

Transformational Leadership and Job Satisfaction of Indian Banking Personnel: An Empirical Investigation

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Abstract

The transformational leadership style will be helpful for enhancing employees' commitment, involvement, and satisfaction with the job. Researches advocate that there is a strong need for a more extensive and empirical investigation of the reciprocal relationship between transformational leadership and job satisfaction in the banking sector. This study examined the differences between the perceived level of transformational leadership and job satisfaction of both public and private sector banking personnel. This study also examined the relationship between transformational leadership and job satisfaction for both types of banking personnel. The purposive sampling technique was used, and the sample was comprised of 235 banking personnel of both public and private sector banks in Uttar Pradesh, India. Data were collected through the questionnaire method, and based on the data t-test analysis found that there is a significant difference in transformational leadership and job satisfaction in both public and private sector banking personnel. Also, correlation analysis indicates that there is a significant and positive relationship between transformational leadership and job satisfaction in both types of banking personnel. Further, stepwise regression analysis shows that two dimensions of transformational leadership, namely consideration/developmental role, and motivational role, emerged as the best predictor of job satisfaction of both public and private sector banking personnel.

Keywords: Transformational leadership, Job satisfaction, Bank staff, Banking Organization, India.

INTRODUCTION

The banking sector is an integral factor of the economy in the majority of contemporary societies (Belias & Koustelios, 2014). Due to liberalization, globalization, and privatization, the banking sector has undergone an intense and striking change in the last few decades. With the rapid change in technology, market demand, as well as several environmental and financial changes, bank employees are undergoing stress, low level of satisfaction with their job, lack of commitment, and a higher rate of quitting the job (Soni & Agarwal, 2020).

For enhancing employees' as well as customer satisfaction, commitment, and retention, banking organization requires effective

leadership at all levels. Transformational leadership is a tool or a system of changing and transforming people (Hall et al., 2008). This leadership style is helpful for enhancing employees satisfaction (Atmojo, 2015; Riaz et al., 2011), commitment (Bushra et al., 2011; Labrague et al., 2020), and performance (Amalia et al., 2022). It will also be helpful in enhancing employees' extra efforts for organization success, employees citizenship behavior, and other pro organizational activities (Bryma, 1992).

Research (Hamidifar, 2009; Atmojo, 2015; Labrague et al., 2020) has generated mixed findings regarding the association between transformational leadership and job satisfaction. Furthermore, few researchers (Riaz et al., 2011;

Bushra et al., 2011) has measured the analytic value of transformational leadership on job satisfaction in the banking sector, but there is a lack of empirical evidence on these variables in the Indian settings. There is a strong need for a more extensive and empirical investigation of the reciprocal relationship between transformational leadership and job satisfaction in the banking sector (Belias & Koustelios, 2014; Riaz et al., 2011; Bushra et al., 2011). Therefore, this study attempts to examine the role of transformational leadership on job satisfaction in the Indian banking organization. The present study examined the differences between the level of perceived transformational leadership and job satisfaction of employees in both public and private sector banks. This study also examined the nature of the relationship between transformational leadership and job satisfaction for both types of banking personnel.

Transformational Leadership

The transformational leadership term was firstly coined by Burns (1978). He claimed that transformational leadership is observed when leaders encourage followers to boost up the level of their morals, motivation, beliefs, perception, and coalition with the objectives of the organization. Bass (1985) defined, "Transformational leadership is a relational leadership style in which followers have trust and respect for the leader and are motivated to do more than is normally expected of them to achieve organizational goal."

Transformational leadership is an effective and the most widely adopted leadership style, despite its relationship and task-oriented nature (Thomson et al., 2016). There are four dimensions of transformational leadership, namely: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1998).

Bushra et al. (2011) noted that transformational leadership is helpful for enhancing interpersonal relations between managers and their subordinates. This leadership style will be helpful in making employees more creative and innovative, more committed, satisfied, and perform better at work. Additionally, they can employee to put extra efforts into organizational success (Bass, 2008; Ohunakin et al., 2019).

Job Satisfaction

Job satisfaction is a multidimensional concept that has been defined in various ways by different researchers (Bernardo et al., 2020). Job satisfaction refers to a pleasant or positive emotional condition, which is derived from an employees' appreciation for his/her occupation or work experience (Locke, 1976). Luthans (2007) defines job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.

Okpara (2004) recognizes five major dimensions of job satisfaction, namely pay, promotion, supervision, work itself, and co-workers'. Organizational behaviour literature suggests that employees who have a high level of satisfaction with their jobs are likely to be more productive, have a high level of involvement in their job, and low level of intention to quit the job (Sowmya & Panchanatham, 2011).

Review of literature

Manager transformational leadership behaviour is positively associated with various job outcomes-related variables, including extra efforts, organizational citizenship behaviour, and job satisfaction (Bryman, 1992). Transformational leadership significantly influences middle management employees' job satisfaction and commitment to the job (Atmojo, 2015).

Fuller et al. (1999) conducted a study on 230 nursing staff and concluded that there is a significant positive relationship between transformational leadership and job satisfaction and also noted that psychological empowerment moderates the relationship between these variables. Boamah et al. (2018) in their study on nursing staff and found a significant positive association between transformational leadership and job satisfaction. A study conducted by Labrague et al. (2020) also on nursing staff in the Philippines illustrates that nurses who work with transformational leaders report higher job contentment and a low level of intention to quit the job.

Riaz et al. (2011) investigated the effect of transformational leadership on organizational commitment in bank managers' and noted that

there is positive interaction between bank managers' transformational leadership style and the job commitment of the followers. In addition to the study on Pakistani bank employees, it is concluded that transformational leadership has a positive impact on employees' job satisfaction and organizational commitment (Bushra et al., 2011).

In the study of school teachers, it was reported that transformational leadership has a positive effect on perceived organizational support, job satisfaction, and life satisfaction (Bernarto et al., 2020). Gill et al. (2010) conducted a study on restaurant industry staff from Panjab, India, and suggested that there is a positive association between employees' perceived transformational leadership used by managers and personnel's perceived level of satisfaction with the job.

Amalia et al. (2022) in their study at Takalar district court and reported that transformational leadership is significantly positively associated with employees' job satisfaction and performance. A study by Hamidifar (2009) on the non-teaching staff of Islamic Azad University in Tehran explored that in the different types of leadership styles, the transformational leadership style of leadership determines staff satisfaction with their job.

Objectives

The focal aim of this research paper was to examine the impact of transformational leadership on job satisfaction in public and private sector banking personnel. For this purpose, the main objectives of this research are:

- To examine and compare the levels of perceived transformational leadership style and job satisfaction among public and private banking personnel.
- To examine and compare the nature of the relationship between perception of transformational leadership style and job satisfaction among public and private banking personnel.

Hypotheses

Based on appropriate review and objectives underlying this study, it was hypothesized that:

H1 Levels of perceived transformational leadership style and job satisfaction in public and private sector banking personnel would be

different. It was further hypothesized that the perceived level of transformational leadership and job satisfaction would be higher in private sector banking personnel.

H2 Levels of perceived transformational leadership style will be positively related to the job satisfaction in both types of banking personnel. It was further hypothesized that the degree of positive relationship will be higher in private sector banking personnel.

METHODOLOGY

Sample

A total of 300 banking personnel were contacted from both types of banks, namely public and private sector banks but an affirmative response for participation in this research work process was received from 250 banking personnel. Due to availability, scheduling, and other problem, data could not be collected from 15 banking personnel, and hence the number of responses was N=235 (n=119 Public; n= 116 Private). The responses were collected from both public and private banking personnel in Uttar Pradesh, India. The convenient snowball sampling technique was used to draw the sample in this study. A correlation research design was used in this research work, and data was collected through questioner survey method.

Measures

The following measures were used in this study for measuring the participant's response to the variables under the study:

Demographic Datasheet: In this sheet, information regarding demographic variables such as age, sex, job position, year of experience, type of bank, etc. was obtained from the participants.

Transformational leadership: This measure was established by Bass and Avolio (1994) and modified by Tripathi and Agarwal (2017). In this scale, there is a total of 10 items divided into three major factors namely Consideration/Developmental role, Motivational role, and Inspirational role. This is a five-point Likert-type scale from strongly disagrees to strongly agree. Cronbach's alpha coefficient of each factor Consideration/Developmental role,

Motivational role, and Inspirational role are 0.93, 0.85, and 0.84 respectively.

Job satisfaction: This measure was established by Macdonald and MacIntyre (1997). This is a 10 items five-point Likert-type scale. Cronbach's alpha coefficient of the scale is 0.77.

Procedures

After obtaining permission from the authorities, the researcher approached banking personnel. After taking the informed consent of the respondents, they were allowed to complete the questionnaire privately and instructed to return

their responses to the researcher. After obtaining the data, data was entered in computer software Statistical Package for the Social Sciences (SPSS) version 20, and data were analyzed for testing the hypotheses of this research work.

RESULTS

The t-test analysis was computed on the mean score of the variables under study to examine the differences in the perceived level of transformational leadership and job satisfaction in both types of banking personnel.

Table 1: Showing the difference between means of variables under the study in public and private sector bank personnel

Variables	Public sector bank (n=119)		Private sector Bank (n=116)		t-value
	Mean	S.D.	Mean	S.D.	
Consideration/ Developmental Role	13.95	3.68	15.86	3.66	-3.97***
Motivational Role	10.18	2.85	12.05	2.98	-4.90***
Inspirational Role	10.41	2.93	12.05	2.86	-4.33***
Transformational Leadership Total	34.55	8.58	39.96	8.89	4.74***
Job Satisfaction	36.12	6.66	40.69	7.73	-4.85***

*** $p < .001$; ** $p < .01$; * $p < .05$

Table 1 demonstrates the mean difference in public and private sector banking personnel on the subscales of transformational leadership and job satisfaction. The mean difference was found to be significant on consideration/developmental role ($t(233) = -3.97$, $p < .001$), motivational role ($t(233) = -4.90$, $p < .001$), inspirational role ($t(233) = -4.33$, $p < .001$), and overall transformational leadership ($t(233) = -4.74$, $p < .001$) as well as job satisfaction ($t(233) = -4.85$, $p < .001$) of public and private banking personnel. Results support hypothesis H1, the perceived level of transformational leadership style and job satisfaction in public and private sector banking personnel would be different, and also found

that private sector banking personnel are higher on all the dimensions of perceived transformational leadership and job satisfaction as compared to public sector banking personnel.

Correlational analysis was computed to examine the nature of the relationship between perceived levels of transformational leadership and job satisfaction in both types of banking personnel. Additionally, to find the best predictor of the dimension of transformational leadership on job satisfaction stepwise regression analyses were done separately for both types of banking personnel namely public and private banking personnel.

Table 2: *Correlation among the variables in public and private sector bank personnel*

Variables	Public sector bank (n=119) personnel Job Satisfaction	Private sector Bank (n=116) personnel Job Satisfaction
Consideration/ Developmental Role	.62***	.63***
Motivational Role	.60***	.73***
Inspirational Role	.60***	.66***
Transformational Leadership Total	.67***	.73***

***p<.001; **p < .01; *p < .05

Table 2 displays the correlation between the dimensions of transformational leadership and job satisfaction of public and private sector banking personnel. For public sector banking personnel result demonstrate that perceived level of transformational leadership ($r=0.67$, $p<.001$) and its dimensions viz., consideration/developmental role ($r=0.62$, $p<.001$), motivational role ($r=0.60$, $p<.001$), and inspirational role ($r=0.60$, $p<.001$) have a

positive and significant association with job satisfaction. Also, for private sector banking personnel result shows that perceived level of transformational leadership ($r=0.73$, $p<.001$) and its dimensions viz., consideration/developmental role ($r=0.63$, $p<.001$), motivational role ($r=0.73$, $p<.001$), and inspirational role ($r=0.66$, $p<.001$) have a positive and significant association with job satisfaction.

Table 3: *Stepwise regression analysis for public sector bank personnel's job satisfaction as a predictor and dimensions of transformational leadership as a criterion*

Model		Unstandardized Coefficients		Standardized Coefficients	R ²		F
		B	Std. Error	Beta	ΔR^2		
1	(Constant)	20.421	1.897				
	Consideration/ Developmental Role	1.125	.013	.621***	.385	.385	73.278***
2	(Constant)	18.550	1.911				
	Consideration/ Developmental Role	.708	.180	.390***			
	Motivational Role	.756	.232	.324***	.437	.052	44.982***

***p<.001; **p < .01; *p < .05

Table 3 shows for public sector banking personnel consideration/developmental role alone significantly predict ($\beta=0.621$, $p<.001$) job satisfaction and explain the variance of 38.5%. Both consideration/developmental role

($\beta=0.621$, $p<.001$) and motivational role ($\beta=0.324$, $p<.001$) significantly predict job satisfaction and together explain the variance of 43.7% in it.

Table 4: *Stepwise regression analysis for private sector bank personnel's job satisfaction as a predictor and dimensions of transformational leadership as a criterion*

Model		Unstandardized Coefficients		Standardized Coefficients	R ²	ΔR^2	F
		B	Std. Error	Beta			
1	(Constant)	17.734	2.043				
	Motivational Role	1.905	.165	.735***	.540	.540	133.95***
2	(Constant)	15.797	2.203				
	Motivational Role	1.456	.264	.562***			
	Consideration/ Developmental Role	.436	.215	.219*	.558	.018	71.42***

***p<.001,**p < .01; *p < .05

Table 4 shows for public sector banking personnel motivational role alone significantly predicts ($\beta=0.735$, $p<.001$) job satisfaction and explains the variance of 54.0%. Both motivational role ($\beta=0.562$, $p<.001$) and consideration/developmental role ($\beta=0.219$, $p<.05$) significantly predict job satisfaction and together explain the variance of 55.8% in it.

This correlation and regression analysis indicates the degree of correlation between transformational leadership and its dimension with job satisfaction is higher in private sector banking personnel than public sector banking personnel, thereby supporting hypothesis H2.

Discussion

The purpose of this study was to examine the difference in the perceived level of transformational leadership practices and job satisfaction in public and private banking personnel in India. This study also attempted to assess the correlation between the perceived level of transformational leadership and job satisfaction in both types of banking personnel. The findings of this study reveal that there is a significant difference in employees' perceived level of transformational leadership and job satisfaction in the public and private banking personnel. Hence the findings supported hypothesis H1. Results also recommend that the level of transformational leadership and job

satisfaction both are higher in private sector banking personnel as compared to public sector banking personnel.

Findings also illustrate that there is a significant and positive correlation between the dimension of transformational leadership and job satisfaction in both public and private banking personnel. Hence, the hypothesis is H2 accepted. These results are consistent with the prior studies on transformational leadership and job satisfaction on different samples (Atmojo, 2015; Boamah et al., 2018; Labrague et al., 2020; Amalia et al., 2022). The result also suggests that the degree of correlation between transformational leadership and job satisfaction is higher in private sector banking personnel than public sector banking personnel.

Additionally, this study also attempted to find which dimensions of transformational leadership were the best predictor of job satisfaction. The results revealed that for both public and private sector banking personnel, two dimensions of transformational leadership namely, consideration/developmental role and motivational role emerged as the best predictors of job satisfaction. Consideration/developmental role was found to be a better predictor than motivational role for public sector banking personnel, while among private sector banking personnel motivational role was a better predictor of employees' job

satisfaction compared to consideration/developmental role.

Findings also revealed that the inspirational dimension of transformational leadership style did not emerge as a significant predictor of job satisfaction in both samples. Findings thereby indicate that under the current changing scenario for public sector banking personnel, the nature of their job requires the leadership to concentrate more on the consideration/developmental need of employees as the enhanced workload might already be serving as a source of motivation for them. This is in contrast to the findings in the private sector banking personnel, where the motivational dimension of transformational leadership style has emerged as a stronger predictor of job satisfaction. It seems that the lack of job security, high workload, target focus assignments, pressure to produce in private sector banks requires greater focus on achieving organizational targets, and hence the employees need to be motivated to a greater extent by the leaders in the private banks.

Conclusion and Research Implications

Based on the above results and discussion, it is concluded that there is a significant difference in perceived level of transformational leadership style and job satisfaction in public and private sector bank, as well as this study also indicate that there is a significant positive association between transformational leadership and job satisfaction in both types of banking personnel. Additionally, dimensions of transformational leadership consideration/developmental role and motivational role are found to be the best predictor of job satisfaction of both types of banking personnel.

This research has several theoretical and empirical values. The findings of this study suggest that for enhancing the satisfaction with the job of employees, banking organizations should hire those employees who have the potential to implement transformational leadership skills, and along with that organize and design some training and developmental programs of leadership for managers for adequate growth of the banks.

Limitations and Future research direction

This research work has several significant implications and suggestions for theories and practices, but it has some limitations. This study was conducted on the public and private banking personnel working in the banking organization of different districts of Uttar Pradesh, India. So the findings of this study cannot be generalized to another geographical region. Second, data were collected through the questionnaire method so questionnaire bias cannot be asserted.

In the future, this study should also consider some other job outcome variables such as turnover intention, organizational commitment, performance effectiveness, and job involvement for a more comprehensive picture. This study may conduct through a qualitative method for additional insight.

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