

INFLUENCE OF TRANSFORMATIONAL LEADERS ON EMPLOYEE MOTIVATION IN THE BANKING SECTOR

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ABSTRACT

In today's dynamic economic, technological and competitive environment it is necessary to adopt a proactive view of organizational change, as constant change requires innovation in leadership. The aim of this research was to offer a more detailed answer to the issue pertaining to the importance of leaders' transformation, i.e. their tendency to change in order to motivate employees as much as possible, through a comprehensive review of the leaders' influence on employee motivation in the banking sector. This research aims to achieve a fundamental shift in the importance of the relationship between leaders and employees, and their interdependence in the banking sector. In this sense, we aim to provide an answer to how much the driving energy of leaders in the banking sector directly stimulates employees' motivation and indirectly affects their performance. The conducted qualitative research includes descriptive study, innovated interpretation of relevant scientific sources, methods of induction, deduction, analysis, as well as the use of the survey method. The main result indicates that the use of tangible and intangible motivators does not lead to the formation of a universal motivational system. The implementation of motivators points out that the material factor is a necessary condition, but not the only one needed for development in the banking sector.

Keywords: Leadership, Motivation, Employees, Transformational Leaders, Banking.

INTRODUCTION

Globalization has a great impact on the market and it imposes a certain approach to business (Radović-Marković & Tomaš, 2019). In line with these changes, the company's management adopts and processes them, whereas leaders must possess the ability to bring about new rules and affinity to change and take on new challenges. The quality of a leader is reflected in his/her knowledge, but also in additional abilities, which has come to the fore in the last 20 years or so. Namely, quite significant changes in the development of better banking operations occurred back then, specifically related to the organization of the banking sector and the redistribution of human resources, as well as quality in terms of the introduction and application of various innovations. Collectively, this has brought about the emergence of transformational leaders. Consequently, many banks are continuously aligning their operations with new changes due to the development of information technology and digitalization of banking operations. A manager must consider motivational factors, which will lead people to do their best for the company that employs them. Namely, it is a term that has also been referred to as a catalyzer or an engine that runs the human forward (Barzoki et al., 2012). Based on various experiences from practice, it is mostly indicated that the basis for motivation is more often connected with values, rather than with money (Radović-Marković et al., 2018).

A leader is no more important than a manager, but his/her abilities such as intelligence, self-confidence, determination, integrity and social skills need to be on a higher level. Of course, there are many additional traits a leader should preferably possess, especially the so-called emotional intelligence (Vučeković et al., 2021). Possession of emotional intelligence enables leaders to better understand and motivate employees (Girdauskiene & Eyvazzade, 2015; Radović Marković, 1998). As much as the issue of leadership and transformational leadership style has been the subject of research and discussion in the last 10 years or so, acceptable results have not yet been found. Accordingly, in this paper we will touch upon the need for leaders to be emotional, but we will still emphasize that emotions represent a somewhat important factor when interacting with employees. This paper emphasizes the importance of new forms of management and leadership, as the key to better manage organizations.

The aim of this paper is to point out the necessity for better transformational leaders, as well as their better interactive relationship with subordinates within the organization itself. Through the results of the research, the paper will point out the effects and consequences that can be expected after inadequate operations then give an overview and indicate the most appropriate way to work with subordinates.

The expected results and contributions of this paper are:

1. To specifically point out the importance of transformational leadership as an important style of leadership in modern business.
2. To explore the leaders' business performance in the banking sector.
3. To highlight the existence of alternative models of behavior and how leaders treat employees, as well as their more successful interactive relationship, all for the sake of more positive results in the banking business.

RESEARCH METHODOLOGY

The paper tests two research hypotheses

H₁: Transformational leaders in the banking sector are prone to change work related tasks, as well as their organizational skills

H₂: Transformational leaders of the banking sector motivate employees by using certain adequate motivators.

Hypothesis testing is performed using descriptive statistics and desk research, which is based on consulting literature and using primary and secondary sources of information. Primary source of information was in a form of a Questionnaire used to survey employees, whereas numerous scientific research papers and the Internet comprised the secondary source of information.

The methods used in this scientific research work are inductive, deductive, descriptive-statistical method, as well as the analysis of relevant theoretical literature.

Empirical testing of hypotheses was conducted on the basis of a survey on a sample of 117 respondents employed by Komercijalna Banka. The survey questionnaire consists of two groups of questions which, according to their content, can be defined as.

- Tendency that transformational leaders of the banking sector have when it comes to changing work related tasks
- The tendency of the transformational leaders of the banking sector to motivate employees

Komercijalna banka JSC Belgrade is one of the oldest institutions on the Serbian financial market. It has been operating continuously for 46 years. As one of the largest and oldest Serbian banks in this region, both in terms of the number of clients and the size of capital in the banking market it was an excellent choice for a survey, unfortunately targeting a smaller number of employees, on employee satisfaction within the said company. Respondents, i.e. the employees, mostly filled in the questionnaire in a traditional way, and not electronically, which created additional difficulties for a more exact analysis, in terms of a larger number of samples.

RESEARCH RESULTS

Respondents' views on the existence of their transformational leaders' tendency to change work related tasks are covered by the following group of questions:

- Immediate superior shows determination at work?
- Is the immediate superior trying to improve business through the use of new approaches?
- The immediate superior does not view the employees as part of the collective, but rather as individuals?
- Does the immediate superior provide an opportunity for employees to participate in the decision making process?
- Does the immediate supervisor perform the leadership function within the Management Team?

The first group of questions refers to the respondents' attitude (employees in the banking sector) to their superiors' tendency to introduce changes in work related tasks, i.e. to their organizational skills. The second group of questions includes the respondents' opinions which should determine the existence of the will of transformational leaders of the same sector to introduce different motivational activities for their employees (Table 1).

Descriptive Statistics	N	Mean	Std. Deviation
Demonstrates decisiveness at work	117	4.1538	.97923
Tries to improve the business using new approaches	117	3.7265	1.16430
Does not view employees as part of a collective, but rather as individuals	117	3.4359	1.19182
Provides an opportunity for employees to participate in the decision making process	117	3.3162	1.31732
Performs a leadership function within the Management Team	117	3.5983	1.25300
Valid N (list wise)	117		

Source: Author's calculations

The assessments of all factors that should describe the tendency of banking sector leaders to change work related tasks are fairly uniform and average approximately 3.5, except for the question of leaders' determination, which is analyzed from the same aspect, and which respondents rate extremely high, averaging over 4. As all factors have a grade above the value of

the median measurement scale of 3, it is implied that the respondents rate each of the above mentioned indicators of their superiors' tendency to change work related tasks quite high, as well as the existence of their organizational skills.

Respondents' views on transformational leaders' tendency to motivate their employees are covered by the following group of questions:

- Does the immediate superior provide the team with incentives and appreciation for high performance?
- Does the immediate superior delegate tasks to employees in a way that encourages and incentivizes them?
- Does the immediate superior allocate certain funds solely for the purpose of rewarding high-performing employees?
- Does the immediate superior allocate the time to show gratitude to high-performing employees?
- Does the immediate superior ask questions that will stimulate employees to improve their work and achieve high performance?

As in the previous case, the modalities of answering all questions are of ordinal nature (ranging from 1 for never, 2 for rarely, all the way to 5 for always), which is why descriptive statistics of arithmetic mean and variance are presented as standard measures of central tendency and value dispersion of the observed characteristics. The average scores for all analyzed aspects of providing motivation to employees are very high, and above the median scale, with the banking sector leaders' tendency to ask their employees questions in order to improve their performance being particularly high (Table 2).

Descriptive Statistics	N	Mean	Std. Deviation
Gives encouragement and appreciates the team for its high performance.	117	3.2479	1.43783
Delegates tasks to employees in an encouraging and incentivizing manner.	117	3.4615	1.40528
Allocates certain funds solely for the purpose of rewarding high-performing employees.	117	3.6026	1.34154
Finds the time to show gratitude to high-performing employees.	117	3.2906	1.25300
Asks questions which stimulate employees to improve their work and perform in the best possible way.	117	4.5385	.67643
Valid N (list wise)	117		

Source: Author's calculations

Hypothesis Testing

H₁: Transformational leaders in the banking sector are prone to change work related tasks, as well as their organizational skills.

This hypothesis is tested in the form of an analysis of respondents' opinion on the banking sector's transformational leader's tendency to change work related tasks, as well as organizational skills. Respondents' opinions were graded on an ordinal scale from 1 for never, 2 for rarely, 3 for sometimes, 4 for often and 5 for always, whereas the median value is 3 corresponding to sometimes. Descriptive analysis has already indicated that the average values of the significance score are higher than the median, but in order to generalize this conclusion from the sample level to the population level, it is necessary to conduct a formal statistical test. If the respondents believe that there is a pronounced tendency by the transformational leaders of the banking sector towards organizational capabilities, then the median assessment of the importance of a given factor will statistically be significantly higher than 3. In the analyzed case, assessments of the importance of certain factors that should assess the individual preferences of leaders in the banking sector are of ordinal nature and without a pre-defined distribution, and are as such inadequate for testing using the standard t-test (its application involves a continuous measurement scale and desirable normal distribution). Therefore, an alternative to the parametric t-test known as Wilcoxon signed-rank test is used in the testing process, which is much more efficient in statistical inference than the t-test when the assumption of normality is violated. This test's null hypothesis is that the median is equal to some predetermined value at the population level. Results of the Wilcoxon signed-rank tests are shown in Table 3.

Hypothesis Test Summary			
Null Hypothesis	Test	Sig.	Decision
The median of "demonstrates decisiveness at work" equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
The median of "is trying to improve work using new approaches" equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
The median of "doesn't view employees as a part of collective but rather as individuals" equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
The median of "provides an opportunity for employees to participate in the decision making process" equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.027	Reject the null hypothesis
The median of "performs a leadership function within the Management Team" equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
Asymptotic significances are displayed. The significance level is .05.			

The usual procedure when applying the described test is to define the null hypothesis in the form of "the median of the studied factor/question is equal to 3", and it is shown in the first column of Table 3. The p-values of the Wilcoxon signed-rank test are shown in the Sig column, based on which recommendations were generated as to whether the null hypothesis should be rejected. As it can be seen, the null hypothesis was rejected for all 5 tested hypotheses. In the general case, the Wilcoxon signed-rank test is two-sided, leading to a conclusion that rejecting the null hypothesis on the median equality of the given value does not automatically mean that the median of the sample is significantly higher than the assumed value (value 3), but taking into account information obtained from descriptive statistics (all averages were above 3), we can

conclude that the respondents believe that their superiors have a pronounced tendency to change work related tasks, as well as their organizational skills.

H₂: Transformational leaders of the banking sector motivate employees by using certain adequate motivators.

This hypothesis is tested through an analysis of the respondents' opinions about employees' motivation to do their job as a result of the motivation created by their immediate superiors using different motivators. Respondents' opinions were graded on an ordinal scale, as was the case for the first hypothesis, from 1 for never, 2 for rarely, 3 for sometimes, 4 for often and 5 for always, whereas the median value is 3 - corresponding to sometimes. Using the previously described statistical test, the stated hypothesis was tested and the test result is shown in the following Table 4.

Table 4			
WILCOXON SIGNED-RANK TEST RESULTS - HYPOTHESIS H2			
Hypothesis Test Summary			
Null Hypothesis	Test	Sig.	Decision
The median of “gives encouragement and appreciates the team for its high performance” equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.028	Reject the null hypothesis
The median of “delegates tasks to employees in an encouraging and incentivizing manner” equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.001	Reject the null hypothesis
The median of “allocates certain funds solely for the purpose of rewarding high-performing employees” equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
The median of “finds the time to show gratitude to high-performing employees” equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.021	Reject the null hypothesis
The median of “asks questions which stimulate employees to improve their work and perform in the best possible way” equals 3.00.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis
Asymptotic significances are displayed. The significance level is .05.			

The test results in this case also showed that for all five questions/factors the Wilcoxon signed-rank test suggested a median's discrepancy from the hypothetical value of 3 and a rejection of the null hypothesis. Using information from the calculated descriptive statistics (all factors average above 3), it can be concluded that the respondents from the banking sector believe that their superiors/leaders have a pronounced tendency aimed at providing motivation to employees.

CONCLUSION

Following the research, the paper concludes that it is necessary for leaders to further develop skills related to better communication with employees, more respect for employees for all the tasks they perform. There is no need to separate employees, i.e. view each employee in a uniformed way. As far as motivational factors are concerned, through the results of the research we can see that leaders motivate employees through various incentives, less through money, and

more through other motivational factors. However, the research is limited, because the survey did not include the part related to employee satisfaction, i.e. their needs and wants.

In Serbian organizations, the dominant hierarchical structure and closed channels of communication are excellent ground for the emergence of emotional tension. Such working environment adversely affects interpersonal relationships and leads to conflicts. Thus leaders spend a significant portion of their time solving this issue.

This research provides an overview on employees' satisfaction with their leaders and their work motivation as a result of the actions of their superiors, i.e. those they report to.

In the end, it can be concluded that whether an organization achieves its goals depends heavily on the management style and transformation, i.e. the flexibility that leaders, high-ranking directors, etc., possess. The main task of a leader is to appoint an adequate employee to the appropriate position, so that employees would be satisfied and meet the norm, where high productivity would flourish to the mutual satisfaction. A leader who wants a successful future for his organization must recognize his employee's talent. Otherwise, that talent will bear no importance, if it is not used and directed to benefit the company's success.

This paper has proven that excellent coordination exists among all employees in the banking sector. Managers possess excellent knowledge and skillfully pass it on to their employees, but through the research we have discovered some dissatisfaction present. This dissatisfaction is obviously reflected in favoring the individual and distinguishing him/her as an individual, in relation to others. It is normal that in every service there is someone who stands out. Some by showing greater initiative when it comes to solving everyday tasks, some by a larger number of work related tasks without further and deeper analytical views on individual work related tasks, etc. However, as mentioned above, it is necessary for a leader to, in addition to his/her organizational skills, 'possess the ability' to respect employees. It is, all things considered, one of the most important motivators, especially in today's transitioning society.

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