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Leadership Styles and Implications on Effective Performance of the Banking Sector in Zimbabwe

By

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Abstract

The study sought to examine the effects of leadership styles on the performance of the banking sector in Zimbabwe. The banking industry has witnessed a myriad of change necessitated by global competition of new entrants in the financial domain. These has resulted in some of the banks being merged and acquired or close shop. It is assumed poor corporate banking practices; gratifications have resulted in drop of performance of most banking sector globally. It is believed leadership has a role to play as a backbone for banks to meet basic financial obligations to override incessant financial distress syndrome witnessed by many. Data was gathered from managerial and non-managerial employees from commercial banking sector in Harare Metropolitan and Mashonaland West Province in Zimbabwe. The study was mainly quantitative rooted in pragmatism research philosophy. A cross-sectional survey was adopted in this study. The study adopted the use of questionnaires and interview guide self-administered to 125 employees. Simple random sampling technique was used in this study to select respondents from the population. Descriptive statistical analysis, exploratory factor analysis and structural equation modelling were performed in SPSS and AMOS to test research hypotheses. The study found that skills, values, gender and organization's effectiveness influenced the various leadership styles used in commercial banks. The study also found that the bank was employing various types of leadership styles which included autocratic, democratic, transactional and transformational leadership. The study further found that out of the five types of leadership styles, democratic, transactional and transformational leadership styles were found to have a positive effect on the firm's performance. The study also established that the banking sector uses situational type of leadership where various leadership styles are used depending on the situation at hand. The study established that democratic, transactional and transformational leadership positively influence both the financial and non-financial performance of the banking sector. Banks are therefore advised to come up with certain training programs or mentoring done by professionals for their leaders so as to yield better results on performance. Organizations in the banking sector are thus advised to implement only the leadership styles that result in better performance of their firms. Based on the findings from the study it can thus be concluded that supervisors or managers who are driven by the desire to achieve better performance from their subordinates should try and exhibit more of democratic, transactional and transformational leadership styles to achieve positive performance.

Key words: Leadership Style, Performance, Banks, Zimbabwe

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Introduction and Background of the Study

The business environment is continuously changing and competition has intensified thus many firms face a threat of losing key customers to competitors. Competition has been very stiff especially in the banking sector hence banks are trying to maintain their market share. The banking industry has experienced major changes in recent times due to the impact of deregulation, advances in information systems and technologies, globalization, and more recently the global financial crisis triggered by the subprime turmoil in the United States (Munir et al. 2011). The challenges of coping with today's uncertain business environment have put many organizations on their toes to struggle for survival in the heat of competition. The driver of such strategic move towards surviving the competition is the leadership provided by managers who are expected to influence others in achieving organizational goals and also boost employee's performance (Van Hemmen et al. 2015).

Shafie et al. (2013) elucidate on the significance of leadership in organizations particularly on human beings who are actually the biggest asset of any firm. The key drivers of firms are employees as they give life to the organizations and provide goals (Holten and Brenner, 2015). It is very integral to provide workers with direction and psychological contentment to get the best from them, this direction can only come from leaders. Actually, leadership is very significant in all firms in a bid to achieve the set objectives (Ricard et al. 2017). Leadership is perhaps the most thoroughly investigated organizational variable that has a potential impact on employee and organizational performance (Antonakis and Day 2017; Sethibe and Steyn 2015). Additionally, it is a vital issue in every organization primarily because the decisions made by the leaders can lead to success or failure of the business (Rasool 2015). Notably, it has been widely accepted that effective organizations require effective leadership and that employee performance together with organizational performance increase as a result of effective leadership (Asghar and Oino 2017; Ali et al. 2015).

Likewise, it is largely known that the effectiveness of any set of people is commonly dependent on the quality of its leadership (Zehir et al. 2012; Nawaz and Khan 2016; Asghar and Oino 2017). The notion of leadership has an equivocal status in organizational practice, as it does in organizational theory (Alkahtani 2015). In practice, management appears to be of two minds about the exercise of leadership. Many jobs are so specified in content and method that within very broad limits differences among individuals become irrelevant, and acts of leadership are regarded as gratuitous at best, and at worst insubordinate (Mwenje and Mwenje 2016; Iqbal et al. 2015; Alkahtani 2015).

According to Kesting et al. (2015) leadership styles influence the level of motivation of an individual and it is very important in employee's motivation and performance. Zhao et al (2016) state that employee performance is the product of ability multiplied by motivation. Furthermore, Antonakis and Day (2017) concur with the belief that performance is ultimately an employee phenomenon with environmental factors influencing performance primarily through their effect on the employee determinants of performance ability and motivation. However, throughout a lifetime, man's motivation is influenced by changing ambitions and; or leadership style of the entity he works under or the people he socializes with (Zhao et al. 2016). In line with this, it has been noted that command and control leadership drain off ambition while worker responsibility increases

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ambition. One of the major pitfalls in an organization occurs when managers believe their organizations are constantly operating at the highest level of efficiency, or that they do not require input from their employees (Franco and Matos 2015). All around qualified and skilled personnel are essential in setting of accomplishing goals and objectives of an organization through, compelling leadership and administration styles (Asio 2018). The success of an organization depends on the persevering, faithful and included managers and employees (Nwokocha and Iheriohanma 2015). In this cutting-edge period where world has turned into a worldwide town, firms are considered to be aggressive on the basis of capability of their human resources (HR).

Leadership style is one of key determinants of the success or failure of any organization. According to Iqbal et al. (2015), leadership is a process of influencing others' commitment towards realizing their full potential in achieving a value added, shared vision, with passion and integrity. Thus, a leader is a person who influences, directs, and motivates others to perform specific tasks and also inspire his subordinates for efficient performance towards the accomplishment of the stated corporate objectives (Mittal 2015). The nature of this influence is such that the members of the team cooperate voluntarily with each other in order to achieve the objectives which the leader has set for each member, as well as for the group (Gandolfi and Stone 2017).

The relationships between the leader and employee, as well as the quality of employees' performance, are significantly influenced by the leadership style adopted (Susha et al 2016). Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Moreover, leadership is a key factor in enhancing performance of most if not all organizations and the success or failure of an organization rests on the effectiveness of leadership at all levels (van Prooijen and de Vries, 2017). In the same vein, Anyango (2015) added that leaders play a key role in accomplishment of goals and boost employees' performance by satisfying them with their jobs. This reflects that certain style of leadership could affect the job performance of an individual (Kesting et al. 2015).

Leadership styles lead to improvement in bank profitability, customer satisfaction, service quality, quality control (Nawaz and Khan 2016; Deinert et al. 2015; Storey 2016; Wong and Giessner 2018; Mittal (2015). Quality control and customer satisfaction seem to be the most important factors in measuring non-financial performance (Mohamed 2010). More so, transformational leadership style was found to be strongly correlated with organizational performance in a study done by Anyango (2015). Transactional leadership style was found to be positively correlated with both measures of employee performance as well as overall performance. The research on transformational leadership shows that high productivity, a decrease in the rate of job leaving and high level of job satisfaction are all due to this leadership style. Leadership style has been shown to have a significant positive effect on organizational performance (Franco and Matos 2015). This reflects that certain style of leadership could affect the job performance of an individual (Sundi 2013). Thus, leadership styles have a great effect on the performance of companies.

Banks are faced with challenges which include stiff competition from entrance of competitors in the banking industry as well as from Mobile Network Operators. This has led to a decline in performance of the banking sector. In recent times, many organizations in the Zimbabwean banking sector, have recorded cases of immoral and unethical banking practices, gratifications, high labor turnover, inability to meet basic required obligations, and incessant financial distress syndrome, which has led to many banks being merged and acquired. This may be as a result of lack of effective leadership. The prime motive of many organizations is to achieve its stated objectives, hence the need to effectively coordinate and motivate the workers by an effective leader. Unfortunately, some organizations do not take cognizance of the leadership style adopted by

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their managers. It is against this background that this study seeks to examine effects of leadership styles and how it impacts on performance of the banking sector in the Zimbabwean context

Statement of the Problem

Arnold et al. (2015) emphasized on the importance of leaders in an organization. In today's competitive environment, organizations expand globally and face a lot of challenges in meeting their objectives and chase to be more successful from others. Leadership styles affect everyone in the organization from senior management to temporary, interns and contract employees. Leadership in modern day banking sector in Zimbabwe has become more challenging than ever before. Organization leaders face a number of challenges as their jobs and world around them are becoming increasingly complex. Trends, such as organizational re-structuring, globalization, rapid technological advances, cultural complexity and increasing demand for employee empowerment require that managers adopt techniques and ideal style of leadership to meet these new challenges. As a result, efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends to a large extent, on leadership style. However, this study sought examine effects of leadership styles on the performance of the banking sector in the context of Zimbabwe.

Research Objectives

1. To examine the effects of leadership styles on the performance of the banking sector in Zimbabwe

Hypotheses

- H₁: Autocratic leadership style has a positive effect on the performance of banks.
H₂: Democratic leadership style has a positive effect on the performance of banks.
H₃: Transactional leadership style has a positive effect on the performance of banks.
H₄: Transformational leadership style has a positive effect on the performance of banks
H₅: Laissez Faire leadership style has a positive effect on the performance of banks.

Methodology

The study was mainly quantitative rooted in pragmatism research philosophy. A cross-sectional survey was adopted in this study. The study adopted the use of questionnaires and interview guide self-administered to 100 employees in commercial banks in Harare Metropolitan and Mashonaland West Province in Zimbabwe. This sample was taken from 10% of the population based on the rule of thumb (Heilbron, 2016). Simple random sampling technique was used in this study to select respondents from the population of 1000 managerial and non-managerial employees. Descriptive statistical analysis, exploratory factor analysis and structural equation modelling were performed in SPSS and AMOS to test research hypotheses.

Theoretical Framework

Various theoretical lenses have looked at leadership styles on performance of organisations. However, this study is guided by Transformational leadership theory by James Macgregor Burns in 1978 in his descriptive research on political leaders, but its usage has spread into organisational psychology and management with further modifications by B.M Bass and J.B Avalio (Kulkarni 2017). The theory postulates that the leader's ability is on motivating followers to rise above their own personal goals for the greater good of the organization (Bass, 1985, Deinert et al. 2015). Bass (1985) theorized that transformational style of leadership comes from deeply held personal values which cannot be negotiated and appeals to the subordinates' sense of moral obligation and values.

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More so, Bass (2000) declared there were four types of transformational leadership behaviour, namely idealized influence (charisma), inspirational motivation, individualized consideration, and intellectual stimulation (Nawaz and Khan 2016). Transformational leadership links with positive outcomes on individual as well as organizational level.

According to Bass (1995) transformational leadership encourages its subordinates to achieve high needs such as self-confidence. Therefore, these are influential in surging employee motivation in the direction of self-sacrifice and achievement of organization] goals over personal interest. Motivation stand a cradle of encouragement and challenges followers to achieve the set of goals. Antonakis and Day (2017) observed that regardless of style, leaders who practiced relational and transformational styles had better quality outcomes than those who demonstrated autocracy.

Transformational leaders grade their relationships with followers very high in priority and demonstrate individualized consideration in meeting their needs for empowerment, achievement, enhanced self-efficacy and personal growth (Zehir et al. 2012). Therefore, it is clear that leadership promotes staff motivation through various aspects. The theory denotes that leadership is a path that changes and approach targets on belief's, attitudes and values that clarify the leaders to practice and the capacity to lead change. According to Burns (2008) transformational leaders motivates its team to be effective and efficient. The transformational theory suggest that the leaders and followers set aside their personal interest for the benefit of the organization.

According to Asghar and Oino (2017) leaders should emphasis on follower desires and participation to enhance that everyone is being empowered and motivated. Therefore, this differentiates transformational theory from other theories. Arnold et al. (2015) highlighted that transformational leaders are considered by their capability to identify the need for change, gain the agreement and commitment of others and create a vision that guides change. Therefore, these categories of leaders treat subordinates individually to develop morale and skills providing significance to their work and challenge. According to Bass and Avolio (1990) inspirational motivation aims the ideologies of the organization reality than the personality of the leader. Hence a good leader should support and encourage the staff in the organization chase bringing the best out of them rather than suffocating them. Those leaders who are empowered by this theory supports their employee by giving them more power and provide tools to make decision with less control. According to Shafie et al. (2013) leaders who use this theory set high standard for followers besides communicating their vision and encouraging them to develop beyond normal situation for their own organizational growth.

Literature Review

2. Effects of Leadership Styles on the Performance of the Banking Sector

According to Liphadzi et al. (2015), a manager's leadership style can have an influence on the productivity of her staff and the rest of the organization's performance. Studies have shown that managers in different settings, including the military and business found that transformational leaders were evaluated as more effective, higher performers, more promotable than their transactional counterparts, and more interpersonally sensitive (Rubin et al. 2005; Nanjundeswaraswamy and Swamy 2014). Empirical evidence shows that transformational leadership is strongly correlated with employee work outcomes such as: lower turnover rates, higher level of productivity, employee satisfaction, creativity, goal attainment and follower well-being (Efferin, and Hartono 2015; Sundi 2013; Tsigu and Rao 2015; Asio 2018). Additionally, transformational leadership has been positively related to employee satisfaction and performance (Rahbi et al. 2017). Transformational leadership creates a higher correlation between performance and motivation of subordinates than does transactional leadership. Leadership style has been shown to have a significant positive effect on organizational performance (Franco and Matos, 2015). This

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reflects that certain style of leadership could affect the job performance of an individual (Sundi 2013).

Efferin and Hartono (2015) observed that a staff that feels motivated and has confidence in the company's vision can be productive. Leadership style has a direct influence on employee morale and organizational performance. Autocratic leaders that do not seek input from employees tend to alienate their staff and diminish the employee feeling of involvement (Yang 2015). Democratic leaders are open to employee involvement and allow employees to feel part of the company's success. When the staff feels alienated, morale and productivity suffer.

A manager that involves employees in the company's operations builds morale and improves productivity (Saleem 2015). More so, Kariuki and Wachira (2017) added that one of the main benefits of participative leadership is that the process allows for the development of the additional leaders who can serve the organization at a later date. Leaders who favor participative leadership style encourage active involvement on the part of everyone on the team, people often are able to express their creativity and demonstrate abilities and talents ultimately improve the performance of the organization (Saleem 2015). Meanwhile, transformational leadership style was found to be strongly correlated with organizational performance in a study done by Anyango (2015). In the same study done by Anyango (2015) transactional leadership style was found to be positively correlated with both measures of employee performance as well as overall performance. The research on transformational leadership shows that high productivity, a decrease in the rate of job leaving and high level of job satisfaction are all due to this leadership style (Mittal 2015).

Results and Discussion

Respond rate analysis

Of the 125 questionnaires administered 100 were returned constituting (80%) response rate in this study. The sensible response rate was attained because of the researcher's technique of distributing the questionnaires and waiting patiently for the respondents to complete. The response rate confirms the validity and reliability of the research findings and is supported by De Vaus (2012) who contended that a response rate of between 50% and 92% is suitable for quantitative research studies. Figure 1 show gender of respondents in this study.

Demographic Characteristics of Respondents

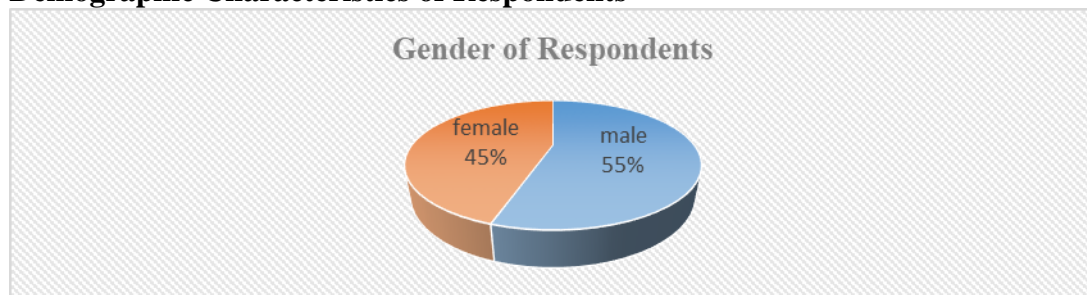


Figure 1: Gender of Respondents

Source: Survey (2020)

Figure 1 illustrate that the study was dominated by males being represented with (45%) ratio while (55%) were females respectively. The results signify that the banks slightly had more males than females. The results in Figure 1 indicate that the banking sector in Zimbabwe is slightly dominated by males whilst females are fairly represented. The results further signify that women are increasing their participation especially in the sectors that were previously dominated by males. The

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findings could be due to the current trend of gender equality and also the issue of women empowerment. Figure 2 show position held by respondents in the banking industry in this study.

Position held in the Firm

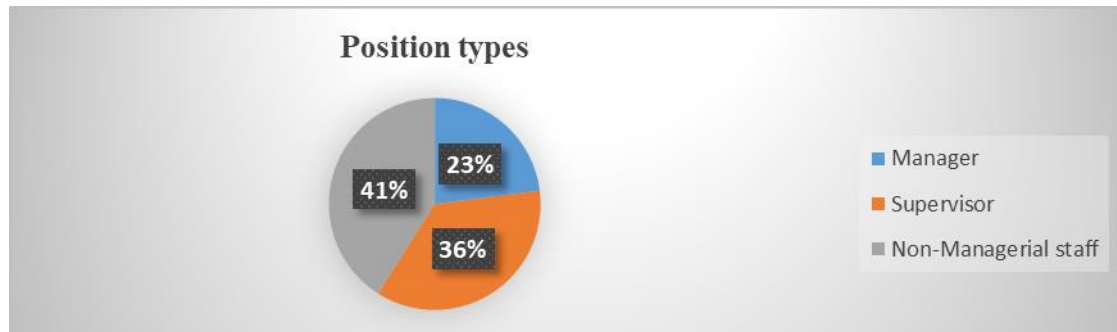


Figure 1: Position Types

Source: Survey (2020)

The results of the study exhibited in Figure2 indicate that of the surveyed respondents 41% were non-managerial staff, followed by 36% who constituted supervisors and lastly 23% were the managers. Most of the respondents were non-managerial staff members who interact with the managers and supervisors as they receive instructions and orders from them, hence they are able to identify the type of leadership style that their superiors use. Supervisors constituted personal bankers and transactions controllers as they are the ones responsible for passing down instructions from senior managers. The study also included managers as they are the ones who usually executes different leadership styles to their subordinates. Figure 3 show level of education of respondents.

Level of Education

In Figure 3 it is evident that most of the respondents had accomplished a tertiary level of education that is from diploma level to doctoral studies. This includes a total 38% of the respondents who had a Master’s degree, followed by a significant number of 30% having attained a Bachelor’s degree whilst 15% had Doctoral degree and 14.5% had Diplomas. The results also indicated that 2.5% of the respondents had attained an Advanced level whilst none of the respondents only had an ordinary level and/or primary level of education.

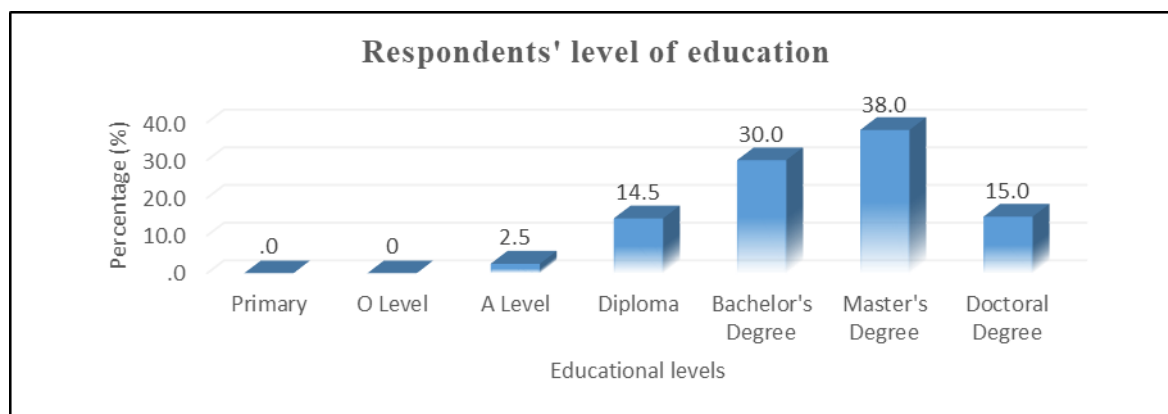


Figure 2: Highest level of education achieved by respondents

Source: Survey, (2020)

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Figure 4.3 illustrates that majority of the respondents had attained at least a diploma. Very few respondents, represented by a combined total of 2.5% had attained a primary, ordinary and advanced level of education. The findings imply that in Zimbabwe those working in the banking sector are well educated. The results also imply that the banking sector is employing quite a considerable number of graduates. It can also be interpreted that the nature of the sector requires educated people because of the nature of jobs hence majority of the respondents are graduates. The results are supported by the (ZimStat Agency, 2012) which noted that the literacy rate of Zimbabwe is very high above 90%. In addition, the majority of Zimbabweans consider education as highest priority.

Descriptive Statistics

The section presents findings on descriptive statistics which comprise arithmetic means (M), and standard deviations (SD) on all the study's constructs: four types of leadership styles, namely autocratic leadership style, democratic leadership style, transactional leadership style and transformational leadership style. Meanwhile, descriptive statistics on performance of banks (financial and non-financial performance) were also covered. The SD refers to the extent to which responses are consistent meaning the distribution of the responses around the mean. As a result, the understanding of the data is improved if mean and SD are used together. The scale used in the study had the following response points: 1 strongly disagree, 2 disagree, 3 Neutral, 4 agree, 5 strongly agree. Table 1 shows descriptive statistics of autocratic leadership style presenting the mean scores and the standard deviations of items that were used to measure the firm's autocratic leadership style.

Table 1: Descriptive Statistics for Autocratic leadership Style in the Banking Sector in Zimbabwe

The mean scores and standard deviations of every item are shown in Table 1.

Item Code	Item Description	Mean score	Mean response	SD
AUT1	The management retain for itself the decision-making rights.	4.65	Agree	0.925
AUT2	Employees are seen as working under pressure and fear most of the time and often show dissatisfaction	3.24	Neither Agree nor Disagree	0.830
AUT3	The management believes it is always right and entertains no question from subordinates.	4.06	Agree	0.898
AUT4	Production is emphasized at the expense of any human consideration.	2.32	Strongly Disagree	0.513
	Overall	3.56	Neither Agree nor Disagree	0.769

Source: Survey (2020)

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Results in Table 1 show that the mean responses ranged between 2.32, SD = 0.936 (item AUT4) and 4.65, SD = 0.995 (item AUT1). The mean total was calculated and it averaged (overall mean = 3.56; SD = 0.769) slightly agree out of a possible score of 5 (strongly agree). This suggests that the respondents slightly agreed that autocratic leadership was being employed in the organization. Table 2 show descriptive statistics for democratic leadership style in the banking sector in Zimbabwe

Table 2: Descriptive Statistics for Democratic Leadership Style in the Banking sector in Zimbabwe

The mean scores and standard deviations of every item that was used to measure the influence of democratic leadership style used in a firm. The mean scores and standard deviations of every item are shown in Table 2.

Item Code	Item Description	Mean score	Mean response	SD
DEM1	The management uses consultative approach to encourage group participation in decision making	3.89	Agree	0.995
DEM2	The management makes joint decision-making together with subordinates	3.78	Agree	0.930
DEM3	The management emphasizes on group participation, discussion, and group decisions.	4.06	Agree	0.938
DEM4	The management makes the final decision, but invites other members of the team to contribute the decision-making process	4.92	Agree	0.936
	Overall	4.16	Agree	0.948

Source: Survey data (2020)

Results in Table 2 indicate that the mean responses ranged between 3.78, SD = 0.930 (item DEM2) and 4.92, SD = 0.936 (item DEM4). The mean total was computed and it averaged (overall mean = 4.16; SD = 0.948) agree out of a possible score of 5 (strongly agree). This implies that concurred to the fact that the firm practiced democratic leadership style. Table 3 show descriptive statistics for transactional leadership style in the banking sector in Zimbabwe as indicated in the research findings

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Table 3: Descriptive Statistics for Transactional leadership style in Zimbabwean Banks

Table 3 exhibits mean scores and standard deviations of each item that was made use of in measuring transactional leadership style being employed in firms. The mean scores and standard deviations of every item are shown in Table 3.

Item Code	Item Description	Mean score	Mean response	SD
TCT1	The management promises a reward to subordinates who are able to complete their duties in accordance with agreements	3.94	Agree	0.995
TCT2	The management take corrective action on employees when they deviate from established standards.	4.64	Agree	0.930
TCT3	The management assesses the performance of its employees regularly.	4.96	Agree	0.938
TCT4	The management establishes clear standards and expectations of performance to its subordinates	4.87	Agree	0.936
	Overall	4.60	Agree	0.948

Source: Survey data (2020)

According to the findings shown in Table 3 the mean responses ranged between 3.94, SD = 0.995 (item TCT1) and 4.96, SD = 0.938 (item TCT3). The mean score was computed and it averaged (overall mean = 4.60; SD = 0.948) agree out of a possible score of 5 (strongly agree). This suggests that the respondents agreed to the use of transactional leadership style in their firm. Table 4 show descriptive statistics for transformational leadership style in Zimbabwean Banks.

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Table 4: Descriptive Statistics for Transformational leadership Style in Zimbabwe Banks

Respondents were requested to rate the extent to which they agreed or disagreed to the statements used to measure transformational leadership style in their firm. The mean scores and standard deviations of every item are shown in Table 4

Item Code	Item Description	Mean score	Mean response	SD
TFM1	The management provides opportunity and confidence to its subordinates to carry out duties in accordance with its mind set to achieve organizational goals.	3.87	Agree	0.698
TFM2	The management wants to develop knowledge and employees' potential to work towards organizational goals.	3.69	Agree	0.694
TFM3	The management stimulate its employees to act critically and to solve problems in new ways and treat employees individually.	3.78	Agree	0.669
TFM4	The management has leaders who are charismatic, demonstrating a confident, successful, optimistic, and dynamic public image.	2.40	Agree	0.574
	Overall	3.43	Neither Agree nor Disagree	0.658

Source: Survey data (2020)

Results presented in Table 4 highlight that the mean responses ranged between 2.40, SD = 0.574 (item TFM4) and 3.87, SD = 0.698 (item TFM1). The mean score was computed and it averaged (overall mean = 3.43; SD = 0.658) neither agree nor disagree out of a possible score of 5 (strongly agree). This suggests that respondents neither agreed nor disagreed that transformational leadership was used in the organization. Table 5 show descriptive statistics of laissez leadership style.

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Table 5: Descriptive Statistics for Laissez Faire leadership Style

Respondents were requested to rate the extent to which they agreed or disagreed to the statements used to measure Laissez faire leadership style in their firm. The mean scores and standard deviations of every item are shown in Table 5.

Table 1: Descriptive Statistics of Laissez leadership Style

Item Code	Item Description	Mean score	Mean response	SD
LAI1	The management’s style of leadership depends upon a situation.	2.88	Neither Agree nor Disagree	0.612
LAI2	The management focuses on inter personal relationships between the leader's style and the demands of various situations and employees.	2.45	Disagree	0.585
LAI3	The management gives freehand to subordinates in deciding their own policies and methods and to make independent decisions.	2.86	Neither Agree nor Disagree	0.592
LAI4	The management gives room for commitment, creativity and innovation to its subordinates.	3.15	Neither Agree nor Disagree	0.689
	Overall	2.83	Neither Agree nor Disagree	0.618

Source: Survey Data (2020)

Findings exhibited in Table 5 indicate that the mean responses ranged between 2.45, SD = 0.585 (item LAI2) and 3.15, SD = 0.689 (item LAI4). The mean score was computed and it averaged (overall mean = 2.83; SD = 0.618) neither agree nor disagree out of a possible score of 5 (strongly agree). This suggests that respondents neither agreed nor disagreed that there laissez faire leadership style was being practiced in their firm.

Testing of Research Hypotheses

Research hypotheses were tested using structural equation modelling in AMOS.

Testing of Research Hypotheses (H₁, H₂, H₃, H₄ and H₅)

Research hypotheses H₁, H₂, H₃, H₄ and H₅ were tested using structural equation modelling in AMOS. The structural model displayed suitable model fit indices ($\chi^2/Df= 2.989$; GFI= 0.947; AGFI= 0.931; NFI= 0.926; TLI= 0.941; CFI= 0.960 and RMSEA= 0.052). The results are presented in Table 6.

Table 6: Testing research Hypotheses

Hypothesis	Hypothesized Relationship	SRW	CR	Remark
H1	AUT → Performance	0.089	0.764	Not Supported
H2	DEM → Performance	0.441	3.461***	Supported
H3	TCT → Performance	0.195	2.498**	Supported
H4	TFM → Performance	0.250	3.068***	Supported
H5	LAI → Performance	0.067	0.882 ^{ns}	Not supported

Notes: SRW standardized regression weight, CR critical ratio, ** significant at $p < 0.05$ *** significant at $p < 0.001$, ^{ns} not significant

Source: Survey data (2020)

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According to the findings presented in Table 6, it indicates that H₂, H₃, and H₄ were supported. This means that democratic leadership positively influence performance of a firm. The findings also imply that transactional leadership style positively influences the performance of a firm. Likewise, the findings imply that transformational leadership positively influence the performance of a firm. On the contrary, findings presented in Table 6 indicate that H₁ and H₅ were not supported. This imply that autocratic leadership does not influence performance of a firm. The findings also imply that laissez faire style of leadership does not influence performance of a firm.

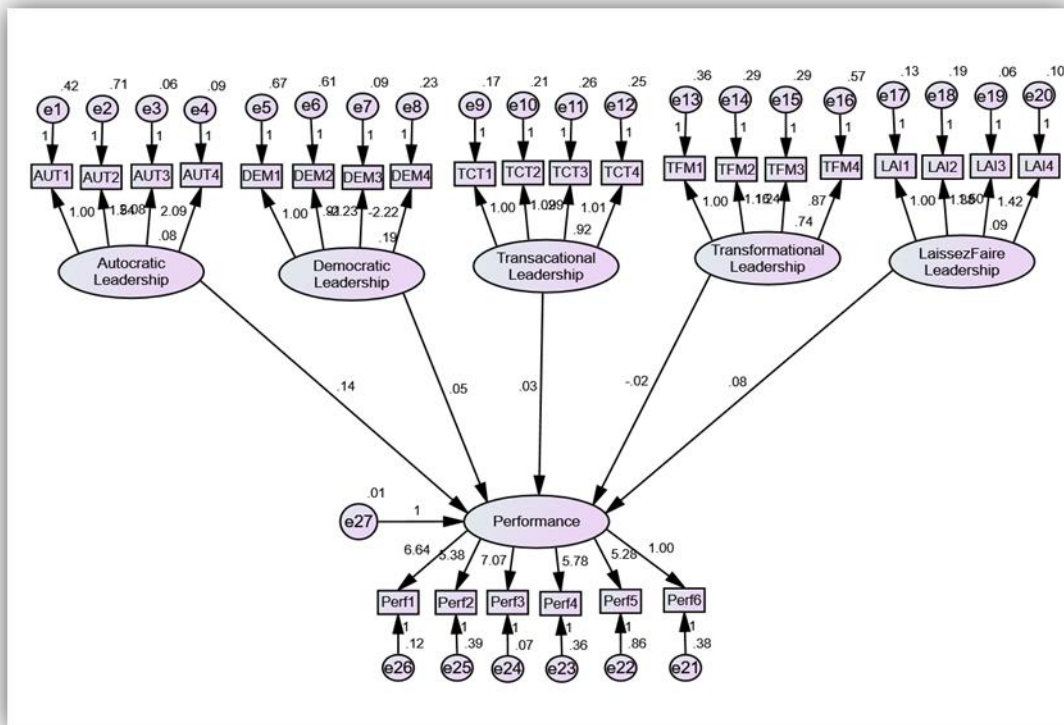


Figure 4: SEM
Source: Survey (2020)

Figure 4 depicts the structural equation model of the study and supported relationships (H₂, H₃ and H₄).

Conclusions and Recommendations

The study sought to establish the effects of leadership styles on the performance of the banking sector in Zimbabwe. According to the findings presented, the results indicates that H₂, H₃, and H₄ were supported. This means that democratic leadership positively influence performance of a firm. The findings also imply that transactional leadership style positively influences the performance of the banking sector in Zimbabwe.

Likewise, the findings imply that transformational leadership positively influence the performance of a firm. On the contrary, findings indicate that H₁ and H₅ were not supported. This imply that autocratic leadership does not influence performance of the banking sector in Zimbabwe. The findings also imply that laissez faire style of leadership does not influence performance of Banks in Zimbabwe. Based on the findings from the study it can thus be concluded that supervisors or managers who are driven by the desire to achieve better performance from their subordinates should try and exhibit more of democratic, transactional and transformational leadership styles and

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less of the rest of the styles. As a result, the findings of this study are pertinent because they make available new knowledge and add to the already existing knowledge in regards to leadership styles and performance. The results of the study further strengthen the existing body of literature in that leadership style is a critical aspect of the organization which affects organizational performance. Firms in the banking sector are therefore urged to consider investing in programs that enhance the skills of their leaders since skill is a determining factor of the leadership style used by the leaders.

Further research can also be done in other service industries other than the banking sector. More so, this study only focused on five dimensions of leadership styles, future research can also be done on all of the leadership styles present in the current body of literature. To sum up the researcher established that the effect of leadership styles amongst banks in the banking sector in Zimbabwe is very significant in democratic, transactional and transformational leadership styles only than other types of leadership styles as they lead to better firm performance.

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