

Leadership Behaviour in Public and Private Sector Banks in Chandigarh Region

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Abstract

Research Objectives: 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.

Methodology: Data was collected from 535 employees working in private and public sector banks in Chandigarh region. 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). Analysis of data was done using parametric tests.

Summary of findings: 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. 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.

1. 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. The literal meaning of the word “leader” is the person who leads. *Hemphill (1949)* stated that leadership is the initiation of a new structure or procedure for accomplishing the organizational goals and objectives. *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.

The multitude of theories can be grouped under the four main headings: Trait Approach; Behavioral Approach; Contingency or Situational Model; and Transactional and Transformational Leadership Styles. The study of leadership was revitalized when it was suggested that perhaps leadership resided not only in the person or the situation but rather more in role differentiation and social interaction. This thought spawned the Transactional Era, wherein the issue of influence between the leader and the subordinate was revisited. But the latest and most promising phase in the evolutionary development of leadership theory is Transformational era. *Bass (1985)* argued that there are essentially two types of leaders i.e., transactional and transformational. The present study focuses on Transformational Leadership.

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

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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. The leader gives empathy and support, keeps communication open and places challenges before the followers; *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. They nurture and develop people who think independently; *Inspirational Motivation* - degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at hand; 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, acts in ways that build others' respect, display a sense of power and competence, and reassure others that obstacles will be overcome.

2. Review of Literature

Podsakoff, MacKenzie, Moorman & Fetter (1990) found that effects of transformational leadership behaviours on citizenship behaviour were indirect, rather than direct, in that transformational leaders' behaviour and organizational citizenship behaviour (OCB) were mediated by followers' trust in their leaders. Transformational leadership had significant add-on effects to transactional leadership in the prediction of organizational commitment, organizational citizenship behaviour, and teacher satisfaction (*Koh, Steers & Terborg, 1995*). *Pillai, Schriesheim & Williams (1999)* showed that transformational leadership had indirect effect on OCB through procedural justice and trust. Transactional leadership appeared to influence distributive justice only, which in turn had no impact on trust. *Jung & Avolio (2000)* indicated that transformational leadership had both direct and indirect effects on performance mediated through followers' trust in the leader and value congruence.

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 (*Elgamal, 2004*). *Sahin, S. (2004)* summarized that there was a positive relationship between the transformational leadership and the dimensions of cooperative culture; educational development and the social-educational culture aspects of the school culture; and the transactional leadership style and the educational development dimension of the school 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 and more frequently among the leaders with low educational background, low previous managerial experience, and employee leaders. *Lee and Wei (2007)* showed that transformational leadership had positive influence on followers' effectiveness, satisfaction, extra effort and organizational commitment; contingent reward had positive influence on effectiveness; management-by-exception leadership had negative influence on satisfaction; laissez-faire leadership had negative influence on effectiveness and satisfaction.

Asgari, Silong, Ahmad & Samah (2008) showed that transformational leadership behaviour was a stronger predictor of citizenship behaviour than leader member exchange

(LMX) and showed a positive and significant relationship between transformational leadership and citizenship behaviour. LMX was not mediating the 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.

3. 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.

Scope

The study was limited to employees working in select private and public sector banks in Chandigarh region only.

Hypotheses

On the basis of the research studies and review of literature, following hypotheses were framed for the present study:

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. The secondary data was collected from various journals, books, different websites of the organizations, and published reports of RBI Bulletin for the year 2009-10. 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 i.e. Chandigarh, Mohali and Panchkula. For the purpose of analyzing data, normality of data has checked by using Kolmogorov-Smirnov test, Shapiro-Wilk test and Levene’s test. The reliability of standardized scales had measured by calculating Cronbach’s alpha. Analysis was done using descriptive statistics, scheffe test, t-test, and Analysis of variance (ANOVA).

4. Findings

Table 1: Respondent’s Profile

Variables	Category	Frequency	Percentage
Gender	Male	324	60.56
	Female	211	39.44
Marital Status	Single	195	36.45
	Married	340	63.55
Age (years)	Less than 25	69	12.90
	25-35	204	38.13
	35-45	179	33.46
	More than 45	83	15.51
Education	Undergraduate	38	7.10
	Graduate	322	60.19
	Post Graduate	122	22.80
	Others	53	9.91
Work Experience (Years)	Less than 5	69	12.90
	5-9	204	38.13
	10-15	212	39.63
	More than 15	50	9.34
Job Level	Top level	73	13.64
	Middle level	241	45.05
	Junior level	221	41.31
Organization	Private Banks	240	44.86
	Public Banks	295	55.14

A profile of respondents is presented in **Table 1**. 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”. The reliability analysis is summarized in **Table 2**. The Cronbach’s alpha for all variables were above the minimum of 0.5 (indicating that these measures were reliable for the study).

Table 2: Reliability analysis

Variables	Cronbach’s Alpha	Number of items
Transformational Leadership	.761	27

Table 3 presents the statistic (D) for checking the normality of data with Kolmogorov-Smirnov (K-S) test and Shapiro-Wilk (S-W) test. Using K-S test for Transformational leadership data, the distribution for Private banks, $D(240) = .199$, $p < .05$ and distribution for Public banks, $D(295) = .183$, $p < .05$, appears to be normal. Shapiro-Wilk test for Transformational leadership data, the distribution for Private banks, $D(240) = .514$, $p < .05$ and distribution for Public banks, $D(295) = .456$, $p < .05$, appears to be normal. Hence, findings highlights that data is normally distributed.

Table 3: Tests of Normality

Variables	Organization	Kolmogorov-Smirnov		Shapiro-Wilk	
		Statistic	Sig.	Statistic	Sig.
Transformational Leadership	Private Banks	.199	.012	.514	.002
	Public Banks	.182	.003	.456	.010

Table 4: Test of Homogeneity of Variance

Variables	Levene Statistic, F(based on mean)	Sig.
Transformational Leadership	3.128	0.029

Table 4 presents the results of Levene’s test. For Transformational leadership data, Levene’s statistic, $F = 3.128$, $p < .05$ indicates that assumption of homogeneity of variance has met. Hence, the assumptions of parametric tests have met; the study is being carried out using parametric tests.

Table 5 presents that 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. It is, thus, inferred that all the dimensions of Leadership behaviour as perceived by employees at Public and Private sector banks are high.

Table 5: Comparison of Transformational Leadership (Dimension wise) across banks

Dimensions	Public		Private	
	Mean	S.D.	Mean	S.D.
1. Idealised Influence	5.8156	.14574	5.9261	.16089
2. Individual Consideration	5.7246	.31424	5.6429	.23318
3. Intellectual Stimulation	5.4708	.34276	5.3378	.39206
4. Transformational Leadership (1+2+3)	5.7549	.15525	5.7873	.13926

The descriptive statistics and t-test for the number of employees who responded regarding different dimensions of leadership behaviour are depicted in **Table 6**. Of the 535 respondents, 295 were public sector bank employees and 240 were private sector bank employees.

Table 6: Descriptive & t-test analysis of Transformational Leadership across banks

	Type of Bank	N	Mean	t-test	Sig.
1. Idealized Influence	Public	295	5.8156	4.692	.000
	Private	240	5.9261		
2. Individual Consideration	Public	295	5.7246	1.877	.062
	Private	240	5.6429		
3. Intellectual Stimulation	Public	295	5.4708	2.361	.019
	Private	240	5.3378		
4. Transformational Leadership (1+2+3)	Public	295	5.7549	1.414	.159
	Private	240	5.7873		

From the results of independent t-test shown in Table 7, 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.

The inference is that perception of employees towards Idealized Influence, and Intellectual Stimulation dimensions of Transformational leadership across public and private sector banks differs significantly and this is not by sampling error or chance. 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.

Table 7: 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		

From the results of independent t-test shown in Table 7, it is clear that there are no statistically significant differences between the mean values of different gender group of employees for Leadership behaviour ($p > .05$). It can be concluded that 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 ($p < .05$). Married employees show more positivity towards leadership behaviour than unmarried employees. Hence, it can be concluded that Hypothesis H_{2d} is supported.

Table 8: 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 8, it is clear that there are no statistically significant differences between the mean values of different age group of employees for Leadership behaviour ($p > .05$). From the above results, it can be concluded that the hypothesis H_{3a} 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_{2e} is supported. Further, Scheffe test is used to compare the variance. It is clear that employees having work experience of more than 15 are significantly more positive about leadership behaviour than the other groups. Whereas, 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_{2f} is not supported.

5. 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. Leaders enhance the motivation, morale and performance of followers through variety of mechanisms i.e. connecting the follower's sense of identity and self to the mission and the collective identity of the organization, being a role model for followers that inspires them, challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers. Further, it will assist employees to feel as members of the organization, to become more responsive in relationships in the workplace and to develop relationships based on trust.

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