

# Impact of Leadership Style on Effectiveness of Nepalese Commercial Bank

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## Abstract:

**Background:** Leadership is the way of influencing group of personnel for achieving institutional objectives. In banking sector, leadership plays vital role since it is the way of influencing people to lead them for achieving banking destination of ensuring wealth maximization. Therefore, banking sector, leadership has to be very brawny. In Nepal, banking sector is slowly and steadily making progress due to sound leadership practices. But, there has been many unanswered question regarding leadership preference of banking sector. Hence, it is very crucial to find which type of leadership style is effective for enhancement of banking sector. There are various types of leadership style practiced in Nepal. They are autocratic leadership style, democratic leadership style, laissez fair leadership style and affiliative style. Far-flung progress of bank is possible only through proper leadership. So, it is very essential to find the best leadership style to enhance banking effectiveness. Researcher in this research inspects all probable variables which are associated with leadership style to find its impact on banking effectiveness. This research is effective for banking sector because researcher has reveals the findings of research through primary data analysis.

**Objective:** The main purpose of this research is to find the impact of leadership style on effectiveness of Nepalese commercial bank. This research aims to shows relationship between leadership style and its effectiveness through hypothesis.

**Methods:** Researcher has collected data from Nepalese commercial bank by questionnaire method. It is the best tools of collection data in quantitative research. Data collected from questionnaire are highly reliable. Since they are collected from field and are properly prepared by researcher himself. Thus, researcher has selected questionnaire technique; primary data which provide actual scenario of leadership style of commercial bank. Research has selected quantitative research method so collected data are systematically arranged in tables and results are presented through statistical analysis with justification.

**Originality:** This research is unique because there has been limited research related to impact of leadership style in effectiveness of Nepalese commercial bank. Although, several research has been done on leadership style of Nepalese commercial bank but none has analyze its impact on effectiveness which made this research more unique and original.

**Result:** This research test the impact of leadership style in banking effectiveness and present prevailing reality of Nepalese commercial banking sector. The research has shown the relationship of various style of leadership with banking effectiveness. The various types of leadership practices existing in Nepalese banking sector are autocratic leadership, democratic leadership, laissez faire leadership and affiliative leadership. Researcher has style all style of leadership style and has reveals his findings through the test of hypothesis. Research has reveals the intact and unblemished leadership practices of banking sector and has shown the variation of leadership practices. The researcher has presented impact of leadership in commercial bank effectiveness to widen the knowledge for proper leadership practices.

**Conclusion:** Banking sectors has to face various challenges. One of the challenges that banking sector face is their leadership related challenges. Since, they have to handle opulence capital investment and queries of multifarious employee's queries at same time. Thus, banking sector has to know the effectiveness of leadership beside hefty profit volume. The banking sector has to adopt efficient and effective leadership to maximize their wealth which is essence of today's corporate world. This research has addressed the need of leadership for enhancing banking performance or effectiveness. In present context, Nepal is facing trouble from global pandemic banking leadership has challenges of leading out economy from such critical condition. Therefore, this research is helpful on identifying impact of leadership need in Nepalese commercial bank.

**Implication:** This research helps to presented the glance of leadership style prevailing in Nepalese commercial bank. This research also provide new dimension to work on for upcoming researcher to follow on. There has plenty of work done in sector of leadership style in Nepalese commercial bank but very rare work is done to show impact of leadership in banking effectiveness. Hence, it reveals that there are sturdy sector to work on for leadership related aspect. This research peculiarly deals with such untouched arena of leadership and shows its relationship with effectiveness of banking sector. In contemporary context, this research is suitable because it present the topic which has been talk of town in banking sector.

**Key Words:** Leadership, Effectiveness, Nepalese Commercial Bank, Affiliative.

## 1. INTRODUCTION:

Nepal has significant challenges to move the pace of economy. After hardly hit economy due to lockdown and ongoing shutdown banking industry are affected harshly. In order to tackle those challenges, bank has to develop proper action plan so banking leaders are the protector of this scattered economy. The leader to become successful in recent age has to adopt best plans and policies so that economy can revive. Hence, leader has to adopt right approach and proper leadership style for achieving the determined goal of banking success. Banking leadership style is the main factor which can help in transactional, transformational and relational building integrated approach for moving Nepalese economy from shed to light. The implementation of proper plan can be done only through proper leadership practices. Hence, there is huge impact of leadership in banking effectiveness. Banking sectors are vital pillar of Nepalese economy. So, in this very time of pandemic crisis it sounds leadership practice is only hope to lead path of falling economy. It is undisputable facts that for enriching performance of banks effective leadership practices helps a lot. Thus, effective leadership is inherent need of contemporary Nepalese commercial sector. Research has thus taken the privilege to enlighten the current situation and tried to provide suggestive approach for ensuring success of bank. Nepalese perspective after global pandemic has been changed a lot. People now are looking at bank for providing the right track to change economic scenario of Nepal. Therefore, bank has massive responsibility of moving the hardly hurt economy. So, in the mean time banking leadership style is the factor for resolving these harsh problems. This research therefore suggests the role of leadership in this crucial time and highlights the relationship of leadership with effectiveness of Nepalese commercial bank. This research has high value because this research comes from the deepen study of current scenario of Nepal. This study is going to be vital because bankers in days to come are going to face the challenges regarding leadership style. Nepalese banking sector being in primitive stage of development has to take situation seriously and has to adopt right leadership approach to enhance their effectiveness before problems magnify.

### 1.1. Statement of Problem

Banks are the fund raiser and fund distributor for individual and public services. Banks are associated with numerous activities to fuel economy. Enrichment of banks is possible through corrective leadership approach because leadership is the nerve of banking system. Several research conducted in developing countries has found remarkable evidences that banking industry can obtain their objectives through sound leadership practices. The fact is justified but which style and pattern of leadership is best match for Nepalese economy is the question which does not have correct answer. Banking sector being eye of Nepalese economy has significant role for building positive work atmosphere throughout the nation. Additionally, banking sector are integrated with various national development projects and also are associated with align nation for business related activities. Hence, banking sector has highly significant for leading the economy. Therefore, proper leadership style becomes vital for banking development. Banking sector leadership not only is related with growth of banking industry but is developer of national infrastructure. Hence, leadership style of bank matter in every sector. This research therefore tries to figure out various style of leadership practiced in banking sector and its impact on effectiveness of Nepalese commercial bank. This question is crucial in present scenario because banks are business of limelight in Nepal and all other corporate houses hover within banking arena. In mean time of global pandemic, banking leadership style is both matter of curiosity and concern. Thus, research has tried to address the problem regarding leadership style and its impact on banking effectiveness in this research.

### 1.2. Objective of the Study

The objectives of the study on the title "**Impact of Leadership Style on Effectiveness of Nepalese Commercial Bank**" are as follows:

- To determine the impact of leadership style on banking effectiveness.
- To examine the autocratic style, democratic style, affiliative style and laissez-faire style on Nepalese commercial bank.

### 1.3. Hypothesis of the Study

The hypothesis of the study on the title "**Impact of Leadership Style on Effectiveness of Nepalese Commercial Bank**" are listed below:

H1: There is significant relationship between banking effectiveness and autocratic style.

H2: There is significant relationship between banking effectiveness and democratic style.

H3: There is significant relationship between banking effectiveness and affiliative style.

H4: There is significant relationship between banking effectiveness and laissez-faire style.

#### 1.4. Justification of the Study

Leadership in banking industry provides integration for achieving banking objectives. The bank can achieve its organizational objectives through efficient leadership. Thus, leadership play vital role in banking effectiveness. In today's competitive world, banking sector can become successful only through effective leadership. Bank has to deal with numerous associated parties time and again. In this crucial aspect, effective leadership helps to make intact integrality and coordination through which balance can be maintain. Leadership has key role on extensive and transactional aspect of banking sector. Leadership style provides competitive advantage and helps to render effective service to customer. Leadership in banking industry is highly influence by power and commitment to achieve banking overall goal. The banking leaders have to be committed and entrusted in order to bring positive vibe for developing organizational culture. The factors behind the committed leadership are the outcome of what type of leadership approach the person follows. Hence, practicing efficient leadership style is essence of banking industry in Nepal. Leadership style highly impacts the performance of employee directly and indirectly. So, to develop the sound atmosphere and positive work culture a bank has to practice right approach on leadership. Efficient leadership always helps potential employee to grow and is one of the major factor behind employee loyalty towards organization. Bank in this very movement of pandemic crisis has to suffer from many challenges. Thus, leadership practice by bank currently does not only have impact on banking sector but will have effect on economy also. In contemporary situation, banking leadership has to come up front to address various dilemmas prevailing in investment sector. Thus, with the use of right leadership style problem prevailing in Nepalese business sector can be solved. Moreover, with economy drastically falling towards recession, bank can be the game changer to run economy. Therefore, this research is perfect match for setting equation for addressing various problem of Nepalese economy. This research has tried to look on the current scenario and has deepened its study towards how banking effectiveness can be maintained in this husky economy of Nepal which is currently going on. Regarding the ongoing situation, research has tried to create the positive vibe in banking industry which is backbone of Nepalese economy.

#### 1.5. Scope of the Study

Banking sector are significant in building prosperity in contemporary context of Nepalese economy. With adaptation of mixed economic approach by Nepal, challenges hike up for banking sector. Banks have to handle various activities regularly because of its significance in Nepalese context. Nepalese bank are the point of connectivity for individuals, government and align nations. In this regard, banking industry of Nepal has to have best leadership practice to meet their standard of performance. Leadership being the factor which influences all associate groups into common arena and directs them for achieving organizational objectives has to be on top of table for enhancing banking effectiveness. Best leadership has array of activities to perform regarding influence, patterns, traits and relationship building being some of crucial role. The bank is eye candy of Nepalese economy hence role of leadership are very inherent in banking development. The leaders can make difference in banking sector. Thus, leadership style matter on enhancing banking effectiveness. There is versatile style of leadership practices prevailing in Nepalese commercial bank. From conventional style of autocratic practices to modern style of affiliative practices, banks of Nepal have adopted all sort of style. With banking sector enlarging their volume of profit every year, every style has not yet been measure in term of its effectiveness. However, it is well established facts that with leadership style banking sector has impact on its effectiveness. Although, many western nations measure its impact on the basis of leadership style, Nepal has not tested banking effectiveness through leadership style. This research therefore is one of kind which has tried to test banking effectiveness on the basis of leadership style. The researcher has tried to present this relationship between leadership style and banking effectiveness because in current situation of global pandemic Nepalese economy is affected. Bank being the wall of Nepalese economy has responsibility to put economy on track which is possible through proper leadership practices. Thus, this research is best fit for current situation. Since, it deals with aspect of leadership style and its effect on banking effectiveness.

#### 1.6 Traits of Effective Leadership

The banking sector being the backbone of Nepalese economy has to adopt best leadership practices to uplift its position. Thus, to meet its performance a bank has to build standard leadership on various fundamentals which are also known as traits of effective leadership which is enlisted from following figure:

### Traits of Effective Leaders



Source: Lussie, Robert N. & Christopher, F. Achuan. (2010). *Leadership: Theory, Application and Skill Development*.

- **Integrity**

The effective leader always maintains coordination and courtesy in organization which indeed provide strength in banking sector. Leader has to be able to connect subordinates with each other so that their bonding helps in achieving organizational objectives.

- **Internal Locus of Control**

Leader within banking sector maintain the internal locus of control which helps to subordinate to perform better. With flow of communication and coordination, leader always manage to achieve unimaginable.

- **High Energy**

Leaders always have to have high energy in banking industry. Service oriented industry has to face lot of customer, energy always matters. High energy in leaders always surpass to subordinates which always helps in better performance.

- **Dominance**

Leader has qualities of influencing employee. The leader with trait of dominance can complete the uphill the mighty task with ease. Thus, leader must have factor of dominance which passionate subordinates.

- **Self-confidence**

Leader always has to be confident to make subordinate follow their command. Leader in banking sector have to be oozed with confidence and self belief to make their subordinate belief them. Since, being service industry leaders has to have swaggered to tackle any obstacle presented to them.

- **Stability**

Good leader always stay on his word and focus on task to be perform ahead. Leader has passion for aspiring people through stable mind set so that subordinates can be influenced by his leadership. Stability is one of the most vital aspects of quality leadership.

- **Intelligence**

It is well established proverb in Nepal that wise leader are always alert. This means that leader has to be intelligent and tactful for inspiring subordinates. The intelligent leader can made best decision and easily overcome challenges.

- **Sensitivity**

It is common aspect that leader has to lead with integrity. Best leader always care about their subordinates and are sensitive as per need of time. Sensitivity towards upcoming challenges always helps to tackle situation in better way. So, leader has to be sensitive according to the situation.

- **Flexibility**

Flexible leaders always are mover ahead. Hence, leader has to act accordingly as per need of time. Leader has to change strategies and approach as per the necessity. Leader can be futuristic through flexibility. So, good leader are flexible with change of scenario.

## **2. LITERATURE REVIEW:**

A literature review is analysis of prior research work which is related with subject matter. It helps to develop questionnaire and also shows path for researcher to lead the research work. Literature review is previously done work hence it provides better understanding of subject matter. Literature review also helps in drawing hypothesis which are major part of quantitative research. It is also helpful in eliciting and elaborating facts which are revealed through various statistical findings in quantitative research. Literature review carry research work forward hence researcher get ideas of research gap between prior situation and current scenario which helps to conduct research. Thus, literature review provide researcher various dimension to generate ideas. In this research, researcher has studied the various arenas associated with research before carrying his research work which is chronologically summarized below.

### **2.1. Banking Effectiveness**

Banking sector has to posse sound working atmosphere and connecting interpersonal relationship for enhancing overall performance of bank (Delic, Kozarevic, & Alic, 2017). Banking effectiveness can be enriched through effective leadership qualities (Tuffour, Gali, & Tuffour, 2019). Banking effectiveness is outcome of efficient leadership practices which helps to enlarge Profit Margin, Return of Assets and Return of Equity. There are various catalyst factors of leadership such as communication, decision making abilities and accountability which increase banking effectiveness. Nepalese banking industry is not hassle free but with new challenges coming every now and then leaders has become efficient in handling nasty situation. Banking effectiveness are the integral part of employee efficiency so with proper leadership style employee has to be motivated time to time for enrichment in performance of bank (Bahmanabadi, 2015). Leadership has high and significant correlation with banking performance boosting (Panikker, 2018). Thus, leadership play vital role on enhancing banking effectiveness.

### **2.2. Leadership Style**

Leadership is silence feature of banking sector which is not much talk about but has significant impact on banking performance enhancement. Leadership has significant impact on banking performance effectiveness which can helps in transformation and changes as per need of time (Mohammad, Chowdhury, & Sanju, 2017). Leadership style defines leader's identity of defining the situation of obstacle in best possible way (Evangelides & Karfakis, 2019). Various leadership style are practices around the world and there is nothing like best style of leadership but leadership style definitely help to enrich organizational effectiveness (Bahmanabadi, 2015). With effective leadership style employee efficiency can be enhanced which can result in extensive growth of banking sector (Ajiboye, 2017). Organization needs efficient leadership style to be on pick of all competitors. The several leadership styles having positive impact in banking sector are autocratic leadership, democratic leadership, laissez faire leadership and affiliative leadership.

#### **2.2.1. Autocratic Style**

Autocratic leadership is an extreme form of conventional style of leadership, where leader take higher level of power as compared to subordinates and teammate (Mohammad, Chowdhury, & Sanju, 2017). In this type of leadership, leaders take all the power by him and direct his subordinate accordingly under his supervision (Hackman & Johnson, 2009). Here every decision is directed by leaders and subordinates have to follow the orders. Autocratic style leadership is very difficult to adopt in situational issue handling when leaders are not present (Badhiraja & Malhotra, 2013). Autocratic style does not have participative management system so there is limited influence of others making secrecy mechanism stronger which provide competitive advantage for banking sector. Although, autocratic leadership are rare in practice but are efficient and effective when quick decision has to be made. In banking sector, quick decision can became game changer for having competitive advantage so it is one of the best leadership practices for banking industry.

#### **2.2.2. Democratic Style**

Democratic style of leadership is widely practice techniques used in today's globalized world. This style ensure democratic phenomenon to select the leaders and commonly use voting techniques to nominate probable leader for future. Due to participative and democratic management practices, bank adopting democratic leadership can handle situation with more ease since multiple participant provide multiple ideas to tackle situation in better way. Democratic leadership is dynamic process which is effective in order to achieve banking predetermined objectives (Makitalo, 2017). Democratic leadership provides dynamism in banking industry (Mulindwa, 2018). It is best style for mitigating non-performing assets from banking sector. Research has proved that democratic leadership style is best since it provide clear flow of authority and responsibility according to hierarchy (Jaln & Chaudhary, 2014).

### 2.2.3. Affiliative Style

Affiliative leadership style are not much talk about in banking sector but is one of the best approaches of leadership for corporate industry. Affiliative leadership can bring harmony and forms connectivity with team working in banking sector. These types of leadership connect people to people so this can be best style for service oriented industry like bank (Abubakari, 2017). Affiliative leader always care about sentiments of team and continuously encourage them to achieve objectives. Thus, this style can be favorable for banking sector. This type of leadership helps to provide dogged loyalty and team spirit which widen areas for leaders to achieve goal through collaboration (Ramamoorthy, 2019). This is new concept of leadership practice in banking sector but is very effective. Since, on affiliative leadership, there is flexibility and liberty on working environment which is essence of today's globalized world.

### 2.2.4. Laissez-Faire Style

The laissez-faire leadership style is free style of leadership which gives equal importance to all employees. With this style, the leaders endeavor to pass the obligation regarding choice making to the gathering (Aishat, Daudsilong, Suandi, & Kolaposakiru, 2015). Here the organogram of banking sector is loosely structured so that every individual has power to take decision. It is modern style of leadership practices. Although, this style provide equal opportunity to take responsibility and authority but majority of responsibility are surpass to others when performing task. So, these practices of leadership provide transparency but are very hard to adopt in banking sector. Laissez-Faire leadership touches behavior and attitude of employee which helps to accomplish task with more ease (Ikpefan & Agwu, 2015). In this practice, goals are achieved through coordination and integration of employee working in banking sector. This type of leadership is effective in banking sector where employees are highly talented and committed towards fulfilling goals of organization (Bingab, 2019).

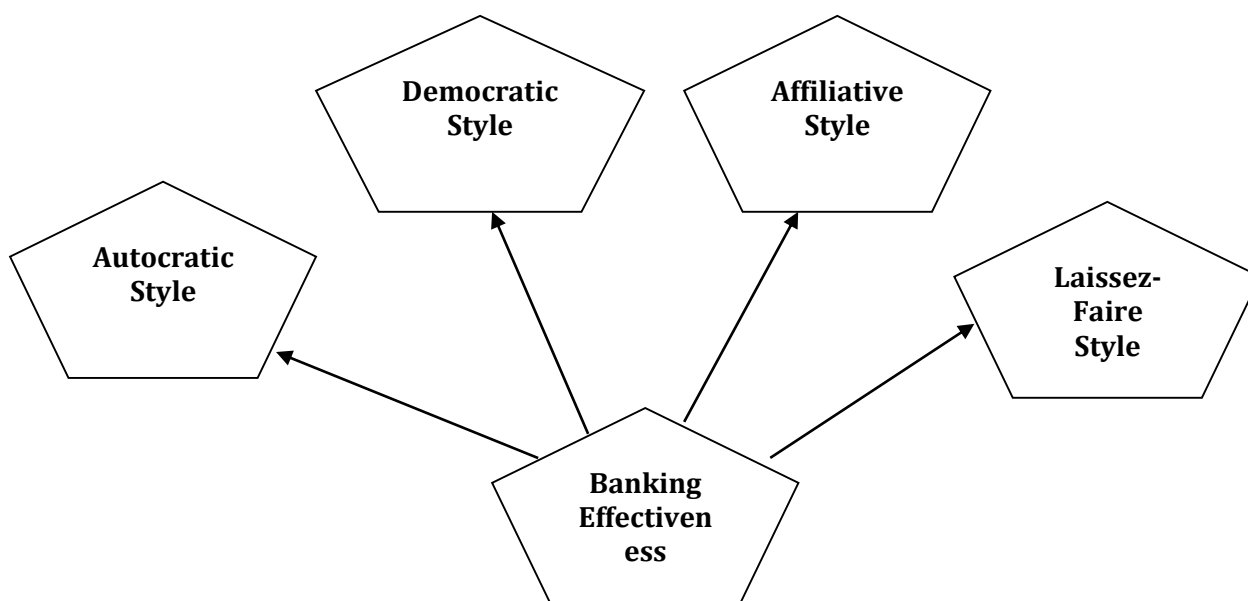


Figure 3: Research Framework of the Study

## 3. RESEARCH METHODOLOGY:

Researcher uses applicable method for solving the research problem and meets the research objectives. Researcher follows proper steps for data collection and the analysis of data. Authentic data is used for the research work. Researcher visits limited commercial bank for the data collection. 120 respondents are selected randomly for the research work.

### 3.1. Methods of Gathering the Data

Researcher used two methods for the collection of data i.e. Primary data and secondary data. Researcher adopts both primary and secondary data wherever in the research is applicable.

#### 3.1.1. Primary Data

The data are gathered with the employees in commercial bank in Nepal to meet the research objectives. Researcher selects the employees from top level to assistant level. The questionnaires which are distributed are structured questionnaire. The methods used in the study are questionnaire and interview.

### 3.1.2. Secondary Data

The secondary sources of data collection on knowing the impact of leadership on commercial bank of Nepal is used from several sources. Secondary data includes books, journals and the reports of the bank. Researcher has uses the data for writing literature review.

### 3.2. Justification of the Methods Used in the Study

Researcher considered descriptive method and is the best method for this research. The data are gathered following quantitative techniques for the assessment of the impact of leadership style on effectiveness of Nepalese commercial bank.

## 4. DATA PRESENTATION AND ANALYSIS:

Researcher presents the data in tabular form, which is obtained from the Likert five scale questionnaires. Researcher presents demographic data, correlation analysis and Regression analysis to meet the objective of the research. The data are obtained from dependent variable i.e. banking effectiveness and the independent variables i.e. autocratic style, demographic style, affiliative style, laissez-faire style.

### 4.1. Presentation and Analysis of Demographic Data

The demographic data is presented and analyzed through the Likert five scale questionnaires. The demographic analysis is analyzed through age group distribution, gender distribution, marital status distribution, educational qualification distribution and job title distribution.

**Table 5.1.1 Age Group Distribution of the Respondents**

Age Group	Frequency	Percentage
Below 25	33	27.5
26-30	32	26.7
31-35	22	18.3
36-40	12	10.0
41-45	11	9.2
46-50	8	6.7
above 51	2	1.7
Total	120	100.0

Table 5.1.1 shows the age group distribution of the respondents. The respondents on the age group shows that 33(27.5%) on the age group below 25 score highest and age group above 51 shows that 2(1.7%) score lowest. The age group is followed by age group 26-30, 31-35, 36-40, 41-45, 46-50 with frequency and percentage 32(26.7%), 22 (18.3%), 12 (10.0%), 11 (9.2%) and 8 (6.7%) respectively. It is clear that the respondents on the age group below 25 have the good concern regarding the leadership styles on banking effectiveness.

**Table 5.1.2 Gender Distribution of the Respondents**

Gender	Frequency	Percentage
Male	58	48.3
Female	62	51.7
Total	120	100.0

Table 5.1.2 shows the gender distribution of male and female. Female employees are found to have more dedication in banking effectiveness, as female scores highest with frequency 62 and percentage 51.7%. Male scores 58 as frequency level and 48.3 percentages.

**Table 5.1.3 Marital Status Distribution of the Respondents**

Marital Status	Frequency	Percentage
Married	78	65.0
Unmarried	42	35.0
Total	120	100.0

The data displayed on Table 5.1.3 shows the marital status of the respondents. Married employees, 78 (65.0%) are found more on commercial bank of Nepal. As we all know married employees had seen many ups and down in their life. Unmarried employees are found 42 (35.0%).

**Table 5.1.4 Educational Qualification of the Respondents**

Educational Qualification	Frequency	Percentage
SLC	1	.8
Plus 2/PCL	26	21.7
Bachelor Level	62	51.7
Masters Level	29	24.2
Ph.D. Level	2	1.7
Total	120	100.0

Educational Qualification frequency level is shown on Table 5.1.4, where highest level of frequency is found on bachelor level with frequency 62 and percentage 51.7%. The lowest level of frequency is found on SLC with frequency 1 and percentage .8. The bachelor level employees are found more to follow the leadership style in commercial bank.

**Table 5.1.5 Job Title of the Respondents**

Job Title	Frequency	Percentage
Top Level	18	15.0
In-Charge Level	5	4.2
Officer Level	33	27.5
Assistant Level	64	53.3
Total	120	100.0

In Table 5.1.5, job title of the respondents are found to be more on assistant level, frequency as 64 and percentage as 53.3%. The lowest respondents are found on in-charge level with frequency 5 and percentage 4.2. It is seen that more respondents of assistant level employees are performing leadership style well.

#### 4.2. Correlation Analysis

Correlation analysis is used to analyze the positive or negative relationship between banking effectiveness and leadership style i.e. autocratic style, democratic style, affiliative style and laissez-faire style.

**Table 5.2.1 Correlation Analysis of Banking Effectiveness and Autocratic Style**

Correlations		Banking Effectiveness	Autocratic Style
Banking Effectiveness	Pearson Correlation	1	.806**
	Sig. (2-tailed)		.000
	N	120	120
Autocratic Style	Pearson Correlation	.806**	1
	Sig. (2-tailed)	.000	
	N	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The calculation of the correlation on Table 5.2.1 shows that the correlation coefficient between banking effectiveness and autocratic style is 80.6 percent. The significant level between banking effectiveness and autocratic style is less than 5 percent. There is the positive relationship between banking effectiveness and autocratic style. One percent increase in banking effectiveness will increase 80.6% increase in the autocratic style.

**Table 5.2.2 Correlation Analysis of Banking Effectiveness and Democratic Style**

Correlations		Banking Effectiveness	Democratic Style
Banking Effectiveness	Pearson Correlation	1	.750**
	Sig. (2-tailed)		.000
	N	120	120
Democratic Style	Pearson Correlation	.750**	1
	Sig. (2-tailed)	.000	
	N	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).



The calculation of the correlation on Table 5.2.2 shows that the correlation coefficient between banking effectiveness and democratic style is 75.0 percent. The significant level between banking effectiveness and democratic style is less than 5 percent. There is the positive relationship between banking effectiveness and democratic style. One percent increase in banking effectiveness will increase 75.0% increase in the democratic style.

**Table 5.2.3 Correlation Analysis of Banking Effectiveness and Affiliative Style**

		Banking Effectiveness	Affiliative Style
<b>Banking Effectiveness</b>	Pearson Correlation	1	.771**
	Sig. (2-tailed)		.000
	N	120	120
<b>Affiliative Style</b>	Pearson Correlation	.771**	1
	Sig. (2-tailed)	.000	
	N	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The calculation of the correlation on Table 5.2.3 shows that the correlation coefficient between banking effectiveness and affiliative style is 77.1 percent. The significant level between banking effectiveness and affiliative style is less than 5 percent. There is the positive relationship between banking effectiveness and affiliative style. One percent increase in banking effectiveness will increase 77.1% increase in the affiliative style.

**Table 5.2.4 Correlation Analysis of Banking Effectiveness and Laissez-Faire Style**

		Banking Effectiveness	Laissez-Faire Style
<b>Banking Effectiveness</b>	Pearson Correlation	1	.704**
	Sig. (2-tailed)		.000
	N	120	120
<b>Laissez-Faire Style</b>	Pearson Correlation	.704**	1
	Sig. (2-tailed)	.000	
	N	120	120

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The calculation of the correlation on Table 5.2.4 shows that the correlation coefficient between banking effectiveness and laissez-faire style is 70.4 percent. The significant level between banking effectiveness and laissez-faire style is less than 5 percent. There is the positive relationship between banking effectiveness and laissez-faire style. One percent increase in banking effectiveness will increase 70.4% increase in the laissez-faire style.

### 4.3. Regression Analysis

The significant and non-significant relationship between banking effectiveness and autocratic style, banking effectiveness and democratic style, banking effectiveness and affiliative style and banking effectiveness and laissez-faire style is tested through p-value.

**Table 5.3.1 Regression Analysis**

Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Beta	Std. Error	Beta		
(Constant)	2.980	1.534		1.942	.055
Autocratic Style	.472	.090	.489	5.236	.000
Democratic Style	.173	.102	.172	1.694	.093
Affiliative Style	.299	.097	.291	3.091	.003
Laissez-Faire Style	-.046	.096	-.046	-.481	.632

a. Dependent Variable: Banking Effectiveness

The regression analysis on the Table 5.3.1 determines that the coefficient beta on autocratic style is positive (.489), democratic style is positive (.172), affiliative style is positive (.291) and laissez-faire style is negative (-.046). The p-value which is less than .000 is acceptable and the t-statistics value on autocratic style is 5.236, democratic style is 1.694, affiliative style is 3.091 and laissez-faire is -.481. The significant level on autocratic style is .000 which is highly significant, democratic style is .093 which is not significant, affiliative style is .003 which is significant and

laissez-faire is .632 which is not significant. The standard error value of autocratic style is .090, democratic style is .102, affiliative style is .097 and laissez-faire style is .096.

**Table 5.3.2 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846 <sup>a</sup>	.715	.705	3.66715
a. Predictors: (Constant), Laissez-Faire Style, Affiliative Style, Autocratic Style, Democratic Style				

Model summary on regression coefficient of R=.846 or 84.6%, and explains there is the relationship between the variables. The coefficient R Square= .715 or 71.5% shows that the variation in dependent and the independent variable. The adjusted R square= .705 or 70.5% which shows that dependent variable is affected 70.5% by independent variable.

## 5. CONCLUSION:

The impact of leadership style on effectiveness of Nepalese commercial bank is analyzed through demographic analysis, correlation analysis and regression analysis. In correlation analysis, the results indicates there is positive relationship between dependent i.e. banking effectiveness and all independent variables i.e. autocratic style, democratic style, affiliative style and laissez-faire style. In regression analysis, the result indicates that there is significant relationship between banking effectiveness and autocratic style and banking effectiveness and affiliative style. But there is no significant relationship between banking effectiveness and democratic style and banking effectiveness and laissez-faire style.

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