"Investigating leadership practices in retail banking in South Africa: a case study of Nedbank"

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Investigating leadership practices in retail banking in South Africa: a case study of Nedbank

Abstract

The purpose of the cross-sectional study was to determine the leadership practices in a retail bank in South Africa. A self-administered anonymous questionnaire was used to collect the data, using an online survey tool (QuestionPro). A total of 60 managers completed the questionnaire. Results showed that there was a significant relationship between leadership practices and leadership style in the organization. Transformational, transactional and laissez-faire leadership styles were the important predictors, which influenced the leadership practices of the managerial bank employees. Therefore, managers should adopt different leadership behavior, depending on several other situational factors that come to hand.

Introduction

In any organization or institution, the role of leadership is crucial for its proper functioning and welfare. Leadership is widely recognized as being a critical factor in the success or failure of an organization, and enables an organization to translate its potential for good performance into productivity (Samuel, 2005). Managers can no longer rely on their hierarchical positions to attain organizational goals. In order to get the best results from subordinates, managers need to encourage high morale, a spirit of involvement and cooperation, and a willingness to work by adapting desirable leadership behavior (Asuquo, 2007). To smoothly run an organization, leadership practice is a significant undertaking. Indeed, there is no 'one size – fit all' solution for any organization. Every organization is unique, and must find its own model in the marketplace.

The global changes of the 21st century have brought about many challenges. An organization's success or failure depends on how it manages the challenges accompanying globalization. Organizations, therefore, need to put strategies in place that enable them to constantly stay ahead of the competition, in order to earn above average returns. Effective leadership is paramount in developing these strategies.

Problem statement

After apartheid in South Africa, there was a stable political and economic environment. The economy was performing well and the country had managed to cope with its internal transition and global challenges. However, the diverse structure of the South African economy is a critical aspect of its historical and current growth performance. Just less than a decade into the 21st century, many countries, including South Africa, experienced the global economic crisis. This has affected economic growth in South Africa over the last four years promoting a deceleration in the rate of economic growth (Statistics South Africa, 2015). In addition, the current financial crisis is affecting the economy of various countries throughout the world in many aspects of everyday life and work. The banking sector has also gone through many changes in terms of hierarchy and function, which has affected its internal organization and external policies (Belias and Koustelios, 2014).

Taking into consideration the existing financial crisis which affects most countries worldwide, the concern of many researchers has been turned to the study of banking institutions' function and the wellbeing of bank employees. It is, however, difficult to handle people who are physically, psychologically, culturally and ethnically different from each other. The management of employees is largely dependent on the quality of leadership organizations (Albion and Gagliardi, 2007).

The banking organization is an integral factor of an economy in most contemporary societies. Banking institutions play an intermediary role between the investor and the saver associating the need of the entrepreneur or individual to make an investment business with the need of saver to deposit money in a bank which is interest (Lawson, 2012).

Nedbank, which is currently a retail bank in South Africa, is facing more competition with other national and international banks, as borders open up due to globalization. The concern is whether Nedbank is in a competitive position to face these challenges, given their leadership practices.

Aim of the study

The main aim of the study is to conduct an empirical investigation of the key success factors that impact on retail banking, in relation with leadership practices.

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Research questions

The following research questions were investigated:

♦ What are the effective leadership practices in retail banking?

♦ What is the best leadership structure of the retail banking?

1. Literature review

Leadership practice is becoming increasingly important in the modern organization, where change is an inseparable part of the organization. Vinger and Cilliers (2006) mentioned that it is not the change itself that is the problem, but rather it is the ability of leadership practice in the organization to lead in the changing environment. Managers and administrative employees must increasingly learn to meet the challenges of today's fast-paced economy. Over the past decade, human resource development research and practice increasingly focused on informal workplace learning (i.e., learning that is integrated with daily work and routines and that often happens unconsciously) (Marsick, Volpe and Watkins, 1999). However, contextual factors such as leadership and organizational learning culture are highly relevant (Jarvis, 2004), and yet we know little about how they interact with employees' characteristics and, ultimately, influence informal workplace learning outcomes.

1.1. The concept of leadership. The term "leadership" has generated excitement and interest since ancient times. It is perhaps worth nothing that despite more than 75 years of empirical investigations into the subject of leadership, there is still unclear unequivocal understanding as to what distinguishes leaders from non-leaders, or effective leaders from ineffective leaders (Jago, 1982, p. 315). The practice of leadership is the use of non-coercive influence to direct and coordinate the activities of the members of an organized group towards the accomplishment of group objectives. As a property, leadership is the set of qualities attributed to those who are perceived to successfully employ such influence.

According to Mullins (2005, p. 282), leadership is the relationship through which one person influences the behavior or actions of other people. Leadership is inspiring others to pursue your vision within the parameters you set to the extent that it becomes a shared effort, a shared vision, and a shared success. Leadership is a process of social influence, which maximizes the efforts of others towards the achievement of a goal (Kruse, 2013).

1.2. Framework for understanding leadership. Many different theories and explanations of leadership have been developed because of the interest in leadership as a practice and research topic. The framework presented here focuses on the major sets of variables that influence leadership effectiveness. The basic assumption underlying the framework can be expressed in terms of a simple formula, with a profound meaning:

$$L = f(l, gm, s). \tag{1}$$

The formula means that the leadership process is a function of the leader, group members (or followers) and other situational variables. Avolio (1999) emphasized that leadership is a function of both the leader and the complexity of the context (setting and environment). In other words, leadership does not exist in the abstract, but takes into account factors related to the leader, the person or persons being led, and variety of forces in the environment. The model presented extends the situational perspective. According to this model, leadership can best be understood by examining its key variables: leader characteristics and traits, leader behavior and style, group member characteristics, and the internal and external environment. A key point of this model is that leadership is a multilevel phenomenon. The leader interacts with group members one at a time, and also with the group. At the same time, leadership takes place in the context of the organization and the external environment. According to Yammarino and Danjsereau (2011), leadership involves a movement from one level (person level) to a higher level (leader-follower group level).

1.3. Transformational leadership. Burns (1978) was the first person who considered the concept of transformational leadership. He stated that transformational leadership is pragmatic when leaders encouraged followers to boost their morale, motivation, beliefs, perceptions, and coalition of the organization. The two most important strategies are the leaders' ability to utilize transformational leadership strengths and to utilize certain cognitive, motivational and interpersonal behaviors (Vinger and Cilliers, 2006, p. 5). Furthermore, these authors state that these transformational leaders process the ability to effectively manage diversity and build trusting relationships with their subordinates. Belias and Koustelios (2014) found that transformational leadership is a specific leadership style applied by managers who motivate their subordinates to perform at a higher level, by inspiring them, offering them intellectual challenges, and paying attention to their individual needs.

Nowadays, South African organizations are faced with unique socioeconomic situation in which they are expected to transform rapidly and to produce large numbers of employees from previously disadvantaged groups, and develop them into the mana-

gers. Furthermore, with the socioeconomic changes in the country, there have been significant changes in the South African business environment. Vbra (2007, p. 26) mentioned that South African organizations desperately need transformational leaders to guide them through these changes, while ensuring the organization remains competitive. Huyseman, Schepers and Zaaiman (2003, p. 53) have a similar view in their study on the behavioral and personality correlates of transformational leaders and believe that transformational leadership is the most appropriate style for South African organizations.

The difference between transformational and transactional leadership lies in the way of motivating others. A transformational leader's behavior originates in the personal values and beliefs of the leader, who motivates subordinates to do more than expected (Bass, 1985). Burns (1978) identified transformational leadership as a process where "one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality".

Transformational leadership focuses on meeting organizational needs, aims to satisfy higher-order individual needs, and evokes relationship-orientated behaviors (Golm, 2009). Described as the leader's effect on followers, transformational leadership emphasizes the values of task outcomes, activating high-order needs, and inducing transcendence of self-interest for the sake of the organization (Bass, 1985; Yukl, 1989). Another expected behavior is to focus on a common purpose, and defining and articulating a shared vision (Dixon, 1999). Transformational leadership acts through idealized influence, inspirational motivation, intellectual stimulation, and individualized attention (Golm, 2009). As suggested by its qualitative label, it involves influencing followers by empowering them to participate in the process of transforming the organization. In doing so, transformational leaders can influence major changes in the attitudes and assumptions of an organization's members – building commitment towards the organization's mission, objectives and strategies (Yukl, 1989).

2. Transactional leadership

Transactional leadership is a process of negotiation offering subordinates rewards in exchange for the attainment of specific goals and completion of agreed-upon tasks (Bass, 1985). More recently, Shokane et al. (2004, p. 2) mentioned transformational leadership as a higher-order kind of leadership that inspires employees to achieve short- and long-term goals. Transactional leadership is the ability of a leader to manage the behaviors of employees and resources to achieve short-term goals. With transactional leadership, people are motivated by reward and punishment, with people responding to the leader in a very clear chain of command.

Transactional leadership practice is characterized by focus on particular goals which are considered to be quite effective. It involves an exchange process that results in follower compliance with a leader's request, but is not likely to generate enthusiasm and commitment to a task's objective. The leader focuses on having internal actors perform the tasks required for the organization to reach its desired goals (Boehnke et al., 2003). Transactional leadership is concerned with exchanges with leaders discussing their requirements and the rewards the followers will receive if they comply (Vinger and Cilliers, 2006, p. 2).

Transactional leaders operate through clarity, contingent reward, and management by exception attempting to meet material and psychological needs in exchange for desired services or behaviors (Syndell, 2008). Often compared to transformational leadership, transactional leadership appeals to the satisfaction of lower-order individual needs, and is exemplified by task-orientated behaviors (Bass and Avolio, 1990).

2.1. Laissez-faire leadership. Laissez-faire leadership is a passive kind of leadership style. There is no relationship exchange between the leader and followers. According to Kirkbride (2006), laissez-faire leaders incline to move out from the leadership role and offer little direction or support to followers, they avoid making decisions, give up responsibilities, and are indifferent to the needs of their followers. Moss and Ritossa (2007) reported that laissez-faire leadership represents a type of behavior in which leaders display a passive indifference towards their followers. It is understood as "non-leadership". Such leaders avoid accepting responsibility, are absent when needed, fail to follow up on requests for assistance, and resist expressing views on important issues.

2.2. Servant leadership. Servant leadership is a unique approach, and is based on the leader being at the down of the organization which is called reverted pyramid. It means that the servant leader should be able to bear pain inflicted by conflict, be a steward of resources, an effective listener, and the developer of skills of those within the organization (Gholipour and Hazrati, 2008). Servant leadership can be defined as a leadership style which is primarily focused on the growth and wellbeing of people. A servant leader has moral character, the wisdom to foresee what is wanted, the ability to meet the needs of people, and the courage to act on that (Nuijten, 2009).

Servant leadership is characterized by the interest to serve and empower employees and the belief that the best way to achieve organizational goals is through developing the people's potential. The critical aim of servant leadership is service to others (Greenleaf, 1977). The idea of leaders and servants has gained enhancing acceptance in the leadership and organizational literature (Russell and Stone, 2002; Wheatley, 1994). When applied to public education, it can be claimed that for no other reasons organizations are founded to serve the basic wants of the human race (Covey, 2006).

Servant leadership is being practiced in the corporate world and the priority of service to people has enabled many outstanding for-profit organizations to thrive in very competitive markets (Ruschman, 2001). Servant leadership has been criticized for its negative association with the term 'servant' and for seeming to be like an unrealistic form of organizational leadership; however, the reality is that it is becoming more accepted and publicly discussed (Whetstone, 2002).

2.3. Change-orientated leadership. Change-oriented leadership is described in relation to the process of change, rather than stemming from individual traits. Specifically, it is understood as the "manner in which leaders treat and involve employees during change". Effective change-orientated leadership is further noted to comprise key elements characteristic of transformational leadership, "albeit at a lower level of abstraction, at a greater level of situational specificity" (Herold et al., 2008). It can be understood as being more of an application of behaviors within the situational context of change implementation. Though their manifestation can be moderated by situational factors, the behaviors displayed in non-sectional, transformational and laissez-faire leadership are highly dependent on the personal attributes of the individuals displaying them who express their behaviors in a continuum of these three styles (Bass, 2008).

2.4. Leadership effectiveness. Yukl (2006) described leadership effectiveness as being key to success in any organization. It closely depends on outcomes and consequences of the leaders' behavior for followers and the organization. The extents to which the industry or an organization achieve goals and perform their task are the most commonly used measures of leadership effectiveness (Erkutlu, 2008). Research findings in different contexts have suggested that appropriate leadership style is an important factor which influences the effectiveness of the leaders (Hur et al., 2011; Hogg et al., 2005; Bruno and Lay, 2006). Leaders need good relationships with their followers to be successful, because

these associations should enhance followers' wellbeing and work performance.

Leaders with transformational leadership behavior can lead their organization toward effectiveness and productivity. Motivating followers toward extra effort, increasing followers' job satisfaction, improving their performance beyond expectation, and cultivating creativity and innovation in an organization are some of the consequences of transformational leadership (Zaidatol Akmaliah et al., 2011). Erkutlu (2008) mentioned that all dimensions of transformational leadership were positively correlated with leadership effectiveness, while laissez-faire leadership was found to be negatively correlated. Furthermore, transformational leadership has positive effects on leader effectiveness and performance (Hur et al., 2011; Judge and Piccolo, 2004). The outcomes obtained by transformational leadership are greater than what transactional leadership delivers.

2.5. Summary of literature review. Despite the multiple differences among the leadership styles that have been distinguished and described, one could say that there are some common features that make a leader effective. A leader is supposed to play different roles in the frame of the organization and must be characterized by trust and confidence, responsibility and efficacy, in order to achieve individual and team goals and promote satisfaction among employees. As a result, it can be supported that leadership practices is a rather multifarious dimension of organizational traditions, likely to affect employees' performance, internal organizational relations and organization's function and wellbeing.

3. Research methodology

This was a descriptive cross-sectional study conducted among managers at a retail bank in South Africa. Quantitative research involves the collection of primary data from extensive number of individual units with the aim of investigating and anticipating the results to a broader population (Coldwell et al., 2004). Therefore, this method was found suitable for this study. The population was all the managers working in Nedbank in the KwaZulu-Natal province of South Africa. No actual sampling was done, as all the managers were part of the study.

A self-administered questionnaire was developed based on the research objective. The questionnaire was, then, pre-tested among five managers from other banks to validate it. Finally, the questionnaire was designed using an online survey program called QuestionPro. Then, the questionnaire was emailed to all the managers using their email addresses from the banks' database.

The survey questionnaire has two sections. The first section was related to demographic knowledge, which consists of respondents' gender, age, academic qualification, race, current position in the organization, and how long employed in the current position. The second section included a Multi Factor Leadership Questionnaire (MFQ) developed by Bass (1985), which consists of 26 Likert scale items. All the statements were given 1 point for never and 5 points for frequently, if not always.

Responses were captured into a Microsoft Excel 2003 spreadsheet and were, then, exported into SPSS version 23.0 for analysis. Missing variables were excluded from the analysis. The demographic variables are summarized using descriptive summary measures: expressed as mean (standard deviation) for continuous variables, and percent for categorical variables. The Pearson correlation test was carried out between transformational leadership and outcomes of leadership, transactional leadership and outcomes of leadership, and laissez-faire leadership and outcomes of leadership. All statistical tests were performed using two-sided tests at the 0.05 level of significance. P-values were reported to three decimal places, with values less than 0.001 being reported as < 0.001; p-values less than 0.05 were considered to be statistically significant.

Ethical clearance was obtained from the University of KwaZulu-Natal. A gatekeeper's letter was obtained from Nedbank. The questionnaire was accompanied by a letter of consent. Participants were advised and assured of confidentiality and anonymity, and were permitted to exit the study at any stage.

4. Results

4.1. Socio-demographic information. A total of 60 managerial bank employees completed the questionnaire. More than half of the participants (58%) were female. More than a quarter were aged up to 45 years, 41% and 30% had diploma and undergraduate degrees, respectively, while 50% were African and 41% (the second highest) were Indian. Almost a third (31%) were working in managerial posts and 55% were in administrative work, while more than half (60%) had less than 5 years' experience (see Table 1).

Table 1. Socio-demographic information of participants

Variables	Frequency	Percentage
Gender ($n = 60$)		
Male	25	41.7%
Female	35	58.3%
Age ($n = 60$)		
Below 30 years	34	56.7%
31-45 years	18	30%
46-60 years	8	13.3%
Education ($n = 58$)		
Postgraduate	6	10%
Graduate	9	15%
Undergraduate	18	30%
Diploma	25	41.7%
Data missing	2	3.3%
Race ($n = 60$)		
African	30	50%
White	3	5%
Indian	25	41.7%
Colored	2	3.3%
Position at work ($n = 60$)		
Managerial	19	31.7%
Administrative	33	55%
Projects	8	13.3%
How long employed ($n = 60$)		
≤ 5 years	36	60%
6 – 10 years	10	16.7%
11 – 15 years	5	8.3%
16 – 20 years	4	6.7%
> 20 years	5	8.3%

To investigate the leadership style of the manager/supervisor, 26 likert type statements were asked of all the participants. All the statements were given 1 point for never and 5 points for frequently, if not al-

ways. Therefore, a mean score of above three (3) indicates that participants are in favor of the statement.

Table 2 (below) summarizes all the statements regarding the transformational leadership style. It was found that all the statements had a mean score of 3.57 or higher. For example, most participants reported that their supervisor/manager often or frequently helped

or assisted others in the organization to develop their strength (65%), more than half said they spent time teaching and coaching their staff (53%), they frequently treated others as individuals rather than just as members of the group (48.3%), and often or frequently (73%) considered the moral and ethical consequences of decisions in the making of their organization.

Table 2. Transformational leadership styles of the manager/supervisor

Statements	Not at all/Never	Once in a while	Sometimes	Fairly often	Frequently, if not always	Mean
Help or assist others in your organization to develop their strength	1.7%	10%	23.3%	31.7%	33.3%	3.85
Spend time teaching and coaching your staff	8.3%	5%	33.3%	28.3%	25%	3.57
Treat others as individuals rather than just as members of the group	5%	6.7%	10%	30%	48.3%	4.13
Consider the moral and ethical consequences of decisions in the making of your organization	3.3%	5%	18.3%	23.3%	50%	4.11
Instill pride in others for being associated with you	3.3%	8.3%	15%	33.3%	40%	3.98
Go beyond self-interest for the benefit of the group	0.0%	3.3%	13.3%	41.7%	38.3%	4.18
Specify the importance of having a strong sense of purpose to your colleagues or employees	0.0%	6.7%	18.3%	30%	45%	4.13
Emphasize the importance of having a collective sense of mission	0.0%	8.3%	23.3%	33.3%	35%	3.95
Talk enthusiastically about the needs of the organization to be accomplished	0.0%	3.3%	20%	36.7%	40%	4.13
Articulate a compelling vision of the organization	0.0%	5%	21.7%	50%	23.3%	3.92
Display a sense of power and confidence	0.0%	3.3%	11.7%	55%	30%	4.11
Express confidence that the goals of the organization will be achieved	0.0%	5%	11.7%	48.3%	35%	4.13
Suggest a new way of looking at how to complete an assignment	0.0%	6.7%	10%	36.7%	46.7%	4.23
Seek differing perspectives from others when solving problems of the organization	0.0%	3.3%	23.3%	35%	38.3%	4.08

As per Table 2 (above), 88.3% of the participants instilled prided in others for being associated with others compared to 3.3% who never instilled pride in others for being associated in their organization, and the highest percent of respondents fairly often went beyond self-interest for the benefit of the group (41.7%).

In addition, the highest number of participants fairly often articulated a compelling vision of other organiza-

tions and likewise the highest number of respondents fairly often display a sense of power and confidence to their organization – 50% and 55%, respectively. Most participants reported that their supervisor/manager often or frequently expresses confidence that the goals of the organization will be achieved (83.3%), suggests new ways of looking at how to complete an assignment (83%), and seeks differing perspectives from others when solving problems of the organization (73.3%).

Table 3. Transactional leadership styles of the manager/supervisor

Variable	Not at all/ Never	Once in a while	Sometimes	Fairly often	Frequently, if not always	Mean
Express satisfaction when others meet expectations	0%	3.3%	13.3%	35%	48.3%	4.28
Self-mistakes	1%	6.7%	23.3%	43.3%	25%	3.83
Concentrate while dealing with your mistakes, complaints, and failures	1.7%	3.3%	18.3%	45%	31.7%	4.01
Firm believer in "if it isn't broke, don't fix it"	10%	11.7%	40%	23.3%	15%	3.21

Table 3 (above) shows the distribution of all the statements on transactional leadership of the manager/supervisor. All the statements had a mean score of 3.21 or higher. For example, 48% of the participants mentioned that their supervisor/manager frequently expresses satisfaction when others meet expectations for their own performance, about two-thirds reported that their manager/supervisor always or often keeps track of all self-made mistakes of their organization (68%). Most of the participants (77%) reported their manager/supervisor frequently or often had high concentrate while dealing with their mistakes, complaints and failures to the organization (see Table 3 above).

Table 4. Laissez-faire leadership styles of the manager/supervisor

Variable	Not at all/Never	Once in a while	Sometimes	Fairly often	Frequently, if not always	Mean
Delay responding to urgent questions	31.7%	25%	21.7%	15%	6.7%	2.4
Avoid making decisions at the time of difficulties	30%	13.3%	30%	20%	3.3%	2.51

Table 4 (above) summarizes the distribution of all the statements regarding the laissez-faire leadership of the manager/supervisor. All the statements had mean scores of 2.4 and 2.51, meaning most of the respondents were not in favor of laissez-faire leadership style. For instance, more than half the participants never or once in a while delayed responding to urgent questions (56.7%), and 43.3% avoided making decisions at the time of difficulties in their organization.

Table 5. Outcomes of leadership styles of the manager/supervisor

Variable	Not at all/Never	Once in a while	Sometimes	Fairly often	Frequently, if not always	Mean
Emphasize the willingness of others to try harder	1.7%	5%	30%	36.7%	26.7%	3.81
Heighten others' desire to succeed	5%	3.3%	23.3%	28.3%	40%	3.95
Others do more than they are expected to	3.3%	10%	30%	31.7%	25%	3.65
Lead a group that is effective in your organization	10%	15%	26.7%	16.7%	31.7%	3.45
Effective in meeting organizational requirements	5%	3.3%	31.7%	30%	30%	3.70
Effective in meeting the job-related needs of others	3.3%	8.3%	30%	33.3%	25%	3.68

Table 5 (above) summarizes all the statements regarding the outcomes of leadership style. All the statements had a mean score of 3.45 or higher. For example, most participants reported that their supervisor/manager often or frequently emphasizes others' willingness to try harder (63%), and similar 68% of them heighten others' desire to succeed in the organization. More than half (56.7%) and almost half (48%) of the participants were often or frequently do more than they are expected to, and lead a group that is effective in their organization, respectively. Also, 60% of respondents indicated that they often or frequently are effective in meeting organizational requirements, and 58.3% of participants showed they were effective in meeting the job-related needs of others (see Table 5).

Table 6 (below) shows Spearman's rho correlation between transformational leadership and the outcomes of leadership. Spearman's correlation analysis shows that transformational leadership had a significantly positive relationship with the outcomes of leadership ($r = 0.657$; $p < 0.01$).

Table 6. Correlations between transformational leadership and outcomes of leadership

			Transformational leadership	Outcomes of leadership
Spearman's rho	Transformational leadership	Correlation coefficient	1.000	.657**
		Sig. (2-tailed)	.	.000
		N	60	60
	Outcomes of leadership	Correlation coefficient	.657**	1.000
		Sig. (2-tailed)	.000	.
		N	60	60

Source: ** Correlation is significant at the 0.01 level (2-tailed).

Table 7. Correlations between transactional leadership and outcomes of leadership

			Transactional leadership	Outcomes of leadership
Spearman's rho	Transactional leadership	Correlation coefficient	1.000	.443**
		Sig. (2-tailed)	.	.000
		N	60	60
	Outcomes of leadership	Correlation coefficient	.443**	1.000
		Sig. (2-tailed)	.000	.
		N	60	60

Source: ** Correlation is significant at the 0.01 level (2-tailed).

Transactional leadership scores were significantly moderately correlated with the outcomes of leadership ($r = 0.443$; $p < 0.01$) (Table 7, above). The laissez-faire leadership score also had a moderate correlation with the outcomes of leadership (Table 8, below).

Table 8. Correlations between laissez-faire leadership and outcomes of leadership

			Laissez-faire leadership	Outcomes of leadership
Spearman's rho	Laissez-faire leadership	Correlation coefficient	1.000	.223
		Sig. (2-tailed)	.	.086
		N	60	60
	Outcomes of leadership	Correlation coefficient	.223	1.000
		Sig. (2-tailed)	.086	.
		N	60	60

Discussion

The results of this study indicate that transformational leadership was the most effective leadership practice in Nedbank, in South Africa. In today's competitive environment, having the ability to motivate not only oneself, but also others around you, and to cope with changes and challenges without losing control is seen as a significant factor in terms of providing support and guidance to subordinates in stressful times. A similar study in Malaysia reported that subordinates perceived their heads of departments to fairly often display transformational and sometimes exhibit transactional leadership behavior (Sadeghi and Pihie, 2012). Geyer and Steyrer (1994) found that conditional reward as a success sign among bank employees was much more highly correlated with transformational than other transactional styles. In 1998, they also found that transformational leadership is more strongly related to long-term performance among bank employees, while individualized deliberation is positively related with short-term, but negatively related with long-term performance. Barling, Weber and Kelloway (1996) found that among bank employees, the application of a transformational leadership training program on bank managers resulted in significant effects on the perceptions of subordinates in relation to leaders' transformational leadership.

In addition, the present study's findings concur with other researchers (Jung et al., 2009; Erkutlu, 2008; Avolio and Bass, 2004; Webb, 2003) who found a significant and positive relationship between dimensions of transformational and transactional leadership and leadership effectiveness. Also, the findings of the current study supported the findings of other studies such as by Webb (2003) and Masson (1998), which found a significant predictive effect of a combination of transformational and transactional leadership, as well as laissez-faire leadership on presidential leadership effectiveness. However, they reported a negative relationship between laissez-faire leadership and leadership effectiveness.

The present study reported that managers and administrative employees utilized a combination if transformational, transactional and laissez-faire leadership styles, with diverse frequencies. In comparison with other studies, the findings of this research concur with Chen and Baron (2006), Rukmani et al. (2010), Grosso (2008) and Erkutlu (2008), which found that leaders exhibited a combination of transformational and transactional leadership behaviors.

It is well known that leadership practice in an organization is very complex. Globally, as well as in South Africa, transformational leadership was significantly related to both bank employees' dependence and their empowerment, and individual identification mediated the relationship between transformational leadership and employee dependence on the leader, whereas social identification mediated the relationship between transformational leadership and followers' empowerment. Awamleh and Al-Dmour (2004) found that both transactional and transformational leadership practices influence performance among bank employees.

Awamleh, Al-Dmour and Mahate (2005) confirmed that a transformational leadership style of bank managers is likely to boost employees' job satisfaction and performance, as reported in self-assessing items. Riaz, Akram and Ijaz (2011) found a highly positive correlation between transformational leadership and leadership effectiveness. It suggests that bank managers should assume transformational leadership practices in order to increase employees' commitment to the banking organization. Pakistani studies by Bushra, Usman and Naveed (2011) assessed the relationship between transformational leadership and job satisfaction among 133 bank employees. They found that transformational leadership had a positive impact on the general job satisfaction experienced by 42% of participants.

Limitations of the study

Our population included different experiences of managerial employees, and this has implications for the generalizability of the findings to less experienced or more experienced employees. The cross-sectional nature of the survey means that causal inferences cannot be made from the results. Furthermore, the survey was self-administered and is, therefore, open to the usual reporting biases inherent in such surveys. However, it is believed that this was minimized, because the survey was anonymous.

Recommendations

The following recommendations are made based on the results of the study – to acquire insight, strengthen evidence and to find the best leadership practices in retail banking:

♦ Leaders should adopt different leadership behaviors, depending on several other situational factors that come to hand.

♦ Bank managers should design and implement training program with the specific aim of promoting, for example, employee empathy or responsiveness.

Conclusion

Leadership practices describe an influence process affecting the procedures of employees, and the active interaction between managers and employees. The existing global culture and the specific culture have developed among the organization's employees, and many researchers have found cross-cultural differences in leadership practices.

Numerous types or styles of leadership practices have been recognized and described, based on each leader's individual characteristics, attitudes and interactions with followers. Generally known are the transactional and transformational leadership practices. A transactional leader shows a goal-orientated attitude and adopts a system of rewards and punishments, while a transformational leader is intellectual, spiritual and collectivistic.

This study mentioned that transformational leadership style is more appropriate than the transactional leadership style. Transformational leadership is considered to be one of the most effective leadership practices, is implemented in different workplaces and settings, and is followed by bank and business managers. Policies related to transformational leadership should be implemented.

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