

An Empirical Study of Transformational Leadership in Indian Banking Sector



Management

KEYWORDS :

Rupinder Kaur

Assistant Professor, GGS Khalsa College for Women, Jhar Sahib, Ludhiana, Punjab

ABSTRACT

To find out the perception of employees towards transformational leadership behaviour across private and public sector banks. It also aimed to determine whether such perceptions vary depending on the socio-demographic variables. Results indicated that perception of employees towards transformational leadership behaviour does not differ. Perception of employees towards leadership behaviour varied according to marital status and work experience but did not vary according to gender, age, qualification and level of management.

INTRODUCTION

Leadership has been studied extensively in various contexts and theoretical foundations over the years. The position of leaders has become indispensable for the growth of organizations. **Robbins (2004)** defined leadership as the ability to influence a group towards the achievement of goals. Leaders can emerge from within a group as well as by formal appointment to lead a group. A review of the leadership theories reveals an evolving series of schools of thought from "Great Man" theories to "Transformational" leaders.

James McGregor Burns (1978) brought the concept of Transforming leadership in his book "Leadership" for the first time. According to him, Transforming leadership refers to the process whereby an individual engaged with others creates a connection that raises the level of motivation and morality in both the leader and the follower. **Bass' (1985)** factor structure included four transformational leadership factors: **Individualized Consideration** - degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and needs; **Intellectual Stimulation** - degree to which the leader challenges assumptions takes risks and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers; **Inspirational Motivation** - degree to which the leader articulates a vision that is appealing and inspiring to followers; and **Idealized Influence** - provides a role model for high ethical behavior, instills pride in others for being associated, go beyond their self interests for the good of the group.

REVIEW OF LITERATURE

The effects of transformational leadership behaviours on citizenship behaviour were indirect, rather than direct, in that transformational leaders' behaviour and organizational citizenship behaviour (**Koh, Steers & Terborg, 1995**). **Pillai, Schriesheim & Williams (1999)** showed that transformational leadership had indirect effect on OCB through procedural justice and trust. Transactional leadership was found to be a significant predictor of OCB only and Transformational leadership was a significant predictor of intention to leave, and OCB (**El-gamal, 2004**). **Sahin, S. (2004)** summarized that there was a positive relationship between the transformational leadership and the dimensions of cooperative culture. **Khoury & As-Sadeq (2005)** concluded that transactional leadership style was found to be the most frequently used leadership style; transformational leadership was exhibited less frequently; and laissez-faire was noted as the least commonly occurring leadership style. **Lee and Wei (2007)** showed that transformational leadership had positive influence on followers' effectiveness, satisfaction and extra effort.

Asgari, Silong, Ahmad & Samah (2008) showed that transformational leadership behaviour was a stronger predictor of citizenship behaviour than leader member exchange and showed a positive and significant relationship between transformational leadership and citizenship behaviour. **Jiao, Richards & Zhang (2010)** found that transformational leadership, and transactional leadership (contingent reward), perceived organizational instrumentality had significant and positive impact on OCB beyond perceived individual instrumentality. **Riaz & Haider (2010)** concluded that transactional leadership was found significantly

related to job success while transformational leadership and job success are found highly related with career satisfaction.

METHODOLOGY

The present study examined the perception of employees towards Transformational Leadership behaviour in selected public and private sector banks in Chandigarh.

Objectives

- To undertake comparative analysis of perceptions of employees towards Transformational Leadership behaviour across selected banks.
- To examine the Transformational leadership behaviour in relation to socio-demographic variables i.e. age, gender, marital status, work experience and educational qualifications of employees.

Hypotheses

- H₁: Perception of employees towards Transformational Leadership behaviour across selected banks differs significantly.
- H_{1a}: Perception of employees about Idealized Influence dimension of Transformational Leadership across selected banks differs significantly.
- H_{1b}: Perception of employees about Individualized Consideration dimension of Transformational Leadership across selected banks differs significantly.
- H_{1c}: Perception of employees about Intellectual Stimulation dimension of Transformational Leadership across selected banks differs significantly.
- H₂: Perception of employees about Transformational Leadership Behaviour and demographic variables differ significantly.
- H_{2a}: Employees of different age groups differ significantly with respect to their perception about leadership behaviour.
- H_{2b}: Employees of different education level differ significantly with respect to their perception about leadership behaviour.
- H_{2c}: Employees of different gender differ significantly with respect to their perception about leadership behaviour.
- H_{2d}: Employees of different marital status differ significantly with respect to their perception about leadership behaviour.
- H_{2e}: Employees of different work experience differ significantly with respect to their perception about leadership behaviour.
- H_{2f}: Employees of different levels of management differ significantly with respect to their perception about leadership behaviour.

The primary data for the research was collected from top, middle and lower level employees of banks with the help of structured questionnaires to measure leadership behaviour, so as to achieve the objectives of the study. Transformational Leadership behaviour was measured on seven-point likert-type scale ranging from "strongly disagree" to "strongly agree" given by **Bycio, Hackett, and Allen (1995)**. Data was collected from 535 bank employees (240 employees from three private banks and 295 employees from three public banks) located in Chandigarh region. Analysis was done using descriptive statistics, t-test, and Analysis of variance.

FINDINGS

There is majority of male respondents (60.56 percent) in the sample. The majority of the respondents are married (63.44 percent). Most of the respondents are graduate (60.19 percent). Most of the respondents come under the category of working experience of “5-9years” and “10-15years”. In Public sector banks, means of various dimensions of leadership behaviour are ranging between 5.4708 & 5.8156 and in Private sector banks, means of various dimensions of leadership behaviour are ranging between 5.3378 & 5.9261. Both values are on the higher side of (1-7) scale.

The descriptive statistics and t-test for the number of employees who responded regarding different dimensions of leadership behaviour are depicted in **Table 1**.

Table 1: Descriptive & t-test analysis of Transformational Leadership across banks

	Type of Bank	Mean	t-test	Sig.
1. Idealized 2. Influence	Public	5.8156	4.692	.000
	Private	5.9261		
3. Individual 4. Consideration	Public	5.7246	1.877	.062
	Private	5.6429		
5. Intellectual 6. Stimulation	Public	5.4708	2.361	.019
	Private	5.3378		
7. Transformational 8. Leadership (1+2+3)	Public	5.7549	1.414	.159
	Private	5.7873		

From the results of independent t-test shown in Table 2, it is clear that there is a statistically significant difference between the mean values of employees for Idealized Influence and Intellectual Stimulation dimensions of Transformational leadership ($p < .05$). It is concluded that Hypotheses H_{1a} & H_{1c} are supported and H_{1b} is not supported.

Table 2: Descriptive Statistics and t-test analysis of different gender and marital status for Leadership behaviour

Leadership	Variables	N	Mean	t-value	Sig.
Gender	Male	324	5.7151	.288	.774
	Female	211	5.7240		
Marital Status	Unmarried	195	5.7044	.674	.03
	Married	340	5.7263		

There are no statistically significant differences between the mean values of different gender group of employees for Leadership behaviour ($p > .05$). Hypothesis H_{2c} is not supported. Whereas, there is statistically significant difference between the mean values of employees having different marital status for Leadership behaviour ($p < .05$). Hence, Hypothesis H_{2d} is supported.

Table 3: Descriptive Statistics and Analysis of Variance (ANOVA) of age categories, qualification, work experience and level of management for Leadership behaviour

Variables		N	Mean	F-test	Sig.
Age	Less than 25 years	69	5.6868	.919	.433
	25-35 years	204	5.7269		
	35-45 years	179	5.6977		
	More than 45 years	83	5.7595		
	Total	535	5.7190		
Qualification	Undergraduate	38	5.7000	.324	.808
	Graduate	322	5.7213		
	Post Graduate	122	5.7036		
	Others	53	5.7524		
	Total	535	5.7190		

Work Experience	Less than 5 years	69	5.6868	1.165	.022
	5-9 years	204	5.7269		
	10-15 years	212	5.7160		
	Above 15 years	50	5.7375		
	Total	535	5.7190		
Level of Management	Top Level	73	5.6797	1.284	.280
	Middle Level	241	5.7118		
	Lower Level	221	5.7465		
	Total	535	5.7190		

From the results of ANOVA shown in Table 3, it is clear that there are no statistically significant differences between the mean values of different age group of employees for Leadership behaviour ($p > .05$). Hypothesis H_{2a} is not supported. There is no statistically significant difference between the mean values of different educational qualifications of employees for Leadership behaviour ($p > .05$), hence, hypothesis H_{2b} is not supported.

On the other hand, there is a statistical significant difference between the mean values of employees having different work experience for Leadership behaviour ($p < .05$), it can be concluded that the hypothesis H_{2c} is supported. There is no statistically significant difference between the mean values of different levels of management of employees for Leadership behaviour ($p > .05$). Hence, hypothesis H_{2d} is not supported.

DISCUSSION AND CONCLUSION

In the present study, it is determined that the perception of employees towards transformational leadership behaviour does not differ. More concisely, employees of public sector banks perceive more positively towards the Idealized Influence and Intellectual Stimulation dimensions of Transformational leadership than employees of private sector banks.

Further, it is found that there are no differences between public and private bank employees towards leadership behaviour as far as different gender, age group, qualification and level of management categories are concerned. Whereas, they differ in case of marital status and work experience as married employees show more positivity towards leadership behaviour than unmarried employees and employees having work experience of more than 15 are significantly more positive about leadership behaviour than the other groups. The results of present study are in accordance with some of the previous studies. A positive perception of employees towards transformational leadership behaviour invests more effort in their tasks when they get motivated and inspired to excel their performance and ensure both monetary as well as non monetary rewards as required in return by leaders. Leaders evaluate, correct and train their followers when productivity is not up to the desired level and reward them when expected outcome is achieved.

REFERENCE

- Asgari, A., Silong, A.D., Ahmad, A. & Samah, B.A. (2008). The Relationship between Transformational Leadership Behaviors, Leader-Member Exchange and Organizational Citizenship Behaviors, *European Journal of Social Sciences*, Vol. 6, No. 4, pp. 140-151. | Bass, B.M. (1985). From transactional to transformational leadership: Learning to share the vision, *Organizational Dynamics*, Vol. 18, pp.19-32. | Burns, J.M. (1978). *Leadership*, Harper and Row, New York. | Bycio, P., Hackett, R. D., & Allen, J. S. (1995). Further assessments of Bass's (1985) conceptualization of transactional and transformational leadership, *Journal of Applied Psychology*, Vol. 80, pp. 468-478. | Elgamal, M.A. (2004). The Direct and Mediating Effects of Transactional and Transformational Leadership: A Comparative Approach, *Journal of Transnational Management Development*, Vol. 9, No. 2/3, pp. 149-169. | Jiao, C., Richards, D.A. & Zhang, K. (2010). Leadership and Organizational Citizenship Behavior: OCB-Specific Meanings as Mediators, *Journal of Business and Psychology*, Springer Netherlands, February 25, 2010. | Khoury, G.C. & As-Sadeq, H.A. (2005). Leadership styles in the Palestinian large-scale industrial enterprises, *Journal of Management Development*, Vol. 25 No. 9, pp. 832-849 | Koh, W.L., Steers, R.M. & Terborg, J.R. (1995). The Effects of Transformational Leadership on Teacher Attitudes and Student Performance in Singapore, *Journal of Organizational Behaviour*, Vol. 16, No. 4, pp. 319-333. | Lee, J. and Wei, F. (2007). Uncover the black-box of leadership effectiveness: Leader-member exchange as the mediator, *Frontiers of Business Research in China*, Vol. 2, No. 2, 240-255. | Pillai, R., Schriesheim, C.A. & Williams, E.S. (1999). Fairness Perceptions and Trust as Mediators for Transformational and Transactional Leadership - A two sample study, *Journal of Management*, Vol. 25, No. 6, pp. 897-933. | Riaz, A. & Haider, M.H. (2010). Role of transformational and transactional leadership on job satisfaction and career satisfaction, *Business Economics Horizon*, Vol.1, pp. 29-38. | Robbins, S. P. (2004). *Organizational Behavior*, New Delhi: Pearson Education. | Sahin, S. (2004). The Relationship between Transformational and Transactional Leadership Styles of School Principals and School Culture, *Educational Sciences: Theory & Practice* 4 (2), pp. 387-396. |