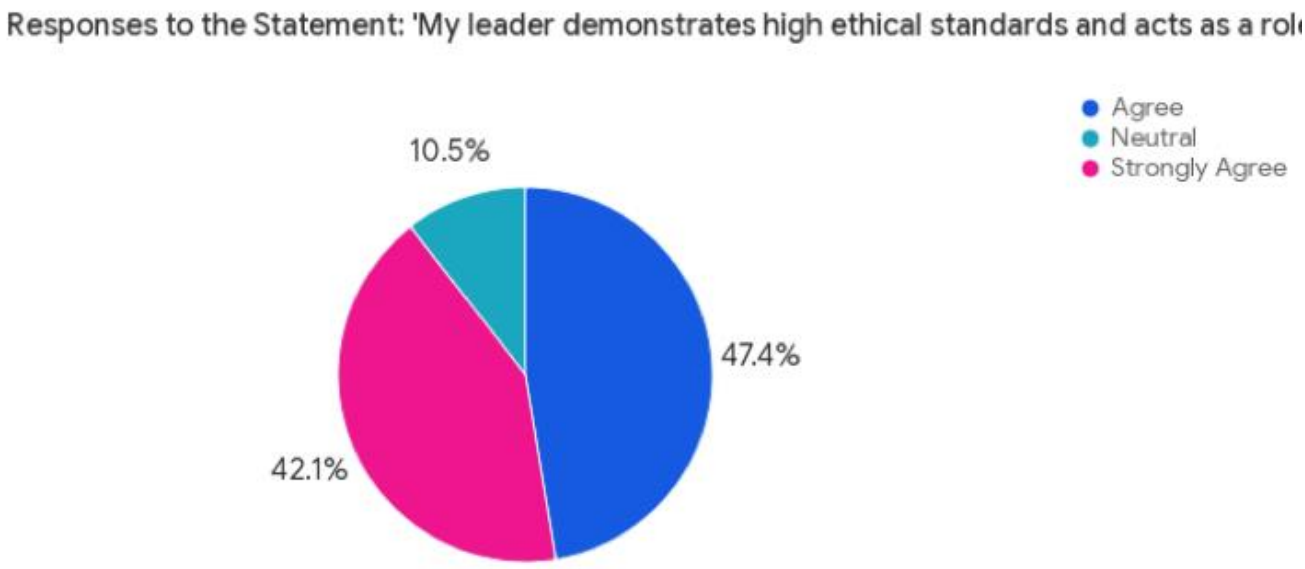
Neutral: 2 responses (10.32%)

Agree: 9 responses (47.36%)

Strongly Agree: 8 responses (42.1%)

Analysis: The vast majority of respondents agree or strongly agree that their leader demonstrates high ethical standards and acts as a role model. The combined percentage of "Agree" and

"Strongly Agree" responses is very high, indicating a strong positive perception of the leader's integrity and behavior. A small fraction (10.32%) are neutral.



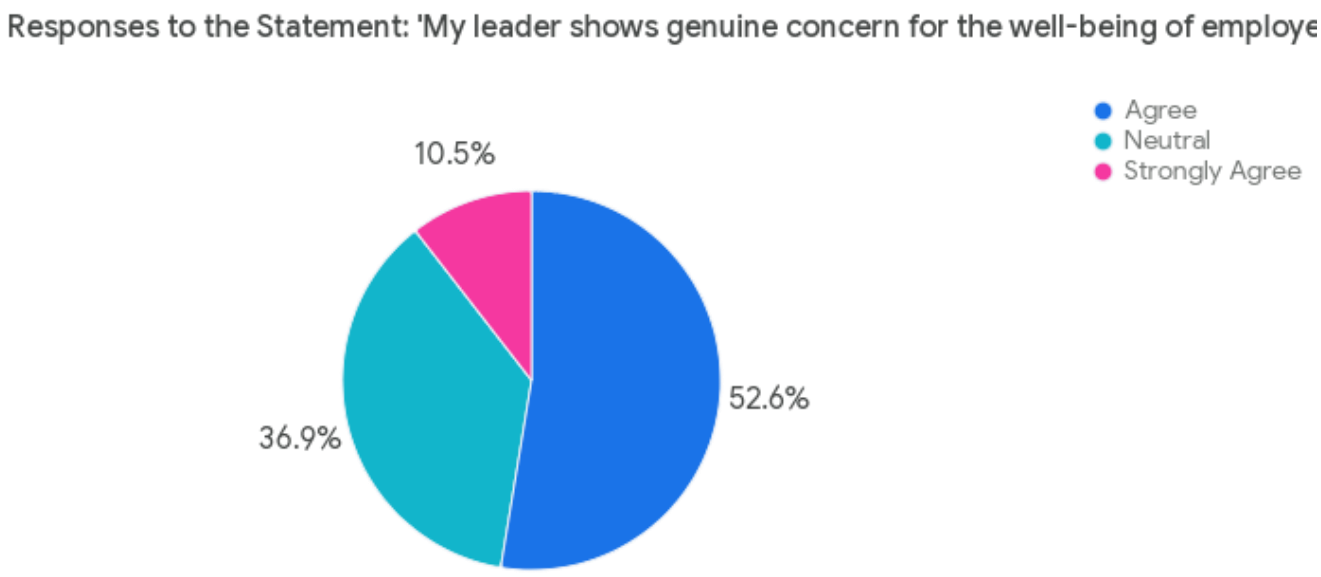
6. "My leader shows genuine concern for the well-being of employees."

Neutral: 7 responses (36.84%)

Agree: 10 responses (52.56%)

Strongly Agree: 2 responses (10.52%)

Analysis: Over half the respondents (52.56%) agree that their leader shows genuine concern for their well-being, with a smaller percentage strongly agreeing (10.52%). However, a substantial portion (36.84%) remain neutral. This suggests that while many employees feel cared for, a significant number are not convinced or have not experienced this concern firsthand. This area may need further attention.



4.4. Employee Job Satisfaction

4.4.1. Description of Survey Results

Item	**Response**	**Respondent**	
		No of respondents	Percentage (%)
I am satisfied with the overall work environment in my organization	Strongly Disagree Disagree Neutral Agree Strongly Agree	**19**	**100**

I feel valued and appreciated in my job	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **2** **9** **5** **3**	 **10.52** **47.36** **26.31** **15.78**
I am satisfied with the opportunities for career advancement in my organization	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **16** **3**	 **84.21** **15.75**
I have a good work-life balance in my current role	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **19**	 **100**
I feel that my contributions to the organization are recognized	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **3** **1** **14**	 **15.78** **5.26** **73.68**
I am motivated to perform my best at work because of my leader's actions	Strongly Disagree Disagree		

	Neutral Agree Strongly Agree	 **16** **3**	 **84.21** **15.78**
I feel confident about the future of my organization	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **19**	 **100**
Overall, I am satisfied with my job	Strongly Disagree Disagree Neutral Agree Strongly Agree	 **6** **13**	 **31.57** **68.42**

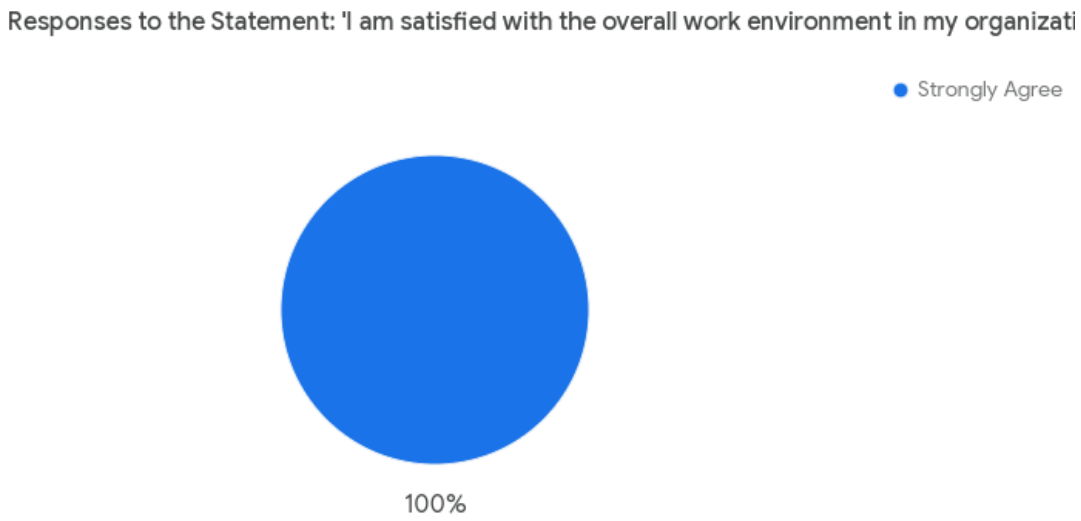
4.4.2. Interpretation and Analysis of Survey Results

Here's a breakdown of the survey responses:

1. "I am satisfied with the overall work environment in my organization."

Strongly Agree: 19 responses (100%)

Analysis: All respondents strongly agree with the statement. This indicates exceptionally high satisfaction with the work environment.



2. "I feel valued and appreciated in my job."

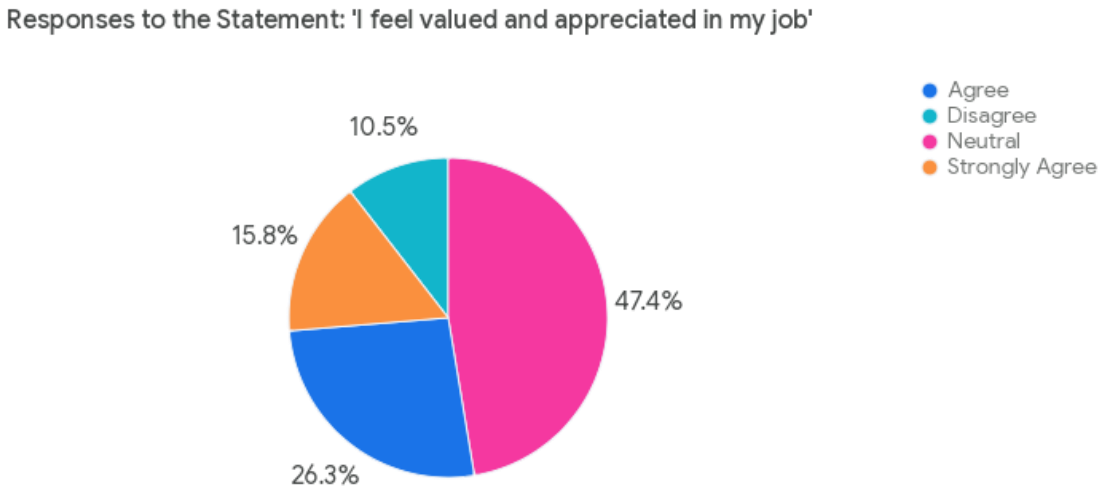
Strongly Disagree: 2 responses (10.52%)

Neutral: 9 responses (47.36%)

Agree: 5 responses (26.31%)

Strongly Agree: 3 responses (15.78%)

Analysis: The responses are mixed. While some employees feel valued (26.31% agree, 15.78% strongly agree), a substantial portion are neutral (47.36%), and some actively disagree (10.52%). This suggests that feeling valued and appreciated is an area that needs improvement.

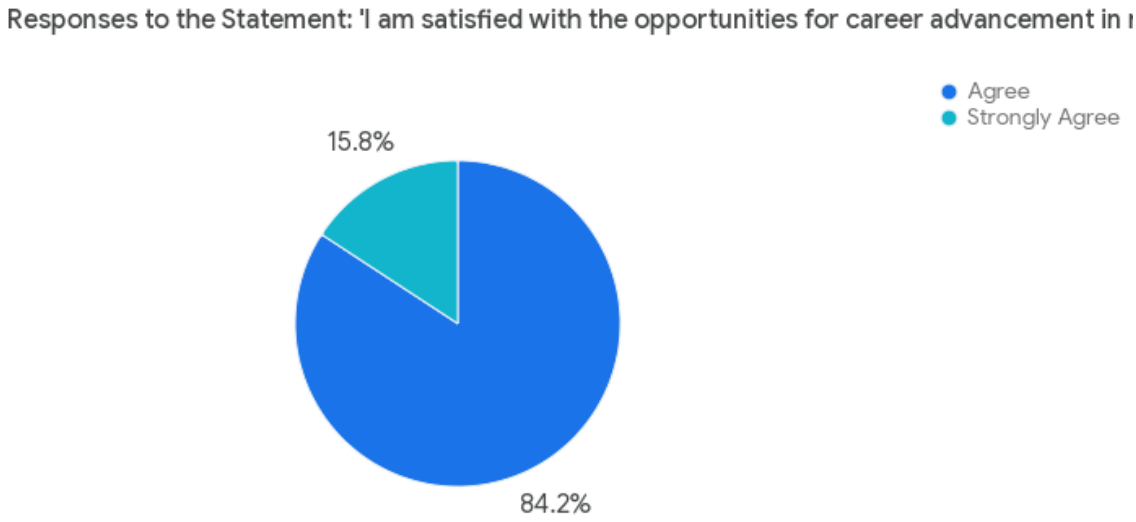


3. "I am satisfied with the opportunities for career advancement in my organization."

Agree: 16 responses (84.21%)

Strongly Agree: 3 responses (15.78%)

Analysis: The majority of respondents agrees or strongly agrees with the statement, indicating a general satisfaction with career advancement opportunities.



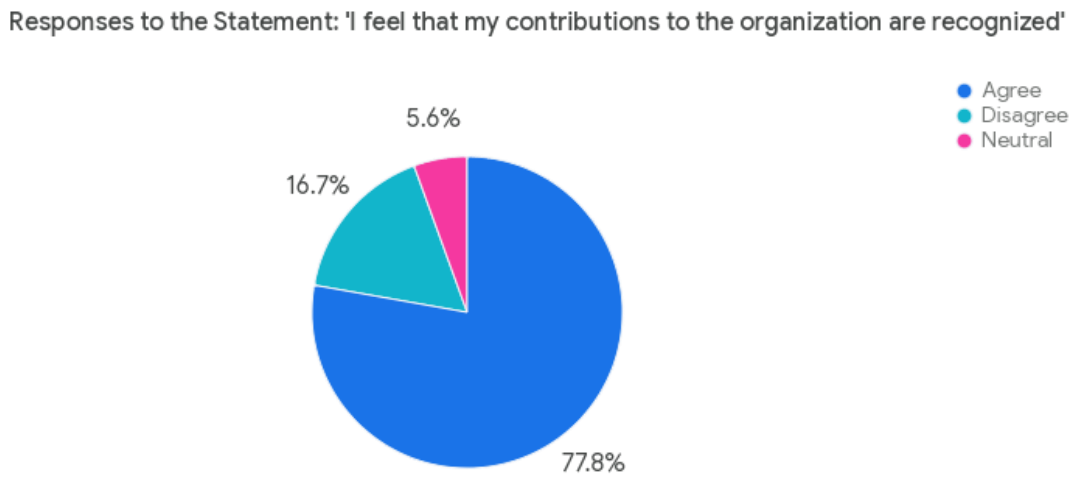
4. "I feel that my contributions to the organization are recognized."

Strongly Disagree: 3 responses (15.78%)

Neutral: 1 response (5.26%)

Agree: 14 responses (73.68%)

Analysis: A large majority (73.68%) agree that their contributions are recognized. However, a notable percentage strongly disagree (15.78%), and a small number are neutral (5.26%). This indicates that while most feel appreciated, there's a significant group that does not, and this should be addressed.



5. "I am motivated to perform my best at work because of my leader's actions."

Agree: 16 responses (84.21%)

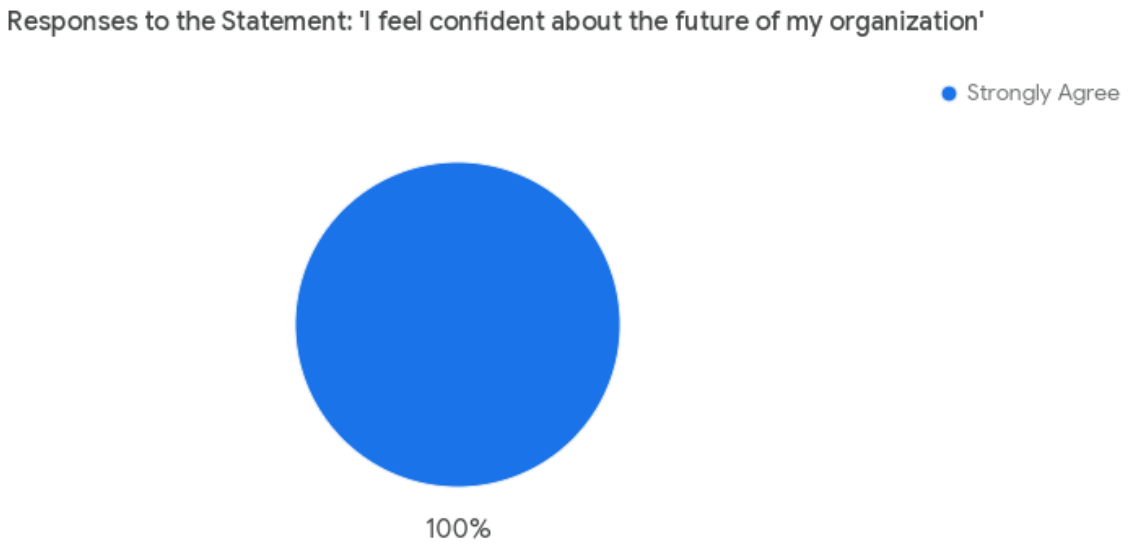
Strongly Agree: 3 responses (15.78%)

Analysis: An overwhelming majority are motivated by their leader's actions. 84.21% agree, and 15.78% strongly agree. This suggests strong leadership and a positive motivational environment.

6. "I feel confident about the future of my organization."

Strongly Agree: 19 responses (100%)

Analysis: All respondents strongly agree, indicating complete confidence in the organization's future.

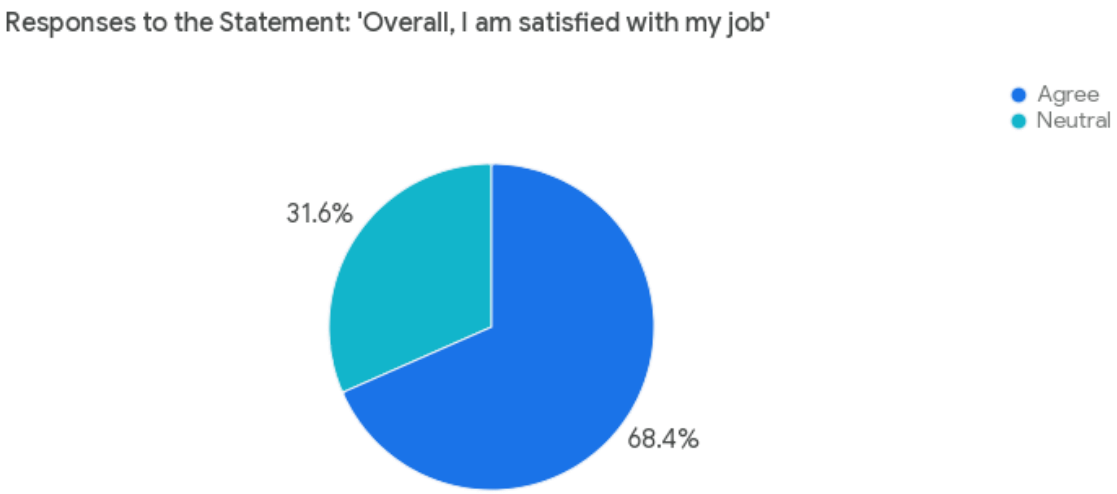


7. "Overall, I am satisfied with my job."

Neutral: 6 responses (31.57%)

Agree: 13 responses (68.42%)

Analysis: Most respondents are satisfied with their job (68.42% agree). However, a significant percentage are neutral (31.57%). This indicates that while there's general satisfaction, a substantial portion are neither satisfied nor dissatisfied, which could be an area for improvement.



CHAPTER FIVE

5. FINDING, RECOMMENDATION AND CONCLUSION

5.1 Findings Summary

This study explored the impact of transformational leadership practices on employee job satisfaction in a public organization setting, using data collected from employees of the Commercial Bank of Ethiopia in Wolkite. The following key findings emerged:

A. Transformational Leadership Practices

- Leadership Communication 84.21% strongly agreed, 15.78% agreed Indicates excellent communication from leadership.
- Leader Motivation 52.63% agreed, 47.36% strongly agreed Leaders inspire employees to exceed expectations.
- Encouragement of Creativity and Innovation 57.89% agreed, 26.31% disagreed, 15.78% strongly disagreed A majority feel encouraged to be innovative.
- Consideration for Employee Development 73.68% agreed, 21.05% neutral, 5.26% strongly agreed Leaders are generally supportive of personal and professional growth.
- Ethical Leadership and Role Modeling 47.36% agreed, 42.1% strongly agreed, 10.52% neutral Employees view their leaders as ethical role models.
- Concern for Employee Well-being 52.56% agreed, 36.84% neutral, 10.52% strongly agreed Perceived concern for well-being is moderate.

B. Employee Job Satisfaction

- Satisfaction with Work Environment 100% agreed Strong satisfaction with overall work setting.
- Feeling Valued and Appreciated 57.88% disagreed or strongly disagreed Many employees do not feel valued in their role.
- Opportunities for Career Advancement 84.21% disagreed, 15.75% agreed A major concern among employees.

- Work-Life Balance 100% agreement Employees enjoys a healthy work-life balance.
- Recognition of Contributions 73.68% agreed Most feel their contributions are acknowledged.
- Motivation Due to Leadership Actions 84.21% agreed, 15.78% strongly agreed Employees are motivated by leadership influence.
- Confidence in Organization's Future 100% agreed Strong trust in the direction and stability of the organization.
- Overall Job Satisfaction 68.42% agreed, 31.57% neutral General satisfaction is present but with room for improvement.

This study on **Transformational Leadership Practices** and **Employee Job Satisfaction** at the Commercial Bank of Ethiopia, Welkite Branch, reveals a generally positive impact of transformational leadership on employee satisfaction, though with areas that require improvement.

Key findings include that leadership communication is excellent, leaders effectively motivate employees, and the work environment is highly satisfying. Employees feel inspired by leadership and confident in the organization's future, with a strong work-life balance. However, challenges persist regarding **career advancement opportunities**, with many employees feeling undervalued and lacking a clear path for growth. Additionally, there is only moderate concern for employee well-being, and opportunities for innovation, while present, could be further encouraged.

Overall, while transformational leadership positively influences employee satisfaction in several areas, attention is needed to address concerns around recognition, career growth, and employee development. These improvements could enhance overall job satisfaction and foster a more engaged and motivated workforce.

5.2 Recommendations

Based on the above findings, the following recommendations are proposed:

1. **Enhance Career Advancement Programs:** The bank should prioritize developing clear and structured career advancement opportunities. Leadership should introduce mentorship programs, professional development workshops, and clear pathways for growth to address employees' concerns about career progression.
2. **Increase Focus on Employee Recognition and Appreciation:** Given the relatively high percentage of employees who feel undervalued, it is crucial for leadership to implement regular recognition programs, such as employee of the month awards, appreciation events, and consistent verbal acknowledgment of contributions, to foster a greater sense of value and belonging.
3. **Address Concerns About Employee Well-being:** While employees acknowledge the leaders' ethical conduct, there should be a stronger, more visible commitment to employee well-being through mental health support, better work conditions, and regular check-ins on employee satisfaction regarding personal and professional concerns.
4. **Foster Greater Innovation:** To further promote creativity and innovation, leadership should consider introducing more platforms where employees can actively contribute their ideas. This can be achieved through brainstorming sessions, idea-sharing platforms, and fostering an inclusive culture where creative solutions are welcomed.
5. **Strengthen Leadership's Focus on Employee Development:** Leaders should consider additional personal and professional growth initiatives, such as specialized training programs, skill enhancement opportunities, and more personalized development plans for employees to feel supported in their career journeys.

By addressing these key areas, the Commercial Bank of Ethiopia can further improve employee job satisfaction and leverage the positive aspects of transformational leadership to create a more fulfilling and motivating work environment for its employees.

5.4 Conclusion

Based on the findings from the study on **Transformational Leadership Practices** and their effect on **Employee Job Satisfaction** at the Commercial Bank of Ethiopia, Welkite Branch, it is evident that transformational leadership plays a crucial role in shaping employee satisfaction. Leadership practices, particularly in **communication**, **motivation**, and **work-life balance**, have positively impacted employees' overall job satisfaction. Employees feel strongly motivated by leadership, have a positive work environment, and are confident in the future of the organization.

However, several areas need attention, particularly regarding **employee development**, **feeling valued**, and **career advancement opportunities**. Although leadership demonstrates ethical behavior and supports innovation, some employees feel neglected in terms of career growth and personal value within their roles. There is also a moderate perception of concern for employee well-being.

Overall, while the bank has successfully fostered a positive work environment, areas related to **career advancement** and **employee appreciation** need further attention to enhance job satisfaction and maximize the benefits of transformational leadership.

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APPENDEX

WOLKITE UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

TRANSFORMATIONAL LEADERSHIP PRACTICE AND ITS EFFECT ON EMPLOYEE JOB SATISFACTION CASE OF PUBLIC ORGANISATION

This questionnaire aims to explore the relationship between transformational leadership practices and employee job satisfaction within public organizations. By examining the perspectives of employees, the study will provide valuable insights into how leadership styles can influence job satisfaction and contribute to the development of strategies that enhance employee well-being and performance in organization. The responses will help understand how leadership behaviors influence employees' overall satisfaction with their jobs. Your responses will be kept confidential and are used solely for academic purposes.

Section 1: Demographic Information

1. Age

☐ 21-30 years

☐ 31-40 Years

☐ 41-50 years

☐ 51-60 years

☐ 61 and above years

2. Gender

☐ Male

☐ Female

☐ Other

☐ Prefer not to say

3. educational leve

☐Below 12th grade

☐Diploma

☐Degree

☐Masters

☐PHD

4. Marital status

☐Single

☐Married

☐ Divorced

☐Other

Section 2: Transformational Leadership Practices Please indicate the extent to which you agree or disagree with the following statements about your leader's behavior. Use the scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

1. My leader clearly articulates a vision for the future of the organization.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

2. My leader motivates me to achieve goals beyond my expectations.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

3. My leader encourages creativity and innovation within the team.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

4. My leader is considerate of my personal and professional development.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

5. My leader communicates openly and honestly with the team.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

6. My leader demonstrates high ethical standards and acts as a role model.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

7. My leader shows genuine concern for the well-being of employees.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

8. My leader inspires me to go above and beyond my usual job responsibilities.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

Section 3: Employee Job Satisfaction Please indicate the extent to which you agree or disagree with the following statements regarding your job satisfaction. Use the scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

1. I am satisfied with the overall work environment in my organization.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

2. I feel valued and appreciated in my job.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

3. I am satisfied with the opportunities for career advancement in my organization.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

4. I have a good work-life balance in my current role.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

5. I feel that my contributions to the organization are recognized.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

6. I am satisfied with the support and feedback I receive from my leader.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

7. I am motivated to perform my best at work because of my leader's actions.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

8. I feel confident about the future of my organization.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

9. Overall, I am satisfied with my job.

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

Thank you for taking the time to complete this questionnaire. Your responses are valuable in understanding the relationship between transformational leadership practices and employee job satisfaction in public organizations.