Original Paper

An Exploratory Study on Authentic Leadership Concept in Fostering Training Effectiveness in Commercial Banks of Bangladesh

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Abstract
To train an organization’s staff results in qualified and knowledgeable performers and make them organizational assets by generating excellent leadership in the long run. A bank manager or leader understand the training gap of an employee and do the assessment according to the training need. Therefore, it is vital to pinpoint the training needs and ensure training effectiveness more than contemporary leadership behaviour of bank managers and trainers also. This study was conducted in the banks of Bangladesh to examine employee’s perception of the authentic leadership style of bank managers or senior officials, to evaluate the relationship between leaders (bank managers) & followers (bank employees) and relationship between authentic leadership style & training effectiveness. This is an exploratory research using qualitative approach with a sample size of 69 employees from commercial banks of Bangladesh. The study found that an authentic leaders or managers are more concern about training budget and training transfer than generic leaders.

Keywords
Authentic Leadership, Training Effectiveness, Commercial Banks, trust, integrity, Authentic Behaviour

1. Introduction
While the industry leaders of more than half of the companies that survive from mid 1950’s to 1990, more than two-thirds of 1990’s industry leaders does not exist anymore (Menkes, 2011; Fidler, 2014). The reason behind, today’s leaders need to deal with beyond their organizations’ operation -such as weak global economy, global competition, climate changes, customer dissatisfaction, etc. By adopting technology, banks are facing tremendous challenges in terms of integrity (Spitzeck, Pirson, & Dierksmeier, 2011), trust (Gill, Flaschner, & Shachar, 2006), transparency and accumulation of
financial scandal (Baron & Parent, 2015). In these situations of instability, the need for positive leadership that might rejuvenate the trust of investor, employees and customers in financial institutions. Hence, persuasion of an authentic leadership (AL) style is necessary to attain sustainable business performance (Avolio & Gardner, 2005). According to these authors, there is a close relationship between authentic leadership and other leadership theories (charismatic, transformational, spiritual and servant leadership). Many authors suggested that authentic leaders contribute to sustained performance along with their follower.

In Bangladesh, there are 60 public and private commercial banks, 34 non-banks financial Institutions (NBFI), Insurance Companies 18 Life and 44 Non-Life Insurance Companies and 599 Micro Finance Institutions those are meeting consumer financial needs. By ensuring service in excellence, banks, non-bank financial institutions and insurance & micro finance institutions are investing for enhancing their employee’s skill, ability and knowledge development round the year. But, in this huge economy players also required to develop future leader for smooth sailing. In this regards, this is the time to think over application and development of authentic leadership style of line managers.

This paper focuses on the role of an authentic leader (bank manager or trainer) in fostering training effectiveness in a bank. Authentic leader transparently allocates and communicates training budgets by balancing organizational, operational, and individual needs, adapting training decisions as required by changing internal and external context (Gill, Gardner, Claeys, & Vangronsvelt, 2018). Moreover, authentic leaders are self-motivated and have the capability to drive their employees keeping up integrity within organizational climate. They also confer with the employee to determine training or training transfer. This study has been undertaken to find whether AL can lead to effective training and leadership performance in the Commercial Banks in Bangladesh.

1.1 Research Objective
This qualitative research study seeks to gain insight on authentic leadership theory in practice. This exploration is primarily designed to assist practitioners in application of authentic leadership in the workplace. The focus of the study is reviewing the literature to connect theoretical concepts with action areas and to connect current literature with ideas and insight to further explore. The objective of this research paper is to evaluate the relationship between Authentic Leadership Behaviour (ALB) and Training Effectiveness (TE) in Banks of Bangladesh.

1.2 Research Questions
Research Question 1: What are the attributes of individual’s behaviour that affect to exercise authentic leadership in Banks?
Research Question 2: How does Authentic Leadership affect the training effectiveness in the Banks of Bangladesh?

1.3 Problem Statement
As a qualitative research that aims to fill a gap in the literature by deepening researcher understanding of authentic leaderships contribute into training effectiveness of banking sector.
2. Literature Review

In the age of this globalization, leadership has always been more required throughout the globe to constitute authenticity or self-awareness of leader and follower in relation with all stakeholders, customers, suppliers, investors and communities. As a practitioner, Bill George (2003), briefed in his study, leaders with purpose, principles and integrity can build sustainable organizations, encourage employees for service excellence, and thus facilitate shareholders’ wealth maximization process. According to Avolo and Gardner (2005), authentic leaders and followers have ability to think various perspectives of an issue in a balanced manner. Luthans and Avolio (2003) emphasized that authentic leadership and its development enfolds an inbuilt ethical, integrity and moral features in individuals’ behaviour.

Many researchers, Halamka and Teplý (2017), Baraibar et al. (2017) agreed banks applying ethics have lower volatility in profits than other banks. San-Jose et al. (2011) clarified the difference between ethical banking and other traditional banks. So, developing authentic leadership in financial sector is vital to establish moral & integrity, unbiased information (confidentiality) and build a trust, positive attitude and respect within a team. To improve financial performance, banking institutions are now concern more than better serve to client’s needs such as societal and environmental issues, digitalization may have a big potential for transforming the current financial system (Taşkın, 2015; Biswas, 2011; Bahl, 2012; Joshi & Parihar, 2017). Halamka and Teplý (2017) stated that excellent customer care will not be sufficient any longer as clients demand on their security of money and in future banks have to compete with the flexible Fintech companies with an increased supply of variety of products and banking services.

Banking operations should be coordinated by an effective and efficient leader and skilled workforce. Train their employees and selection of a leadership style to adopt by mangers is a crucial part of financial performance. Many authors suggested Banks should adopt transformational and democratic leadership (Allafchi, 2017; Ojokuku et al., 2012) by the Banks’ management in order to stronger in a global competitive environment. Geyery and Steyrer (1998) studied that transformational leadership behavior as an indicator of long-term and short term performance of an organization. Apart from various leadership styles - transformational leadership, ethical leadership, charismatic leadership etc., in recent days another form of leadership style got more attention in various organizations. Ahamed and Hashim (2003) investigated in islamic and conventional banks to find out the relationship between authentic leadership style and interpersonal, institutional trust and level of workforce engagement. Many authors believe that Authentic Leadership is not refer only to some qualities and behaviors of leaders, this leadership enable to achieve positive self-development and organizational outcomes (Antonakis, 2017; Ellen III et al., 2013; Sidani & Rowe, 2018).

Many authors stated various definitions in their paper regarding Authentic Leadership. According to Harter (2002), Authenticity has been defined as the felt alignment between internal states (thoughts, emotions) and outward displays (e.g., behaviours, attitude) of an individual. Authentic leadership
describes the relationship of a leader with others in work environment and a mode of influence in a form of leadership (Gill, Gardner, Claeys, & Vangronsvelt, 2018).

Luthans and Avolio (2003) evidently defined Authentic Leadership (AL) as “a process that results from positive psychological capacities and a vastly developed organizational framework, which outcomes in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development”. In 2004, Luthans, Avolio and Walumbwa define authentic leader as “those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strength and also aware of the context in which they operate and who are confident, hopeful, optimistic, resilient and of high moral character.

Authentic Leadership can strengthen an organization’s HR system and it helps HRM attain more authenticity and credibility in the organization. Authentic leaders convey clear messages to employees about organizations value and rewards (Gill, Gardner, Claeys, & Vangronsvelt, 2018). According to Walumbwa, Avolio, Gardner, Wernsing and Peterson (2008), authentic leaders are anchored by their own deep sense of self-awareness; they know where they stand on important issues, values, and beliefs and they are transparent with those they interact with and lead.

Walumbwa et al. (2010) results suggest the “more leaders are seen as authentic, the more employees identify with them and feel psychologically empowered, are more engaged in their roles and demonstrate more citizenship-rated behaviours”.

Hassan and Ahmed (2011) found that Authentic Leader (AL) encourages subordinates’ trust in the leader and contributed to work engagement. Peterson et al. (2012) find that authentic leadership behavior is positively related to follower job performance.

<table>
<thead>
<tr>
<th>Table 1. Comparisons of Authentic Leadership, Ethical Leadership &amp; Transformational Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties</td>
</tr>
<tr>
<td>Concepts</td>
</tr>
</tbody>
</table>
Leadership Quality

Components

Overlap with

Leadership

Authentic leaders focus on follower development but emphasis more towards achieving authenticity & integrity of followers.

Leader self-awareness, self-efficacy
Relational Transparency
Internalized-Moral perspective
Balanced Processing

Attributed Charisma
Idealized Influence
Inspirational Motivation
Intellectual Stimulation
Individualized consideration

Authentic leadership is closely related to some of the transformational leadership dimensions and ethical leaderships.

Authentic leadership is seen as principlled decision makers who care about people and the broader society only.

Moral Person, Moral Manager

Ethical behavior is mandatory part of the authentic leader.

Source: Adopted from Walumbwa, Avolio, Gardner, Wernsing and Peterson (2008), Brown and Treviño (2006), Brown and Gardner (2007) suggests that publicly acknowledged charismatic leaders are overlooked for more proximal examples, including teachers and trainers. Respondents of their study chose models who exhibited authentic leadership attributes such as confidence, hope, optimism, resilience, high levels of integrity and positive values.

The construct of authenticity has been clarified and refined through theoretical developments and empirical research by social psychologists (Deci & Ryan, 2000; Kernis, 2003; Ryan & Deci, 2001, 2003). In 2011, Gardner, Davis, and Dickens studied 91 publications of authentic leadership (AL), whereas 59 publications to till date have been conceptual. According to Gardner (2011) the assumption of authentic leadership theory that people in organizations can effectively lead, and follow, in a way that enables them to express their own unique identity and style. Zhang et al. (2012) also suggest that authentic leadership theory lacks validity in non-Western contexts such as China; however, as economic growth of countries occurs outside the United States, the construct can be used to form greater cross-cultural understanding and thus might lead to more applicability in non-Western countries. Despite of criticism, hence, the theory of authentic leadership (AL) follows multi-dimensional leadership theory and therefore has similarities to transformational theory and several other leadership theories including ethical, charismatic, spiritual and servant leadership.

2.1 A Model of Authentic Leadership in Banks

Many scholars addressed that being authentic as a “person” and being authentic as a “leader” have a quantity of disparity in terms of their cognitive behaviours, which are vital component of formation of authentic leadership. As such the attributes of an authentic person are the author of own self (Schmid, 2001), prioritizes accountability to their self internal standards (Tedeschi, 1986), and aware about reflecting inner self thoughts and not biased from outside forces or surrounding social milieu ((Bowen,
Sometimes makes the authentic person free from its institutions (Cohen, 2005). Neutrality is the key to the authentic person, even their decision regarded as bizarre in a crooked society” (Shi, 2007). Authentic person is a person who creates his/her own moral system rather than succumbing to the values of others (Nicholas, 2013).

According to Sidani and Rowe (2018), AL is legitimated by follower perception of a leader’s authenticity through moral judgements and legitimacy with morality is a key pillar in Authentic Leadership (AL).

![Conceptual Framework Relationship between Authentic Leadership and Training Effectiveness](image)

### Figure 1. Conceptual Framework Relationship between Authentic Leadership and Training Effectiveness Adopted from Luthans and Avolo (2003); Sidani and Rowe (2018)

Commercial banks play a noteworthy role in a financial system of the economy. A traditional managerial role is not sufficient to operate the show. In Bangladesh, sixty numbers of private and public banks, which are highly required for genuine leaders- who are capable to lead with purpose, values, and integrity; leaders who build enduring organizations, motivate their employees to provide superior customer service (Avolio & Gardner, 2005), and assist to build the solid foundation of economy. They also proposed a need to focus on the root structure underpinning all beneficial management types and their growth, which we label as genuine leadership development (ALD).

AL measurement and modelling issues suffer from problems similar to those raised by Antonakis et al. (2016) in relation to charismatic leadership, and van Knippenberg and Sitkin (2013) in relation to transformational leadership. Table 1 shows that Authentic and ethical leadership have been proposed to share common features, yet the boundaries between them are still not clear Authentic and ethical leadership have been proposed to share common features (Neubert, Wu, & Roberts, 2013). To act authentic, leaders need moral characters which is key ingredients of AL process (May, Chan, Hodges, & Avolio, 2003; Gardner et al., 2005; May et al., 2003). Some researchers argue, authenticity is part of character but not sufficient condition of ethical leadership (Resick et al., 2011; Quick, Macik-Frey, & Cooper, 2007). Under this perspective, an authentic leader must need to act authentic (self values, self awareness, self regulation) and ethical (self moral system). When an authentic person emerges as leader, a relational aspect enters into the equation to interact and/or engage with subordinates. The framework briefly elaborates the role of the leader and the role of followers and the processes leading to the creation of AL and makes the training effective.
3. Research Methodology

Our sample consisted of 69 respondents (branch managers or divisional heads, trainer and trainee) of 21 branches who were employed by 07 different commercial banks in Bangladesh. The survey was organized in two phases. In first phase, managers were interviewed and questionnaire was emailed individually to the trainee. In Second phase, each was informed about the objectives of the study and was obliged to participate. About 90% of the subordinates actually responded. Employees without leadership responsibilities evaluated branch managers or division managers who were their direct superiors. The branch managers and division managers in turn rated either one or both of their immediate directors. The participants were categorised into three groups (Table 2). In total, Sixty Nine participants were selected from 11 Public and Private Banks; in category of age range from 35 to 55 years, have at least more than 5 years banking experiences.

Here, data is collected through semi-structured interview focusing factors affecting Authentic Leadership in context of training effectiveness. Semi-structured interview is suitably fitted for this study while there was a only one chance to interview (Bernard, 1988). Questions are designed to investigate perception about Leader’s Quality (self awareness, Self efficacy, etc.), Self-development acts (learning and leadership development training), trust and confidence with their followers (Table 3)

After recorded interview, their views and understanding of the elements of the authentic leadership development was examined. For secondary data, a literature review is made by studying five ranking organizational behaviour journals from 2010 to 2018.

<table>
<thead>
<tr>
<th>No. Of commercial Banks</th>
<th>Mid level Manager/Head of Branch</th>
<th>Trainer /Speaker</th>
<th>Trainee</th>
</tr>
</thead>
<tbody>
<tr>
<td>DataGathering Instrument</td>
<td>Interview</td>
<td>Interview</td>
<td>Survey</td>
</tr>
<tr>
<td>Private</td>
<td>09</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>Public</td>
<td>02</td>
<td>03</td>
<td>10</td>
</tr>
<tr>
<td>Total Respondents</td>
<td>11</td>
<td>13</td>
<td>45</td>
</tr>
</tbody>
</table>

3.1 Interview Process

A semi structured individual interview has been conducted with each participant taking 30-50 minutes to favour more detailed in-depth issue and noted accordingly for ensuring reliability. The purpose of these interviews was to collect data based on the participants’ experiences that had fostered development of their authentic leadership quality through training and enhance training effectiveness within the organization. Participants were asked the following questions (Table 3) to understand Authentic Leadership Dimensions which could foster training effectiveness:
Table 3. Interview Questions for the Study

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measure /Factors</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Trainee trust on trainer’s leadership.</td>
<td>Do followers trust and admire their leader/trainer?</td>
</tr>
<tr>
<td>Effectiveness (DV)</td>
<td>Trainee Self-Efficacy (TSE).</td>
<td>How well does the leader satisfy their needs and expectations?</td>
</tr>
<tr>
<td></td>
<td>Trainee motivation by Authentic Leaders.</td>
<td>Are followers strongly committed to carrying out the leader’s instruction?</td>
</tr>
<tr>
<td>Authentic Leadership (IV)</td>
<td>Self -Awareness</td>
<td>How do you assess your awareness of abilities and limitations?</td>
</tr>
<tr>
<td></td>
<td>Self -Efficacy</td>
<td>Do you have policy in “Code of Conduct”?</td>
</tr>
<tr>
<td></td>
<td>Self -Moral System</td>
<td>Do you think transparency is highly required in banking?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do followers trust the leader and perceive him or her to have high integrity?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have you attended the leadership development programs that affect your knowledge and decision as a leader?</td>
</tr>
<tr>
<td>Self Efficacy (IV)</td>
<td>Internal Locus of Control</td>
<td>When you make a plan, can you face any difficulties?</td>
</tr>
<tr>
<td></td>
<td>Self-esteem</td>
<td>When unexpected problems occur, how do you handle them?</td>
</tr>
<tr>
<td>Work Performance (IV)</td>
<td>Work Engagement</td>
<td>Do you able to perform your work well with minimal time and effort?</td>
</tr>
</tbody>
</table>

DV= Dependent Variable; IV- Independent Variable

4. Analysis and Interpretation

Research on authentic leadership theory is still in its’ early stages. Cooper (2005) suggested that researcher in this area need to concern to four essential issues by ascertaining whether authentic leadership can be taught. Using a deductive approach, this study aimed to explore how a training program could foster the development of the four dimensions of authentic leadership identified in the model of Gardner (2005)- self-awareness, relational transparency, balanced treatment of information and an internalized moral perspective.

The results provide qualitative support with this four-factor model of authentic leadership and suggest that the participants (trainee) strongly agreed that authentic leaders facilitate in their self-efficacy behavior, and thus ensure training transfer in the workplace. The results also shows authentic leader can identify “training gap” promptly because of relational transparency with the follower (trainee). Hence, authentic leaders may help teams to develop and work within learning environment which foster
training effectiveness in banks.

In bank, allocation of training budget is an essential part of successful training. Most of the banks in Bangladesh has allocated for training budget 1% to 3% of their annual profit. This study found that the authentic leadership dimensions “self-awareness” and “balanced treatment” more aware about training budget for ensuring training effectiveness. In line with the result, this underlines a development of training to foster AL development in banks.

5. Limitations and Future Research

Since convenient sampling was used for this study, whole populations were not covered. Employee perceptions & attitudes, authentic leadership, and training culture etc. scores are rated by the employees according to set-questionnaire or questions by the researcher, there is a chance of Leniency biases of common-method bias (Podsakoff et al., 2003). Another limitation of this study, there is possibility of cultural difference such as employees are more likely to maintain a formal relationship with the supervisor that could limit their prompt interactions with authentic leaders. As a result, authentic leadership could have minimized influence on follower outcomes. Given the limitations outlined above, future research should aim to do quantitative research adopting a stratified sample methodology. Future research may also focus on Authentic Leadership Development Training and Method in banking sector of Bangladesh. This will further strengthen the relationship between Authentic Leadership employee work performances, employee perception, self-efficacy for further AL theory development.

6. Conclusion

In today’s society, authentic leadership is important due to the drop off ethical leadership exemplified numerous cases in banking industries. Authentic leadership has not been offered as a panacea for corruption and greed but rather as a positive leadership model that emphasizes integrity, honesty, ethical and moral behavior. The theory has also been presented as having direct application in professional development of leaders within the workplace. Leaders in the early 21st century have the daunting task of making decisions in a business, political and organizational environment of distrust and scandal. A focus on leadership and more specifically, authentic leadership will help create greater positive long-term outcomes for leaders, their followers and their organizations. Authentic leaders are not a new phenomenon, but now, more than ever, they are needed to lead with integrity, honesty, ethical and moral behaviour. Leaders are needed who are true to themselves and who can then, in turn, be true to others. It may be concluded that “authentic leadership Effectiveness” accelerate “training effectiveness” and both are need to be strengthened in order to improve job performance, especially in the hard time of pandemic, the banks has faced in 2020.
References


