

## **Variations of Leadership Practices (Competencies) of Banking Sectors- Comparative Analysis among NCBs, PCBs and Foreign Bank in Bangladesh.**

Leadership is currently one of the most talked about issues in business and organization. It is hard to turn on the television, open a newspaper or attend a conference without coming across numerous references to leaders, leadership and leading. The recent focus on leadership is an international phenomenon, as is increased investment in leadership and management development. In the US, for example, Fulmer (1997) estimated an annual corporate expenditure of \$45 billion in 1997 (up from \$10 billion one decade before) and Sorenson (2002) identified 900 college or university leadership programmes (double that of four years earlier), over 100 specialist degrees and a wide range of related activities.

Bennis and Nanus opined that leadership is like the abominable snowman, whose footprints are everywhere but who is nowhere to be seen. In a recent review of leadership theory, Northouse (2004) identified four common themes in the way leadership now tends to be conceived: (1) leadership is a process; (2) leadership involves influence; (3) leadership occurs in a group context; and (4) leadership involves goal attainment. He thus defines leadership as 'a process whereby an individual influences a group of individuals to achieve a common goal'.

This paper intends to show the variation of leadership practices in the banking sector and that is why the competencies of leadership practices are relevant to discuss. So, again, what is leadership? Apparently, decades of research, dozens of theories, and countless dollars haven't completely answered this question. If it had, then we wouldn't have vastly different visions of leadership and leadership competency across similar organizations. Or would we? An acceptable definition of leadership might be 'influencing, motivating, and inspiring others through direct and indirect means to accomplish organizational objectives.' Defining leadership is an important first step toward establishing how it should be conducted within an organization. However, a simple definition is insufficient for describing the nature, boundaries, contexts, and desirable manifestations of leadership

Leadership occurs at all levels of the organization and all have an essential role to play without the initiative and commitment of middle leader-managers, no change effort will get far. Without the influence of senior leaders, innovative practices rarely spread. Without the vision of the top leader, the overall climate would stifle innovation and direction (Badaracco,, 2002). This is designed to be aspirational, in focusing on the range of behaviors and qualities that are core to leadership roles and are capable of being developed/ nurtured by various means. Leadership resides in trust based on perceived competence and integrity and often involves intangibles such as emotional intelligence, intuition and

motivation. There is often an intense, emotional attachment on the part of staff towards effective leaders beyond managerial successes (Mintzberg). When the attitude and/or behaviors of staff are influenced significantly and as a consequence they achieve goals that otherwise would not have been attainable, then leadership is effective.

leadership could broadly be defined as 'the art of mobilizing others to want to struggle for shared aspirations' (Kouzes & Posner). However, it could be argued this 'influence, mobilization and struggle' is of little value in an organizational context unless it ultimately yields an outcome in line with the 'shared aspiration' for leadership to be deemed successful. Peter Drucker captures this notion by simply stating: 'Leadership is all about results'.

Many people in the nonprofit/public interest sector have been thrust into leadership positions without appropriate training or experience. The good news is it's not too late to learn; there are many classes that offer tools for effective leadership. Here are eight characteristics required for a leader.

**VISION** - being able to articulate the future in clear simple language. An emphasis on what will be rather than what is. This is a quality almost all management gurus agree is necessary for a good leader. "I have a dream" by Martin Luther King, "I don't want a revolution in which I can't dance" by Emma Goldman are two examples. A leader should be able to state concretely what success will look like and how their organization will get there.

Leader must understand what **MOTIVATES** people. Leaders have to inspire followers with their vision of a better life and working conditions. Simple but too often ignored motivators include; praise (telling folks juniors have done a job well - it is hard to overdo this one!), appreciation (a simple "thank you"), and recognition (awards, credit on a report, a letter of commendation). Learning to give positive feedback is crucial! Teambuilding exercises are a great way to build enthusiasm and cooperation.

Krishnan and Park (1998) revealed one new trait, a current buzz phrase that was just coming on the scene ten years ago, is **EMOTIONAL INTELLIGENCE (EI)**. Some call this a "gut instinct or an innate sense about what others are feeling." It used to be called empathy or intuition but now google EI and one individual gets over one million hits. "EI" includes identifying, using, understanding and managing emotions. Both Oprah and Madonna can read a crowd like no one else and their EI is part of what makes them both successful. Being able to read people (know what they want or need) is invaluable. Leader must be able to **EMPOWER** others. He/she can teach followers how to accomplish a task. He/she can tell them what is expected from them. The tools

they need to succeed should be provided. Leaders are supposed to learn to listen; nothing is more empowering than being heard.

Leaders must be **TRUSTWORTHY**. Jimmy Carter's greatest asset is that his behavior is consistent with his beliefs. Even those who disagree with him respect him enormously. No one will follow a dishonest or unfair leader with enthusiasm. Leaders must be willing to take **RISKS** Krishnan and Park (1998). Co-founders of Google, Larry Page and Sergey Brin, regularly take risks and today are reaping the benefits. Leaders should also reward risk-taking in others.

A leader should be able to **FOCUS & FOLLOW THROUGH**. This involves setting priorities and doing accordingly. It is commonly said that Eighty percent of success in life is just showing up. This is absolutely true.

And finally, but certainly not last- it helps to have a sense of **HUMOR**. The ability to laugh at oneself demonstrates a degree of self-knowledge and is the easiest way to bring others along with leaders. Humor is a great tension breaker but inappropriate if used to belittle someone.

Finding all these traits in one person, people are bound to see a leader. If the person has some but not all, well that is what training is all about.

## **Banking Sectors in Bangladesh**

The number of banks in all now stands at 49 in Bangladesh. Out of the 49 banks, four are Nationalized Commercial Banks (NCBs), 28 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs).

Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector. The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214, foreign banks 31 and specialised banks 1,177. ([www.asiatradehub.com/bangladesh/banks.asp](http://www.asiatradehub.com/bangladesh/banks.asp))

**Data Collection:** The study combined of both primary & secondary data. The secondary data have been collected from published literature, journals, brochures, etc. The primary data have been collected through a structured face-to-face interview questionnaire with 140 employees of banking industry in different positions (private, public and foreign). 60 questionnaires were collected from private, 40 from public and another 40 from foreign banks. Data were

collected using a personal interview with structured questionnaire, an instrument designed exclusively for this evaluation project.

Leadership attributes were being measured by using 19 items. All items used a three point nominal scale ranging from (1) "low" (2) "medium" and (3) "high". A pilot test was conducted on a small sample of 10 employees to assess the semantic content and readability of the questionnaire. Problems or difficulties, such as ambiguity of wordings, misunderstanding of technical terms, were reported for further modification.

### Descriptive Analysis

Table 1 measured results of the user perception of leadership practices on various attributes. The data were analyzed with 19 statements. Elements of each attributes consistently averaged between low (1), medium (2) and high (3) on a three point nominal scale. The elements that users rated the highest in perception are, 'Improvement oriented' (M=2.74, sd= 0.470), 'information for the organization' (M= 2.67, sd= .486), ability to the adopt to the change ( M= 2.67, sd= .474) 'Continuous improvement (M= 2.66, sd= .474), 'encourage others' (M=2.64, sd=.496), 'empowerment' (M=2.64, sd=.537), drives for results and improvements( M=2.64, sd=.578), and Ensuring the projects (M=2.62, sd=.515) loyalty (M= 2.61, sd=.532) 'organizational vision' (M= 2.57, sd=.511), cautious about time management ( M=2.57, sd=.589) ability to deal with the risk (M=2.56, sd=.552) ' confidence about the decisions of the organization's matter ( M=2.55, sd= .615), management skills ( M=2.54, sd=.541),building relationship (M=2.52, sd=.605), creative oriented (M=2.46,sd=.592), translate evidence into practice ( M=2.36, sd= .578), accept criticism ( M=2.28, sd=.658).

Table 1: Mean and Std. Deviation

SN	Particulars	Mean	Std. Deviation
1	Loyalty	2.61	.532
2	Ability to Deal with the risk	2.56	.552
3	Improvement oriented	2.74	.470
4	Leaders are authentic	2.65	.493
5	Building relationship	2.52	.605
6	Encourages others	2.64	.496
7	Empowerment	2.64	.537
8	Organizational vision	2.57	.511
9	Confidence about the decision of the	2.55	.615

	organizations matter		
10	Cautious about time management	2.57	.589
11	Creative oriented	2.46	.592
12	Accept criticism	2.28	.658
13	Able to adopt the change	2.67	.542
14	Drives for results and improvement	2.64	.578
15	Informative for the organization	2.67	.486
16	Translate evidence into practice	2.36	.578
17	Management skills	2.54	.541
18	Continuous Improvement	2.66	.474
19	Ensuring the projects	2.62	.515

### Chi-square Test:

Chi-square tests were carried out in order to compare three groups (Private, Public & Foreign banks) in term of their mean score on various leadership attributes. Result shows that leadership attributes such as "Loyalty", "Leaders are authentic", "Building relationship", "Empowerment", "Confidence about the decision of the organizations matter", "Accept criticism", "Able to adopt the change", "Translate evidence into practice", "Continuous Improvement" do not appear to be independent of respondent's organizational type. The result suggests that there is a significant difference in perception of leadership on above attributes between three organizational types. However, attributes such as "Ability to Deal with the risk", "Improvement oriented", "Encourages others", "Organizational vision", "Cautious about time management", "Creative oriented", "Drives for results and improvement", "Informative for the organization", "Management skills", "Ensuring the projects" appear to be independent of respondent's organizational type. The result suggests that there is no significant difference in perception of leadership on above attributes between three organizational types

Table 2: Chi Square Test

SL. No.	Item Description	Calculated Value
1	Loyalty	15.092*
2	Ability to Deal with the risk	3.308
3	Improvement oriented	7.611b
4	Leaders are authentic	10.198*
5	Building relationship	13.537*
6	Encourages others	2.878b

7	Empowerment	13.903
8	Organizational vision	2.125
9	Confidence about the decision of the organizations matter	12.483
10	Cautious about time management	4.776
11	Creative oriented	8.008
12	Accept criticism	17.495
13	Able to adopt the change	13.817
14	Drives for results and improvement	13.310
15	Informative for the organization	7.286
16	Translate evidence into practice	17.111
17	Management skills	4.232
18	Continuous Improvement	7.223
19	Ensuring the projects	2.806
Valid N (listwise) * Significant at <.01 Critical Value @.01 level of confidence with df=4, is 13.288		

Finally, we can say that attributes are the ingredients needed for leadership effectiveness, but possessing them does not mean that one will be a good leader. The proof points are the behaviors—the leadership practices—that transform capability into action. The power of attributes is in their ability to predict leadership potential, while the power of the practices is in their definition of what effective leaders actually do. At the same time leadership competencies should be reviewed, revised, and evaluate periodically. This is especially true when competencies are defined as practices—behaviors fine-tuned to business strategy and situation requirements. A number of companies, including General Electric, AT&T and PepsiCo, have updated their leadership models periodically to reflect changing business priorities and capabilities needed for the future. As business conditions and strategic imperatives change, it only makes sense that the competencies be reexamined and repositioned.

### Leadership Practices Survey Questionnaire

SL	Items	Opinion		
1	Leaders are loyal to their organization.	1	2	3
2	Leaders have the ability to deal with risk.	1	2	3
3	Leaders are improvement oriented.	1	2	3
4	Leaders begin and end with authenticity (Faithfulness).	1	2	3
5	Build enduring relationship with others.	1	2	3
6	Develops, enables, and encourages others (Developing People)	1	2	3
7	Leaders are interested to empowering their subordinates.	1	2	3
8	Leaders are capable to orient their with the vision of the organization	1	2	3
9	Leader are confident and not be afraid to take ownership of popular and unpopular decision regarding the organizations matter.	1	2	3
10	Leaders are cautious about time management	1	2	3
11	Leaders are creative oriented	1	2	3
12	Leaders allow criticism about their effort.	1	2	3
13	Leaders are able to adopt the changes.	1	2	3
14	Leader drives for results and improvement.	1	2	3
15	Leaders are informative for the organization.	1	2	3
16	Seeks to translate evidence into practice.	1	2	3
17	Demonstrates management skill.	1	2	3
18	Past improvement and drives for continuous improvement.	1	2	3
19	Leader takes necessary steps to ensuring the project.	1	2	3