

# Leadership Styles and Pygmalion Effect among Banking Employees

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## Abstract

The study aimed to explore the relationship between leadership styles and Pygmalion effect among the managers and subordinates of private and public sector banks. The sample (N=210) was taken from different banks of Islamabad and Rawalpindi, including both men and women with age range of 20 to 55 years. To measure leadership styles of bank managers, the Multifactor Leadership Questionnaire was used, while Pygmalion effect was measured through Expectation and Readiness Scale. The results of the study showed that Pygmalion effect was significantly correlated with transformational leadership style and negatively associated with transactional leadership style. Managers with extended experience were more inclined to practice transformational leadership style and Pygmalion effect was high among their subordinates as compared to managers with lesser experience. Managers of private sector banks make more use of transformational in leadership style while managers of public banks were mostly transactional. Implications strongly focused on the revenue generation in a bank grounded to enhance Pygmalion effect among subordinates.

**Keywords:** Leadership styles; Pygmalion effect; Transformational leadership; Transactional leadership; Banking sector

## Introduction

In social sciences, there is no single or unique definition of leadership. Different authors have defined it differently. Lussier [1] states that leadership is the name of influencing employees to make efforts in order to achieve their objectives, while Robbins believes that ability of affecting a group to attain the goals is known as leadership. Similarly, Tannenbaum and Schmidt [2] define leadership is a social influence that is directed through the communication process that is exercised in a situation to achieve specified goal or goals. For the success or failure of organizations, leadership is an important factor [3].

Northouse [4] considers leadership as a process in which for an achievement of a common goal, an individual influences a group of individuals to work collectively for it. This process is carried out by a leader with the application of their knowledge and skills on leadership. This is named as a Process Leadership. The leaders work within the organizational culture as it exists whereas the transformational leader changes the organizational culture.

## Models of leadership

Models Leadership models go a long way to understand fully how a leader behaves in a particular situation. Different responses are required from a leader to deal with a new arising situation. In this regard there are two approaches.

**Four framework approach:** Researchers put forward four different types of framework in which the leader will have to establish the validity of his abilities. Those four frameworks are Structural, Human Resource, Political and Symbolic.

## Transformational leadership

Transformational leaders are called the true leaders who are an inspiration for their workers by having a clear idea of future. Both transactional and transformational leadership are equally important in many organizations. The transactional leaders make sure that the assigned work is being done whereas; the transformational leaders are more concerned about taking such initiatives which can make the task more significant.

Bowman [5] stated that the transformational leaders try and get succeeded in making their workers aware of how they can get penalized. Transformational leadership helps in achieving higher level of performance amongst individuals. Koh et al. [6] carried out a study in school setting which showed that transformational leadership foretells about organizational commitment, organizational citizenship behavior and teacher gratification.

Krishnan [7] said that transformational leadership is actually all about dealing with the workers friendly. In transformational leadership, organization is the leader's main focus and the leader's attitude will decide workers' commitment towards achieving the objectives [8]. While the transactional leadership is all about exchange, the transformational leadership deals with influencing the worker to achieve higher standards of output for the organization [9,10]. This leads to improving the performance of the worker [9,10]. It is the job of the leader to make sure that collective decision-making takes place [11,12]. This inspires the worker to work together thus maintaining reliable productivity [12].

## Pygmalion effect

This effect, also called as Rosenthal effect, is the phenomenon according to which children, students and employees give better performance when greater expectations are placed upon them.

The Pygmalion Effect is a form of self-fulfilling prophecy, and, in this respect, people with poor potentials adopt their negative label and those with positive label succeed accordingly [13]. The managers who make their employees to believe in them and in their efficacy, have harnessed a powerful performance improvement tool.

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An experiment on Pygmalion Effect was conducted, where it was shown that if teachers were led to expect enhanced performance from some children, then the children did indeed show that improvement.

According to Elliot [14], the Pygmalion effect can also result from ethnic prospects. He conducted an experiment where he saw that the day when students were ethnically lowered, they scored low but on the day they were ethnically greater, their score was also high. He had divided third graders on the basis of eye color during this his discrimination exercise between blue-eyed versus brown-eye. The Pygmalion Effect also known as the power of hopes can be summarized by bearing in mind: every supervisor communicates the hopes he has from the people reporting to him since he has prospects of the people who reports to him.

In non-educational settings, an experiment was performed in which nurses and aides in a nursing home were convinced that some of their patients would show more rapid recovery than others. In the end those patients who were suffering from fewer depressing tendencies actually make faster improvement and as compare to usual expectancy patients, they were being less re-admitted.

**Relationship between leadership styles and Pygmalion effect:** A wide ranging online and library literature search has pointed out only a handful of studies dedicated to the research of relationship between Leadership Style and Pygmalion Effect. George [15] hypothesized that leader with positive frame of mind have direct effect on the performance of the group in an organization. He studied the success of Pygmalion leadership in a military training camp in Israel they found that the trainees who were under the leadership in trainers who were encouraged to have higher expectations had higher success test scores, more positive attitudes and believed that their leader showed positive behaviors.

**Rational of the present study:** Every supervisor, good or bad, deliberately or unconsciously, create an ongoing, constant Pygmalion Effect. Leaders' hopes from their employee impact their performance at work place. Leaders' high hopes from subordinates, boosts output thus leading to Pygmalion Effect. The Pygmalion Effect allows the staff to sparkle in response to the manager's message that they are talented enough to succeed.

Thus, the major reason of the study is to observe how the leaders' hope affects the performance of his employee because these days, competition has increased and for a leader the better result from his employee is mandatory to maintain its place in the market. In Pakistan's perspective, banking organizations are presently active in both private and public sectors. These organizations are influencing greatly on our economy and transforming our economy from agricultural to industrial economy. Additionally, it has added to social uplift by providing credit facility to the underprivileged class and opening chances for reduction of class difference barriers. Banking sector, generally, assign duties to managers in the role of leader who in that way enacting their influence on their subordinates.

Leadership style has direct effect on employee's job performance. If leader is encouraging, boost up his subordinate and have high expectations from his subordinates, definitely it will increase subordinates job performance and once there develops a confidence level between leader and subordinate, turnover rate would reduce. Managers play very important role in banking organization because they have to lead from the front. So there leadership style that with which approach they are leading their followers is an important aspect that should be considered. There is a difference between private and

public sector banking services style, e.g. customer dealing, online banking, loan policy, etc. So there is need to compare these two sectors of banking organizations.

## Methodology

### Objectives

1. To investigate the relationship between leadership styles and Pygmalion Effect among managers and their subordinates.
2. To explore the effect of varying demographics in relation to leadership styles and Pygmalion Effect.

### Hypothesis

1. Pygmalion Effect will be positively correlated with transformational leadership style and negatively correlated with transactional leadership style.
2. Managers with extended experience are more likely to use transformational leadership style as compared to less experience managers.
3. Subordinates working with managers exercising transformational leadership style are more likely to experience Pygmalion Effect as compare to those working under managers with transactional leadership style.
4. Managers of private sector banks will be more likely to practice transformational leadership styles and their subordinates will tend to experience Pygmalion Effect more than the employees of public sector banks.
5. Female bank managers will likely to exercise transformational leadership style while male managers will tend to use transactional leadership style.

### Sample

Sample ( $N=210$ ) that constitutes both managers ( $n=70$ ) and their subordinates ( $n=140$ ) was taken from different banks of Islamabad and Rawalpindi, with age ranged from 20-55 years ( $M=37.10$ ). The level of their education was from graduates to masters, with their work experience varied from 6 months-20 years, that was classified into two groups, means within the same organization, job experience of 1-8 years was considered as less experience, while work experience above than 9 years was taken as extended experience.

### Instruments

**Multifactor leadership questionnaire:** Multifactor Leadership Questionnaire was used to assess the leadership style of the bank managers. The questionnaire was self-report measure that determined the concerned leader's perception regarding his or her leadership behavior. The questionnaire consisted of 36 items and it has three sub-scales including transactional, transformational and laissez-faire leadership styles respectively. In the current study only two styles were considered, i.e., transformational leadership style and transactional leadership style. Transformational leadership style with Cornbach's alpha reliability of .83 has 19 items and score ranged from 19-95 while there were 12 items that measures transactional leadership style with score range of 12-60 and its alpha reliability was 0.41 on the present sample.

**Expectation and readiness scale:** The scale was originally developed by Sprietzer. The scale consisted of three dimensions: Expectations,

Readiness motivation and Readiness ability. It was 18 items scale which have 5 response options ranging from Strongly Agree (1) to Strongly Disagree (5). The internal consistency of the scale is 0.91 that was as determined by Cronbach alpha in the current study. High score on this scale reflects high Pygmalion effect in subordinates.

**Procedure**

Formal permission was acquired from the administrative heads of the concerned organizations. All the respondents were approached individually and inform consent was obtained from each respondent separately. The participants were briefed with the purpose and objectives of the study and they were make sure that the present study is only for academic purpose and in future it would definitely be helpful for the society.

**Results**

The present study was planned to investigate the relation between Leadership Styles and Pygmalion Effect. With the help of different statistical procedures, proposed hypotheses of the study were analyzed and the results of the research are shown in the tables. Cornbach’s Alpha Coefficients was measured to find the reliability of Transformational Leadership Style, Transactional Leadership Style-Subscale of Multifactor Leadership Questionnaire and Pygmalion Effect. The relation between all the scales was determined with the help of Pearson Product Correlation method. Similarly, in order to compute the differences in the level of Transformational Leadership Style, Transactional Leadership Style and Pygmalion Effect, t-test was used.

t-analysis revealed significant difference of Pygmalion effect with

	M	SD	A	1	2	3
Transformational Leadership Style	74.15	9.91	(0.83)	—	-0.593*	0.68**
Transactional Leadership Style	43.3	4.61	(0.41)		—	-0.35*
Pygmalion Effect	71.45	9.12	(0.91)			—

p<0.05\*, p<0.01\*\*, p<0.001\*\*\*

Note: Read 1=Transformational Leadership Style; 2=Transactional Leadership Style; 3=Pygmalion Effect; Parenthesis shows alpha coefficients of the variables

**Table 1:** Pearson correlations among leadership styles and Pygmalion effect (N=210).

transformational and transactional leadership style (t=1.48, df=208, p<0.05).

Table 1 indicates the alpha reliability coefficients of all the scales. The range of reliability coefficients is 0.83 for transformational leadership style, 0.41 for transactional leadership style and 0.91 for Pygmalion effect. Table also indicates the Pearson Correlation between transformational leadership style, transactional leadership style and Pygmalion effect. Transactional leadership style has significant negative relationship with Pygmalion effect whereas transformational leadership style exhibit significant positive correlation with Pygmalion effect.

Table 2 shows that there is significant difference between transformational leaders and transactional leaders on job experience. The mean scores for transformational leaders with extended experience are higher than transactional leaders while transactional leaders scores high on less experience. This shows that managers who have more experience tend to use transactional leadership style and managers with less experience inclined to practice transactional leadership style.

Table 3 indicates that managers of private banks tend to exercise transformational leadership style while managers of public banks exercise transactional leadership style. Since Pygmalion effect’s mean is high on private banks, this shows that subordinates working in private banks experience more Pygmalion effect as compare to subordinates in public banks.

Table 4 shows that there is significant difference between leadership styles and gender. Females scores high on transformational leadership style while men are inclined towards transactional leadership style. Hence, subordinate working under female managers would be more likely to experience Pygmalion effect as compare to subordinates under male managers as it is proved from previous researches that employees under transformational leaders practice more Pygmalion effect.

**Discussion**

The present research was conducted to study the relationship between the leadership Styles, i.e., transactional leadership style and transformational leadership style and Pygmalion effect.

Findings show that there is a relationship between Transformational

Variables	Extended experience (n=26)		Less experience (n=44)		t (208)	p	95% CI		Cohen’s d
	M	SD	M	SD			LL	UL	
Transformational Leadership Style	79.65	8.61	71.61	8.49	1.6	0.04	-8.87	0.786	0.47
Transactional Leadership Style	43.02	4.84	51.80	4.63	2.7	0.05	-1.46	3.10	0.58

**Table 2:** Differences of job experience on leadership styles of managers (N=70).

Variables	Private banks (n=44)		Public banks (n=26)		t (208)	p	95% CI		Cohen’s d
	M	SD	M	SD			LL	UL	
Transformational Leadership Style	73.6	8.61	67.4	8.4	2.9	0.00	1.96	10.42	0.72
Transactional Leadership Style	41.8	4.4	48.2	4.6	2.1	0.03	0.20	4.63	-0.53
Pygmalion Effect (n=140)	77.2	10.8	71.6	5.3	3.2	0.04	-3.98	5.13	0.40

**Table 3:** Differences in private and public banks on the variables of the study (N=210).

Variables	Male (n=46)		Female (n=24)		t(68)	P	95% CI		Cohen’s d
	M	SD	M	SD			LL	UL	
Transformational Leadership Style	73.7	8.8	75.6	9.8	2.5	0.03	-6.29	3.72	0.50
Transactional Leadership Style	45.6	4.6	41.7	4.6	3.7	0.02	-1.52	3.14	0.82

**Table 4:** Differences of gender on leadership styles of managers (N=70).

leadership style and Pygmalion effect whereas Pygmalion effect is negatively correlated with transactional leadership style as well. According to Bass, transformational leaders generate a great awareness among their subordinates regarding the issues of consequences.

By means of differential treatment, supervisors instill high self-expectations in their followers. Another study by Krishnan [7] also proves that leader expectations from their followers are significantly and positively attached to transformational leadership style. Researchers stated that successful leaders are those who mostly communicate their viewpoint, get in touch with their team members and allow them to oppose their ideas. Different studies have found that there is significant positive relationship between transformational leadership and the efforts that the followers are ready to make for the success of an organization, leader's satisfaction, and perceived effectiveness, development of subordinates' capabilities and the dependence of the followers.

According to results managers who have more experience are basically transformational in nature. There is a positive relationship between transformational Leadership Style and extended experience. One reason for all these results is that when a leader gets experienced with time, he comes across the fact that he could increase his organization productivity by multiplying the confidence of his subordinates. By developing intimate relations with his followers, a leader makes sure that whatever happens, their leader is with them. This thing leads to innovation and creativity. So he boosts up their self-confidence that you have capabilities to do more and that you can accomplish difficult jobs easily because you are hardworking and capable of doing anything while managers with less experience mostly thinks that they are always right.

According to Atta, employees from private banks scores high on leadership styles as compared to employees from public organizations. But which leadership style is found more in public and private organizations is not examined in that research. Ahmed found that task-oriented leadership is higher in multinational organizations than national organizations. But the results of the study do not agree with the above stated facts. Many reasons can be attributed to this research. One main reason for contradiction can be that in present study purely public and private banks are considered while multinational banks are privatized but national banks are private and public both.

Results also indicate that female managers are mostly transformational while male managers have transactional leadership style. A study confirms the gender difference by arguing that as compare to men, female leaders in their roles, worth the relational feature more. Such continued study is important in that organizations which are indeed job performing as well as societal foundations.

A report states that women leaders are generally participative while male leaders are mostly directive, work-oriented and commanding. The leadership styles of women have also been considered as more communal whereas the style of men is usually work-oriented. Another researcher describes women are more transformational in their conventional and non-conventional organizational contexts. He found out that women follows transformational leadership style. Study of Khan [16] also supports this hypothesis that female bank managers are more transformational as compare to male bank managers who displays more transactional leadership style.

## Implications

As Pygmalion effect is important phenomena to boost up

subordinates performance and increase their productivity in any organization, this study will be helpful in understanding this concept in Pakistan. There are many researches on leadership styles with different variables but, there is not much empirical work done on the relationship between leadership style and Pygmalion effect. Productivity, job outcomes, organizational performance can be increased if leaders understand the phenomenon of Pygmalion effect and this study would definitely help in this process.

## Limitations and Suggestions

There were few potential weaknesses of the present study. For instance the current sample comprised only employees from the banking sector. In the future researches it would be better option to include other organizational setups so as to determine Pygmalion effect among other organizational structures. Moreover, was not large enough to establish the validity of results. Therefore, it is recommended that if larger sample would be incorporated may produce more generalise able findings. In addition to that inclusion of other demographic variables like gender, type of organization and organizational roles would surely enhance understanding of the variables of the study. Finally, it is suggested that exploration of Pygmalion effect with other related constructs like turn over intentions, productivity and output would help to comprehend the associated role of Pygmalion effect.

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