

ASSESSING TRANSFORMATIONAL LEADERSHIP AMONG WOMEN LEADERS IN BANKING SECTOR

Dr. Ramandeep Kour*, Dr. Vaishali**

*Assistant Professor, Cluster University of Jammu, J&K

**Lecturer, Govt. SPMR College of Commerce

ABSTRACT

Banking sector plays an indispensable role in accelerating the economic growth and development across all countries. The growth of the banking sector and its contribution to income & employment generation are the indices of progress. This organisation provides a tremendous source of employment for many women in recent years but its significance and representation within these industries varies across different places almost in all countries of the world. Women leaders develop and adopt different leadership styles as per their qualification, training & experience in order to sustain healthy interrelationship, which enhances employee job satisfaction and employee performance. This research paper focuses on examining the impact of women transformational style on employee satisfaction in banking sector in J&K State. Sample size was selected by using purposive sampling and data were collected by distributing questionnaires to 220 employees working in Public banks. Reliability and validity were also assessed. Structural Equation Modelling was used to test the hypothesised relationship. The result path in the SEM model exhibited that transformational style adopted by women leaders positively influences employees' satisfaction. The findings of the integrated model revealed that leadership styles adopted by women leaders directly affects employee satisfaction (SRW= 0.78). The study results indicated that employees are the pivot pillars of the banking sector and plays an important role in enhancing the satisfaction and performance at individual and organisational level.

Key Words: *transformational leadership style, employee satisfaction, banking sector*

*** & ** corresponding authors**

INTRODUCTION

Leadership is a process of interaction between leaders and followers where the leader attempts to influence followers to achieve a common goal (Belas, 2013). Leadership is mainly associated with group activity and group processes that raises the level of human conduct and ethical aspiration of both the leader & the employee (Jong & Hartog, 2007). A leader not only commits his employee to organisational goals, but also pool needed resources, guides & motivate subordinates to reach the goals and has a direct influence on the success or failure of the organisation (Setley & Miller, 2013; Maqsood, Bilal, Nazir & Baig, 2012). Leadership behaviour is defined as series of attitudes, characteristics and skills used by a manager in different situations in accordance with individual and organisational values (Mohammad & Hossein, 2006). Leadership behaviour among women has significant impact on employees' job satisfaction and organisational commitment levels in various service sectors (Chen & Silverthorne, 2005). Such comprising of communication, motivational ability, emotional intelligence, decision making, cooperative attitude and self sacrificing potency may boost employees' satisfaction, work environment, trust & respect and minimise employees' absenteeism & turnover. The successful performance of employees in service sector depends on effective leadership behaviour of women with regard to employees' development, open communication and the integration of individual goals with organisational goals (Harris & Leberman, 2011). The main purpose of this present research is to examine the impact of transformational leadership style on employees' satisfaction.

REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT

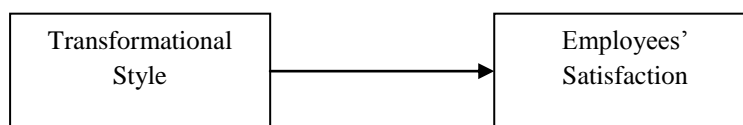
Women covers a large segment of the managerial talent across the globe, but their representation at top level positions in business and public administration is very low. The leadership prospect for women managers is a critical issue in gender equality and remains a researchable proposition. Transformational style as compared to transactional and laissez faire style has a stronger & positive affect on employees' attitudes towards their job, their job environment which ultimately affects employees work performance (Ali & Haider, 2012). This leadership style also raises the employees' awareness about their need to grow, validates their self-expression and motivates them to perform at new and higher levels.

Transformational style will be more effective than other styles to obtain employee's job satisfaction and show more concern for employees' problems at work (Yaseen, 2010). The aforementioned studies provide us with valuable insights into the impact of transformational leadership styles adopted by women on the satisfaction of employees. Thus, the hypothesis framed is:

H₁: Transformational leadership style significantly affects employees' satisfaction.

On the basis of aforesaid literature, the proposed theoretical models developed (Fig. 1) is as under:

Figure 1: Proposed Model of Women Transformational Leadership style and Employee Satisfaction



RESEARCH DESIGN AND METHODOLOGY

Data collection

Primary data were gathered from by questionnaire to 220 employees working in twenty three public banks operating in Jammu city. Convenient sampling method was used to collect the information regarding transformational leadership styles and employee satisfaction. Secondary information is gathered from digest of statistics, magazines & internet, books and journals viz. International Journal of Business and Management, and Journal of Leadership & Organisational Studies, etc. in order to substantiate literature survey and primary information.

Generation of Scale Items

Review of literature has been reviewed in order to generate items pertaining to different dimensions of transformation leadership styles and employee satisfaction. After reviewing, questionnaire was designed to gather primary information. The construct transformational style comprises of Chen & Silverthorne (2005); Chiok (2001); Mehta, Dubinsky & Anderson

(2003). And employee satisfaction construct derived from studies of Saravanan & Rao (2006); Sureshchandar et al. (2001); Ali & Haider (2012).

RELIABILITY AND VALIDITY ANALYSIS

Composite reliability is a measure of the average variance shared between a latent factor and its items. It is estimated using item loadings from the measurement models and takes into account the measurement error variances associated with factor items.

Construct validity: It reflects the degree to which a test measures some theoretical construct. Construct validity assesses the nature of the underlying variable or construct measured by the scale.

Table 1: Reliability & Validity of Latent Constructs

S. No.	Constructs	AVE	CR
1.	Transformational style	0.63	0.78
2.	Employee satisfaction	0.67	0.82

HYPOTHESIS TESTING

IMPACT OF TRANSFORMATIONAL LEADERSHIP STYLE ON EMPLOYEES' SATISFACTION

Transformational style and employee satisfaction

Transformational leadership style motivates followers by appealing to higher ideals and moral values which inspires employees to perform beyond expectations and get satisfaction at work (Paracha, Qamar, Mirza, Hassan & Waqas, 2012). The path in the hypothesised model proves significant and positive relationship between transformational leadership style & job satisfaction (SRW=0.78, $p < 0.05$). Similar positive linkages are also found by previous researchers namely, Belias & Koustelios (2014), Wolfram, Mohr & Schyns (2007) and Khalid, Salim, Loke & Khalid (2011).

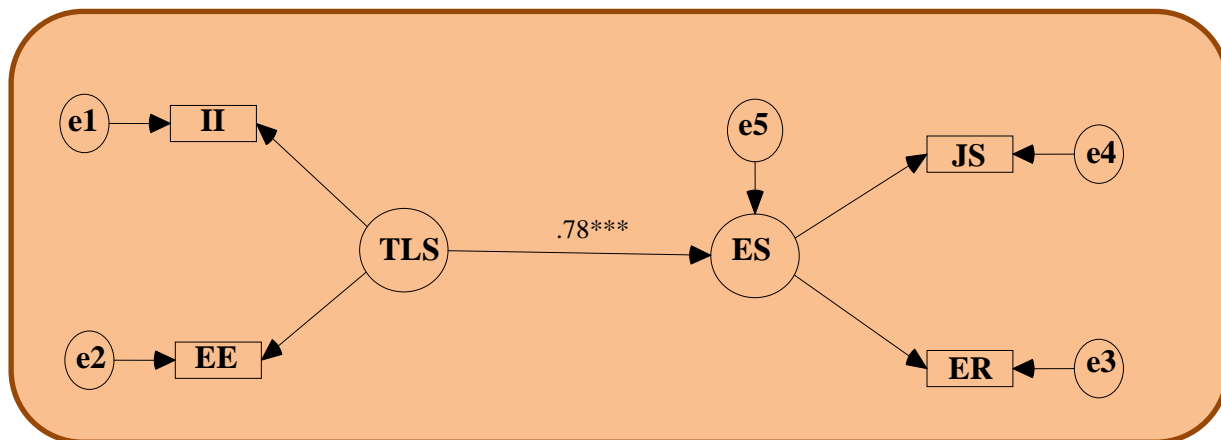


Figure 1: Impact of Transformational Leadership Style on Employee Satisfaction

Keywords: TLS- Transactional leadership style, ES- Employee satisfaction, II (Intellectual inspiration), EE (Employee engagement), JS (Job success), ER (Effort recognition) are the observed variables, e1-e5 are the error terms.

Table 2: Results of Hypotheses Testing

S. No.	Hypothesis	P-value	Result
1.	Transformational leadership style significantly affects employees' satisfaction.	.000	Accepted

Table 3: Results of Various Fit Indices

S. No.	Constructs	χ^2/df	GFI	AGFI	RMR	RMSEA	TLI	NFI	CFI
1.	Transformational style	3.557	0.948	0.902	0.010	0.068	0.952	0.959	0.970
2.	Employee satisfaction	4.908	0.973	0.937	0.011	0.073	0.976	0.980	0.985

DISSCUSSION AND IMPLICATIONS

Based on the findings, it was found that employees working in public banks believe that they are motivated by their respective women managers to impart innovation & creativity in their work and always helps them to look at problems from different angles. Employees working in banking sector agree that women managers always appreciate for good work and treat them as a member of the group. Further, they feel more enthusiastic as their manager's shows complete confidence in them. The first and foremost implication for the banking sector derives from our present research study is that women managers should enrich their communication mechanisms in such a way that the sharing of expected behaviours among the employees and leaders could be enhanced as per their aspirations and organisational goals, for developing and maintaining work relationship harmony. Secondly, Informal communication channels along with formal communication channels should be encouraged which eliminate miscommunication and misunderstanding among the employees and their respective woman managers in productive team pursuits. Women leaders in public banks need to refocus their attention for providing current and timely information about company's policies, procedures, etc. to employees so that they could contribute towards organisational development. Lastly, women managers should ensure smooth flow of constructive employee feedback including suggestions and disconnects, to ensure effective planning and execution of organisational projects which improves their performance.

LIMITATION AND FUTURE RESEARCH

The present research study covers only one style of leadership i.e. transformational leadership style and its impact on employee satisfaction. Future study could consider the impact of other leadership style namely, participative style, transactional style on employees' performance outcomes. Further, the study is restricted to public sector banks operating in Jammu city but future research could be conducted by making a comparative study between private and public banks.

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