

Managerial Leadership Qualities in the Financial Institutions of Nepal

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Abstracts

Leadership and leaders matters effectively and confidently effect on outcomes of the organization. Certain leadership characteristics and qualities are important to improve leadership effectiveness and organizational performance. This study is based on two major qualities of leadership such as relationship-oriented and task-oriented. Developing others, supporting team, identifying the pain and interpersonal skills were taken as dependent variables of relationship-oriented qualities. Likewise, developing self, business acumen, commitment, pursuit of excellence and accountability/focus were taken as dependent variables of task-oriented qualities. It was concerned with the managerial qualities of managers working in financial institutions of Nepal (including three commercial banks, three development banks, three finance companies, and three insurance companies). In total 60 managers (5 of each organization) and 120 (10 of each organization) were the respondents. Their opinions were used for analysis purposes in this study. The Likert-scale questionnaire was used as the tool for data collection. It was composed of five points showing 5 represents strongly agree to 1 indicates strongly disagree. The empirical results of this study indicated that on the basis of relationship-oriented, "identifying the pain" was the most desirable quality of leaders (managers) by employees whereas on the basis of task-oriented, "pursuit of excellence" was the most desirable quality of leaders (managers) from employee perspective of the financial institutions of Nepal. Based on managers' perspective, the most desirable quality of leaders was "interpersonal skills" in terms of relationship-oriented leadership qualities, whereas in terms of task-oriented qualities, the most desirable quality of leaders by the manager was "commitment". The leadership qualities are best while targeting to accomplish the organizational task on time.

Keywords: *Managers, Leaders, Leadership, Qualities, Relationship-oriented, Task-oriented.*

Introduction

Organizations need competent leadership if they are to be effective. A leader is a person who can influence other's behaviors without having to rely on force or people whom others accept as the leader (Griffin, 2016). S/he is a person who leads or command organization and team working within the organization. The leader is a source of inspiration and direction of actions. This person possesses all the leadership skills and qualities and a unique blend of personality that lets followers follow him or her without any doubts (Shrestha, 2018). A leader is responsible for developing vision, communicating this among organizational members, and to implement it by creating an environment for all so as to materialize

the vision (Adhikari, 2008). Mainly, the leader establishes a clear vision, guides the team towards goals by empowering and coaching them sensitively and effectively. S/he stays calm and lets the team stay calm during the serious crisis and maintains focus towards their end goals. In an organization, managers are regarded as leaders. Without a good leader, the organization cannot function successfully. To influence people in the organization, the leader should provide an environment to work in order to achieve individual as well as organizational goals and objectives. Leadership is an ability to influence and motivate a group and a team towards the achievement of goals willingly and enthusiastically. It is guiding and influencing the task-related activities of people toward the common goals. The leader influences the behavior of followers toward goal achievement in a given situation. Mainly, leadership sets the goals of organizations and groups. It sets tasks and standards of performance.

It gives attention to the needs and expectations of followers. Above all, it influences goal achievement. It empowers people to take action to reach certain goals (Agrawal, 2016). The qualities of leaders and leadership matter a lot in organizational success. These qualities are also important for the effective performance of employees working in the organization. Qualities, here in terms of leadership mean distinct and innate characteristics of a leader to lead a team that qualities are born with the leader and which can be improved as the leader grows old. Certain qualities differentiate leaders from each other. Qualities such as listening, communicating, focus and confidence, nature (positivistic, handling, risk-taking), commanding, honesty (Shrestha, 2018), knowledge to make the decision, intelligence, emotional intelligence driving power, and motivational power are key for effective leadership in the organization. Such leadership qualities help to surmount obstacles, find new paths to live joyfully and thrive for prospering even during difficult and hard times.

Organizational behavior literature shows the importance of leadership in organizational success. In one study, Bennis and Nanus (1985) argued that effective leadership is a key analyst of organizational success or failure at the time of examining the factors that lead to the success of the organization. With the same line, Denison, Hooijberg and Quinn (1995) said that leadership or leaders matter effectively and confidently effect outcomes of the organization. In the same way, Yukl (2008) argued that identifying leadership characteristics and qualities are important to improve leadership effectiveness and organizational performance. In terms of leadership qualities, Bachiochi, Rgelber, O'Connor, and Elder (2000) analyzed the success factors underlying effective team leadership. They found that leadership qualities should be brought together by bringing together accountability with little more authority, good behaviors, communication, and employee participation. In one study, Ejaz, Ejaz, Rehman and Zaheer (2009) analyzed the effective leadership qualities in a day-to-day working environment of the banking sector. They found that leadership qualities differ based on gender, experience, qualification, and designation. They further argued that effective leadership qualities are the most critical differential factor in generating revenues for the banks, in retaining and motivating key employees and satisfying bank's customers through high-quality service standards thereby nurturing an effective and efficient day-to-day working environment in high contact service industries (Ejaz et al., 2009). In another study, Ahmed and Back (2014) argued that traits and qualities of leaders affect the organizational vision, the way of pursuing it, plans, and implementation on the basis of different variables such as drive, leadership motivation, honesty and integrity, self-confidence, cognitive ability and knowledge of the business. Likewise, Luthra and Dahiya (2015) also found that the best communication skills of leaders would help to lead a team and an organization effectively and efficiently.

Based on these discussions, this study is based on two major qualities of leadership such as relationship-oriented and task-oriented. As leadership qualities should match the situation. Based on Fiedler's contingency theory there can be two types of leadership qualities (Fiedler, 1967):

Relationship-oriented: Leader is motivated to establish close interpersonal relationships with subordinates. S/he is supportive of them.

Task-oriented: The leader is motivated by task accomplishment. S/he is concerned with doing a good job.

The theory predicts that task-oriented leaders are most effective in highly favorable or highly unfavorable situations. On the other hand, high relationship-oriented leaders will do best in moderately favorable or moderately unfavorable situations (Hitt, Black, & Porter, 2010).

In line with these discussions, this research aims to analyze the different leadership qualities in the financial sector of Nepal. It also aims to identify employees' desired managerial leadership qualities and to evaluate effective leadership qualities of the managers involved in financial institutions of Nepal.

Methodology

This research is a descriptive study. It is concerned with the managerial qualities of managers working in financial institutions of Nepal. It measures the major qualities that are playing a vital role in today's concern. Mainly, this study was based on two aspects of leadership qualities such as relationship-oriented and task-oriented leadership qualities. These qualities were taken as independent variables. Developing others, supporting team, identifying the pain and interpersonal skills were taken as dependent variables of relationship-oriented qualities. Likewise, developing self, business acumen, commitment, pursuit of excellence and accountability/focus were taken as dependent variables of task-oriented qualities.

The data were collected by using a simple random sampling method. For this, three commercial banks, three development banks, three finance companies, and three insurance companies were selected within the area of Kathmandu, Lalitpur, and Bhaktapur. For sampling, branch managers were assumed as leaders and employees were assumed as followers. In this study, in total 60 managers (5 of each organization) and 120 (10 of each organization) were the respondents. Their opinions were used for analysis purposes in this study. The Likert-scale questionnaire was used as the tool for data collection. It was composed of five points showing 5 represents strongly agree, 4 represents agree, 3 represents neutral, 2 indicates disagree and 1 indicates strongly disagree. Different sets of questionnaires were prepared for managers (leaders) and employees (followers). In total there were eighteen questions each for managers and employees.

Empirical Results

This section presents the empirical results collected based on the opinions of both the managers (leaders) and employees (followers) of Nepalese financial institutions.

Employee Perspectives

This section presents the mean and standard deviation of leadership qualities as expressed by employees of financial institutions of Nepal.

Table 1

Leadership Qualities under Employee Perspectives (N = 120)

Independent Variables	Dependent Variables	Mean	S.D.	Remarks	Rank
Relationship-oriented	Developing Others	3.21	0.75	Mean from this indicator signifies that 3.21 lie in the range of 3 that means the employees stay neutral regarding the given statement.	2
	Supporting Team	3.15	0.87	Mean from this indicator signifies that 3.15 lie in the range of 3 that means the employees stay neutral regarding the given statement.	4
	Identifying the Pain	3.99	0.45	Mean from this indicator signifies that 3.99 lie in the range of 4 that means the employees agree regarding the given statement.	1
	Interpersonal Skills	3.86	0.57	Mean from this indicator signifies that 3.86 lie in the range of 4 that means the employees agree regarding the given statement.	3

Task-oriented	Developing Self	3.15	0.89	Mean from this indicator signifies that 3.15 lie in the range of 3 that means the employees stay neutral regarding the given statement.	4
	Business Acumen	3.09	0.95	Mean from this indicator signifies that 3.09 lie in the range of 3 that means the employees stay neutral regarding the given statement.	5
	Commitment	4.14	0.65	Mean from this indicator signifies that 4.14 lie in the range of 4 that means the employees agree regarding the given statement.	2
	Pursuit of Excellence	4.25	0.50	Mean from this indicator signifies that 4.25 lie in the range of 4 that means the employees agree regarding the given statement.	1
	Accountability/Focus	3.97	0.75	Mean from this indicator signifies that 3.97 lie in the range of 4 that means the employees agree regarding the given statement.	3

The results show that in terms of relationship-oriented leadership qualities, "identifying the pain" quality is applied by the managers (leaders) while performing daily activities in the financial institutions of Nepal. Likewise, concerning to the task-oriented qualities, the results show that "pursuit of excellence" stands at first ranking among others.

Leaders (Managers) Perspectives

This section presents the mean and standard deviation of leadership qualities as expressed by leaders (i.e. managers) of financial institutions of Nepal.

Table 2

Leadership Qualities under Leaders (Managers) Perspectives (N = 60)

Independent Variables	Dependent Variables	Mean	S.D.	Remarks	Rank
Relationship-oriented	Developing Others	4.25	0.52	Mean from this indicator signifies that 4.25 lie in the range of 4 that means the employees agree regarding the given statement.	2
	Supporting Team	3.22	0.73	Mean from this indicator signifies that 3.22 lie in the range of 3 that means the employees stay neutral regarding the given statement.	4
	Identifying the Pain	3.34	0.59	Mean from this indicator signifies that 3.34 lie in the range of 3 that means the employees stay neutral regarding the given statement.	3
	Interpersonal Skills	4.35	0.47	Mean from this indicator signifies that 4.35 lie in the range of 4 that means the employees agree regarding the given statement.	1

Task-oriented	Developing Self	3.99	0.70	Mean from this indicator signifies that 3.99 lie in the range of 4 that means the employees agree regarding the given statement.	4
	Business Acumen	3.89	0.80	Mean from this indicator signifies that 3.89 lie in the range of 4 that means the employees agree regarding the given statement.	5
	Commitment	4.89	0.40	Mean from this indicator signifies that 4.89 lie in the range of 5 that means the employees strongly agree regarding the given statement.	1
	Pursuit of Excellence	4.35	0.70	Mean from this indicator signifies that 4.35 lie in the range of 4 that means the employees agree regarding the given statement.	3
	Accountability/Focus	4.21	0.40	Mean from this indicator signifies that 4.21 lie in the range of 4 that means the employees agree regarding the given statement.	2

The results show that in terms of relationship-oriented leadership qualities, "interpersonal skills" quality is applied under leaders (managers) perspective while performing daily activities in the financial institutions of Nepal. Likewise, concerning to the task-oriented qualities, the results show that "commitment" stands at first ranking among others.

Identifying Employee Desired Managerial Leadership Qualities

This section presents the mean and standard deviation of managerial leadership qualities in order to identify the most desired managerial leadership qualities of financial institutions of Nepal.

Table 3

Identifying Employee Desired Managerial Leadership Qualities

Independent Variables	Dependent Variables	Employee Perspective		Leaders (Managers) Perspective	
		Mean	S.D.	Mean	S.D.
Relationship-oriented	Developing Others	3.21	0.75	4.25	0.52
	Supporting Team	3.15	0.87	3.22	0.73
	Identifying the Pain	3.99	0.45	3.34	0.59
	Interpersonal Skills	3.86	0.57	4.35	0.47
	Developing Self	3.15	0.89	3.99	0.70
Task-oriented	Business Acumen	3.09	0.95	3.89	0.80
	Commitment	4.14	0.65	4.89	0.40
	Pursuit of Excellence	4.25	0.50	4.35	0.70
	Accountability/Focus	3.97	0.75	4.21	0.40

The table 3 shows that based on relationship-oriented, the most desirable quality of leaders (managers) by employees is "identifying the pain" where mean is 3.99 with a standard deviation of 0.45. That is followed by variables such as developing others, interpersonal skills and supporting team respectively. In terms of task-oriented, the most desirable quality of leaders (managers) by employees is "pursuit of excellence" where mean is 4.25 with a standard deviation of 0.50. That is followed by the variables such as commitment, accountability/focus, developing self, and business acumen respectively. The results also show that based on relationship-oriented leadership qualities, the most desirable quality of leaders by the managers is "interpersonal skills" where mean is 4.35 with a standard deviation of 0.47. That is followed by

the variables such as developing others, identifying the pain, and supporting team respectively. In terms of task-oriented qualities, the most desirable quality of leaders by the managers is "commitment" where mean is 4.89 with a standard deviation of 0.40. That is followed by variables such as accountability/focus, pursuit of excellence, developing self, and business acumen respectively.

Discussion and Conclusion

It is commonly believed that managers and employees are the most important assets of business organizations. It is because the long-term viability and effectiveness of these organizations critically depend on the skills, expertise, competencies, and proactive behaviors of organizational leaders and managers. Moreover, important matters are the managerial leadership qualities of the concern organizations. It is the quality of leadership that drives the activities of employees as well as the performance of the organization at large.

This research critically examined the qualities of managerial leadership of financial institutions of Nepal. The research was mainly based on two key leadership qualities variables such as relationship-oriented and task-oriented qualities. Organizational behavior literature defines task-oriented as the formulation and development of strategic plan and coordination of corporate activities, whereas a relationship-oriented focuses on the attitudes, feelings, and personal well-being of the employees of the organization (Ahmed & Bech, 2014, Clack, 2017, Ejaz et al., 2009, Luthra & Dahiya, 2015, Yazdanifard & Hao, 2015, Shrestha, 2018).

The empirical results of this study indicated that based on relationship-oriented, "identifying the pain" is the most desirable quality of leaders (managers) by the employees of the financial institutions of Nepal. These results connote that leaders are more sensitive towards understanding employees' pain and believe it is the essential trait to accomplish the organizational activities on time whereas on the basis of task-oriented, "pursuit of excellence" is the most desirable quality of leaders (managers) from the employee perspective. It connotes that the employees agree on this quality while accomplishing their tasks on time. Based on managers' perspective, the most desirable quality of the leaders is "interpersonal skills" in terms of relationship-oriented leadership qualities, whereas in terms of task-oriented qualities, the most desirable quality of leaders by the managers is "commitment". These results seem to be steady with the findings of Shrestha (2018) who studied effective leadership qualities of managers in commercial banks in Nepal. Moreover, the results extracted from the opinions of the employees in this research indicate that the mean values of most of all the variables lie in the range of 3-4 that indicate both the leaders (managers) and employees agree or stay neutral regarding leadership qualities. This somewhere shows that managers are performing well in achieving the personal goals of all the employees involved in the financial institutions of Nepal.

It is believed that leadership qualities are best while targeting to accomplish the organizational task on time. However, leadership is not all about accomplishing a task or defining goals, roles, and objectives (Shrestha, 2018). It is naturally believed that working-class employees are regarded as key assets of any organization; the leaders should also focus on the relationship part equally. The leaders should focus on both the relationship-oriented and task-oriented qualities to get the job done on time in their organizations effectively.

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