

Impact of Leadership on Organizational Performance in the Private Banking Sector with Reference to Human Resource Outcomes

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ABSTRACT

In the success of an organization, leadership plays a vital role. Depending on the circumstances, one leader may opt for a particular leadership style or a grouping of different styles. A leader's day-to-day responsibilities may vary according to the nature of the organization. However, the job description of all leaders includes almost similar obligations. Organizational structures in the banking sector are getting gradually more dynamic. There is extra importance of headship all around in this sector. The bankers are now expected to be intelligent vendors and marketers as well. Skills of core banking will not support banks to spread their wings to the industrial and rural markets. Bank managers and leaders are supposed to foster selling skills among their employees to raise the branch's performance. In this study, the effects of leadership on the job satisfaction of employees of private banks and the organizational leadership behavior of different levels of managers and subordinates have been investigated. The hypotheses in the study have been tested using tools like linear regression analysis and ANOVA. The results of the analysis show a positive relationship between leadership and job satisfaction of employees in private banks.

INTRODUCTION

Leadership is considered one of the most important factors in the success of an organization. Generally, positive qualities and abilities of leaders are been the points of interest in the literature on leadership. Basically, the concept of leadership refers to positive appearances, aptitudes, positive approaches, and outcomes, frequently related to positive leadership. We can define leadership as the process of persuading others to enable and accomplishment of organizationally related objectives. Note that as specified by this definition we do not have to be in a formal leadership position in order to exert leadership behavior. The role of an informal leader can be very bit as important to a group's success as that of the formal leader.

In every organization, leaders are at every level together with the chief executive officer, senior executives, project managers, and supervisors. Depending on the circumstances, one leader may opt a particular leadership style or a grouping of different styles. The diverse styles of leadership may be transactional, transformational, autocratic, democratic laissez-faire, etc.

Leadership helps in maximizing efficacy and attaining organizational goals. The importance of leadership may be shown with the activities of initiating actions, motivating, providing guidance, creating confidence, building morale, creating a work environment, coordinating the team, etc.

A leader's day-to-day responsibilities may vary according to the nature of the organization. However, the job description of all leaders includes almost similar obligations. The roles and responsibilities of a leader may: hiring new personnel and training

them; generating a transparent and constructive system of communication; motivating the team to achieve the organizational goals; recognize good behaviors; modifying disagreeable activities; generating schedules to achieve goals; setting examples; creating conducive work environment; accepting responsibility for failures; fine-tuning to structural changes and guidelines; rewarding achievement and bringing up issues or suggestions to management and reporting on metrics.

1.1 Organizational performance

In general, organizational performance denotes the actual outcomes of an organization, and the same is compared with the organization's set and planned goals (Al Khajeh, 2018). To attain such goals, the uppermost management must be intelligent enough to make correct decisions regarding the procurement, apportionment, and distribution of resources at different positions in the organization (Daft, 2020). Notwithstanding the connection between the thoughts of organizational performance and efficiency or productivity, both terms characterize the outputs of an organization, wherein organizational performance is regarded as the comprehensive pointer, as it contains productivity, eminence, and other aspects (Abu-Jarad et al., 2010). So, the fundamental principle for the assessment of successful performance is the ability of an organization to produce and continue in the long term. Therefore, the term organizational performance is wider than simply the achievement of outputs by means of existing resources (Jenatabadi, 2015) and requires reflection of the organization's management practices so that the success of the organization in various aspects may be assured for

the satisfaction of stakeholder and employees (George et al., 2019). Hence, organizational performance may be well-defined as a group of events that can grasp local business growth by providing careers or goods and services causing an increase in the wealth of the nation and affordability (Khalid et al., 2019; Obeso et al., 2020).

Basically, organizations endlessly struggle to survive, tailed by expansion, growth, and prosperity (Damanpour, 1991). This development can be attained by adopting innovation in leadership which will result in increased performance of an association and organization (Demircioglu, 2016; AL-Abrow et al., 2021). Organizational novelty and innovation are strictly connected to the growth of an organization through its capability to create novel ideas to shape and grow new businesses comprehend development and get benefit by enhancing its magnitude or attaining more adequate assets (Tidd and Bessant, 2021). Organizational novelty created by leaders is also measured to be the key means for changing both the internal and external environment which helps in the growth and development of an organization (Montalvan-Burbano et al., 2020).

1.2 Leadership in the Private Banking Sector

Organizational structures in the banking sector are getting gradually more dynamic. There is extra importance of headship all around in this sector. The 'teller', even who has an operational role of handling deposits and withdrawals is expected to participate in the business growth of a bank. Though levels of attrition are governable in the banking industry, accelerating, and retaining excellent talent is becoming a very expensive proposal. Hence, the major concern is going to be job satisfaction in the banking sector of India. A wide range of skills are essential in the banking sector. The bankers are now expected to be intelligent vendors and marketers as well. Skills of core banking will not support banks to spread their wings to the industrial and rural markets. Bank managers and leaders are supposed to foster selling skills among their employees to raise the branch's performance.

The organization itself defines the very nature and level of performance in an organization (Cummings and Schwab, 1973). In any organization, the employees play a vital role to achieve standard organizational performance. Hence, active leadership contributes in a significant manner to the employees and workforce and can also affect both employees and organizational performance (Bass, 1997; Mullins, 1999). The people of an organization need to be stimulated and influenced to involve themselves in the direction of the mission of the organization. Also, they need to be inspired so that they can be effective and productive as well. Thus, effective leadership is required to make an effective organization (Wall et al., 1992). Therefore, to make an organization effective there must be stimulating and effective relationships among the people and employees engaged in the organization Paulus et al., 1996). It has been observed and accepted widely that effective leadership is a must for effective organization. Neglecting the concept, the performance of any organization will suffer proportionately (Fiedler and House, 1988). Further, it has been generally acknowledged that the effectiveness of a group of employees and workforce mainly depends on the excellence and quality of their leadership. Effective leader's conduct enables the achievement of the employees' or followers' requirements and desires, which then outcomes in and adds to the effective performance (Fiedler and House, 1988; Maritz, 1995; Ristow, et al., 1999).

1. REVIEW OF LITERATURE

In a study by (Bahadır & Çakırel, 2022) it has been observed that dark leadership has a negative significant impact on the organizational performance of employees which may cause a diminish in the level of loyalty to the organization. It also causes a negative effect on the emotional commitment and continuance and normative performance of employees of an organization. The study of (Kim and Barak, 2015) shows that leader-member exchange has an unfavorable consequence on employee turnover. However, the study result of (Neway & Singh, 2023) reveals that there is no significant effect of the leader-member exchange policy on the employees' intention to turnover or leave the organization. The result is against the findings of other researchers which indicate that there is a significant effect of leader-member exchange on

employees' intention to turnover or leave the organization (Ahmed et al., 2013; Joo B. K., 2010).

The study by (Aminian et al., 2018) concentrated on the impact of transformational leadership on employees' performance in private banks in Malaysia. It reveals that in an organization employees' performance is directly dependent on the boss's direction (leadership), remuneration, team leader, condition, and structure of management.

In another study by (Mangi, 2023) inconsistent leadership shows less impact on each employee in developing work novelty in an organization. The study suggests that paradoxical leadership should focus on innovation by increasing the information for the accomplishment of current tasks and also serving in creating novel ideas. (Fu et al., 2022) , in their work, reveal that employees support their leader when they trust and believe in their leaders, and as a consequence, they behave positively in the organization. Also, changing leadership style supports balancing job resources and job demands. Hence, these employees are likely to put their efforts into achieving beyond official responsibility. Sometimes these employees are allowed to be in a supplementary role of pursuing creativity.

A research work by (Sleiman Zaraket et al., 2018) regarding the effect of transformational leadership style on organizational commitment in the banking sector in Lebanon observed that there is no relationship between transformational leadership with prescriptive commitment and effective commitment. However, a positive impact of transformational leadership style on continuous commitment is shown in the research work.

2. RESEARCH GAP

Most of the study in the review of literature focuses on role leadership on overall organizational performance. In this study, a part of organizational performance which is the human resource outcomes has been investigated. The influence of leadership on human resource outcomes in private banks has been studied.

3. OBJECTIVE OF RESEARCH

- To identify the leadership conduct of managers of private bank branches under study
- To see the impact of the leadership behavior of branch managers on the job satisfaction of subordinates.
- To establish the relationship between the leadership behavior of branch manager and their subordinates' job satisfaction.

4. PROPOSED HYPOTHESIS

The following are the statistical hypotheses that need to be checked:

H₀₁: There is no significant impact of the leadership behavior of branch managers on the job satisfaction of subordinates.

H₀₂: There is no significant mean difference in leadership behavior between branch managers and their subordinates.

5. METHODOLOGY

Types of research: It is descriptive research because, in the research, observations have been made on the occurrence of the phenomenon. The observation in the form of data has been analyzed to make propositions and they have been tested for making some inferences.

Population: Private Banks in Uttar Pradesh.

Sample area: Ghaziabad district of Uttar Pradesh.

Sample size: 152 employees of private banks in the Ghaziabad district of Uttar Pradesh.

Method data collection: Convenient sampling.

Statistical tools used: For depicting the demographic information of the sample, descriptive analysis has been used. And for testing of statistical hypothesis regression analysis and ANOVA have been applied. MS Office and SPSS software are used for the analysis.

6. RESULTS AND DISCUSSION

The structured questionnaire was filled out by visiting 19 branches of private banks situated in the Ghaziabad district of Uttar Pradesh. The private banks taken into consideration in this study are HDFC Bank Ltd., ICICI Bank, Yes Bank, Axis Bank, IDBI Bank, Lakshmi Vilas Bank, Shivalik Small Finance Bank, and Utkarsh Small Finance Bank. A total of 158 respondents belonging to the categories of senior managers, managers, and other employees filled out the questionnaire. During the editing 6 questionnaires were found incomplete and 152 respondents 'data were taken into consideration for analysis.

Table-1: Demographic Information of the Sample

Gender			
	Frequency	Valid Percent	Cumulative Percent
Male	114	75	75
Female	38	25	100
Total	152	100	
Age			
	Frequency	Valid Percent	Cumulative Percent
20-30	9	5.9	5.9
30-40	41	27	32.9
40-50	50	32.9	65.8
50 and above	52	34.2	100
Total	152	100	
Work Experience			
	Frequency	Valid Percent	Cumulative Percent
Below 2 Years	17	11.2	11.2
2-6 Years	59	38.8	50
6-10 Years	57	37.5	87.5
10 and above	19	12.5	100
Total	152	100	
Designation			
	Frequency	Valid Percent	Cumulative Percent
Senior Manager	19	12.5	12.5
Managers	48	31.6	44.1
Others Employees	85	55.9	100
Total	152	100	

Table-1 shows the demographic information regarding gender, age, work experience, and designation of the sample. It indicates that there are 75 percent of respondents are male and only 25 percent are female. 6 percent of the respondents are between the age group 20-30, 27 percent are from 30-40, 33 percent are from 40-50 and the remaining 34 percent belong to the age group 50 and above. Regarding work experience 12 percent have below 2 years of experience, 38.8 percent have 2-6 years of experience, 37.5

percent have 6-10 years and the remaining have above 10 years of experience. The sample has a combination of 12.5 percent as senior managers, 31.6 percent as managers, and 55.9 percent as other employees of private banks.

Testing of Hypotheses

H₀₁: There is no significant impact of the leadership behavior of branch managers on the job satisfaction of subordinates.

Table-2: Linear Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823 ^a	0.678	0.653	0.183

a. Predictors: (Constant), leadership behavior of branch manager

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	26.932	1	26.932	57.81	.000 ^b
Residual	69.884	150	0.466		
Total	96.816	151			

a. Dependent Variable: Job satisfaction of subordinates

b. Predictors: (Constant), Leadership behavior of branch manager

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.809	0.148		18.93	.000
Leadership behavior of branch manager	0.355	0.047	0.627	7.603	.000

a. Dependent Variable: Job satisfaction of subordinates

Table-2 depicts the linear regression analysis for validating the first hypothesis which is “there is no significant impact of leadership behavior of branch manager on the job satisfaction of subordinates”. In the model summary, the R-value is 0.823 and the R² is 0.678 which moderately indicates that the independent variable - The leadership behavior of the branch manager can explain the dependent variable - Job satisfaction of subordinates. The ANOVA statistics show the F value is 57.806 which is far more than 3.8415 (Table value at $\alpha = 0.05$). Also, the significance level is $0.000 < 0.05$. Further, the Standardized Beta Coefficient of 0.627 which is positive, indicates that for every one-unit increase in the

independent variable - Leadership behavior of branch manager, there will be an increase of 0.627 unit of the dependent variable - Job satisfaction of subordinates. Here, also the the significance level is $0.000 < 0.05$ which shows that the result is statistically is significant. Hence the null hypothesis is rejected. Therefore, the alternate hypothesis that “there is a significant impact of leadership behavior of branch manager on the job satisfaction of subordinates” is established.

H₀₂: There is no significant mean difference of leadership behavior between branch managers and their subordinates.

Table-3: ANOVA

Leadership Behavior

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.804	2	5.902	15.086	.000
Within Groups	58.294	149	.391		
Total	70.099	151			

Now, table-3 depicts ANOVA for validating the second hypothesis which is “there is no significant mean difference of leadership behavior between branch managers and their subordinates”. For applying ANOVA, all the respondents were divided into three categories senior managers, managers, and other employees then the organizational behavior was taken as dependent against the factor as a category of respondents. Here again, the F value is 15.086 which is far more than 3.8415 (Table value at $\alpha = 0.05$). Also, the significance level is $0.000 < 0.05$. It indicates that the statistically significant and it does not support the null hypothesis. Thus, the rejecting the null hypothesis, the alternate hypothesis is established. Therefore, there is a significant mean difference in leadership behavior between branch managers and their subordinates.

CONCLUSION

The result of the study clearly shows that in private banks leadership has a significant influence over the job satisfaction of subordinates. This means that all levels of managers help their subordinates to achieve their targets and accomplish their tasks. Besides this, the managers take overall care of their subordinates such as training and development, proper communication, rewards, appraisal, and a hygienic work environment, etc. Every employee of an organization has some leadership behavior and quality. In the study, the result reveals that there is a significant difference among the organizational leadership behavior of different levels of employees also significant mean difference of leadership behavior between branch managers and their subordinates. Senior managers, managers, and other employees of private banks have differences in their organizational leadership behavior but, there is a significant impact of leadership behavior of branch manager on the job satisfaction of subordinates.

LIMITATIONS OF THE STUDY

This study has been carried out under some unavoidable constraints. The first limitation is that it has been conducted on private banks only. The second limitation is that only the human resource outcome of part of the organizational performance is been investigated. The third limitation is that all the factors of human resource outcome have not been taken into consideration but job satisfaction and employees' behavior have been analyzed. The sample area is on the basis of convenience.

SCOPE FOR FURTHER STUDY

There may be a study of the role of leadership in the overall organizational performance of private banks. Also, a comparative study of the role of leadership and organizational performance between public banks and private banks may be done.

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