

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
MBF PROGRAMME**

**LEADERSHIP STYLES, EMPLOYEE COMMITMENT AND  
EMPLOYEE JOB PERFORMANCE OF  
MYANMAR ORIENTAL BANK**

**KAUNG HTET THEIN  
MBF (DAY) 1<sup>ST</sup> BATCH**

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**Supervised By;**

Dr. Tin Tin Htwe  
Professor  
Department of Commerce  
Yangon University of Economics

**Submitted By;**

Mg Kaung Htet Thein  
MBF II - 22  
Day 1<sup>st</sup> Batch

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This thesis is submitted to the Board of Examiners as partial fulfillment  
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Submitted By;  
Mg Kaung Htet Thein  
MBF II - 22  
Day 1<sup>st</sup> Batch

## **Abstract**

This study emphasized on leadership styles of Myanmar Oriental Bank (MOB). The objectives of the study are to identify the leadership styles of MOB and to analyze leadership styles, the employee commitment and employee job performance of MOB. In order to achieve these objectives, both primary data and secondary data were applied in this study. Primary data were collected by structured questionnaire. This research sample size was 110 employees at operational level who were taken from the total number of 385 at Head Office of MOB bank. The study period is August, 2019. This study used descriptive research method and regression analysis. Transactional leadership styles and transformational leadership were identified in this study. Among them, the transformational leadership style was more dominant than transactional leadership styles in this study. According to the regression result, it was found that transformational leadership affects on both of employee commitment and employee job performance positively and significantly. Moreover, there was a mediated effect of employee commitment between transformational leadership and employee job performance. Therefore, the leaders of MOB bank should follow and emphasize on transformational leadership style to have employee commitment and high employee job performance.

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# **Chapter I**

## **Introduction**

The workplace is changing dramatically and demands for the highest quality of product and service is increasing. To remain competitive in the face of these pressures, employee commitment and performance is crucial. Much has been written recently about the need for improving the education, training and development of organizational workforce. As important as this is, Hersey & Blanchard (1984) argue that, at least equal emphasis must be given to improving the quality of leadership if business is to succeed in achieving greater employee satisfaction, commitment and performance and thereby is profitability. Most researchers recognize that employee's commitment and leadership style are major factors to the organizational success or failure.

Leadership is the ability to influence people to achieve their organizational goals. Leadership is applicable to all aspects as long as the group works together. The group must have a leader, as there is a systematic change in the organization. Thus, through effective leadership, subordinates become responsible and independent in the performance of their duties.

Leadership is the ability to not only understand and utilize their innate talents, but to also effectively leverage the natural strengths of their team to accomplish the mission. A leader is someone who trains and influences the followers who have diverse gifts and abilities; someone who recognizes the diversity of the followers and without shutting their uniqueness is able to build a unity with common values and directions (Winston 2002). Leadership is a process of influence between the leader and the persons who follows him. And also leadership is a technology that allows others to perform at their best to accomplish any task, objective or project.

Furthermore, a capable leader able to motivate and support their employees by provides the guidance and direction to them in order to achieve the goals and accomplish the desired outcomes (Voon, Lo, Nguo & Ayob, 2011). Leadership is a critical factor in the success or failure of an organization; excellent organizations begin with excellent leadership, and successful organizations reflect their leadership. Effective leadership can move organizations from current to future states, create visions of potential opportunities for organizations, instill within employees

commitment to change and instill new cultures and strategies in organizations that mobilize and focus energy and resources (Bennis & Nanus, 1985). The degree of employee commitment showed their emotional intimacy with organization is largely influenced by leadership style. Ramchandran and Krishnan (2009) found that there is leader and style of that leader is one of the most important determinants of employee commitment.

Well committed workforce feels that organization value them and they are playing an essential role within their organization which significantly enhance both employees' as well as organizational performance (Shore, & Martin, 1989; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989). Employee commitment is one of important factors for an organization's success.

Employee commitment with the organization reduces their intentions to leave the organization and remains the part of organization to work with more effectively and loyalty (Pascal et al, 2011). If the workforce is not committed in the organization then job insecurity, low trust, high stress and uncertainty will increase in the organization, which have ultimately negative effect on the performance of the organization (Panayiotis et al, 2011). The employee commitment is influenced by many organizational contextual factors, ranging from salaries, job autonomy, job security, workplace flexibility, to leadership. In particular, leaders within organizations can adopt appropriate leadership styles to affect employee commitment and productivity. Employee commitment is considered to be a very important factor since it ameliorates a friendly atmosphere within an organization, making the entire workforce enthusiastically work together in order to achieve individual employees' as well as organizational goals (Col, 2004).

In such a way, it is truly right to speak about the commitment as an excellent uniting factor that enhances the work effective performance of employees. Therefore, leadership to positive and long lasting organizational outcomes not only through higher motivation and job involvement of employees but also through creation of a positive and cooperative atmosphere within an organization and uniting of motivated and committed workforce in their work for the improvement of overall functioning of an organization (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989). The role of leaders in ensuring excellent organizational performance cannot be over emphasized. The need for adequate motivation, suitable working environment, compensation and

efficient communication between employers and employees are important to promoting excellent organization performance.

Service industry plays significant role in developing the economic life of a country. According to Chang (2000), service industry is the lifeblood of the economy and important for the success and progress of other related sector. In a service industry such as banking sector, employees who are highly committed to the organization provide excellent quality performance and keeping the customer happy and satisfied is always positive for a business. Bank is a place where it acts as financial intermediary that accepts deposits and makes those deposits into other activities (Hildreth, 2001).

### **1.1 Rationale of the Study**

Leadership is one of the most pressing issues and one of the least understood concepts in the corporate world. As a universal activity, leadership is fundamental for effective organizational and social functioning. The very nature of leadership is its influencing process and its resultant outcomes. Employees' commitment refers to the attitude of employees towards their jobs and the organization which employs them. The satisfaction and commitment of employees to the organization is an important factor for the sustainable and affective growth of the financial industry. Since this indicates as there is a need for better leadership and management to realize employee satisfaction and commitment as well as upgrading of skills (staff career) and gearing toward results orientation and efficiency. The employee performance in that service firms, especially in banks, is largely influenced by leader's behaviors and its leadership style.

The banking sector of Myanmar has been developing in recent years and most of the people are wanted to join in that sector. Banking and financial sector becomes crucial role in Myanmar, along with the economic development. As banking sector is one of the fastest growing economic sectors in Myanmar, there are three prime banking systems which are commercial bank, investment bank and retail bank. Those are supporting Myanmar business activities and economy. The banks need to look at the problems of employees' causes and the impact of commitment and to get the improve performance and to retain skillful employees for long time. Thus, it is important to get qualified and skillful employees banks to perform and implement the bank's objectives and its customer satisfaction.

There are twenty seven private banks in Myanmar, this paper studies Myanmar Oriental Bank Limited. Myanmar Oriental Bank (MOB Bank) was registered as a private company limited to operate banking business on July 26, 1993. Its founding members were prominent bankers retired from state-owned banks, family members holding the majority of share, their close friends and relations form the business circle. Upon approval from the Central Bank of Myanmar, the bank was among the first few selected financial institutions that were allowed to operate foreign currencies dealing and international banking. It was among the first batch of six private banks to be permitted to open currency exchange counters in the country. In recent year, they were trying to start “international money transfer services” and cooperation with Western Union. They have 40 branches around the country with many employees for running the operation.

Thus, this study considered to determine the relationship between leadership styles, employee commitment and organization performance of Myanmar Oriented Bank. In previous research paper, the relationship between leadership styles and organization performance has been studied but considering the impact of organization commitment has not been studied before up till the present.

## **1.2 Objectives of the Study**

The main aim of the study is to study on the leadership style and employee commitment of Myanmar Oriented Bank. The objectives of the study are as follows:

1. To identify the leadership style of Myanmar Oriented Bank.
2. To analyze the effect of leadership styles on employee commitment and employee job performance of Myanmar Oriented Bank.
3. To analyze the mediating effect of employee commitment on the relationship between leadership style and organization performance of Myanmar Oriented Bank.

## **1.3 Scope and Method of the Study**

This study focuses on the types of leadership style and commitment of employees and it performance of Myanmar Oriented Bank (MOB). This study applies descriptive statistic research method. The sample size is 110 employees at operational level who were taken from the total 385 employees at head office of MOB Bank. It includes employees from middle level to operational level of various department of

MOB Bank. This research conducts personal interviews and by using structure questionnaire method.

Primary data are collected from employees to identify the leadership style, commitment level and improve performance level by using structured questionnaire. The literatures review on several publications about leadership theories and commitment of employee and organization performance are conducted for the secondary data. Other sources are books, journal, magazine, research paper and website.

The scope of the study is limited only employees in head of MOB Bank. Data collection for the study was conducted in August 2019. This study also excluded organizational culture in MOB Bank.

#### **1.4 Organization of the Study**

This paper is organized into five chapters. Chapter I is the introduction which includes rational of the study, objectives of the study, scope and method of the study and organization of the study. Chapter II presents theoretical background of the study. Chapter III expresses background information of Myanmar Oriental Bank. Chapter IV consists of analysis on leadership styles, employees commitment and employee job performance. Chapter V is conclusion chapter which brings together some of the main messages of the report such as findings, suggestions and needs for further study.

## **Chapter II**

### **Theoretical Background**

This chapter focuses on the theories concerning of types of leadership and employee commitment and employee job performance. This chapter is divided into six parts. First part presents the definition of leadership and while the second describes concept of leadership style. The next parts are employee commitment and employee job performance. The previous study is following part and final part is conceptual framework of the study.

#### **2.1 Definition of Leadership**

Organizations with strong leadership usually have a better understanding of their goals and objectives. Leaders not only provide these goals and objectives, but also ensure the organization achieves them. Leaders can help organization return to its original goals or objectives if the business begins to lose its way.

Leadership can be defined as a complex social process, rooted in aspects of values, skills, knowledge as well as thinking of both leaders and followers. Thus, it is all about the continuous process of establishing and maintaining a connection between who aspire to lead and those who are willing to follow (Hersey & Blanchard, 1984). Furthermore, it has been the focal point of many academic research projects and of more than dozen journals in the market. Many academicians and researchers have made vital contributions in the different theories as well as practices of leadership, and after of extensive research, the subject of leadership has emerged as a legitimate discipline. However, there is still agreement about what leadership actually is. Many of scholars and researchers agreed that leadership is a combination of skills and behavior which exhibits those skills.

Leadership is a process of interaction between leader and follower where the leader attempt to influence followers to achieve a common goal. (Northouse, 2010; Yukl 2005)Leadership traits include enthusiasm, conscientiousness, boldness, self-assurance and competitiveness. These characteristic give individuals intangible skills for accomplishing tasks and inspiring people to work with the leader during tough situations. Specific organizational leadership traits may include intuitiveness,

maturity, team orientation, charisma and empathy. These may closely relate to organizational structure of business in which the leader works.

Leadership and management are two essential functions in organization. Leadership represents individuals involved with balancing varying interests among managers, employees and other organizational stakeholders. Management commonly is defined as the organization and coordination of various economic resources in a organization. Leaders often have specific character traits that lend their skills more to direct a company than managing resources.

Hersey & Blanchard (1984) defines leadership as the process of influencing activity of an individual or a group in efforts toward goal achievement in a given situation. Similarly, the earlier definitions identified leadership as a focus of group process and movement, personality in action. The next type considered it as the art of inducing compliance. The more recent definitions conceive leadership in terms of influence relationships, power differentials, persuasion, influence on goal achievement, role differentiation, reinforcement, initiation of structure, and perceived attributions of behavior that are consistent with what the perceivers believe leadership to be.

A good leader could lead their employees to perform at the highest capability. These leaders should have the capability to operate with integrity, honest, efficiently, and communicate clearly with employees (Arosen et. al. 2003). Finally, he concluded that as leadership may involve all these things. Therefore, leadership in the organizational context in this study is related to the person who is appointed by the organization or owner to follow up the whole or sub activities of the organization as well as the subordinates report to whom in the context of an work place relationship.

## **2.2. Concept of Leadership**

Transactional leadership also known as managerial leadership focuses on supervision, organization, and group performance. Transactional leadership is proposed an exchange of wants between the leader and followers (Avolio, 2007). Transactional leaders have to need to recognize follower's needs and manage their internal and external environment to influence followers using reward, punishment and agreement systems. These leaders are considered in a better position than the followers and they supposed to have information, skills and expertise that the followers might lack.



Since transactional leadership is based on a system of rewards and penalties, it does not offer much in terms of inspiration, to motivate people to go beyond the basics. The followers of transactional leaders might get complacent and develop a tendency to achieve minimal expectations only that would help them avoid penalties (Bass, 1990). Thus, the leader and the follower are in an agreement on what the follower would receive upon achieving the negotiated level of performance.

Transactional leaders are held responsible for rewards, monitoring, finding problems and taking corrective actions before the problem causes serious difficulties for the organization (Doyle and Smith, 2001). They communicate with their subordinates to explain how a task must be done and let them know that there will be rewards for a job done well. Transactional leadership is an exchange relationship that involves the reward of effort, productivity and loyalty.

Transactional leaders display behaviors associated with constructive and corrective transactions. The constructive style is labeled Contingent Reward and the corrective style is labeled Management-by-Exception (active and passive). Transactional leadership defines expectations and promotes performance to achieve these levels. Contingent Reward and Management-by-Exception are two core behaviors associated with 'management' functions in organizations. Full range leaders do this and more (MLQ, undated; Bass et al., 2003; Bolden et al., 2003). Transactional leadership works well in organizations where structure is important.

Transformational leadership is the most studied leadership style across disciplines. Transformational leaders are charismatic. They motivate subordinates and appeal to their ideals and moral values by creation and representing an inspiring vision of the future (Bass & Avolio, 1997). Leaders are proactive: they seek to optimize individual, group and organizational development and innovation, not just achieved performance "at expectations". They convince their associates to strive for higher levels of potential as well as higher levels of moral and ethical standards. Transformational leadership does not replace transactional leadership, but augments it in achieving the goals of the group.

Transformational leadership styles focus on team-building, motivation and collaboration with employees at different levels of an organization to accomplish change for the better. Leader set goal and incentives to push their subordinates to higher performance levels, while providing opportunities for personal and professional growth for each employee. This leadership thought to achieve

remarkable levels of performance from followers. It engages followers by appealing to their upper level needs (e.g. self-actualization) and ideals that yield higher level of follower satisfaction, performance and organizational commitment in individuals and teams (Bryman, 1992; Bass, Avolio; 2003; Pillai & Williams., 2004).

Transformational leaders are looking into followers potential motivations by exploring common objectives and linking them to followers. They are able to articulate an appealing vision of the future by communicating ideologies and leading through example. Furthermore, transformational leaders encourage problem solving in followers rather than constantly providing solutions and directions and a greater pool of knowledge.

According to Bass (1997), the goal of transformational leadership is to ‘transform’ people and organizations in a literal sense- to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behavior congruent with beliefs, principles , or values; and bring about changes that are permanent, self-perpetuating, and momentum building. According to Bass and Avolio (1994), there are four components of transformational leadership (1) Idealized influence or Charismatic leadership (2) Inspirational Motivation (3) Intellectual Stimulation (4) Individualized Consideration- which are labeled as “the four I’s”.

In a transformational leadership, there is a generally a sense of purpose and feeling of family. . The employees often develop a high level of trust and confidence in such a leader. The employees are proud to identify themselves with the leader and develop a strong sense of loyalty to them. The relationship between a transformational leader and followers is characterized by pride and respect (Bass & Avolio, 1990). Leaders and followers share mutual interest and a sense of shared fates and interdependence. Leader used to act engendering trust , inspiring a shared vision, generating enthusiasm, encouraging creativity, providing coaching easy way for employee’s difficulties and mistakes on their performance (Jung, Yammarino and Lee; 2009).

### **2.3 Employee Commitment**

Employee commitment is identified as psychological stat that bind individual to the manager, occupation and organization. Cantor and Mischel (1979) found commitment to be an attribute on which individuals evaluate others and that commitment was distinct from other personal characteristics, such as extraversion.

Commitment could be described as organizational behavior and business psychology. The key objective of all management being to develop a positive corporate culture as manifested in values, norms and management style which combine to promote commitment (Peters and Waterman, 1982; Tichy, 1983; Armstrong, 1991a). In 1987, Denton states that obtaining employee commitment is keys to quality and productivity improvements. Moreover, the central plank of Human Resource Management is the development of employee commitment to the organization (Guest, 1987). The rationale behind this is that committed employees' will be more satisfied, more productive and more adaptable' (Guest, 1987; Walton, 1991). Commitment binds an individual to a course of action of relevance to one or more targets.

The multifaceted nature of commitment is problematic for a researcher wishing to gain insight as to the effect of senior management theory-of-action on employee commitment. Identifying the form of commitment which senior management wish to encourage will be difficult, but may prove to be an essential pre-requisite. Organizational commitment is most often defined as a strong desire to remain a member of a particular organization, in other words loyalty to the company. According to this definition commitment refers to an individual's psychological bond to the organization, as an effective attachment and identification (Coopey and Hartley, 1991). In 1970, Hall, Scheider, and Nygren dealt more with the issues that lead to shared values. They define commitment as "the process by which the goals of the organization and those of the individual become increasingly integrated or congruent." In 1977, Salancik states that "Commitment is a state of being in which an individual becomes bound by his actions to beliefs that sustain his activities and his involvement."

However, the most widely used definition of organizational commitment in current research is that of Porter, Steers, Mowday, and Boulian (1974), who developed the Organizational Commitment Questionnaire (OCQ). They defined organizational commitment as the strength of an individual's identification with and involvement in a particular organization, characterizing it by three psychological factors:

- desire to remain in an organization,
- willingness to exert considerable effort on its behalf, and
- belief in and acceptance of its goals and values.

Such categorization fits well with what has become known as affective commitment. In support of Porter et al, O'Reilly and Chatman (1989) define employee commitment as "a psychological attachment felt by the employee for the organization."

Senior management interest in improving and extending employee commitment centers on the assumption that greater commitment leads to improved work and organizational performance. Drennan (1989a) states that most managers believe that with real commitment from staff, the performance of their businesses could improve dramatically. "Employee commitment" he says, "does make a real difference". Walton (1985b) suggests that at the heart of management philosophy is the belief that employee commitment will lead to enhanced performance. He adds "the evidence shows this belief to be well founded."

Strong commitment to work should result in conscientious application to the job by means of a high level of effort, but research has not proven this. As Guest (1992) points out, "it may not be sensible in any case to expect a strong and direct link between commitment and performance."

#### **2.4 Employee's Job Performance**

Performance defines as the accomplishment, execution, carrying out and working out of anything ordered or undertaken. This refers to outputs or accomplishment.

Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent on clarifying the performance concept. Still, in 1990, Campbell described the literature on the structure and content of performance "a virtual desert". However, during the past 10 to 15 years, one can witness an increasing interest in developing a definition of performance and specifying the performance concept. Authors agree that when conceptualizing performance one has to differentiate between an action (i.e., behavioral) aspect and an outcome aspect of performance (Campbell, 1990; Campbell, McCloy, Oppler, & Sager, 1993; Kanfer, 1990; Roe, 1999).

The behavioral aspect refers to what an individual does in the work situation. Not every behavior is subsumed under the performance concept, but only behavior which is relevant for the organizational goals: "Performance is what the organization

hires one to do, and do well” (Campbell et al., 1993, p. 40). Thus, performance is not defined by the action itself but by judgmental and evaluative processes (cf. Ilgen & Schneider, 1991; Motowidlo, Borman, & Schmit, 1997). Moreover, only actions which can be scaled, i.e., measured, are considered to constitute performance (Campbell et al., 1993).

Job performance is kind of outcomes after a job is finished. It represents the levels of achievement of each job (Byars & Rue, 2000) and the fulfillment of organizational regulations, expectations, or requirements for an official role (Campbell, 1990). It is the contribution to organizational goals and can be measured by outcomes (Borman & Motowidlo, 1993). Moreover, job performance is productivity that expresses the quantity, quality and contribution of a job. When productivity is high the overall performance within the organization will be high (Su, 1999; Schermerhorn, 2000; Sun, 2001). That is, job performance is an employee's overall work outcomes, including efficacy, efficiency, and effectiveness (Tsao, Huang, Huang, Chang, & Wang, 1997; Hsu, 2005). Schermerhorn (1992) argued that job performance is the results of quality and quantity after completion of a mission by an individual or a group. Blumberg and Pringle (1982) proposed that willing to perform, capacity to perform and opportunity to perform are three factors to influence job performance. Korman (1977) also pointed that job ability and skill, motivation, and role perception are three determinants to affect individual job performance.

Additionally, Hsu (2000) mentioned that the performance evaluation can be used to build incentives standards to make organizational members understand their contributions and the direction to their efforts. The evaluations of job performance are to (a) indicate the necessities of training and development, (b) assess the effects of employees' development and recruitment plan and enact incentive standards, (c) assist personnel decisions such as transfer, promotion, or layoff, and (d) provide feedbacks for employees in order for them to understand how performances are evaluated (Robbins, 2001).

Borman and Motowidlo (1993) distinguished job performance into task performance and contextual performance. Task performance is the efficiency of individual work that indicates the degrees of completion of assignments under organizational expectations. It is the proficiency of an official job that contributes to the technological core of an organization (Borman & Motowidlo, 1993; Borman & Motowidlo, 1997). Contextual performance means that individuals have the

willingness to perform organizational activities, which are unofficially regulative and the earnest to persist in the accomplishment of organizational assignments as well as cooperate and keep good relationship with coworkers to achieve better performance (Borman & Motowidlo, 1993). Contextual performance signifies that employees will help organizational operations by free will without any internal system to regulate or control.

In practice, it might be difficult to describe the action aspect of performance without any reference to the outcome aspect. Because not any action but only actions relevant for organizational goals constitute performance, one needs criteria for evaluating the degree to which an individual's performance meets the organizational goals. It is difficult to imagine how to conceptualize such criteria without simultaneously considering the outcome aspect of performance at the same time. Thus, the emphasis on performance being an action does not really solve all the problems.

## **2.5 Previous Studies**

In 1999, Amstrong explained that for creating commitment it is essential that organizational values. Roles and goals are properly defined and well communicated. When employees are highly motivated then they showed organizational commitment, organizational citizenship behavior (Grant, 2007; Koehler and Rainey, 2008). The leaders will influence organizational commitment and job performance because they can lead employees toward the achievement of job objectives. Leaders can guide individuals or groups to finish the goals and develop organizational commitment within employees (Bass, 1981; Reyes,1990). Hence, leadership style is one of the critical factors that will influence organizational commitment (Yiing, Zaman, & Ahmad, 2009).

When job is properly designed in terms of relationship collection of tasks and reorganization of employees then it create satisfaction, motivation and finally leads to organization commitment (Grant, 2007; Hackman & Oldham, 1980). Purvanova, Bono, and Dzieweczynski (2006) explained that transformational leadership played a very important role in creating job commitment .when job is challenging and meaningful that is it is properly designed then it leads to creating positive behaviour of employees towards the job. In 1981, Morris & Sherman found leaders' consideration tends to be related to high level of organizational commitment. Pillai,

Schriesheim and Williams (1999) found that transactional leadership has a significant and positive relationship with organizational commitment. Su (2001) commented that transformation leadership has a positive relation with organizational commitment on his study of expatriates in an organization. Yukl (2002) identified that transformation leadership can change the mindset of organizational members to commit organizational missions and objectives. Transformational leadership will significantly and positively affect organizational commitment (Chi, Yeh, & Chiou, 2008; Chi, et al., 2007). Lee (2010) asserted that transformational leadership and transactional leadership both have a positive and significant effect on organizational commitment. Moreover, organizational commitment will significantly and positively affect to job performance (Luthans, McCaul & Dodd, 1985; Chi, et al., 2007; Chi, et al., 2008 ). Leadership style has a positive influence on job performance (Lee, 2009; Pan, 2006). Transformational leadership will significantly and positively affect job performance (Chi, et al., 2007; Chi, et al., 2008; Pradeep & Prabhu, 2011).

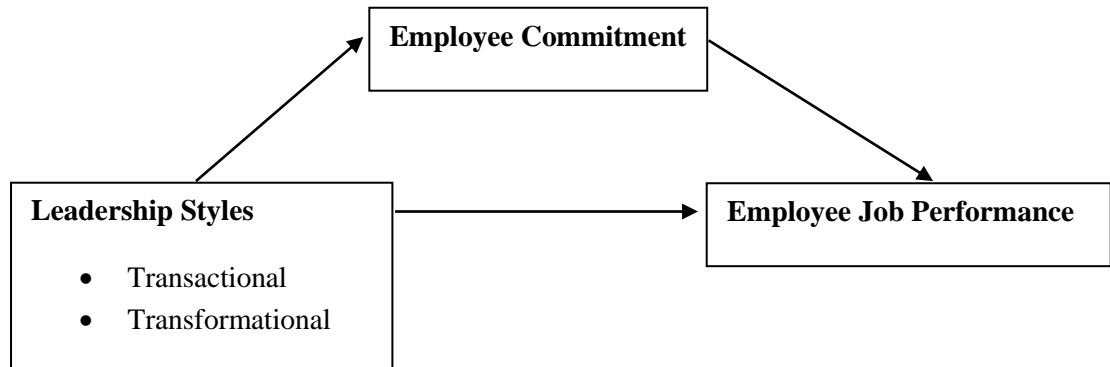
Job satisfaction and commitment finally leads to lower the employee turnover (Lee, 1999). Wang (2006) observed that leadership style and organizational commitment have positive and significant effects on job performance. Chen (2004) concluded that the organizational commitment will mediate the relationship between transformational leadership behaviors and job performance in supportive and bureaucratic culture. When time is properly managed in the organization people are more motivated to work as well designed procedures create role clarity and finally commitment (Webb, 2006). Verda Khan, V.D, Hafeez, M.H, Mariam, A.H.A (2012) suggested that leadership style would affect organizational commitment and, in turns, organizational commitment will influence job performance and mediate the relationship between leadership style and job performance. And then, they showed the significant relationship between transformational leadership and organizational performance and a positive relationship between transactional leadership style and organizational success as proved by their study. They concluded commitment mediates the relationship between leadership style and organizational performance.

## **2.6 Conceptual Framework of the Study**

According to objectives and literature reviews on above, the study used leadership style as the independent variable, employee performance as the dependent variable and employee commitment as the mediating variable to explore the impact of

leadership style on the relationship with employee commitment and employee performance (See Figure 2.1).

**Figure 2.1 Conceptual Framework of the Study**



Source: Verda Khan et al. 2012.

A framework for this study includes three components: leadership styles, employee commitment and employee job performance. For leadership style, it was driven using two types of leadership style: transactional leadership style and transformational leadership style. There were measured by 9 items for transactional and 15 items for transformational. Employee commitment was measured by 12 items and employee job performance was measured by 8 items scale.

This study used descriptive research method and regression analysis for the above research framework. In regression analysis, firstly the two leadership styles have significant impact on employee commitment and employee job performance. Secondly, employee commitment has significant impact on employee job performance. Finally, employee commitment mediates the relationship between leadership styles and employee job performance.



## **Chapter III**

### **Background Information of Myanmar Oriented Bank**

This chapter is divided into three parts. The first part is the profile of Myanmar Oriented Bank. The second part presents the organization structure of Myanmar Oriented Bank and the last portions presents types of services at Myanmar Oriented Bank.

#### **3.1 Profile of Myanmar Oriented Bank**

Myanmar Oriental Bank Limited was incorporated as a private limited bank under the Financial Institutions of Myanmar Law and started its operations on 18th November 1993. Its founding members were prominent bankers retired from state-owned banks, family members holding the majority of shares, and their close friends and relatives from the business circle.

Over the past 24 years, the bank has played an important role in the stability and success of domestic banking in Myanmar by contributing its efficient and reliable banking services and promoting financial intermediation in the country. The bank accepts foreign currencies (USD, EUR, SGD) as current accounts and Myanmar Kyat as current, call, savings and fixed deposits within its present banking network of 46 branches across the country. In addition, the bank also provides banking facilities and other financial assistance to its customers in the form of commercial loans, trustee and remittance services.

Upon approval from the Central Bank of Myanmar, the bank was among the first few selected financial institutions that were allowed to deal in foreign currencies and international banking. It was among the first batch of six private banks to be permitted to open currency exchange counters in the country. The bank has now opened 20 currency exchange counters in Yangon, Mandalay, Mawlamyaing, Monywa, Magwe, Pyay and Muse. As a leading member of the Myanmar Payment Union, the bank has introduced ATM and POS debit card and credit card facilities for the promotion of electronic payment systems in the country. The bank has developed an overseas network by establishing corresponding relationships with 62 banks worldwide. The bank has also signed a partnership agreement with Western Union

through which customers can transfer funds using its affiliated network in 111 countries from/to the bank.

Apart from its core banking business, MOB established the Oriental Leasing Company Limited (OLCL) as a subsidiary in 1995, extending financial assistance to its customers in acquiring household and other durable consumer items. The bank owns 99% of the company's share capital.

In foreseeing the future needs, the bank inked a Memorandum of Understanding with IFC on joining their Global Trade Finance Program (GTFP) which has provided MOB with a USD 5 million trade finance facility and allows the bank to establish working partnerships with a vast number of major international banks through the GTFP bank network. Additionally, under the framework agreement, IFC is helping the bank to strengthen its corporate governance and improve its trade finance operations.

To serve as the basis for decision making of its personal the Myanmar Oriental Bank has clearly created and well communicated its vision mission throughout the bank. Their Vision is "To become a modern financial powerhouse propelling the prosperous growth in Myanmar." Moreover, their Mission statements are:

- Mobilize all resources to support customers' pursuit of their financial dreams.
- Offer rewarding career opportunities for employees to realize their full potential.
- Bank on integrity, prudence and compliance to provide sustainable return to investors.

### **3.2 Organization Structure of Myanmar Oriental Bank**

The organizational chart of Myanmar Oriental Bank (MOB) includes the Board of Directors, the Audit Committee, the Executive Committee and the Head of Department. It was included in 27 shareholders and 11 directors to oversee banking operations. The member of Directors was neither less than 11 nor more than 15, including the Chairman. The Chairman has been elected by the director for the period determined by the Board. A chairman who pays sufficient attention to the affairs of the bank, receive the salary and benefits of the bank and complies with the conditions of service to be determined by the board. The rules created by the board of directors in the section on the General Power of the board of directors, such as the chairman is

fully entitled to negotiate all the operations of a bank that can be negotiated by the board of directors.

Directors were to be elected by the shareholders at the Annual General Meeting. Directors have the power to appoint directors to fill vacant positions at any time and from time to time. The directors so appointed shall meet until the next general meeting and are eligible for re-election, however shall not be counted in determining the number of directors who are to retire from such meetings. As a Private Limited Company (PLC), Directors were not required to hold one or more qualified shares of the company. There are 13 departments. Each department has their respective duties as mentioned in Appendix II.

### **3.3 Types of Services at Myanmar Oriental Bank**

Myanmar Oriental Bank (MOB) has been providing the financial services to customer. These are Deposit, Loans, Fund Transfer Services, International Banking Services, Card Services, Trust Funds Services, etc. In recent years, MOB bank collaborated with the international organization such as IFC, GIZ to enhance the new products and services and then to comply the international compliance.

#### **(a) Acceptance of Deposit**

According to the MOB bank's purpose, the private commercial banking services are to mobilize domestic financial resources, to facilitate investment companies for economic development, to promote quality banking services based on strong banking laws and principles, and to reinforce commercial and development banking in line with the country's market-oriented economic system.

The commercial banking services of MOB are

- Receiving demand deposit in Kyat (Current Account)
- Receiving time deposit (Saving Account and Fixed Deposit Account)
- Advancing short-term loans and long-term loans
- Rendering inward and outward remittance services
- Facilitating other banking services

Demand deposits and time deposits are accepted at all MOB bank branches as well as at all private banks to promote domestic saving under the new Saving Bank Law that was enacted on 11 June 1992.

**(b) Loans and Advances Services**

As a commercial bank, the MOB Bank can provide short-term loans for trade and business development, and of course for the processing and manufacturing of goods. MOB Bank has established important lending principles that all lending managers must follow. The top four factors to consider in loans are the character of the customer, the repayment issues, the purpose of the advance and the security offered. It is important that the principles are strictly complied so that the security and liquidity of each advance is fully guaranteed.

**(c) Remittance Services**

Money transfer services play an important role in generating revenue for commercial banks. MOB will take all necessary measures to increase remittances. Reliability and excellent customer service are two well-known reputations of MOB. However, the ability to provide money transfer services is limited because of the relatively small banking network. Therefore, MOB will seek authorization to expand the network while trying to coordinate with other banks for the provision of money transfer services. According to the interbank-bilateral-agreement between the banks, the MOB can be transferred to certain regional banks such as KBZ, CB, AYA, UAB, MAB, Yoma.

**(d) Foreign Banking Services**

With the approval of the Central Bank of Myanmar, the MOB bank has become one of the first financial institutions selected to be authorized to carry out foreign currency and international banking transactions. It was one of the first six private bank batches authorized to open currency exchange counters in the country. In November 2011, the bank obtained an authorized dealer license from the Central Bank of Myanmar. The bank has put in place a SWIFT network system for trade finance services since June 2012. MOB bank established correspondent-banks with other foreign banks. MOB Bank accepts foreign currency deposits and encourages trade finance services. MOB Bank provides services to foreign banking according to the needs of individuals and businesses, such as Foreign Currency Accounts, Trade Finance Services, Remittances and Foreign Exchange Services.

**(e) International Money Transfer Services**

More than 2 million Myanmar Nations live and work abroad. The international transfer of funds is an essential service for these people and their families and it is an important link for financial support, education and gifts for special occasions. As a result, Myanmar will be more integrated into the global economy and fast and reliable international money transfer services will become even more important.

MOB Bank, in cooperation with Western Union which is an internationally recognized money transfer company, provides international money transfer services to Myanmar Nationals on board. This service offers Myanmar Nationals a reliable and fast way to receive money from their families and loved ones around the world. As it operates under the uniform regulation of the Central Bank of Myanmar, the range of products and services offered by Myanmar's private commercial banks has remained a little variation.

**(f) Card Services**

Now a day, card services are a potential service for banks and a popular service. MOB Bank provides debit and credit card services to its clients. The banks also offer international brand card acquisition services such as VISA, Master, MPU and JCB cards, which are used by MOB bank card acceptors.

**(g) Trust Fund Management Services**

This product is only available from the MOB bank in Myanmar. The primary function of the trust fund management service is to manage the bank and reinvest in profitable and potential businesses on behalf of the client.

The financial services provided in MOB bank are described in Table (3.1).

**Table 3.1 Financial Services Provided by the MOB Bank**

<b>No.</b>	<b>Financial Services</b>	<b>Categories</b>
1.	Deposit Management	Current Account
		Saving Account
		Fixed Account
		Special Account
		Foreign Currency Current Account
2.	Cash	Payroll
		Collection
3.	Loan & Advance	Loan
		Overdraft
4	Remittance	Domestic Telegraphic Transfer
		Payment Order
		Foreign Remittance (T/T)
		International Money Transfer (Western Union)
5.	Other Services	Foreign Banking
		Bank Guarantee
		Online Billing Services
		Money Changer Counter
		Online Phone Billing System
		Online Payment System
		24 Hour ATM Service
		Debit & Credit Card Services
		Card Services (MPU, CUP, JCB, VISA, Master Card)

Source: Annual Report of MOB (2017-2018)

## **Chapter IV**

### **Analysis on Leadership Styles, Employees Commitment and Employee Performance of Myanmar Oriental Bank**

This chapter is concerned with the analysis on leadership styles, employee commitment and employee job performance of Myanmar Oriental Bank. There was analyzed the mediating effect of employee commitment on the relationship between leadership style and organization performance of Myanmar Oriental Bank. There are six sections in this chapter. The first one is research designs, the following are demographic profile of employees, Leadership Styles of MOB Bank, Employee Commitment, Employee Job Performance. The next section is the effect of leadership styles on employee commitment and employee job performance. The last section is mediate effect of employee commitment on leadership styles and employee job performance of MOB Bank.

#### **4.1 Research Designs**

The survey is used to determine the leadership styles and its effects on employee commitment and employee performance of MOB Bank. The primary data were collected by using the structuring questionnaire that composed two parts. The first part measures the demographics which include gender, age, marital status, education level time spent on the current position and current organization. The second part measures both the independent and dependent variable which include transactional leadership styles, transformational leadership styles, employee commitment, employee job performance with thirty 5-point Likert scale questions (1 = strongly disagree/ 5= strongly agree). All measurement designs were adapted according to the relative literatures. Measurement of perception levels is conducted by mean value.

In this study, total of 110 operational level and non-managerial employees in Head office of MOB Bank filled the questionnaire. Statistical Package for Social Sciences (SPSS) program was used to descriptive and analyze independent and dependent variables. Both Simple Linear Regression and Multiple Regression are used to specify the significant levels.

## 4.2 Profile of Respondents

Profile of respondents consists of six characteristics such as gender, marital status, age level, and education level, experiences in current organization, and experiences in this position.

The following table (4.1) which present the respondents by gender, the marital status, by age and education level of respondents. Ages of respondents are classified into seven groups and education levels of respondents are classified into six levels.

**Table 4.1 Demographic Factors of Respondents**

<b>Particular</b>	<b>Number</b>	<b>Percentage</b>
<b>Gender</b>		
Male	28	25.45
Female	82	74.55
<b>Total</b>	<b>110</b>	<b>100.00</b>
<b>Marital Status</b>		
Married	38	34.55
Single	72	65.45
<b>Total</b>	<b>110</b>	<b>100.00</b>
<b>Age (in Year)</b>		
Under 21	4	3.64
21 – 25	23	20.91
26 – 30	44	40.00
31 – 35	28	25.45
36 and above	11	10.00
<b>Total</b>	<b>110</b>	<b>100.00</b>
<b>Education Level</b>		
Undergraduate	4	3.64
Bachelor Degree	85	77.27
Master Degree	21	19.09
<b>Total</b>	<b>110</b>	<b>100.00</b>

Source: Survey Data, (August, 2019)



In this study, the sample consists of 28 males and 82 females. In terms of percentage, male employees share 25.45 percent while female employees share 74.55 percent. It is found that the sample, single employees share 65.45 percent while married employees share 34.55 percent. And then, according to these age groups, age group of 26-30 years is the largest with 40.00 percent, followed by age group of 31-35 years with 25.45 percent, 21-26 years with 20.91 percent, 36 and above years with 10.00 percent, and under 21 years with 3.64 percent. Moreover, 85 bachelor degree holders is the largest shared with 77.27 percent, followed by master degree with 19.09 percent, and Undergraduate with 2.73 percent.

Addition, the working experiences of respondent are divided in two parts: the first one is experiences in MOB bank and the second is experiences in existing position. The experiences in MOB bank which are classified into five levels and experiences at current position that are divided into four levels. Table (4.2) shows the working experiences of respondents.

**Table 4.2 Working Experiences of Respondents**

<b>Particular</b>	<b>Number</b>	<b>Percentage</b>
<b>Experiences in With Existing Position</b>		
Less than 6 months	23	20.91
7 to 12 months	47	42.73
13 to 18 months	30	27.27
Above 18 months	10	9.09
<b>Total</b>	<b>110</b>	<b>100.00</b>
<b>Total Working Experiences in MOB</b>		
Less than 2 year	26	23.64
2 to 4 years	39	35.45
4 to 6 years	28	25.45
6 to 8 years	15	13.64
Above 8 years	2	1.82
<b>Total</b>	<b>110</b>	<b>100.00</b>

Source: Survey Data, (August, 2019)

According to Table (4.2), experiences with existing position at 7 to 12 months share the largest with 42.73 percent, followed by experience 13 to 18 months with 27.27 percent, experiences in less than 6 months with 20.91 percent, and above 18 months experiences at current position with 9.09 percent. And then, working experience in MOB at 2 to 4 years group are the largest shared with 35.45 percent, followed by 4 to 6 years with 25.45 percent, experiences less than 2 years with 23.64 percent, experiences in 6 to 8 years with 13.64 percent, and working experiences in MOB above 8 years with 1.82 percent.

#### **4.3 Analysis on Leadership Styles of Myanmar Oriental Bank**

In this study, two leadership styles (transactional leadership style and transformational leadership style) are analyzed. To explore these styles of leadership, the sample employees were answered structural questionnaire. Transactional leadership style includes nine statements and transformational leadership style include fifteen statements, each item is measured on Five-Point Likert scale ranging from 1 to 5 (from 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree). Hence, the mean scores can range from 1 to 5. According to the Best (1997), the means values of 5-point Likert scale items were interpreted as follows:

The score among 1.00 – 1.80 means strongly disagree.

The score among 1.81 – 2.60 means disagree.

The score among 2.61 – 3.40 means neither disagree nor agree.

The score among 3.41 – 4.20 means strongly agree.

The score among 4.21 – 5.00 means strongly agree.

##### **(a) Transactional Leadership Style**

Regarding the employees' perception towards transactional leadership style, they respond rating on nine statements and their mean scores and standard deviations are reported in Table 4.3

**Table 4.3 Employee Perception towards Transactional Leadership Style**

<b>No.</b>	<b>Particular</b>	<b>Means Values</b>	<b>Std. Deviation</b>
1.	Providing me with assistance in exchange for my efforts.	3.78	0.913
2.	Failing to interfere until problems become serious.	3.38	1.040
3.	Focusing attention on irregularities, mistakes, exceptions, and deviations from standards.	3.70	0.973
4.	Discussing in specific terms who is responsible for achieving performances targets.	3.63	0.994
5.	Taking actions after waiting for things to go wrong.	3.02	1.014
6.	Demonstrating that problems must become chronic before taking action.	3.62	1.031
7.	Keeping track of all mistakes.	3.14	1.027
8.	Directing my attention toward failures to meet standards.	3.11	1.078
9.	Expressing satisfaction when I meet expectations	3.74	1.011
	<b>Average</b>	<b>3.46</b>	<b>0.681</b>

Source: Survey Data, (August, 2019)

According to Table (4.3), it is found that all mean values are above 3 for transactional leadership activities that mean employees think their leaders are acting transactional leadership style. In these activities, “leaders provide employees in exchange for their efforts” action is highest means value with 3.78, the second one is “their leaders express satisfaction when they meet expectations” action with 3.74, and then “the leader focuses attention on irregularities, mistakes, exceptions, and deviations from standards action” is the third highest mean value of 3.70. Thus it can be assumed that employees agree that these actions fairly often act as fit on leaders’ action and their style.

In additional, it is found that the mean value near 3 in three activities of transactional leadership. Those activities are which “leader takes actions after waiting for things to go wrong”, “leaders keep track of all mistakes”, and “directs employee attention toward failures to meet standards”. It can be assumed that the leaders act those actions sometimes as their activities.

**(b) Transformational Leadership Style**

Regarding the employees' perception towards transformational leadership style, the respond rate fifteen statements and its mean scores are reported in Table 4.4.

**Table 4.4 Employee Perception towards Transformational Leadership Style**

<b>No.</b>	<b>Particular</b>	<b>Means Values</b>	<b>Std. Deviation</b>
1.	Re-examining critical assumptions to question whether they are appropriate.	3.57	0.953
2.	Talking about their most important issues arise.	3.70	0.973
3.	Seeking differing perspectives when solving problem.	3.58	1.008
4.	Talking optimistically about the future.	3.76	1.040
5.	Instilling pride in me for being associated with him.	3.55	0.952
6.	Talking enthusiastically about what needs to be accomplished.	3.90	0.948
7.	Spending time teaching and coaching.	3.57	1.062
8.	Going beyond self-interest for the good of the group	3.65	0.999
9.	Treating me as an individual rather than just as a member of a group.	3.65	1.035
10.	Acting in ways that builds my respect.	3.45	1.010
11.	Considering the moral and ethical consequences of decisions.	3.75	0.900
12.	Helping me to develop my strengths.	3.65	1.027
13.	Suggesting new ways of looking at how to complete assignments.	3.61	1.015
14.	Emphasizing the importance of having a collective sense of mission	3.85	0.956
15.	Expressing confidence that goals will be achieved	3.75	1.077
	<b>Average</b>	<b>3.66</b>	<b>0.738</b>

Source: Survey data, (August, 2019)

According to Table (4.4), it is found that all the mean values are above 3 at transformational leadership activities. In these activities, “leader talks enthusiastically

about what need to be accomplished” is highest mean value with 3.90, and “emphasizes the importance of having a collective sense of mission” is second higher means value with 3.85. In addition, “the leaders act in ways that builds their respect” action is the smallest mean value with 3.45. Thus it can be assumed that leaders agree that these actions frequency (if not always) act and fairly often as a fit on leaders’ action and their leadership styles.

**(c) Leadership Style of Myanmar Oriental Bank**

In this study, the mean scores of 24 questions for leadership is calculated by the 5-Point Likert scale, and the total score is divided by the respective questions to get the overall mean score. The calculated overall mean score is stated in Table (4.5).

**Table 4.5 Overall Mean Score of Type of Leadership**

<b>Sr.</b>	<b>Statement</b>	<b>Overall Mean Value</b>	<b>Average Std. Deviation</b>
1.	Transactional Leadership Style	3.46	0.681
2.	Transformational Leadership Style	3.66	0.738

Source: Survey Data, (August, 2019)

According to the Table (4.5) overall mean score of transformational leadership style is 3.66 which is more than the transactional leadership style is 3.46. Therefore transformational leadership is believed to be stronger as it has more average score. However, transactional leadership with overall mean is 3.46 is above the average score 3, there is also slightly strong. Referring to Table (4.5), the transformational leadership with the overall mean score 3 is higher. Therefore it can be assumed that the leaders are managing people with the transformational leadership style, and it is assumed that transformation leadership dominates employees in MOB bank.

**4.4 Analysis on Employees’ Commitment and Employee Performance**

In this study, commitment of employee was measured using organizational commitment questionnaire (OCQ) developed by Porter and his associates. It was designed to measure the relative strength of an individual’s identification with and involvement in a particular organization. Employee commitment scale include twelve statements, each item is measured on five-point Likert scale ranging from 1 to 5

(from 1: Strongly Disagree to 5: Strongly Agree). It can be assumed that the mean score below 3 indicates Disagree, while the mean score above 3 indicates Agree for their commitment.

**(a) Employee Commitment**

Regarding the employee commitment, the respondents are required to rate twelve statements and their mean scores are reported in Table (4.6).

**Table 4.6 Employee Commitment**

<b>No.</b>	<b>Particular</b>	<b>Mean Value</b>	<b>Std. Deviation</b>
1.	I feel like part of the family at this organization	3.98	0.824
2.	Too much of my life would be disrupted if I decided that I wanted to leave this organization now.	3.14	1.274
3.	I would not leave this organization right now because of what I would stand to lose.	3.50	0.993
4.	This organization has a great deal of personal meaning for me.	4.19	0.953
5.	It would be very costly for me to leave this organization right now.	3.45	1.037
6.	For me personally, the cost of leaving this organization would be far greater than the benefit.	3.25	1.044
7.	Even if it were to my advantage, I do not feel it would be right to leave my organization now.	3.11	1.222
8.	I would violate a trust if I quit my job with this organization now.	3.06	1.094
9.	I feel a strong sense of belonging to this organization.	4.17	0.897
10.	I feel emotionally attached to this organization.	4.01	0.818
11.	I would feel guilty if I left my organization now.	3.20	1.124
12.	I would not leave this organization right now because I have a sense of obligation to the people in it.	3.90	0.81
	<b>Average</b>	<b>3.58</b>	<b>0.598</b>

Source: Survey Data, (August, 2019)

By Table (4.6), it is found that the highest mean value is 4.19 on “a great deal of personal meaning for employees”. The second most commitment level mean value is 4.17 on “they feel a strong sense of belonging to this bank”. The smallest mean value on commitment level is 3.06 on “they would violate a trust”.

Moreover, it is also found that the overall Average value is 3.48 showing that the respondents are committed to the organization. This implies that there is a high emotional attachment, belief and willingness to remain in the organization. Respondent employees feel that they are personally attached to their organization and they think that working at their organization has much personal meaning to them.

With the scale of employees’ commitment, employees are mostly agreed for commitment level and care about their work and organization. However, employees hesitate to agree on the activities of violate a trust if they quit their job with this organization now and if it were to their advantage, they do not feel it would be right to leave their organization now.

**(b) Employee Job performance**

Regarding the employee’s job performance, there was using structured questionnaire, the respond are required to rate eight statements and their mean scores are reported in Table (4.7).

**Table 4.7 Employee Job Performance**

<b>No.</b>	<b>Particular</b>	<b>Mean Value</b>	<b>Std. Deviation</b>
1.	I like the kind of work I do.	3.84	0.852
2.	I am able to solve and work my current duty to get a work done.	4.29	0.902
3.	I use time effectively what expect from me on the job	3.82	0.950
4.	My workload is reasonable.	3.80	0.675
5.	My work gives me a feeling of personal accomplishment.	3.31	1.037
6.	I manage information and data effectively	3.76	0.888
7.	Supervisors encourage me to do well in my work.	3.45	1.037
8.	My talents are used well in the workplace.	4.15	0.715
	<b>Average</b>	<b>3.80</b>	<b>0.506</b>

Source: Survey Data, (August, 2019)

According to the Table (4.7), it is found that the mean values for on each statement is higher than 3. Since mean score is higher than 3, it could be assumed that employees performance and those actions were improving.

It is also found that the highest mean value of is 4.29 for “they are able to solve and work their current duty to get a work done”. The second highest mean value is 4.15 for “their talents are used well in the workplace”. Also, it is found that the smallest mean value is 3.31 at “their work gives them a feeling of personal accomplishment”. The second smallest mean value is 3.45 at “their supervisors encourage them to do well in their work”. According to the overall average score, it is found out that employee job performance was well existing in Myanmar Oriental Bank.

#### **4.5 Analysis on Effect of Leadership Styles on Employee Commitment and Employee Job Performance**

The Multiple Regression Model is used to determine the effect of leadership styles on employee commitment and employee job performance of MOB. The multiple regression analysis is an analysis of association in which the effect of two or more independent variables on a signal, interval-scaled dependent variables are investigated simultaneously (G.Zikmund, J.Babin, C.Carr & Griffin, 2010). Multiple regression analysis models sufficiently explained the variance, coefficient of determination, or the R Square in the dependent variable. Firstly, the regression results upon the effect of two leadership styles on employee commitment are shown in Table (4.8).



**Table 4.8 Estimated Values of Leadership Style on Employee Commitment**

Variable	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.	VIF
	B	Std. Error				
(Constant)	1.717	0.330		5.205	.000	
Transactional Leadership Style	0.074	0.071	0.084	1.047	.297	1.008
Transformational Leadership Style	0.440	0.065	0.543	6.743	.000	1.008
R-Square	0.310					
Adjusted R Square	0.297					

Source: SPSS Outputs

Note: Significance levels indicate that \*\*0.01 (1%) and \*0.05 (5%)

As per shown on the table (4.8), the transformational leadership style beta coefficient value is 0.543 with significant value of 0.000 which is lower than 0.01 significant level although the transactional leadership style significant value is larger than 0.05 significant level. Hence, transformational leadership style is found to have a positive significant impact on employee commitment. The model can explain 29.7% about the variance of the independent variable and dependent variable. The value of VIF value 1 is less than 10. Thus, there is no substantial multi-collinearity problem in this case.

Second, the effect of leadership styles on employee job performance is also analyzed. The regression results upon the effect of leadership styles and employees job performance are shown in Table (4.9).

**Table 4.9 Estimated Values of Leadership Styles on Employees Job Performance**

Variable	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.	VIF
	B	Std. Error				
(Constant)	2.754	0.306		9.002	.000	
Transactional Leadership Style	0.003	0.066	0.004	0.050	.961	1.008
Transformational Leadership Style	0.284	0.061	0.414	4.685	.000	1.008
R-Square	0.172					
Adjusted R Square	0.156					

Source: SPSS Outputs

Note: Significance levels indicate that \*\*0.01 (1%) and \*0.05 (5%)

As per shown on the table (4.9), the transformational leadership style beta coefficient value is 0.414 with significant value of 0.000 which is lower than 0.01 significant level although the transactional leadership style significant value is larger than 0.05 significant level. Hence, transformational leadership style is found to have a positive significant impact on employee job performance. The model can explain 15.6% about the variance of the independent variable and dependent variable. The value of VIF value 1 is less than 10. Thus, there is no substantial multi-collinearity problem in this case.

#### **4.6 Analysis on the Mediating Role Effect of Employee Commitment on Leadership Styles and Employee Job Performance**

In this path, the leadership styles and employee' commitment and employees' performance of MOB bank has been analyzed. To analyze the mediating effect, firstly the effect of employee commitment on employee job performance is identified. The regression results of employee commitment and employee job performance are described in Table (4.10).

**Table 4.10 Estimated Value of Employee Commitment on Employee Job Performance**

Variable	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.	VIF
	B	Std. Error				
(Constant)	1.725	0.215		8.012	.000	
Employees' Commitment	0.580	0.059	0.685	9.777	.000	1.000
R-Square	0.470					
Adjusted R Square	0.465					

Source: SPSS Outputs

Note: Significance levels indicate that \*\*0.01 (1%) and \*0.05 (5%)

According to the table (4.10), the employee commitment beta coefficient value is 0.685 with significant value of 0.000 which is lower than 0.01 significant levels. Hence, employee commitment is found to have fairly positive significant impact on employee job performance. The model can explain 46.5% about the variance of the independent variable and dependent variable.

Next to verify whether employee commitment mediated the relationship between leadership style and employee job performance, the multiple regression analysis are used again. Table (4.11) shows that the regression results on the mediating effect of employee commitment on leadership styles and employee job performance.

**Table 4.11 Analysis on Mediating Role Effect of Employee Commitment on Leadership Styles and Employee Job Performance**

Variable	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.	VIF
	B	Std. Error				
(Constant)	1.792	0.274		6.535	.000	
Employees' Commitment	0.561	0.072	0.662	7.809	.000	1.450
Transactional Leadership Style	0.038	0.053	-0.510	-0.725	.470	1.018
Transformational Leadership Style	0.037	0.058	0.054	0.638	.525	1.436
R-Square	0.474					
Adjusted R Square	0.459					

Source: SPSS Outputs

Note: Significance levels indicate that \*\*0.01 (1%) and \*0.05 (5%)

According to the result as per Table (4.10), employee commitment is positive and significant impact on employee job performance with beta coefficient value is 0.685 with significant value of 0.000. In Table (4.11), employee commitment is only one positive significant impact with beta coefficient value is 0.662 with significant value of 0.000 which is lower than 0.01 significant levels. That means there is positive relationship at 99% confidence interval. The model can explain 45.9% about the variance of the independent variable and dependent variable. All of regression results are summarize in Table (4.12).

**Table (4.12) Summary of All of Regression Result**

Variable	<b>Regression I</b>	<b>Regression II</b>	<b>Regression III</b>	<b>Regression IV</b>
	Employee Commitment	Employee Job Performance	Employee Job Performance	Employee Job Performance
Transformational Leadership Style	0.543** (0.000)	0.414** (0.000)	-	0.054 (0.525)
Employee Commitment	-	-	0.685** (0.000)	0.662** (0.000)
R-Square	0.310	0.172	0.470	0.474
Adjusted R-Square	0.297	0.156	0.465	0.459

Source: SPSS Outputs

Note: Significance levels indicate that \*\*0.01 (1%) and \*0.05 (5%)

In Table (4.12), the regression equation II and regression equation IV indicates that the coefficient of equation II reduced from 0.414 to 0.054. It means that the effect of transformational leadership style reduced when the study added the mediating variable. Moreover, according to the result of regression equation II and regression equation III, the adjusted R-Square increased from 0.156 to 0.465. Finally, it can be concluded that there was existing partial mediating effect of employee commitment.

## **Chapter V**

### **Conclusion**

This study finds out the leadership styles and employee commitment and employee job performance of Myanmar Oriental Bank. This chapter presents three main parts. The first part presents finding and discussion and second part describes suggestions and recommendations and the last part present limitation of the study and needs for further study.

#### **5.1 Findings and Discussions**

According to the survey result, it can be said that the leaders perform transformational leadership style and it is stronger than transactional leadership style on this study. The factors that influence the leadership style are leaders frequently talk the importance of employees, values and beliefs. The leader is seeing not only optimistically about the future but also about needs to accomplish and acting as a good team, leader considering employees' morality and ethic and helps to career development. Therefore, leaders of Myanmar Oriental Bank, more prefers and acts on the transformation leadership than transactional leadership.

However, leaders also used transactional leadership style because they act some transactional form. Such as leaders provide employees to exchange their efforts, they focus attentions on employees' mistakes, exceptions and deviation from standard. Leader expresses satisfaction when other meets expectations and gives a chance as a warning.

By the demographic characteristics of respondents, female employees share larger than male employees. Due to the nature of work, female employees are larger in each departments of bank. In an age group, 26-30 years are the largest and followed by 31-35. In this organization, almost employees have bachelor's degree at least. Most employees have 2-4 years and more experiences in current organization and they are well known about their leaders because they work with them as a long time.

For employee commitment, it can be concluded that they are committed at their bank. Although they are mostly agreed for commitment levels and cared their work and their bank, they hesitate to agree some commitment actions, such as they would violate a trust if they quit their job with this bank. And then, in the employee job performance part, most of employees are believe that they effectively collaborate

whit others. They have self-confidence to solve and work their current duty to get a work done and believe to use their talents as well in the workplace.

This study investigates the leadership styles, employee commitment and employee job performance of MOB Bank. It found that their transformational leadership style has a positive relation on employee commitment and employee job performance. Meanwhile, the employee commitment has a strongly positive relation on employee job performance. However, the transactional leadership style has not relation on other variables.

Finally, it can be conclude as transformational leadership style is positively and significant effected on employee commitment, it can created a positive employee commitment and future promote employee job performance. And employee commitment has a positive effect on job performance of MOB Bank employee. It can be conducted that employees are willing to stay and devote themselves to accomplishing their job objectives because they have the values and goals at bank. The employee commitment holds a partial mediating effect between the relationship of transformational leadership style and employee job performance. As employee have commitment, their productivity will increase and so their job performance. Therefore, the employee job performance will be increased.

All leaders of MOB bank are preferable the transactional leadership style and the transformation leadership style. Leadership style of MOB bank is with the intention to transformational leadership style. All employees are committed on transformational leadership style. The result shows that transformation leadership style has a positively react on commitment and performance level of employees in Myanmar Oriental Bank.

## **5.2 Suggestions and Recommendations**

According to the research finding, it can be said that leaders strongly preferred and follows transformational leadership style. For the few employees, leader should instill pride in employees for being associated with leader. In addition, they think they need to be taught and coached, and leader should spend time teaching & coaching for them. Leaders should seek and provide different perspectives and alternative ways when solving problems because some will need to be helped within struggle and terrible problems.

Because of nature of the Banking staff, respect is the most important factors for leaders. Therefore, the leader of Myanmar Oriental Bank gets followers' respect to them. Leaders should consider and talk optimistically and transparently about the future and should avoid some negative motivations words. Some leaders should perform and re-examines critical assumptions and potential problem about appropriations of all employees.

Moreover, leader should maintain and his actions and ideas about transactional leadership style. If some leaders wants to maintain and follows transactional leadership style, they should follow the factors that influence to the existing of commitment level and performance level of staff. By doing this, employees' commitment on transactional leadership style will be increased.

Finally, Leader should take feedback on their leading policy, in order to know what the statements and actions and performances are difficult to follow by all employees. Otherwise, the Leaders should train and coach to the employees to be able to follow the directions of leaders.

### **5.3 Limitations and Needs for Further Study**

The limitations of the study that is only focus on leading style of leader and employees' commitment and employee performance in Myanmar Oriental Bank. The result may vary by more respondents from Myanmar Oriental Bank. This study is analyzed on only two Leadership Styles.

This study can be further enhanced in other area such as in other financial institutions, education sector, government department and services organization and other private and public organization. By basing on more respondents, the outcome result can be changed. Other researchers may find and approve that the relationship and correlations between leadership style and employees' satisfaction.

The study also can be further explored to include the other factors that might contribute to the satisfactions and commitment among employees and other variables such as royalty or self-efficient beliefs in determining employee commitment.



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## APPENDIX I

### Demographic Question for Employees

I am graduating class MBF student of Yangon University of Economics. Thus, you are being requested to participate in survey to provide your organization with leadership styles related information that will help improve the working environment for employees. Participation in survey is voluntary and no individual data will be reported.

The follow questions concern your position and other personal information. Completion of this information is voluntary and its confidentiality is assured. No individual data will be reported.

THANK YOU!

1. Gender                      Male                                            Female                     

2. Age                      \_\_\_\_\_

3. Marital Status                      Single                                            Married                     

4. What is your highest level of Education?

Undergraduate                       Master's Degree

Bachelor's Degree                       Others

Other (Specify) \_\_\_\_\_

5. What is your job Title? \_\_\_\_\_  
\_\_\_\_\_

6. How long have you worked for the current Position?  
\_\_\_\_\_ Years                      \_\_\_\_\_ Months

7. How long have you worked for the current Organization?  
\_\_\_\_\_ Years                      \_\_\_\_\_ Months

## Question for Employees

Please indicate the extent of your agreement or disagreement with each statement about your leader by circling a number from **1 to 5**. Whatever information you give me is strictly confidential and could be used for academic purpose only. I would like to thank you in advance for your indispensable cooperation.

**Use the following rating scale:**

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

No.	Particular	1	2	3	4	5
1.	Providing me with assistance in exchange for my efforts.					
2.	Failing to interfere until problems become serious.					
3.	Focusing attention on irregularities, mistakes, exceptions, and deviations from standards.					
4.	Discussing in specific terms who is responsible for achieving performances targets.					
5.	Taking actions after waiting for things to go wrong.					
6.	Demonstrating that problems must become chronic before taking action.					
7.	Keeping track of all mistakes.					
8.	Directing my attention toward failures to meet standards.					
9.	Expressing satisfaction when I meet expectations					

No.	Particular	1	2	3	4	5
1.	Re-examining critical assumptions to question whether they are appropriate.					
2.	Talking about their most important issues arise.					
3.	Seeking differing perspectives when solving problem.					
4.	Talking optimistically about the future.					
5.	Instilling pride in me for being associated with him (rector).					
6.	Talking enthusiastically about what needs to be accomplished.					
7.	Spending time teaching and coaching.					
8.	Going beyond self-interest for the good of the group					
9.	Treating me as an individual rather than just as a member of a group.					
10.	Acting in ways that builds my respect.					
11.	Considering the moral and ethical consequences of decisions.					
12.	Helping me to develop my strengths.					
13.	Suggesting new ways of looking at how to complete assignments.					
14.	Emphasizing the importance of having a collective sense of mission					
15.	Expressing confidence that goals will be achieved					

## Employee Option Survey-Organizational Commitment Questionnaire (OQC)

Please indicate the extent of your agreement or disagreement with each statement as objectively as you can by circling a number from **1 to 5**. Whatever information you give me is strictly confidential and could be used for academic purpose only, so please respond honestly. I would like to thank you in advance for your indispensable cooperation.

**Use the following rating scale:**

1	2	3	4	5
Strongly Disagree	Disagree	Natural	Agree	Strongly Agree

No.	Particular	1	2	3	4	5
1.	I feel like part of the family at this organization					
2.	Too much of my life would be disrupted if I decided that I wanted to leave this organization now.					
3.	I would not leave this organization right now because of what I would stand to lose.					
4.	This organization has a great deal of personal meaning for me.					
5.	It would be very costly for me to leave this organization right now.					
6.	For me personally, the cost of leaving this organization would be far greater than the benefit.					
7.	Even if it were to my advantage, I do not feel it would be right to leave my organization now.					
8.	I would violate a trust if I quit my job with this organization now.					
9.	I feel a strong sense of belonging to this organization.					
10.	I feel emotionally attached to this organization.					
11.	I would feel guilty if I left my organization now.					
12.	I would not leave this organization right now because I have a sense of obligation to the people in it.					

### Employee Option Survey-Employee Job Performance

Please indicate the extent of your agreement of disagreement with each statement as objectively as you can by circling a number from **1 to 5**. Whatever information you give me is strictly confidential and could be used for academic purpose only, so please respond honestly. I would like to thank you in advance for your indispensable cooperation.

**Use the following rating scale:**

1	2	3	4	5
Strongly Disagree	Disagree	Natural	Agree	Strongly Agree

No.	Particular	1	2	3	4	5
1.	I like the kind of work I do.					
2.	I am able to solve and work my current duty to get a work done.					
3.	I use time effectively what expect from me on the job					
4.	My workload is reasonable.					
5.	I manage information and data effectively					
6.	My work gives me a feeling of personal accomplishment.					
7.	Supervisors encourage me to do well in my work.					
8.	My talents are used well in the workplace.					

**Thank you for your co-operation!!**

APPENDIX II

ORGANIZATION CHART OF MYANMAR ORIENTAL BANK LTD,

