Leadership Styles at Haramaya University and Implications for Corporate Success

Admkew Haile

Department of Management, College of Business and Economics, Haramaya University, Ethiopia

Abstract: Leadership is a key factor for determining success or failure of an organization. As a result, a number of organizations underperform and fail to achieve their objectives because of problem of leadership. Therefore, it is important to study leadership styles and address accompanying problems to enhance organizational success. This study was conducted in Haramaya University to determine the impact of selective leadership style on corporate success. A total of 80 respondents (n = 80) from various management levels were randomly selected and requested to fill a questionnaire. The data were subjected to statistical analyses. Correlation analysis was employed to determine the associations between the independent variables (laissez-faire leadership, transactional leadership and transformational leadership) and the dependent variable (corporate success) and linear regressions analysis and independent t- test were employed to determine the impact of those leadership styles on corporate success. The result showed that transformational leadership style (β = 0.492), and transactional leadership style (β = 0.392) have a positive significant impact on corporate success and that of laissez-faire leadership style (β = -0.789) has a negative significant impact on corporate success. Based on this findings, leaders at Haramaya University should avoid laissez-faire leadership style by becoming more involved in guiding their subordinates. On the other hand, leaders at Haramaya University should formulate and implement effective rewards and recognition (motivation) systems. It was further recommended that Haramaya University leaders should strive to become transformative by providing meaning and challenge to work, stimulating subordinate efforts to become more innovative and creative, and paying greater attention to each individual's need for achievement and growth.

Keywords: Corporate success; Laissez-faire Leadership; Transactional leadership; Transformational leadership

1. Introduction

Leadership is one of the key factors which can drive a business to either success or failure (Fairholm, 2004). Leadership today faces a challenges to maintain a strategic vision, coping with ubiquitous and advancement of technology, fluctuations in budget and staffing. Leadership is defined in terms of L-listening and learning from others, E-energizing the organization, A-acting for the benefit of everybody, D-development of themselves and others, E-empowerment of others to lead and R-recognition of achievement (Baldoni, 2000). Leadership is a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007). Leadership is an attempt to use non-coercive types of influence to motivate individuals to accomplish some goals (Gibson *et al.,* 1994).

One way in which organizations have sought to cope with the increasing volatility and turbulence of the external environment is by training and developing leaders and equipping them with the skills to cope dynamic and complex nature of the organizations (Hennessey, 1998). Leadership concerns managers undergoing highly complex interactions with their social, task and organisational environments, thus the effects that leaders can have on organisation, on employees and on job task, are also highly complex and dynamic and require further investigation (Fiedler, 1996). Therefore, leadership is about more than the supervision of others, and involves the diverse interactions between leader, individuals in work place, task and the organisation. A leader is a person who takes the central role in interactions and who influences the behavior of other members of the group to

achieve stated common goal (Fatokun *et al.*, 2010). Leadership must be defined in terms of the ability to build and maintain a group that performs in doing decision making for an organization. Leaders should be evaluated in terms of the performance of the group over time and their leadership skills. The true leaders really know their responsibility to give order and engage with subordinates in order to adapt to situations. This means leaders are using the most appropriate style to suit the people and circumstances at particular time. Bohn and Grafton (2002) stated that leadership means the way to create a clear vision, filling their subordinates with self-confidence, created through coordination and communication to detail. Leadership is an activity of a member who is a leader of the group to influence a group member to achieve its goals (Lussier and Achua, 2007).

1.1. Leadership Approaches

Leadership approaches of the leaders cover many areas of leadership styles. In this study, three most prominent types of leadership styles are to be focused on, namely: Laissez-faire, transactional, and transformational leadership styles. The approach is chosen because of its prevalence in management research and the efficacy demonstrated through research findings.

1.1.1. Laissez-faire Style

Laissez-faire leadership can be described as a non-directive, passive and inactive style. Leaders of this style believe that internal drives and beliefs motivate the follower to act. An avoidant leader may either not intervene in the work affairs of subordinates or may completely avoid responsibilities as

a superior and is unlikely to put in effort to build a relationship with subordinates (Puni *et el.,* 2014). Laissez-faire style is associated with dissatisfaction, unproductiveness, and ineffectiveness (Deluga, 1992). Laissez-faire leaders are characterized as uninvolved with their followers and members; in fact, laissez-faire leadership is an absence of leadership style. The roles of laissez-faire followers include self-monitoring, problem solving, and producing successful end products. Laissez-faire leaders are most successful in environments with highly trained and self-directed followers. Laissez-faire leadership is appropriate in particular settings such as science laboratories or established companies with long-term employees. Laissez-faire leadership is not suited to environments in which the members require feedback, direction, oversight, flexibility, or praise (Gastil, 1994). A laissez-faire leader lives and works with whatever structure put in place without any suggestions or criticisms. Goals and objectives are established only when necessary and required. The leader is not control-frisk and abdicates controlling to employees. The leader turns away from decision-making as much as possible and would like to avoid communication but communicates only when needed (Puni *et el.,* 2013). The leader in this style sets few rules for processing the issues in the organization and then delegates them to the subordinates. The leader needs to know very well the level of knowledge, competence and integrity of his followers to be able to delegate the tasks. This style helps the followers to invest their talents and abilities to the maximum level. Laissez-Faire leaders do not influence the organization culture due to minimal interactions between the leader and the followers. This is called extremely laid-back leaders. This is a leader who lets the group take whatever action its members feel is necessary (Daly, 2004; Speedy and Jackson, 2004).

1.1.2. Transactional Style
Transactional leaders focus mainly on the physical and the security needs of subordinates. The relationship that evolves between the leader and the follower is based on bargaining exchange or reward systems (Bass, 1985; Bass and Avolio, 1993). Transactional leadership is usually characterized as instrumental in followers' goal attainment (Bass, 1997). Major components in transactional leadership are contingent reward, active management by exception and passive management by exceptions are described by Bass (1997);

Contingent reward: whereby subordinates performance is associated with contingent rewards or exchange relationship.

Active Management by exception: whereby leaders monitor followers' performance and take corrective measures if deviations occur to ensure that outcomes are achieved.

Passive Management by exception: whereby leaders fail to intervene until problems become serious (Bass, 1997). According to Bass and Avolio (1993), transactional leaders try to motivate their followers through extrinsic rewards. Contingent reward is therefore the exchange of rewards for meeting agreed-on objectives. Active management by exception which occurs when the leader monitors followers to ensure mistakes are not made. In passive management by exception, the leader intervenes only when things go wrong.

1.1.3. Transformational Style
Transformational leaders encourage subordinates to put in extra effort and to go beyond what subordinates expected before (Burns, 1978). The subordinates of transformational leaders feel trust, admiration, loyalty, and respect toward leaders and are motivated to perform extra-role behaviours (Bass, 1985; Katz and Kahn, 1978). Transformational leaders achieve the greatest performance from subordinates since they are able to inspire their subordinates to raise their capabilities for success and develop subordinates' innovative problem solving skills (Bass, 1985). This leadership style has also been found to lead to higher levels of organizational commitment and is associated with corporate performance (Barling *et al.,* 1996). Transformational leadership theory focuses more on change, and inspires followers to have a shared vision and goals of an organization, challenges them to be innovative, problem solvers, and also helps to develop followers' leadership capabilities through coaching, mentoring and by providing both challenge and support to the followers. From a transformational leadership perspective, leadership is considered to be about doing what has never been done, and it includes visionary and charismatic leadership. Bass (2008) has identified transformational leadership as idealized influence, inspirational motivation, intellectual stimulation, and individualised consideration.

Idealized influence (charisma): They are the charismatic elements in which leaders become role models who are trusted by subordinates. The leaders show great persistence and determination in the pursuit of objectives, show high standards of ethical principles and moral conduct, sacrifice self-gain for the gain of others, consider subordinates needs over their own needs, and share successes and risks with subordinates.

Inspirational motivation: Leaders behave in ways that motivate subordinates by providing meaning and challenge to their work. The spirit of the team is aroused while enthusiasm and optimism are displayed. The leader encourages subordinates to envision attractive future states while communicating expectations and demonstrating a commitment to goals and a shared vision.

Intellectual stimulation: Leaders stimulate their subordinates' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. The intellectually stimulating leader encourages subordinates to try new approaches but emphasizes rationality.

Individualised consideration: Leaders build a considerate relationship with each individual, pay attention to each individual's need for achievement and growth by acting as a coach or mentor, developing subordinates in a supportive climate to higher levels of potential. Individual differences in terms of needs and desires are recognized.

1.2. Leadership and Corporate Success

According to Warigon (2012), organizations, whether they are educational, business, industrial, government, military, service, healthcare, or entertainment focused, are made up of people. It is people who provide leadership, stewardship and followership in every organization. It is people who make things happen in all organizations. To understand the causes of organizational behaviors without an understanding of people is like trying to understand the cause of a moving vehicle without knowing about the engine and driver. Fiedler (1996) argued that the effectiveness of leadership to a large extent is responsible for corporate success or failure. Of course, where organizations that people are their most important asset and that their strength is their people. The rapidly changing nature of today's economy and global competitiveness requires a fundamental rethinking in how organizations manage and motivate people for corporate success. Organizations will not be successful or survive if they do not pay sufficient attention to their working people. They want to do their best every working day to help make their organizations successful (Shaw, 1997). The essence of leadership is influence, leadership could broadly be defined as the art of mobilizing others to corporate success (Kouzes and Posner, 1995). However, it could be argued this influence, mobilization and struggle is of little value in an organizational context unless it ultimately yields an outcome in line with the shared aspiration for leadership to be successful. In today's globalized world, with organizations coping with rapidly changing environments, leaders face a new reality in corporate success (Reger, 2001). What is now needed are leaders who simultaneously can be agents of change and centres of gravity, keep internal focus and enable people and organization to adapt and be successful (Metcalfe, 1998). Furnham (2002) asserts that the appropriate measurement outcome from leadership quality is effectiveness (reflecting the leader's efficacy in achieving organizational outcomes, objectives, goals and subordinates needs in their job). Thus, the measure of corporate success (Figure 1) in the current study represented the degree to which the institution achieved its objective.

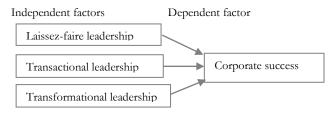Independent factors   Dependent factor

Figure 1. Conceptual model showing the impacts of selective leadership style on corporate success.

Source: Developed from Furnham (2002)

Currently, Ethiopian higher education leaders, academics and other staff members often find themselves in this situations, where financial pressure, decentralization and demand for accountability have implications on their human resource management and leadership capabilities. Balancing public and institutional interest, increasing dynamics in recruitment, and systematizing staff development, attracting a new generation of staff, developing competencies in a long term perspective, meeting short term demands on productivity and societal relevance, copying with new features in remuneration systems and performance evaluation, solving conflicts of interest in employments in a global perspective depends on effective leadership. Haramaya University as one of the higher earning institutions has leadership challenges to attain the corporate success. Many of the senior management team of the university agree that people are the most valuable assets. However, they are underutilized and poorly motivated as a result of which they perform below their potential. The objective of this study was to elucidate the style and effectiveness of leadership at Haramaya University and identify critical problems that need to be addressed for enhancing the performance of the institution.

2. Materials and Methods

Data were solicited from the Offices of Vice-Presidents, Directors, Associate Directors, Deans, Associate Deans, Department Heads, School Heads, Team Leaders, and Supervisors of the University using a structured questionnaire. A total of 80 out of 86 office holders completed and returned the questionnaire. This accounted for ninety three (93%) response rate. The leadership factors used to measure transformational, transactional and laissez-faire leadership style in this study are from the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (2004). The questionnaire included the construct items adapted from previous studies (Bass and Avolio, 2004) and modified to fit the current study. The completed questionnaires were checked for plausibility, integrity and completeness. Three independent variables (laissez-faire, transactional, and transformational leadership styles) with various factors were identified and measured using a five-point scale. The dependent factor was represented by the degree to which the organization has achieved its corporate objectives. The data analysis involved computing descriptive statistics as frequencies and percentages for analysing characteristics of the subjects in order to provide a description of the sample from which data were collected such as descriptive information on age, gender, position and working experience. Correlation analysis, t-test and regressions analysis were employed to examine impact of selective leadership styles on corporate success. The researcher also used observations during meetings and other social functions to grasp the actual phenomena happening in the real environment. A stratified sampling technique was used to consider the sample from the population. It is necessary to select a subsection of the elements from the population under consideration to make the research more manageable (Williams, 1997). If this subsection is chosen following the correct principles, it should be possible to draw inferences about the characteristics of the population on the basis of the statistics derived from the sample (Brannick, 1997). According to Yamene (1967) as cited by Israel (1992) the appropriate sample size can be determined if the population along with the required level of precision is known.

The formula is presented hereunder using 95% confidence level.

$$n = \frac{N}{1 + N(e^2)} = 86 = \frac{110}{1 + 110(.05^2)}$$

Where: n is the sample size,
            N is the population size, and
            e is the level of precision or significance level.

All leadership variables, intellectual stimulations, Idealized influence, inspirational motivations, individualized consideration, contingent reward, management by exception (active), management by exception (passive) and Laissez-faire) and corporate success were tested for their reliability. The reliability of the measures was examined through the calculation of Cronbach's alpha coefficients. For scale acceptability, Hair *et al* (1998) suggested that Cronbach's alpha coefficient of construct is 0.6. If each domain obtains the value 0.6, it means that the items in each domain are understood by most of the respondents. On the other hand, if the findings are far from the expected value of 0.6, this might be caused by respondents' different perception toward each item of the domain. The Cronbach's alpha values for all the variables considered are greater than 0.6 and this indicates the items in each of the domains are well understood by the respondents. The items have measured what they were designed to measure and were reliable (Table 1).

Table 1. Cronbach alpha (α) coefficient table.

Variable	No.	Mean	St. Dev	Cronbatch's α
Intellectual stimulations	80	3.902	0.318	0.843
Idealized influence	80	3.473	0.373	0.981
Inspirational motivations	80	3.878	0.235	0.983
Individualized consideration	80	3.189	0.427	0.881
Contingent reward	80	3.383	0.095	0.885
Mgmt. by exception (*active*)	80	3.783	0.000	0.963
Mgmt. by exception (*passive*)	80	2.475	0.401	0.948
Laissez-Faire	80	2.150	0.197	0.974
Corporate success	80	2.801	0.830	0.767

3.   Results and Discussions

Ninety-three percent (93%) of the respondents were male and 7% were female. The age of 46% of the respondents ranged between 30 and 35 years. Forty percent of the respondents were in the age group ranging between 36 and 41 years whereas 14% of the respondents were in the age group of above 42 years. About 74% percent of the respondents held the position of head of department or its equivalent whereas about 26% constituted those holding the positions of vice-presidents, directors, deans, associate directors, and associate deans. The results revealed that slightly more than two-thirds (67.9%) of the respondents have worked for more than 11 years at the university whilst slightly less than one-third (32.1%) have worked at the university for less than 11 years. Descriptive data statistics (mean and standard deviations) were used for evaluating the four transformational leadership subscales, three transactional leadership subscales, one laissez-faire subscale and corporate success factors as indicated by the respondents. A

higher mean value generally means that there is a higher level of association of leadership style variables and the corporate success. This implies transformational leadership variables (intellectual stimulations, individualized consideration, inspirational motivations, and idealized influence) and transactional leadership (management by exception (*active*) and contingent reward have strong association with corporate success (Table 2).

Table 2. Leadership variables descriptive statistics (score) values.

Variable	No.	Mean	St. Dev
Intellectual stimulation	80	3.902	0.318
Idealized influence	80	3.473	0.373
Inspirational motivations	80	3.878	0.235
Individualized consideration	80	3.189	0.427
Contingent reward	80	3.383	0.095
Mgmt by exception (*active*)	80	3.783	0.000
Mgmt by exception (*passive*)	80	2.475	0.401
Laissez-Faire	80	2.150	0.197
Corporate success	*80*	*2.801*	*0.830*

Pearson correlation technique was used to evaluate the relationship between two continuous variables, hence, to test the relationship between two variables in a linear fashion (Parasuraman *et al.,* 1988). The independent leadership variables (intellectual stimulations, idealized influence, inspirational motivations, individualized consideration, contingent reward, management by exception (active) and exception (passive) and laissez-faire) were correlated with dependent variable corporate success. Correlation depicts the strength of linear relationship between two variables. Correlation coefficients run from -1 to +1. Correlation coefficients close to -1 show a strong inverse relation whilst a coefficient close to +1 denotes a strong direct relation (Iversen and Gergen, 1997). As it can be seen (Table 3), correlations between the transformational-leadership factors and corporate success (intellectual stimulations *0.960,* idealized influence *0.660,* inspirational motivations *0.758* and individualized considerations *0.632)* were high. This implies the transformational leadership has a strong correlation with corporate success. The result shows transformational leadership factors have a positive impact on corporate success. Transformational leadership factors has a positive impact on employee satisfaction and improvement of organizational performance (Hoy and Miskel, 2008). Haramaya university leaders should, therefore, establish transformative leadership to be successful. However, correlations between the transactional leadership variables and corporate success is *0.419* for contingent rewards, *0.555* for active management by exception and (*-0.819)* for passive management by exceptions. Contingent rewards and active management by exception of transactional leadership factors have significant relationships with corporate success while passive management by exceptions has a negative correlations with corporate success. Oorganizational mechanisms such as compensation, communication, organizational policies and procedures and methods create psychological productive culture with

spiritual, personal, productive, passive characteristics and tend to maintain the status quo that this culture makes that transactional leadership served more successful in the constant environments (Baghersalimi *et al.,* 2013). Laissez-faire leadership style is negatively correlated to corporate success. The study implies laissez-faire leadership style has a negatively associated with corporate success *(-0.73)*. Organizations needs to have effective and efficient leaders to be able to achieve organizational goals. On the other hand, success of the organization and realization of the goals depends on how practices of management and its leadership style effective not to be Laissez-faire in their leadership approach (Bennett and Anderson, 2003). From this result Haramaya university leaders should discard passive management by exceptions and laissez-faire leadership style.

Table 3. Leadership variable and corporate success correlation matrix.

Variable	Intelle.	Ideal	Inspiration	Individual	Contin.	Mgmt.-*active*	Mgmt.-*passive*	l-Faire	CS
Intellectual	1								
Idealized	.995**	1							
Inspirational	.974**	.991**	1						
Individualized	.972**	.971**	.940**	1					
Contingent	.548**	.562**	.560**	.568**	1				
Mgmt -*active*	.631**	.614**	.592**	.595**	.927**	1			
Mgmt -*passive*	-.545**	-.536**	-.499**	-.591**	-.727**	-.794**	1		
L-Faire	-.494**	-.464**	-.407**	-.528**	-.658**	-.782**	.972**	1	
Corporate Success	*.960**	*.660**	*.758**	*.632**	*.419**	*.555**	*-.819**	*-.73**	1

Note: **Correlation is significant at the 0.01 level (2-tailed); CS = *Corporate Success*

Table 4 shows the correlations between laissez-faire, transformational and transactional leadership behaviours and corporate success. The correlations between the transformational leadership approach and corporate success rating was as high as *0.492* whereas the correlation between the transactional leadership style and corporate success was *0.392*. Laissez-faire leadership style is negatively correlated to corporate success *-0.789*. Transformational leadership style focuses on the development of followers and their needs. Managers exercising transformational leadership style focus on the development of value system of employees, their motivational level and moralities with the development of their skills (Ismail *et al.*, 2009). Transformational leadership acts as a bridge between leaders and followers to develop clear understanding of follower's interests, values and motivational level. It basically helps followers achieve their goals working in the organizational setting; it encourages followers to be expressive and adaptive to new and improved practices and changes in the environment (Bass, 1994). Therefore, successful leadership is essential to the effectiveness of any organization success, because it has been identified as the measures of organizational effectiveness is leadership (Grawford, 2005). However, one of the important topics that today some of the organizations are involved in is ignoring the issue of organizational leadership that any damage in this relationship will lead to low employee performance which has a direct impact on the corporate success. Grawford (2005) in his research entitled

transformational leadership, positions and staff functionality organizations found that there was a significant relationship between employees performance and transformational leadership style. Also, the author reported that there was a significant relationship between transformational leadership and organizational position.

Table 4. Leadership style and corporate success correlation matrix.

	Corporate Success	Transformational	Transactional	Laissez-Faire
Corporate Success	1			
Transformational	.492**	1		
Transactional	.392**	.239*	1	
Laissez-Faire	-.789**	-.470**	.143	1

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

The regression analysis showed that transformational leaders perform in behaviour that permits them to be a role models for their followers and they act in manners that inspire and stimulate those concerning them by bestowing challenges and meaning to their followers at work which has a positive impact on corporate success (Table 5).
.

Table 5. Linear regression of transformational leadership and corporate success.

Model	Parameter estimates		Standardized Coeff.			95.0% Confidence Interval for B	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	2.045	.159		12.87	.00	1.729	2.362
Transformational leadership	.213	.043	.492	4.99	.00	.128	.298

The regression analysis, showed that transactional leadership variables (contingent rewards and active management by exception) have a positive impact on corporate success (Table 6). The leader specifies the standards for compliance as well as what constitutes ineffective performance and may punish subordinates for being out of the compliance with those standards. Public leaders should therefore consider formulating and implementing effective reward and recognition systems as well as encouraging greater leader supervision to enable corporate success.

Table 6. Linear regression of transactional leadership and corporate success.

Model	Parameter estimates		Standardized Coeff.	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.453	.364		3.98	.00	.727	2.178
Transactional leadership	.424	.113	.392	3.76	.00	.200	.648

The regression analysis showed that Laissez-faire leadership and corporate success are found negatively related and has negative impact on corporate success (Table 7). It is recommended that leaders at different departments at Haramaya University should avoid this type of leadership style so as to improve corporate success.

Table 7. Linear regression of laissez-faire leadership and corporate success.

Model	Parameter Estimates		Standardized Coeff.	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	3.372	.056		60.19	.00	3.260	3.483
Laissez-faire	-.259	.023	-.789	-11.33	.00	-.304	-.213

4. Conclusions

The major concern of the study was to examine leadership style at Haramaya University and its implications for corporate success. To achieve the stipulated objectives, the study used primary data collected through self-administered questionnaire from 80 officials from lower level to top level management.

Leadership is the art of mobilizing others to want to struggle for shared aspirations. However, it could be argued that this influence of mobilization and struggle is of little value in an organizational context unless it ultimately yields an outcome in line with the "shared aspiration" for leadership to be successful. Subsequently, this study investigated the leadership style at Haramaya University and its implications for corporate success.

Laissez-faire leadership style is characterized by avoidant leaders who may either not intervene in the work affairs of subordinates or may completely avoid responsibilities as a superior and is unlikely to put in effort to build a relationship with the followers. Findings of similar studies state that laissez-faire style is associated with dissatisfaction, unproductiveness and ineffectiveness. Thus laissez faire leadership style leads to a decrease in performance and hinder the corporate success.

Transactional leadership style results (contingent rewards and active management by exception) have a medium positive significant relationship with corporate success. The components in transactional leadership - contingent reward, whereby subordinates performance is associated with contingent rewards or exchange relationship; active management by exception, whereby leaders monitor followers performance and take corrective action if deviations occur to ensure outcomes achieved; passive management by exception, whereby leaders fail to intervene until problems become serious.

Transformational leaders encourage subordinates to put in extra effort and to go beyond what they (subordinates) expected before. Transformational leaders achieve the greatest performance from subordinates since they are able to inspire their subordinates to raise their capabilities for success and develop subordinates innovative problem solving skills. As expected, relational analysis found that all transformational leadership behaviors have a strong positive correlation with corporate success. The transformation leader uses strategies and techniques to empower the followers, enhance their self-efficacy and change their values, norms, and attitudes, which are consistent with the leader's vision.

A high reliance on transformational leadership and poor in providing rewards and directions can create confusion and ambiguity among the employees. Another effects of leadership style in an organization can be noted that transactional leadership proved more successful in stationary environment and more unsuccessful in the dynamic environment than transformational leadership. In contrast, transactional leadership using institutional mechanisms such as compensation, communication, organizational policies and procedures and methods cause to create dynamic empowerment culture with active, strong, dynamic, and innovative characteristics. As a result, it is important that managers at Haramaya University should mix both transformational and transactional leadership styles accordingly for corporate success.

5. Recommendations
Based on the findings the following suggestions are offered:
- Based on ineffectiveness of laissez-faire leadership style indicated in this study, it is recommended that manag-

ers/leaders should avoid this type of leadership style so as to improve corporate success in Haramaya University. This calls for greater involvement in guiding subordinates and involvement of the leaders for corporate success to achieve organizational goals.

- The transactional leadership variables (contingent rewards and active management by exception) have a medium positive correlation/relationship with corporate success. The leader specifies the standards for compliance as well as what constitutes ineffective performance and may punish subordinates for being out of the compliance with those standards. This leadership style implies closely monitoring for the mistakes and errors and taking corrective actions as quickly as needed. Leaders in Haramaya University should, therefore, consider formulating and implementing effective reward and recognition systems as well as encouraging greater managerial supervision to enable corporate success.

- All factors of transformational leadership style (inspirational motivations, idealized influence (charisma), intellectual stimulations, and individualized considerations) have a strong positive relationship with corporate success. It is, therefore, recommended that managers (leaders) in Haramaya University should inspire subordinates by providing meaning and challenge to work; stimulating subordinate efforts to become innovative and creative, and paying attention to each individuals need for achievement and growth of the organizations which has positive implications for corporate success.

6. Acknowledgements

7. Reference

April, K. A. 1999. Leading through communication, conversation and dialogue. *Leadership and Organization Development Journal,* 20 (5): 231-241.

Puni1, A., Samuel, B. O. and Okoe1, A. 2014. The Effect of Leadership Styles on Firm Performance in Ghana. *International Journal of Marketing Studies*, 6 (1): 177-185.

Atwater, L. E. and Yammarino, F. J. 1992. Does Self-Other Agreement on Leadership Perceptions Moderate the Validity of Leadership and Performance Predictions? *Personnel Psychology*, 45: 141-164.

Bass, B. M. 1990. Bass and Stogdill's handbook of leadership (3rd Edn.). New York: Free Press.

Bass, B. M. and Avolio, B. J. 1993. Improving organizational effectiveness through transformational leadership. Thousand Oaks, CA: Sage.

Burns, I. M. 1978. Leadership. New York, NY: Harper and Row.

Dawson, C. 2002. Practical Research Methods: A user-friendly guide to mastering research techniques and projects. How to Books Ltd, 3 Newtec Place, press.

Clarke, M., Meldrum M., Creating change from below: early lessons for agents of change. *The Leadership and Organization Development Journal*, 20 (2): 70-80.

Covey, S. 1991. Principle- cantered leadership, New York summit books.

Creswell, J. W. 2003. Research Design: Quantitative, Qualitative, and Mixed Methods Approaches. SAGE. Thousand Oaks. USA.

Dahlgaard, J. J., Nørgaard A., Jakobsen, S. 1997. Styles of Success *European Quality,* 6 (4): 36-39.

Dearlove, J. 2002. A continuing role for academics: The governance of UK Universities in the Post-dearing era'. *Higher Education Quarterly*, 56 (3): 257-275.

Douglas, C., 1999. Organization redesign: the current state and projected trends. *Management Decision*, 37 (8): 621-627.

Fiedler, F. E. 1967. A Theory of Leadership Effectiveness, New York: McGraw-Hill.

Fiedler, F. E. 1996. Research on Leadership Selection and Training: One View on the Future. *Administrative Science Quartely*, 41: 241-250.

Galbreath, J. and Rogers, T. 1999. Customer relationship leadership: a leadership and motivation model for the twenty-first century business. *The TQM Magazine*, 11 (3): 161-171.

Gibson, J. L., Ivancevich, J. M., Donnelly, J. H. 1994. Organizations: Behavior, Structure, Processes. 8th Edn, Published by Irwin, Boston.

Harris, L. C. and Ogbonna, E. 2002. Developing a Market Oriented Culture: A Critical Evaluation*,* Journal of Management Studies, in press.

Hennessey, J. T. 1998. Reinventing Government: Does Leadership Make the Difference? *Public Administration Review*, 58 (6): 522–32.

Hunt, J. G., Hosking, D. and Schriesham, C. A. 1984. Leaders and Managers. International Perspectives on Managerial Behaviour and Leadership, Pergamon Press, New York

House, R. J. 1977. A 1976 theory of charismatic leadership*,* In: Hunt, J. G and Larsons L. L. (Eds.) Leadership: The Cutting Edge. Carbondale, IL: Southern Illinois University Press, 189-207.

Howell, J. M. and Avolio, B. J. 1993. Transformational leadership, transactional leadership, locus of control, and support for innovations: key predictors of consolidated-business-unit performance. *Journal of Applied Psychology*, 78 (6): 891– 903.

Johnson, P. R. and Indvik, J. 1999. Organizational benefits of having emotionally intelligent managers and employees. *Journal of Workplace Learning,* 11 (3): 84-88.

Judson, A. 1991. Changing behavior in organizations: Minimizing resistance to change. Basil, Blackwell: Cambridge, MA.

Kaeter, M. 1992. Personalizing Performance Quality, April 1992, 36-41.

Mullins, L. J. 1999. *Management and Organizational Behaviour*. London: Financial Times.

Murphy, S., and Drodge, E. 2004. The four I's of police leadership: A case study heuristic. *International Journal of Police Science and Management*, 6(1): 1-15.

Nothnagel, A. 1998. Mitarbeiter beurteilen ihre Vorgesetzten. Harvard Business Manager 1/98, 97-106.

Peter, G. Northouse's (2009. Introduction to Leadership: Concepts and Practices.

Porras, J. I. and Silvers, R. C. 1991. Organization Development and Transformation. *Annual Review of Psychology*, 42: 51-78.

Riley, A. and Zaccaro, S. 1987. Occupational Stress and Organisational Effectiveness, Published by Praeger, New York.

Shafritz J. M. and Ott, J. S. 1996. The emerging measure of effectiveness for human resource management. An exploratory study with performance appraisal, *The Journal of Management Development,* 18 (6): 543-556.

Shaw, R. B. 1997. Trust in the Balance: Building Successful Organizations on Results, Integrity, and Concern, Jossey-Bass Publishers, San Francisco, CA.

Vroom, V. and Yetton, P. 1974. *Leadership and Decision-Making*, Pittsburgh, PA: University of Pittsburgh Press.

Valdisseri, 2010.The study of leadership in small business organizations: impact on profitability and organizational success

Weick, K. E. and Quinn R. E.1999. Organizational Change and Development. *Annual Review of Psychology*, 50: 361-386.

Williams, Brannick, 1997. Choosing the Appropriate Methodology: Understanding Research Philosophy

Yammarino, F. and Avolio, B. 2002.Transformational and charismatic leadership, (Monographs in leadership and management). Amsterdam: JAI Press.