

**LEADERSHIP AND FINANCIAL PERFORMANCE OF COMMERCIAL
BANKS IN ALBANIA**

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LEADERSHIP AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN ALBANIA

ABSTRACT

This study investigates the leadership traits of secondary banks' branch managers in Albania and the manner the leadership behaviour relates to the financial performance of the organizations. The linkages between leadership patterns and banking institutions performance has not been researched to a satisfactory extent in Albania. This study employs quantitative methods to gather the data and utilized SPSS to analyse the tacit aspects of expected correlations between transformational and transactional leadership traits of branch managers and their institutions' financial performance as measured by ROE. Findings of this study have shown the existence of strong and statistically significant correlations between the dimensions of transformational and transactional leadership behaviour found among the middle level managers and their organizations' financial performance. The direction of this proven relationship is also very consistent with the peer research: transformational leadership traits are positively correlated with the ROE scores of a secondary bank, while the transactional and laissez faire leadership traits are negatively correlated to the financial performance of the targeted organizations.

Keywords: *transformational leadership, transactional leadership, laissez faire leadership, multifactor leadership theory, financial performance, secondary banking, leadership practice, leaderful activity.*

LEADERSHIPI DHE PERFORMANCA FINANCIARE E BANKAVE TREGTARE NË SHQIPËRI

ABSTRAKT

Ky studim hulumton tiparet e lidershipit të menaxherëve të bankave sekondare në Shqipëri dhe mënyrën se si lidershipi lidhet me performancën financiare të organizatave. Lidhjet midis modeleve të lidershipit dhe performancës së institucioneve bankare nuk janë hulumtuar në një masë të kënaqshme në Shqipëri. Ne këtë temë jane përdorur metoda sasiore për të mbledhur të dhënat dhe SPSS për të analizuar aspektet e heshtura të korelacioneve të pritura midis tipareve të transformimit dhe transaksionit të drejtuesve të degëve dhe performancës financiare të institucioneve të tyre të matura nga ROE. Rezultatet e studimit kanë treguar ekzistencën e korrelacioneve të forta dhe statistikisht të rëndësishme midis dimensioneve të sjelljes së lidershipit transformues dhe transaksional të gjetur mes menaxherëve të nivelit të mesëm dhe performancës financiare të organizatave të tyre. Drejtimi i kësaj lidhjeje të provuar është gjithashtu shumë konsistent me hulumtimin e ndërsjelltë: tiparet e lidershipit transformues lidhen pozitivisht me rezultatet e ROE të një banke dytësore, ndërsa tiparet e lidershipit transaksional dhe laissez faire lidhen negativisht me performancën financiare të organizatave të synuara.

***Fjalë kyçe:** lidershipi transformues, lidershipi transaksional, lidershipi laissez faire, teoria e lidershipit multifaktor, performanca financiare, bankat e mesme, praktika e lidershipit, aktiviteti lider.*

DEDICATION

I would like to dedicate this thesis to my wife and my family, for their unconditional support and love. The support and encouragement of my family has been my biggest strength, the unconditional love of my wife, my greatest motivation and my biggest inspiration.

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There are a very few people who I would like to thank for helping and assisting me in the preparation of my master thesis. I owe my special thanks to my thesis supervisor, associate professor Ugur Ergun. Having the opportunity to work with him was intellectually rewarding and fulfilling. His contribution, suggestions and expertise starting from the early stages of this work until today helped me write and finish this thesis successfully.

DECLARATION

Hereby I declare that this Master's Thesis titled "Leadership and Financial Performance of Commercial Banks in Albania" is based on my original work except quotations and citations which have been duly acknowledged. I also declare that this thesis has not been previously or concurrently submitted for the award of any degree, at Epoka University, any other University or Institution.

Ylvi Durmishi
May 31, 2018

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LIST OF ABBREVIATIONS

BoA	Bank Of Albania
CEO	Chief Executive Officer
CR	Contigent Reward
GDP	Gross Domestic Product
L-A-P	Leadership As Practice
ME	Management By Exception
MLQ	Multifactor Leadership Questionnaire
ROA	Return On Asset
ROE	Return On Equity
UAE	United Arab Emirates
MANOVA	Multivariate Analysis Of Variance
BKT	National Commercial Bank
NBG	National Bank Of Greece
ANOVA	Analysis Of Variance
MLT	Multifactor Leadership Theory

CHAPTER 1

INTRODUCTION

1.1 Background

Banking industry in Albania is relatively new, if we do not consider some pre-banking developments at the eve of market economy initiation in the post-communist country. The first commercial banks were a direct product of privatization of state-owned banks after the financial crisis of 1996 – 1997. The Austrian group Raiffeisen privatized the Savings Bank in 2003, while a Turkish holding took over the Agricultural Bank in 2004. Other private local and foreign financial institutions have established their branches or newly founded their banking institutions during the last two decades. Sixteen commercial banks have been licensed by Bank of Albania, which is the regulatory authority in the financial markets and banking, several of them being part of international financial groups such as ProCredit, Societe Generale and Pireaus Group. The Bank of Albania (BoA), is the regulatory entity of the banking and financial markets in the Republic of Albania, that promotes establishing, financial health and management excellence among the commercial banks in the local context. The institution provides with policy setting, financial and management controls, as well as advisory services to the private banks operating in the market.

From a regulatory perspective, commercial banks are the most systematic and systemized institutions, applying best practices of management and cut in edge technological solutions. Nevertheless, due to the difficulties in the academic research, banking institutions have not exhaustively researched aspects of their work related to social sciences and management studies.

Few quantitative research projects have been conducted on the performance of the commercial banking in Albania (Musta & Shehu, 2015), and even less scientific investigation has been carried out on leadership and its correlation with performance of banking institutions throughout the country (Xhakolli, 2011). Though the advancement of academic research on leadership in Albanian banking sector shows poor publication levels, researchers have persistently proven the impact leadership traits produce on various aspects of job performance, job and employees' satisfaction, organizational performance or financial performance throughout the world. Awamleh (2005) has tested a theoretical framework that measured the influence of transformational leadership styles on job satisfaction and employee's performance in the banking sector of UAE. The study found that transformational leadership traits positively and significantly predict both the job satisfaction and employee's performance. In a study investigating the banking sector in the Lahore district of Pakistan, Bushra et al (2011) checked for any probable predictive power of transformational leadership style on job satisfaction. The relationship between the bank managers' leadership traits on the job satisfaction variable was found positive and statistically significant.

Banking industry has been the focus of recent research even in one of the fast-growing economies of the world, such as Turkey. Çetin et al (2012) measured the influence of leadership styles and communication traits on lower-level employees work ethic motivation. According to the results of this research, transactional leadership style and communication skills significantly influenced job satisfaction, while transformational leadership did not show a significant predictive power on job satisfaction. Baysak and Yener (2015) found weak correlation between leadership styles and perceived job satisfaction among hospital personnel in Istanbul.

More complex conceptual models have also shown significant relationships between leadership styles and performance and satisfaction perception in the presence of mediating or intervening variables. Such has been a study of Saleem (2005), who checked for the impact leadership styles put on job satisfaction, these effects being mediated by perceived organizational politics. The results of this investigation showed that transformational and transactional leadership traits produced opposed effects on job satisfaction through the mediation of perceived organizational politics. According to the data results, transformational leadership boosted job satisfaction

among the employees, while transactional leadership traits reduced the job satisfaction as perceived by the human resources. Another study of the relationship between leadership traits and job satisfaction among respondents working in the banking industry is that of Obuobisa – Darko (2015). Both transformation and transactional leadership styles were proven strong and statistically significant predictors of perceived job satisfaction, with transactional leadership style slightly outperforming the transformational.

1.2 Problem discussion

Leadership plays a proven significant role in the overall success of a for-profit or non-for-profit organization. As such, leadership style could either boost, or constrain the performance, efficiency and effectiveness of the business. Having the awareness of such impact of leadership patterns on the long-term results of the organization provides with a competitive advantage over the competition in the marketplace (Riaz & Haider, 2010). Nowadays leaders need to supply their company's human resources with enthusiasm, trust, and strong imagination of how success will look like in the future (Bass, 1990). The classical transactional leadership views have been questioned and widely replaced by the new transformational leadership patterns, which inspire in employee's creativity and critical thinking, as well as feeling of significance about their work. The dependent variable, financial performance of the banking institutions in the domestic market, has not extensively been measured in relation to the leadership style applied by the managers/leaders of the banking organizations. In a rare research of minority owned depository institutions (MODI's), Cole (2009) has checked for probable correlation between the leadership traits found among the MODI's CEO's and the respective financial performance as measured by Return on Assets (ROA). Gautam and Malla (2013) have investigated the existence of correlation between the leadership styles of Bank Branch Managers and subordinates' job satisfaction and branch performance, employing a performance evaluation matrix that combined indicators of deposits, advances, non-fund-based incomes and non-performing assets. The researchers themselves evaluated the performance of the bank branches based on the data they collected from the later. From a more generic perspective, Geyer and Steyrer (1998) have examined the relation between two types of leadership, i.e. transformational and transactional, and performance indicators. Given the limited research about leadership – financial performance

of banking institutions, this study shows confidence about the originality and value added by this study, especially in the local context.

The research problem reflects similar academic interest patterns on the aspects of leadership in the banking industry in Albania: what would be the impact of a commercial bank adopting a certain type of leadership for its management body? Is there any correlation between the self-perceived traits of leadership and financial performance of commercial banks in Albania? What is the nature of correlation, if any, between leadership styles and financial performance of a banking institution in Albania? In the wake of the global financial crisis, the financial performance ratios in commercial banks are constrained and the top-management is distressed of simultaneous crisis management in each and every department. Therefore, research may add value to better information of decision making process in the framework of strategic financial and human resources management, organizational behavior and values of a banking institution operating in the domestic market.

1.3 Purpose of the Study

This study aims to track the probable relationships between the leadership patterns found in second level banks branch managers and the respective banks financial performance as measured by the most extensively used financial performance indicator, return on equity (ROE) of Albanian second level banks. The most reliable instrument used in measuring correlations between leadership styles and various aspects of organizations performance, Multifactor Leadership Questionnaire (MLQ, 5x-Short Form) developed by Bass and Avolio (1995) was employed to collect data from the branch managers of second level banks in the city of Tirana. The collected data were analyzed on statistical platforms (SPSS) to investigate the Pearson's correlation coefficient of the relationship of branch managers' leadership patterns and ROE values. The researcher's expectation from this quantitative study was to gather sufficient reliable responses that allow for valid results and conclusions about the reality of a possible connection between the independent and dependent variables of the actual study.

1.4 Research Questions

R1: Is there a relationship between the return on equity (ROE) of second level banks in Albania and idealized influence of the leadership pattern scores of the branch managers?

R2: Is there a connection between the return on equity (ROE) of second level banks in Albania and the inspirational motivation leadership pattern scores of the branch managers?

R3: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the intellectual stimulation leadership pattern scores of branch managers?

R4: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the individualized considerations leadership pattern scores of branch managers?

R5: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the contingent rewards leadership pattern scores of branch managers?

R6: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the management-by-exception leadership pattern scores of branch managers?

R7: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the laissez faire leadership pattern scores of branch managers?

1.5 Hypothesis

Hypotheses, as conjectures about the probable behavior of the independent and dependent variables and their possible correlation, are instruments to predict the results of interrogated relationships. The researcher in the actual study has used directional alternative hypotheses to fore say a change, difference or linkage in the variables reaction in the conceptual model. As the alternative hypotheses do not profess the direction of the variables reaction, null hypotheses are a reliable and valid method of testing a situation when there is no change in the values of the variable. If null hypotheses are rejected, automatically the alternative hypotheses are accepted.

H1₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the idealized influence leadership pattern scores of branch managers.

H1_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the idealized influence leadership pattern scores of branch managers.

H2₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the inspirational motivation leadership pattern scores of branch managers.

H2_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the inspirational motivation leadership pattern scores of branch managers.

H3₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the intellectual stimulation leadership pattern scores of branch managers.

H3_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the intellectual stimulation leadership pattern scores of branch managers.

H4₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the individualized considerations leadership pattern scores of branch managers.

H4_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the individualized considerations leadership pattern scores of branch managers.

H5₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the contingent rewards leadership pattern scores of branch managers.

H5_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the contingent rewards leadership pattern scores of branch managers.

H6₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the management-by-exception leadership pattern scores of branch managers.

H6_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the management-by-exception leadership pattern scores of branch managers.

H7₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the laissez faire leadership pattern scores of branch managers.

H7_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the laissez faire leadership pattern scores of branch managers.

1.6 Significance of the Study

It might be said that the Albanian banking sector has not been sufficiently researched in terms of the factors influencing their performance, behavioral patterns affecting the organizational development or socio-psychological variables at the core of their overall success / failure. The generic approach towards assessing the performance indicators is entirely monolithic, with top-management exclusively relating the organization performance with the market developments. Though the financial results of a business organization are generally dependent on a symbiotic effect of a multitude of social, psychological, economic, legal and market factors, the behavior of the leadership traits among the middle and top-managers may have a statistically significant predicting power on the performance indicators trends. Continuous quantitative research of these correlations provides the banks' management bodies with useful information commonly relied upon in their decision-making processes.

1.6.1 Specific Contribution of the Actual Study

A plethora of research linked to leadership styles and traits in its composing aspects, such as transformation and transactional leadership, has been conducted by academics, research practitioners and management bodies/entrepreneurs in the course of the recent decades. Studies have been carried out in the local market (Xhakolli, 2011) measuring the relationship between the leadership styles and certain aspects of human resources performance. However, there exists a gap in research relevant to the local banking sector measuring the probable predictive power of the leadership styles on the domestic banks financial performance.

1.6.2 Significance of the Actual Study to Leadership

The actual study is a first attempt to investigate the correlation or the association between the bank managers' leadership traits scores and the financial performance of the institutions they work for, as presented by ROE. Top-management throughout the second level banks may consider it a useful source of information in the framework of their strategic decision-making processes, human resources planning and management, as well as training and development programs. Even the regulatory institutions of the banking and financial industry may rely on such quantitative scientific research to fine-tune the profile requirements for banks' CEO's.

1.7 Nature of the Study

This research has employed quantitative research methods due to the nature of the relationship between the variables of the actual study's conceptual model. Epistemologically, quantitative methods enable hypotheses testing with measurable data about behaviors which are regular and predictable, under controlled conditions (Creswell, 2012). It also serves as a unified approach of the researchers towards the phenomena, sharing the same ontological stance about the leadership. The research design was non-experimental, as there was no manipulation of the independent variables to measure the informing power of the change in controlled variables on the behavior of the dependent variable.

Among the non-experimental research designs, correlational research was selected based on the researcher's assumption that a causal-comparative design would not be able to measure the cause-effect relationship between the independent and dependent variables without an accepted theory explaining it. The conditions for existence of causality between the variables are relationship, temporal order, and lack of alternative explanations (Palinkas, 2014). In correlational design the researchers are able to investigate for the existence of relationships through statistical calculating the correlation coefficients (Creswell, 2012). Therefore, if the sign of the correlation coefficient's value is positive, the researcher can conclude that there exists a positive predicting power of the independent variable on the dependent variable. On the other hand, a negative sign of the correlation coefficient is an indication of the existence of a correlation between the two variables, a correlation that is negative.

A sample size of 55 respondents was selected, comprising 100% of the Tirana county branch managers, which allows for less error and higher degree of accuracy. Seven independent variables of transformational and transactional leadership styles pointing to the leadership traits of the respondents were measured for their correlational intensity with the financial performance measured by ROE. The MLQ instrument adopted to measure the independent variables requires for the scales being continuous with a range of 0 to 4. The scores of each predicting variable reflected the branch manager's self-perception of each leadership trait.

1.8 Limitations and Delimitations of the Study

The research has been limited to the branch managers that have voluntarily accepted to participate through completing the MLQ. As the researcher has used only 21 items from the MLQ developed by Bass and Alovio (1992), the study's validity is confined to the reliability of this part of questionnaire. Demographic questions were added to the original MLQ, which designed as a google form was sent to 55 Branch Managers of Raiffeisen Bank, BKT, ALPHA Bank, NBG Bank, and Intesa Sanpaolo Bank located in the District of Tirana. It was assumed participants will answer questions faithfully and without freely. The study has examined the independent variables of transformational and transactional leadership traits, operationalized in full accordance with Bass and Alovio (1990, 1992, 1994, 1999) theoretical framework.

1.9 Thesis Structure

Chapter 1 is a general introduction to the topic of leadership, banking industry in Albania and research conducted across the academic world on the leadership style's relation to aspects of organizational performance. Later in this chapter thesis discusses the problem selected for research and the need to shed more light on the existing interaction between leadership and financial performance of a banking institution. The coherence of the selected topic within the research agenda of nowadays academic calendar is then supported. The purpose of the study and the researcher's expectations from this academic undertaking are stated within this chapter as well. Seven research questions have been listed to generate the research hypothesis and independent – dependent variables of the model later in Chapter 2. It is briefly covered the significance of the current study in terms of its specific contribution the leadership – performance correlation in the banking sector and its significance to leadership and organization studies. This study is of a quantitative nature, a non-experimental design that allows for conclusions drawing upon statistical generalizations. That is what is explained in the section "Nature of the study". Finally, it provides the readers of the current research with the limitations and delimitations of the study.

In Chapter 2 Literature Review and the theoretical framework have been drawn upon to design and conduct the investigation is introduced. Thesis applies the Multifactor Leadership Theory conceptual model developed by Bass (1985; 1990) to measure the leadership scores of targeted

audiences. Performance measures have been presented to the reader supported by recent academic debates on performance and its measurement systems. 14 null and alternative hypotheses have been stated consecutively, assuming the expected nature of relations between the leadership traits and banking institutions performance. Then thesis elaborates on leadership and its distinction from management. A short summary of transformational and transactional leadership styles is presented for the needs of general reader. Finally, in this chapter, summarize the meaning of leadership in banking industry.

Chapter 3 defines the data and methodological concerns of this study. Research approach makes mention of the ontology, epistemology and methodology adopted by the researcher to base the study's assumptions on. Sampling section offers presentation of unit of analysis, sampling method, and the sampling methods widely used in the field. Data collection method introduces the MLQ strengths and its relation to each of the conceptual model's dimension. Data collection section describes the ways employed to gather the information from the targeted respondents. In the end, reliability and validity of MLQ instrument are supported.

In Chapter 4 empirical findings of the study are discussed. After a short description of data cleansing and sample characteristics, it provides the statistical reliability of the instrument used for data gathering. Further, descriptive statistics are provided for each individual item of the instrument, enriched with tabular and graphical representations of the response distribution across the 5 ranges. Later, correlation between leadership traits and banks performance are proven statistically, while individual research questions and the concerned hypotheses are accepted or rejected based on the statistical tests results.

Chapter 5 draws the final conclusions from the data analysis and hypotheses testing, while provides financial leaders and academicians with suggestions and future research topics.

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Transformational and Transactional Leadership

The cut in edge paradigm of approach to leadership is the Multifactor Leadership Theory, which is built upon of transformational, transactional and non-leadership trinity of leadership introduced by Burns (1978) in his seminal work and advanced by Bass and Avolio (1990, 1995, 2000), who developed and validated the Multifactor Leadership Questionnaire (MLQ) (Avolio & Bass, 2004). The academicians, researchers and leadership practitioners use this instrument to measure the transformational, transactional and non-leadership scales in a multitude of areas of research interest. Hundreds of research projects have emerged out of this data collection instrument all over the world, covering various industries from hospitals (Baysak & Yener, 2015) to banking (Bushra et al, 2011). The research has been conducted adopting a theoretical construct that shows the existence of a connection among the transformational and transactional leadership styles and one of the most frequent financial performance indicators, namely the return on equity (ROE). The researcher has intended to investigate the existence of a probable correlation between the leader's behavior and improvements/weakening in the values of ROE ratio across the commercial banks in the Albanian market. In total, four transformational and three transactional leadership traits have been investigated as independent variables of the conceptual model (Burns, 1978). Idealized Influence (II) is a feeling of trust and confidence implanted on followers through a charismatic process of positively influencing and building emotional ties to the leader (Bass, 1990). The employees share a sense of mission and commitment to the values identified and inculcated by the leader. Inspirational Motivation (IM) is a follower's psychological state of being motivated thanks to

an articulation of the vision, mission and the future with a positive attitude (Avolio & Bass, 2002). Intellectual Stimulation (IS) is having the leader encouraging his subordinates to approach the existing procedures from new angles, boosting innovation and promoting employment of intellect (Bass & Avolio 1995). Individualized Consideration (IC) is paying exclusive attention to each and every individual and granting them the feeling of being valued by transferring competences as opportunities for self-development (Geyery & Steyrer, 1998).

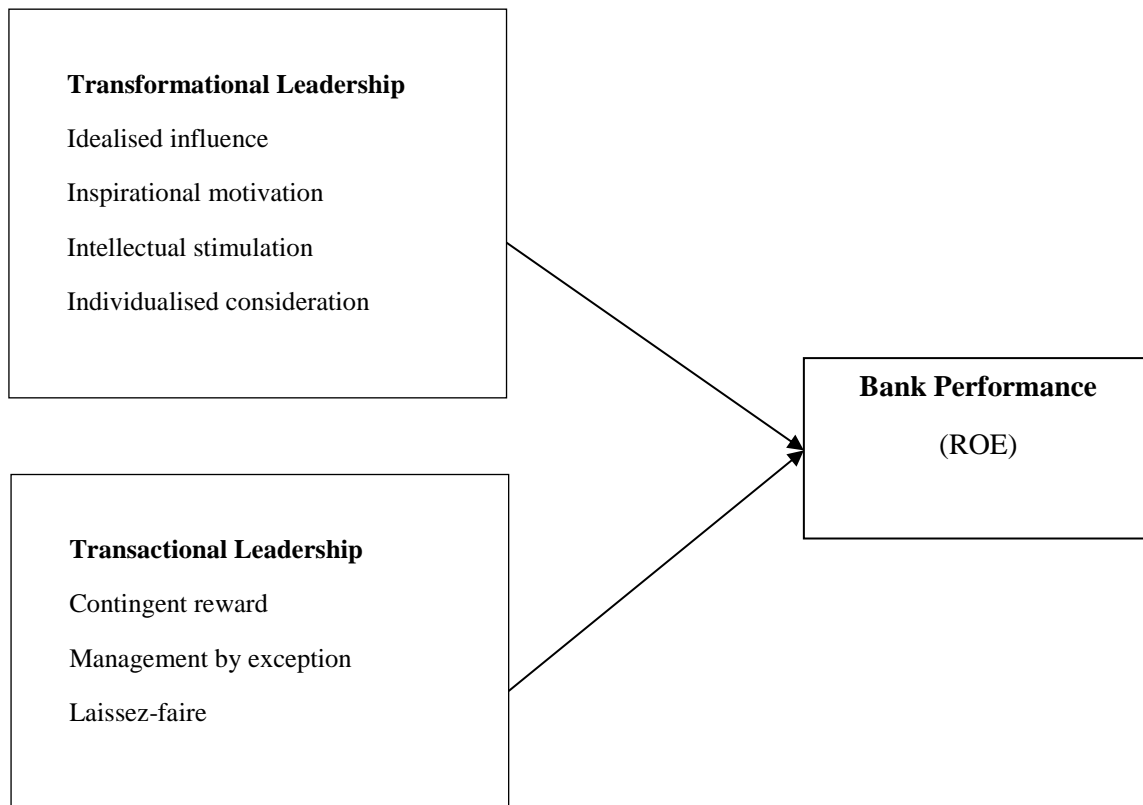


Figure 2.1 Research Model (Source: Avolio, Bass & Jung, 1999)

Three other scales were classified as transactional leadership items. Contingent Reward (CR) is the remuneration for adequate performance or using punishment to correct the inadequacy of follower's performance (Bass, 1990). Management by Exception (ME) is the exceptive intervention of the leader in the cases the followers fail to obey the predetermined standard procedures and allowing them to move ahead with carrying out their tasks as long as performance goals are accomplished (Avolio, Bass & Jung, 1999). The last scale is Laissez Faire leadership pattern. It is the total lack of leadership and is actually a non-transactional leadership

trait (Geyery & Steyrer, 1988). However, it has been operationalized under the transactional leadership style for the researcher's convenience in measuring the behavior of transactional and transformational leadership styles related to the financial performance of a commercial bank.

2.1.2 Performance

Performance may be extensively used by consultants, academicians and management practitioners to evoke not a very parsimonious term. "Performance management is a topic often discussed but rarely defined". (Neely *et al*, 1995). Though the performance measurement may refer to the employment of a comprehensive system of performance indicators to track the effectiveness and efficiency of a corporation, it is rarely applied in a strict manner. Most companies may apply sets of procedures for staff performance evaluation and systems of punishment-reward regarding with the employee's individual performance, when assessing the accomplishment of objectives at a corporate level, financial indicators generally prevail. As Ray Sata (1989) has put it 'when conflicts arise, financial considerations win out'.

Measuring performance requires a common conception of what being effective and efficient means, and the measurement indicators being quantifiable and agreeable. "Performance management can be defined as the process of quantifying the efficiency and effectiveness of an action" (Neely *et al*, 1995). The quantified and agreed terms provide with consistency of evaluation approach and comparability of timely results. Therefore, the performance indicators need to "be defined as a metric used to quantify the efficiency and / or the effectiveness of action (Neely *et al*, 1995). Both, quantifiability of measures and the intrinsic ability of financial indicators to outcompete any set of performance measurement instruments meet best at the banking institutions. As a matter of fact, banks are the prototypical entities that overestimate the numeric tools directly linked to the financial success. ROA and ROE are obviously the top two indicators of a financial institution performance, due to the very nature of their business model, with the latter significantly overpowering the earlier.

Both ROA and ROE are good measures of financial success of a corporation, with the advantage of ROE being a measure of a company's profit growth without pouring additional equity capital into the business activity. A ROE that grows persistently is an indication that investors are

getting increasingly more profits for their invested amounts, i.e. equity. Put differently, ROE assesses the company's growth rate speed. These innate strengths make ROE an increasingly employed tool in estimating future projections of firms' profits and growth. As a consequence, high and fast-growing companies score higher ROE values.

2.2 Leadership

In 1978, James McGregor Burns believed the world was going through a crisis of leadership, as humanity had to farewell most of the early 20th century giants, like Churchill, Ghandi, Mao, Roosevelt, or Stalin (Burns, 1978). Obviously almost nobody expected the emergence of a new world leadership that marked the demise of socialism and the raise of neo-liberalism. Reagan, Chirac, Thatcher, Kohl, Pope John Paul II, Gorbachev, and Jeltsin, and later Bush (Jr), Blair, Putin and Merkel and a constellation of entrepreneurs that shaped the new world order of liquid postmodernism such as Gates, Zuckerberg and Soros are indications that leadership has flourished on the eve of the new millennium. Now the crisis has moved towards the quality of leadership postmodern leaders offer to humanity. Mediocrity, intellectual vanity, and a very non-idealistic approach to leadership have been widely adopted by them (Burns, 1978).

It was the dramatic year of political, economic and social changes, 1990 that Bass proposed transformational leadership as a new style in addition to traditional transactional and laissez faire leadership perspectives (Bass, 1990). Older views on leadership were built upon the enlightenment assumption of the rational economic man, which is at the core of the liberalism's idea of market economy. Therefore, either leader used to avoid intervening on the work processes – assuming the self-interest would drive the employees to follow the procedures and pursue the benefit – or he/she entered into a transactional relationship with worker, based on a reward – penalty principle of evaluation (Bass, 1990). Dissimilarly, transformational leadership strives for embedding in workers a participatory attitude towards work processes (Staats, 2015). Staats (2015), also insists in advancing a servant leadership dimension, which has not yet been operationalized into a tested and accepted theoretical framework.

As it will be seen in the following paragraphs, leadership is not a new topic in political and organization studies thanks to valuable contribution made by medieval and Enlightenment

authors such as Sun Tzu, al Mawardi, Ibn Khaldun, Hobbes, Machiavelli, or Joseph De Maistre. Still research on leadership was too constrained due to the limited knowledge and the primitive explanations of leader's behavior. The classical approaches to leadership suffered also from an overemphasis on results, rather than focusing on ways leadership is actualized and measured.

2.3 Leadership vs Management

Apart from the semantic differences between the two terms, leadership and management are frequently used interchangeably, confusing both the students and practitioners within the organizations. This misconception might originate from the distorted premises such as mis-identifying leadership with the activity of people in high places (Selznick, 1957), or authority that relates two or more positions in an organization to each other (Jacobs, 1970). Other seminal works in leadership studies do not clearly distinct between management and leadership, adopting an approach of complementary leadership and management, such as the comprehensive model of Burns (1978), whose concept of transactional leadership can also be grasped as management (Enochs, 1981). These difficulties may arise from the ambiguous nature of the phenomenon of leadership, the dimensionality of which is to be traced in the activity of the managers (Dubin, 1979).

Selznick (1957) further maintains that only a part, or sometimes none, of the decision-makers work comprises leadership in this sense of the term. Management is seen as a routinely mechanic engagement of people in organizations (Katz and Kahn, 1978) with increasingly less free choice and original participation of the subordinates (Graham, 1988). Leadership patterns of behavior have to be searched for in critical decision-making activities, that help us understand a broader social context within which the decision-making occurs (Selznick, 1957). It is also to be looked for in reciprocal exchange of information that influences and convinces the receiving parties on a basis that they will take the desired outcomes (Jacobs, 1970). Leadership's most indicating events are those that show influential power happening over the mechanical and routine sequence of activities and organization (Katz & Kahn, 1978).

In a summarized manner, the distinction between leadership and management can be conceived as following:

Table 2.1 Leadership vs Management Distinctions

Dimension	Management	Leadership
Decision – making activities	Routine	Critical
Approaches of implementation	Use of authority	Use of influence
Freedom of choice	Mechanical compliance with routine directives	Wider spectrum of choices
Positions in organizational structure	Top – positions	All levels of management
Acceptance of influence	Coerced compliance	Voluntary acceptance

2.4 Leadership Styles

2.4.1 Transformational Leadership

Originally proposed by Burns (1978) in his political theory of leadership, transformational leadership has found a wide acceptance and application in the field of organizational psychology and business leadership. Referring to Burns original definition, transformational leadership is a process during which “leaders and followers help each other to advance to a higher level of morale and motivation” (Burns, 1978). Following the footsteps of Burns, Bass (1990) while calling it superior leadership performance, professes that transformational leadership happens “when leaders broaden and elevate the interests of their employees” through generating “awareness and acceptance of the purposes and mission of the group”. This approach is based on a leader’s personal characteristics and role model ability to transform the followers’ perceptions and values through their moral example in that they inspire the followers to work for the team’s common objective by doing so themselves. Scholars have differed in their perception and theorization of transforming leadership, what has blessed the academicians with more sophisticated conceptual models for research of the proposed phenomenon. Bass (1985) operationalized the original Burns’ (1978) concept of transformational leader into a measurable activity. Building a psychological mechanism of how the transformational (and transactional) leadership was traced through the effects it produced amid followers’ motivation and performance, Bass (1985) made leadership an accessible research target of organizational

psychology researchers. As opposed to Burns, Bass maintained that transformational and transactional leadership characteristics can be simultaneously found in leaders.

The original questionnaire developed by Bass (1985) was criticized for concentrating on results while avoiding the leader's specific actions. Reflecting to the objections, Bass and Avolio (1990) enhanced the questionnaire into a more inclusive instrument that, in a parallel way, investigated leadership actions and results. Validity and reliability of the final version of MLQ with nine factors has been proven by prominent scholars through quantitative (Antonakis et al, 2003) and qualitative (Pielstick, 1998) research.

2.4.2 Transactional Leadership

Effective leadership styles accommodate a combination of transformational and transactional leadership traits (Bass, 1990; Hargis et al, 2011) and transformational leadership does not oppose the exercise of transactional leadership behaviors (Hargis et al, 2011). Transactional leadership concept is a product of exchange-based theories of leadership. According to Bass (1985) transactional leaders develop the relationship matrix with the followers based on a give – take approach. The operationalized notion of transactional leadership is measured through items that track contingent reward and management by exception across different contexts and respondents (Bass & Avolio, 1993). Contingent reward leadership is the leadership trait which explains the reciprocal transfer of rewards between the leader and the subordinate: the subordinate (does not) meets the expectations, whereas the leader punishes / remunerates him for doing so. Management by exception is a leadership behavior that utilizes the correction intervention to discipline the nonperforming or non-aligned followers (Bass, 1985).

2.5 Leadership in the Banking Sector

Effective leadership is a highly demanded quality in banking management recruitment approaches. The leadership role is responsible for providing with timely decision-making abilities and flexibility to host market-led transformations (Gibb, 2009). Statistically significant strong relationships have been found between leadership and overall performance of organizations (Kivipold & Vadi, 2013) since leadership is a shared commitment of an organization's management to accomplish the entity's objectives for success.

Given that banking is a service-providing business, the human resources employed to deliver the intended services play a crucial role in the service quality, directly influencing the customer satisfaction level and key indicators of organization's performance. Repetitive research has proven leadership styles are bestowed with predictive power on the employees' performance and job satisfaction (Baysak and Yener, 2015; Saleem, 2005), on job satisfaction and organizational commitment in the banking sector (Bushra et al, 2011; Awamleh, 2005; Obuobisa, 2015), on motivation and innovation (Sata, 1989; Çetin et al, 2012), on objective performance (Geyer and Steyrer, 1998), on financial performance of banking institutions (Cole, 2009), and on organizational climate and financial performance of supermarkets (Koene et al, 2002).

Due to the high degree of formalization and regulation, competition in the banking industry is assessed to be tough (Barbosa et al, 2015). Transformational leadership is responsible for promoting motivation and innovation (Bass, 1985; 1990) in the organization. Both motivation and innovation are widely accepted as contributors in competition scoring of the firm. The impact of leadership styles in job performance, job satisfaction, organizational commitment is another contributor of competitive advantage of a bank. Finally, financial performance of banking institutions effected by leadership patterns provide with significant competitive power in terms of financial health and enhancement opportunities.

CHAPTER 3

DATA AND METHODOLOGY

The aim of this quantitative research has been to investigate the nature of relationships between the leadership characteristics of commercial banks' branch managers (independent variables) and the financial performance of respective banks measured by return on equity (ROE) (dependent variable). It might be able to be concluded that there is a positive/negative relationship between transactional, transformational and laissez faire leadership patterns of middle-level managers and financial performance indicators, only where statistically significant correlation coefficients were found.

Global financial and economic crisis since 2008 has been unavoidably influencing the financial and managerial performance of the commercial banks operating within the Albanian markets. Their structure of capital and financing portfolio, as well as the financial health of prominent clients are generally perceived as the exclusive factors determining their financial performance. The studies that employ scientific methods of evaluating the impact of uncommon predictors of financial performance, such as leadership style, may be useful to demonstrate the significance of a multidisciplinary approach towards measuring the full range of performance influencers.

3.1 Research approach

From a social sciences practical-turn point of view (Bourdieu, 1990), leadership is perceived as emerging in social interactions and the conventional notions of leadership are reshaped through the social practices (Crevani et al, 2009) within the organizational life. Therefore, the study assumes that quantitative studies of leadership should adopt a process ontology, which views the leadership practices as produced out of social interactions. It is drawn upon the seminal work

of Carrol et al (2008) to examine the leaderful activity in nitty-gritty everyday activity of leadership, carried out in each and every organizational level through moral, emotional, and relational aspects of social practices involved. Leadership-as-practice (L-A-P) is more engaged with questions *how*, *where*, and *why* leaderful job is being carried out and completed rather than with *who* is the naturally predetermined leader who offers the sublime vision for subordinates to comply with (Raelin, 2011).

As opposed to individualistic and structural approaches to leadership, leadership-as-practice epistemology finds its unit of analysis at the level of the practice within which the leadership activity is taking place. “A practice is a cooperative effort among the participants who choose through their own rules to achieve a distinctive outcome” (Giddens, 1984). The leadership practitioners internalize the characteristics of the practice they are involved in through active involvement (Schatzki, 2001). Therefore, leadership-as-practice is less about personal activity and more about results of common and collective engagement. It is evident to take a Heideggerian epistemological stance to leadership, perceiving it not as something extant in the context or within the individual, but rather as something emerging practical coping activity (Chia and Holt, 2006). Then, practice is grasped as an activity that has his unique structure and development deeply rooted in the situation it emerges from, in which a congregation of episodes, individuals and meaning compose each – other (Schatzki, 2001).

Ontologically, epistemologically and methodologically, leadership-as-practice approach differs from its competency predecessor, as shown in the following table:

Table 3.1 The competency / practice distinction

Dimension	Competency	Practice
Ontology	Assumes intellect predominantly	Incorporates embodiment and emotions
Epistemology	Rooted in objectivism	Explicitly constructionist
Research method	Quantitative, metrics	Empirical, ethnography, qualitative methods
Level of analysis	Individual	The patterns of relations between social practices

The current study employs a quantitative research method to investigate phenomena that are not purely of the individual realm, rather show a patterned consistency of action (Chia & Holt, 2006) that supersedes the methodological individualism and the dichotomy of homo-economicus - homo-sociologicus (Rekwitz, 2002), but slightly leaning to the homo-sociologicus when struggling to decode /the human activity and behavior. This “logic of practice” (Bourdieu, 1990) gives priority to practice over actor as an individual and assumes that it is not the organized, planned, linear and top-level activities that shapes the overwhelming majority of leaderful action: rather it is ‘in-situ coping (Chia & Holt, 2006), “the unheroic work of ordinary practitioners in their day-to-day activity” (Whittington, 1996) where the leadership embryonic routines dwell.

3.2 Sampling

The unit of analysis is the pattern of relation between the mental representations of branch managers of commercial banks and those of their subordinates measured by their self-perceived leadership traits. Though, it has been asked to the individuals to respond to instruments’ questions, the approach to data analysis enabled us to explain the nature of relationship between the leadership traits of the respondents and the financial performance of the institutions they work in. This study’s design does not assume any causality between the independent and dependent variables investigated through the theoretical construct employed here.

The current study’s sample consisted of 55 questionnaires dispatched to branch managers working with 5 different Albanian banks in the district of Tirana. A google-form link of the questionnaire was sent to each branch manager and anonymous handling of the responses was guaranteed. 49 out of 55 targeted prospects filled the online questionnaire out, comprising up to 90% of rate of response. Only employees with leadership responsibility were targeted and any response originating from non-leadership staff was dropped out.

The author could select between random sampling, cluster sampling and judgment sampling (Singh, 2006) as appropriate approaches to targeting the respondents. Another method of sampling is that of purposive sampling which gives the researcher more arbitrary power to target the audience, though it would somehow reduce the generalizability of the study’s findings

(Singh, 2006). It has been applied the purposive sampling, deeming it to be more representative to the general population of middle level managers in the Albanian banking sector. Branch managers throughout the district of Tirana, responsible for more than 50% of country's GDP were judged appropriate and representative to the overall banking sector.

Researchers investigating the influence of leadership patterns on the various aspects of performance of financial institutions have reported much lower rates of response. Respectively Fan (2006), who studied the influence of leadership traits on team performance reported 58% rate of response, Harder (2002) who examined the relationship between different leadership aspects of banks presidents reported 37.6% and Oueini (2005), who compared the leadership styles in US and Lebanese banks reported 77% response rate. Accordingly, the research has achieved a satisfactory rate of response from the targeted respondents.

3.3 Data collection methods

3.3.1 The Multifactor Leadership Questionnaire

The researcher in the current study has employed 21 items from MLQ (5x-short form), a validated instrument comprised of 45 (Avolio & Bass, 2004) items that measure self-perceived transformational, transactional and laissez faire leadership traits of commercial banks branch managers. This instrument is designed to measure idealized influence (q1, q8, q15), inspirational motivation (q2, q9, q16), intellectual stimulation (q3, q10, q17), individualized consideration (q4, q11, q18), contingent reward (q5, q12, q19), management by exception (q6, q13, q20) and laissez faire (q7, q14, q21) leadership traits as perceived by the middle managers themselves.

Other researchers of leadership have successfully used partial versions of MLQ (5x-short form) in accordance with their academic and applied research needs. Walumbwa et al (2004) adopted only 20 items from the MLQ (Avolio & Bass, 2004) to investigate the collective efficacy a related to transformational leadership and work outcomes. Kark, Chen, and Shamir (2003) used 16 items to examine aspects of transformational leadership in terms of empowerment and dependency interactions.

A Likert-scale ranging from (0) – not at all to (4) – frequently, if not always was adopted to obtain the perceptions of the targeted respondents. Additional demographic questions were

added to the instrument to allow the researcher for correlation analysis between the MLQ results and financial performance of banking institutions. The financial performance indicators, namely ROE for the years 2015 and 2016, were obtained from the commercial banks audited financial statements as part of their annual reports. The instrument was calibrated to capture the existence of statistically significant correlations between transformational, transactional and laissez faire leadership styles of branch managers and financial performance of commercial banks in Albania.

Multifactor Leadership Questionnaire (MLQ) developed by Bass & Avolio (1990) and further developed by Avolio & Bass (2004) has been extensively used to measure effects of leadership traits on a wide range of organizational performance aspects, and especially the correlations between leadership styles and financial performance of banking institutions. Bushra et al (2011) have employed MLQ to measure the effect of leadership styles on employees' job satisfaction and organizational commitment among the banking institutions employees in the district of Lahore, Pakistan. Cherian and Farouq (2013) have examined power of the effective leadership to drive financial performance of UAE commercial banks. Geyery and Steyrer (1988) have investigated the relationship between transformational leadership style and general objective performance in banks.

3.4 Data Collection

The google-form designed questionnaire link was sent by e-mail to 55 managers of bank branches across the district of Tirana associated by an invitation letter in electronic form. In order to personalize the communications, a template invitation letter was modified for individual customization. Targeted potential respondents were assured for confidentiality and anonymity, as the google-form data collection method ensures for absolute anonymity of respondents.

In addition to full confidentiality and anonymity, google forms are easy-to-fill and do not waste respondent's time, as they could fill the forms at any convenient segment of time. As opposed to printed-out questionnaires, google forms do not bother respondents scan/save and attach them to an e-mail. Once they fill it online, it's done. Google forms award the authors the advantage of automatically collated collected data, which may be downloaded to author's PC in statistical

software friendly versions, such as MS Excel or CSV. Once uploaded on SPSS, the data were ready for analysis. The researcher called the non-responding branch managers via phone to push them fill the forms and increase the responding rates. Finally, the google-form was actually filled by 49 branch managers out of 55 targeted ones.

3.5 Validity, Reliability and Generalizability

3.5.1 Validity

Internal validity, which is the ability of a conceptual model to assign causes to outcome, is not intended by the researcher, since the purpose of the study is to test the existence of any correlational behavior of the variables under study. The external validity, or the generalizability of the study's findings wide applicability, has been assumed across a rich research agenda on transformational – transactional leadership. Judge and Piccolo (2004), in a meta-analysis test of the validity of the model of transformational, transactional and laissez-faire leadership styles, have found significant support the validity of transformational leadership style as a whole, contingent reward item of the transactional leadership style, and a partial support for the validity of laissez-faire leadership. In another uncommon meta-ethnographical analysis, Pielstick (1998) has employed qualitative methods to test the validity of the transformational leadership construct in the Bass & Avolio (1990) model of leadership. Thanks to its unlimited nature of meta-ethnography, the author has come to conclusions that support the validity of the transformational construct of the model (Pielstick, 1998).

3.5.2 Reliability

Reliability is the replicability and stability of the measures employed in this study, the capability of the test to award same results in similar conditions. Strong support for the validity and reliability of the Multifactor Leadership Theory conceptual model was found by Antonakis et al (2003) in their research to validate the MLQ instrument. In order to evaluate the non-response bias, the researcher has conducted independent sample t-tests on all the variables related to early and late respondents. The results of the independent t-tests showed that no statistically significant differences occurred between the two groups. These results ensure non-response bias have no significant impact in the results of the study. Similar tests were conducted to check the

existence of differences between males and females, while MANOVA tests were carried out to test differences between the respondents from different banks.

CHAPTER 4

EMPIRICAL FINDINGS

4.1 Data Cleansing

The scope of the study was to investigate the existence of correlations between the three main dimensions of the multifactor leadership theory (Bass, 1990) as applied by the branch managers of the commercial banks in Albania and the respective financial performance as measured by ROE for the years 2015 and 2016. 49 out of 55 branch managers targeted in the district of Tirana responded to the questionnaire, while 5 failed to fill the google form out. After the last responses were received, the authors conducted a data cleansing procedure to clean any inappropriate response that would influence the overall reliability of the collected data. Fortunately, and thanks to the technical features of google form data collection method, no inaccurately filled questionnaires were found.

4.2 Sample Characteristics

55 commercial banks' branch managers operating in the district of Tirana were distributed the invitation to participate in the survey. All the targeted respondents accepted the invitation for survey participation. The targeted commercial banks were Raiffeisen Bank, BKT (National Commercial Bank), Intesa San Paolo Bank, NBG (National Bank of Greece) and Alpha Bank. The respondents were asked to provide with their demographic information and their self-perceptions or self-confidence about 21 items of MLQ (5-X Short Form) allocated in three dimensions of MLT theoretical framework: transformational leadership, transactional leadership and laissez faire leadership styles. 10 out of 49 respondents were branch managers of Raiffeisen Bank, 10 of BKT, 10 of Intesa San Paolo Bank, 10 of Alpha Bank and 9 of NBG Bank.

4.3 Measures and Reliability

To measure the reliability of the instrument utilized in the research, Cronbach's alpha was calculated for each of the constructs, namely Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Contingent Reward, Management by exception and Laissez Faire, using SPSS. The threshold for Cronbach's alpha to indicate acceptable reliability of the construct is .70 (Simon, 2006). The actual Cronbach's alpha values for each of the construct are shown in Table 4.1 below.

Table 4.1 Leadership Traits

Traits	Cronbach's alpha
<i>Transformational</i>	
Idealized Influence	.710
Inspirational Motivation	.823
Intellectual Stimulation	.885
Individualized Consideration	.932
<i>Transactional</i>	
Contingent reward	.843
Management by exception	.736
<i>Laissez faire</i>	.889

All the constructs scored Cronbach's alpha values that are greater than the critical value .70, what assures the researcher the instrument has been sufficiently reliable to capture the targeted self-perceptions among the audience of commercial banks branch managers.

4.4 Summary of Findings and Discussion

4.4.1 Descriptive Data Analysis

The descriptive data of the instrument's item's results were analyzed, taking into consideration the frequency of the responses, percent of the responses, valid percent, and cumulative percent of five scales, respectively 'not at all', 'once in a while', 'sometimes', 'fairly often', and 'frequently if not always'. For percent of the responses for each scale, it has been provided with the graphical distribution of the self-perceptions.

Table 4.2 Making others feel good to be around me

Valid	F	%	Valid %	Cumulative %
Not at all		0%	0%	0%
Once in a while	8	16%	16%	16%
Sometimes	9	18%	18%	35%
Fairly often	23	47%	47%	82%
Frequently if not always	9	18%	18%	100%
Total	49	100%	100%	

Question 1 is an item of the idealized influences construct, which is transformational leadership style’s dimension. 65% of the respondents perceive that they make others feel good fairly often or frequently if not always in exerting their roles as leaders.

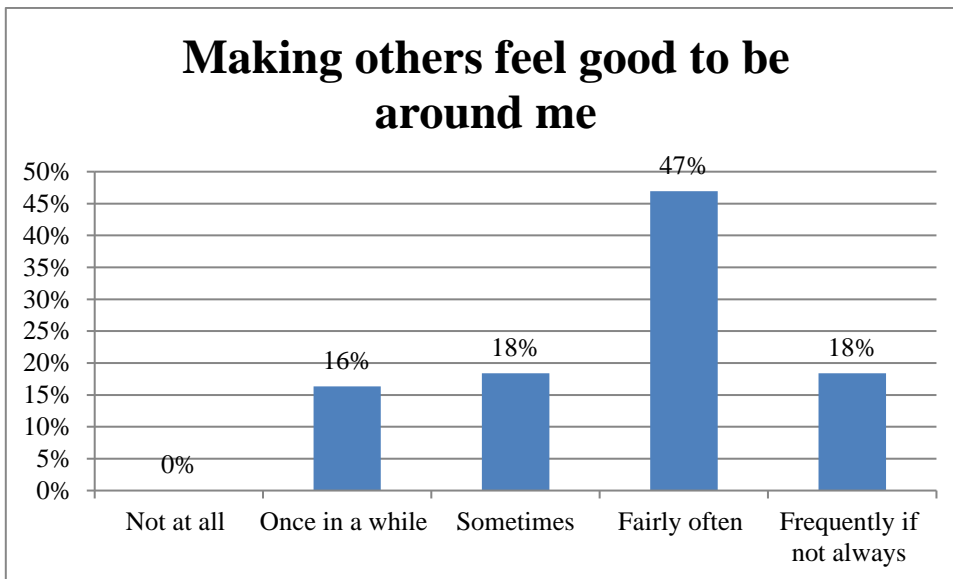


Figure 4.1 Making others feel good to be around me

When asked about expressing their potentials with few simple words, the majority of the respondents have the confidence they frequently do it, if not always (43%) or they fairly often manage to do it (16%). Item no.2 is an Inspirational Motivation factor, which itself is a dimension of transformational leadership style. Detailed results on how this confidence differs across the self-perception scales is shown in a tabular mode in Table 4.3, and graphically in Figure 4.2 below.

Table 4.3 Expressing with a few simple words what we could and should do

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	7	14%	14%	14%
Sometimes	13	27%	27%	41%
Fairly often	8	16%	16%	57%
Frequently if not always	21	43%	43%	100%
Total	49	100%	100%	

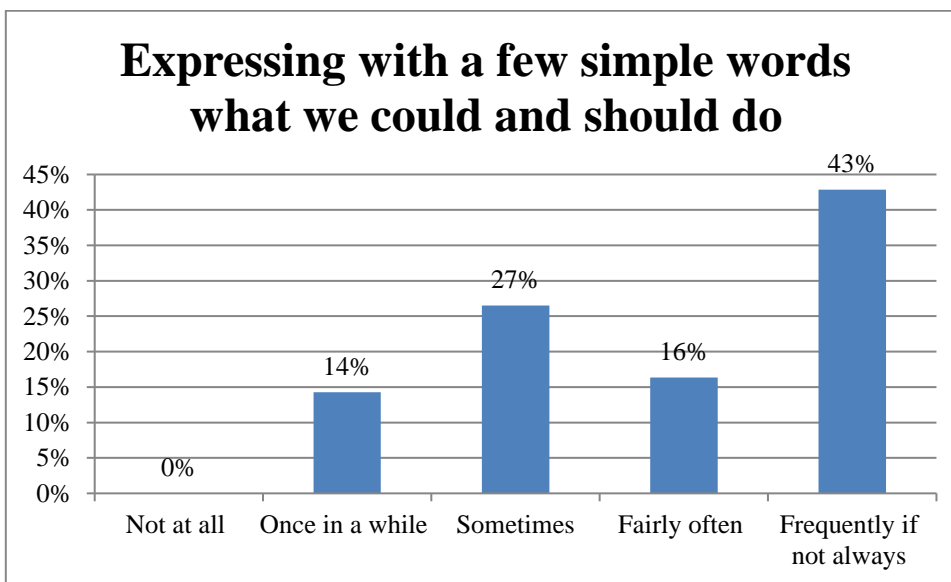


Figure 4.2 Expressing with a few simple words what we could and should do

A construct of the intellectual stimulation of the transformational leadership is making it possible for others to rethink the old problems approaching to them in new ways. Again, a majority of the middle managers self-perceive that they fairly often (43%) or frequently if not always employ it in dealing with their subordinates. For more detailed information about the other scales of self-perception, see Table 4.4 and Figure 4.3 for graphical display of the results.

Table 4.4 Enabling others to think about old problems in new ways.

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	8	16%	16%	16%
Sometimes	13	27%	27%	43%
Fairly often	21	43%	43%	86%
Frequently if not always	7	14%	14%	100%
Total	49	100%	100%	

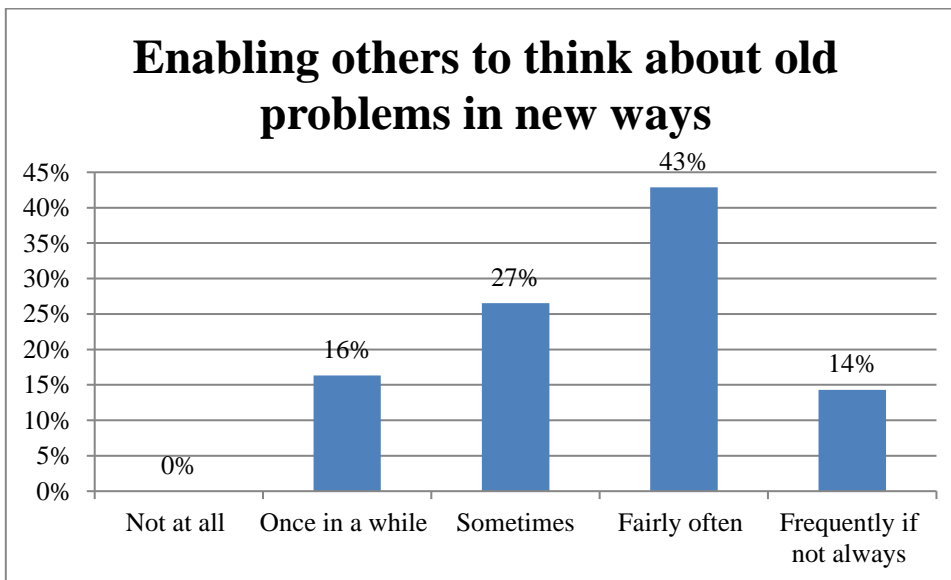


Figure 4.3 Enabling others to think about old problems in new ways

The first construct of the idealized consideration’s dimension of transformational leadership style, finds considerable application according to the respondent’s self-perception. The empirical results show that 35% of the interviewed branch managers believe they help other develop themselves, while another 18% maintains they fairly often do it. Table 4.5 and Figure 4.4 show that 47% of the respondents perceive they do apply this approach once in a while (20%) or sometimes (20%).

Table 4.5 Helping others develop themselves.

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	10	20%	20%	20%
Sometimes	13	27%	27%	47%
Fairly often	9	18%	18%	65%
Frequently if not always	17	35%	35%	100%
Total	49	100%	100%	

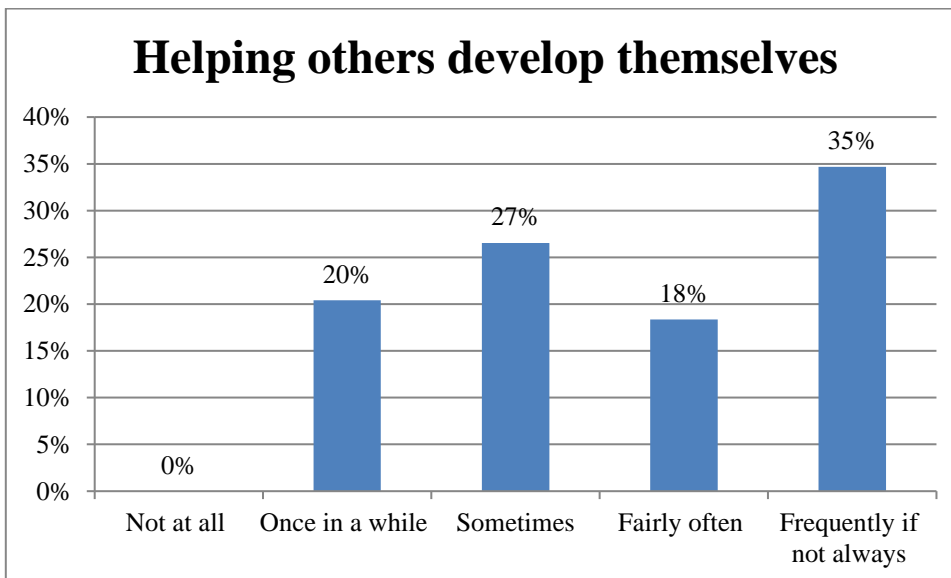


Figure 4.4 Helping others develop themselves

Transactional leadership component question 5, telling others what to do if they want to be rewarded for their work, reflect 49% of the respondents reporting fairly often as a response to the question and 8% tell frequently if not always. According to the results shown in Table 4.6, no respondents indicate not at all as a response to the question, with 20% reporting once in a while and 22% responding sometimes. The results are displayed graphically in Figure 4.5.

Table 4.6 Telling others what to do if they want to be rewarded for their work

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	10	20%	20%	20%
Sometimes	11	22%	22%	43%
Fairly often	24	49%	49%	92%
Frequently if not always	4	8%	8%	100%
Total	49	100%	100%	

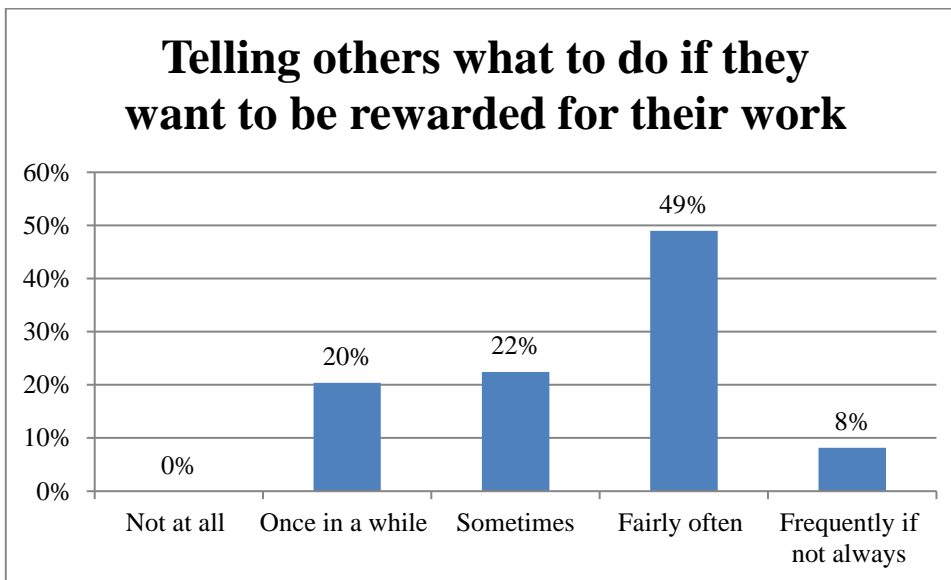


Figure 4.5 Telling others what to do if they want to be rewarded for their work

Management by exception is also a considerably spread component of the transformational leadership style, in keeping with the tabular results shown in Table 4.7. 34% of the respondents are of the opinion that they are satisfied when others meet agreed-upon standards, while 20% report they fairly often do so. Another 24% of the interviewed branch managers admit they only sometimes share this feeling, while 22% feel so once in a while. Graphical results are shown in Figure 4.6.

Table 4.7 Being satisfied when others meet agreed-upon standards.

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	3	7%	7%	7%
Sometimes	14	29%	29%	36%
Fairly often	12	24%	24%	60%
Frequently if not always	20	40%	40%	100%
Total	49	100%	100%	

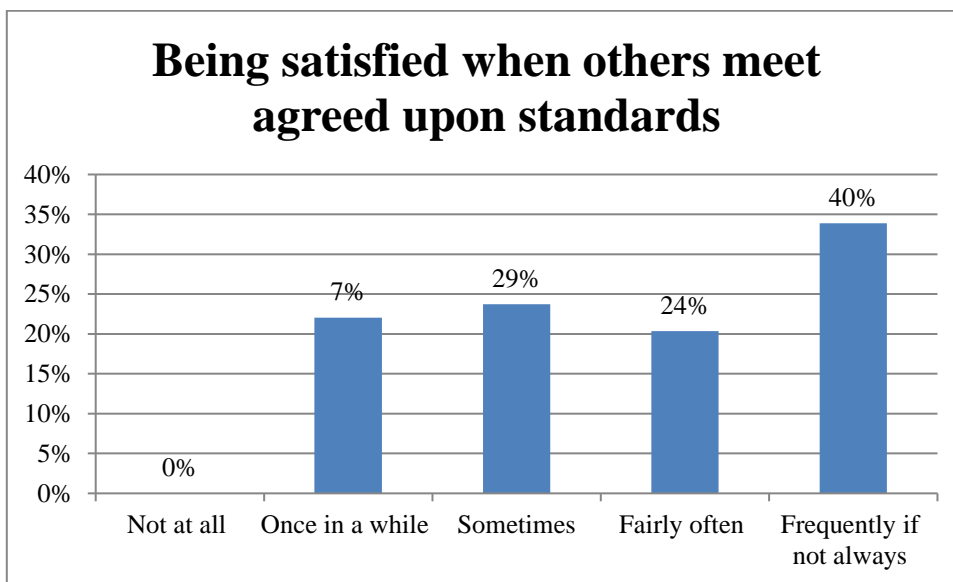


Figure 4.6 Being satisfied when others meet agreed-upon standards

Laissez faire leadership, in keeping with its first item, being content to let others continue working in the same ways as always, faces 6% of the respondents reporting not at all, and 35% of the responses holding a once in a while position. Meanwhile, 31% of the targeted branch managers maintain they experience this feeling frequently if not always, with 14% of the respondents fairly often perceiving it and another 14% of them feeling sometimes alike.

Table 4.8 Being content to let others continue working in the same way as always.

Valid	f	%	Valid %	Cumulative %
Not at all	3	6%	6%	6%
Once in a while	17	35%	35%	41%
Sometimes	7	14%	14%	55%
Fairly often	7	14%	14%	69%
Frequently if not always	15	31%	31%	100%
Total	49	100%	100%	

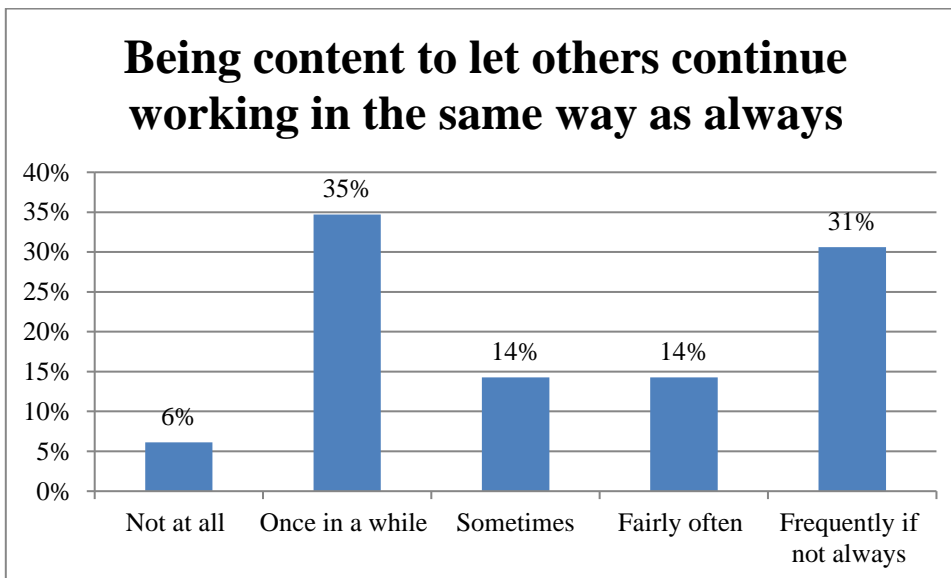


Figure 4.7 Being content to let others continue working in the same ways as always

Question 8 is an item of idealized influence construct of transformational motivation style. Data results show it finding a wide application among the interviewed branch managers with 55% of the having the confidence others have complete faith in them fairly often and 22% sharing the opinion they have others faith frequently if not always. Tabular and graphical display of the results indicates no respondents maintaining not at all or once in a while in keeping with the scale used in the current study.

Table 4.9 Others having complete faith in me

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	0	0%	0%	0%
Sometimes	11	22%	22%	22%
Fairly often	27	55%	55%	78%
Frequently if not always	11	22%	22%	100%
Total	49	100%	100%	

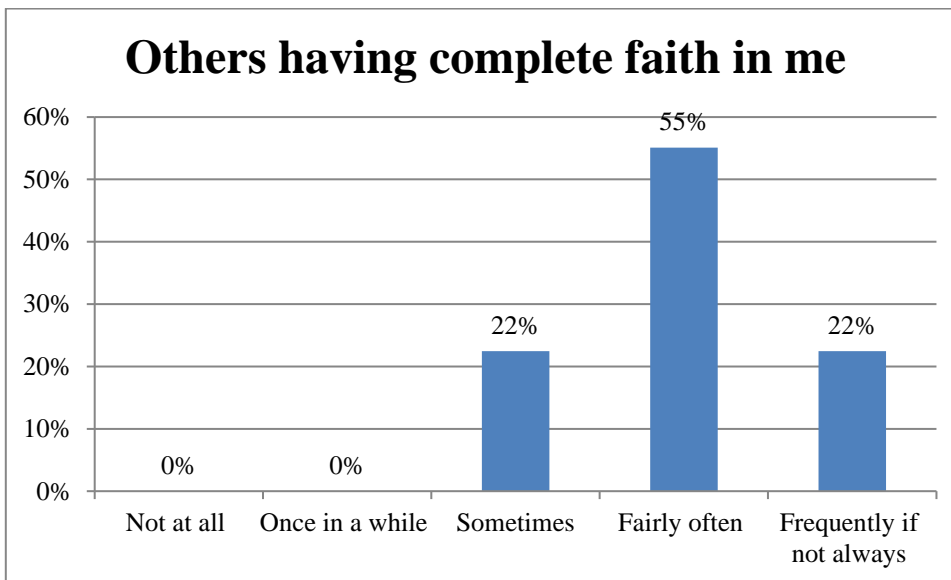


Figure 4.8 Others having complete faith in me

Inspirational motivation scores low confidence among the respondents according to the responses to its second item, providing appealing images about what we can do. 49% of them are not determined about their ability to provide subordinates with such images, while only 14% are confident they frequently if not always can provide their staffs with appealing views of their potential achievements. Table 4.10 and Figure 4.9 offer a complete view of the respondent’s reaction towards this item.

Table 4.10 Providing appealing images about what we can do

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	5	10%	10%	10%
Sometimes	24	49%	49%	59%
Fairly often	13	27%	27%	86%
Frequently if not always	7	14%	14%	100%
Total	49	100%	100%	

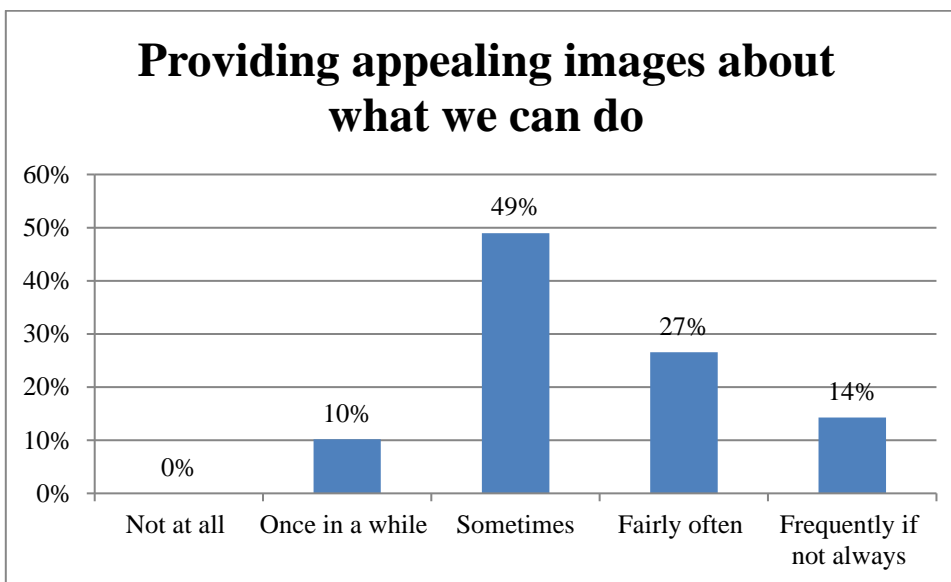


Figure 4.9 Providing appealing images about what we can do

Intellectual stimulation, according to the theoretical framework developed by Bass and Avolio (1990) is achieved through providing others with new ways of looking at puzzling things. The results of the study show a scattered panorama of middle level banking leaders adopting it frequently if not always (18%), fairly often (37%), sometimes 16%) and once in a while (29%).

Table 4.11 Providing others with new ways of looking at puzzling things

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	14	29%	29%	29%
Sometimes	8	16%	16%	45%
Fairly often	18	37%	37%	82%
Frequently if not always	9	18%	18%	100%
Total	49	100%	100%	

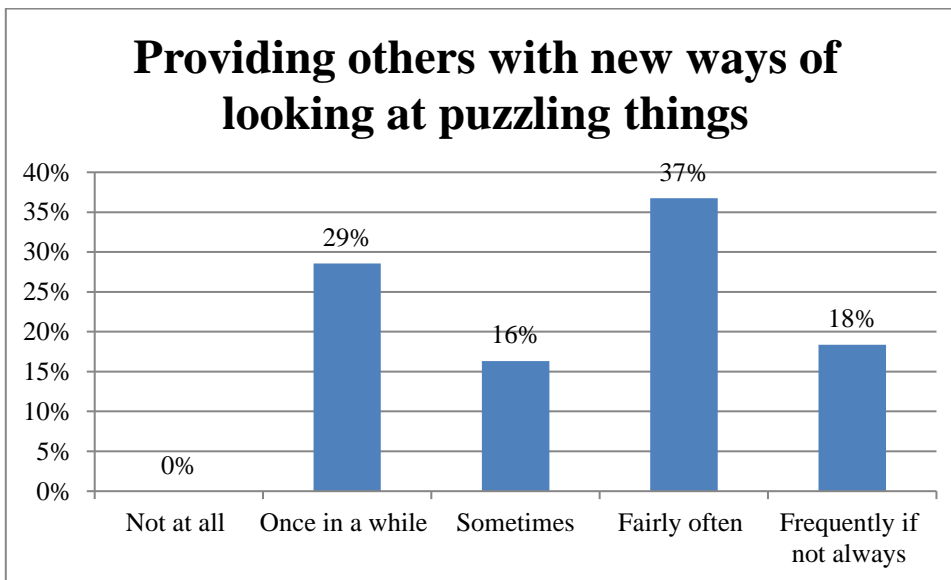


Figure 4.10 Providing others with new ways of looking at puzzling things

The ability of letting others know the leader’s opinion about their performance is measured by the question no. 11 of the questionnaire. It is an item of individualized consideration dimension of transformational leadership style. 35% of the interviewed branch managers are confident of adopting it frequently if not always, while 27% believe they are fairly often applying it. Another 31% of them believe they employ it just once in a while. Figure 4.11 shows graphically that no interviewees admit they never let other know their feedback (not at all).

Table 4.12 Letting others know how I think they are doing

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	15	31%	31%	31%
Sometimes	4	8%	8%	39%
Fairly often	13	27%	27%	65%
Frequently if not always	17	35%	35%	100%
Total	49	100%	100%	

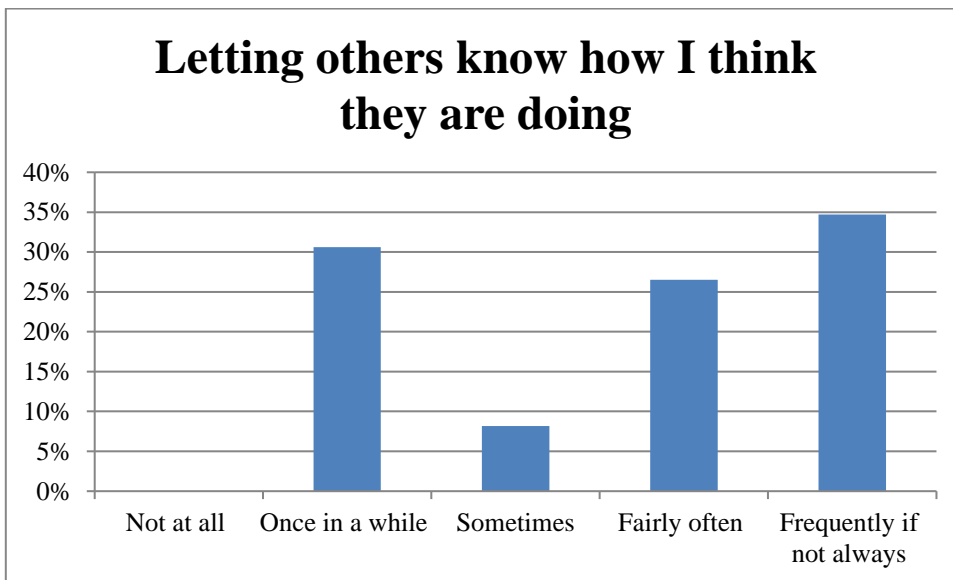


Figure 4.11 Letting others know how I think they are doing

Transactional leadership component of contingent rewards is measured by another item of the questionnaire, i.e. question no.12. 68% of the respondents perceive they sometimes (33%) and fairly often (35%) provide recognition/rewards when others reach their goals. Another 22% of them express their confidence they frequently if not always apply it. Detailed results are shown in Table 4.13 and Figure 4.12 below.

Table 4.13 Providing recognition/rewards when others reach their goals.

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	5	10%	10%	10%
Sometimes	16	33%	33%	43%
Fairly often	17	35%	35%	78%
Frequently if not always	11	22%	22%	100%
Total	49	100%	100%	

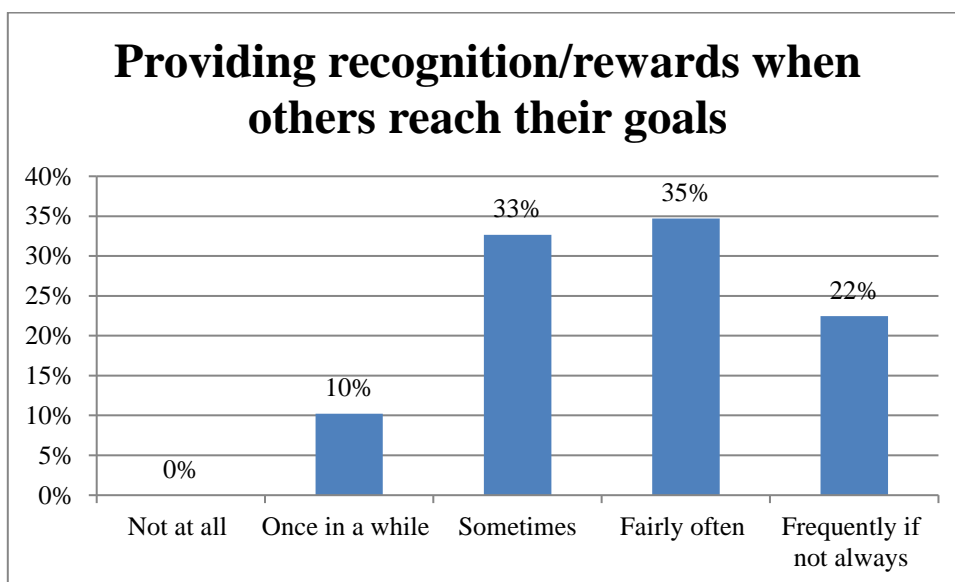


Figure 4.12 Providing recognition/rewards when others reach their goals

Respondents' opinions about their usage of management by exception are tapped by question 13 as well. The results show the Albanian commercial banks branch managers generally adopt this approach when dealing with efforts to change anything as long as things are working. Interestingly enough, 10% of them reject this alternative, while 20% only employ it once in a while. As shown in Table 4.14 and Figure 4.13, the rest of the respondents sometimes (18%), fairly often (24%) and frequently if not always (27%) rely on such an approach when things are working normally in their organizations.

Table 4.14 Not trying to change anything as long as things are working

Valid	f	%	Valid %	Cumulative %
Not at all	5	10%	10%	10%
Once in a while	10	20%	20%	31%
Sometimes	9	18%	18%	49%
Fairly often	12	24%	24%	73%
Frequently if not always	13	27%	27%	100%
Total	49	100%	100%	

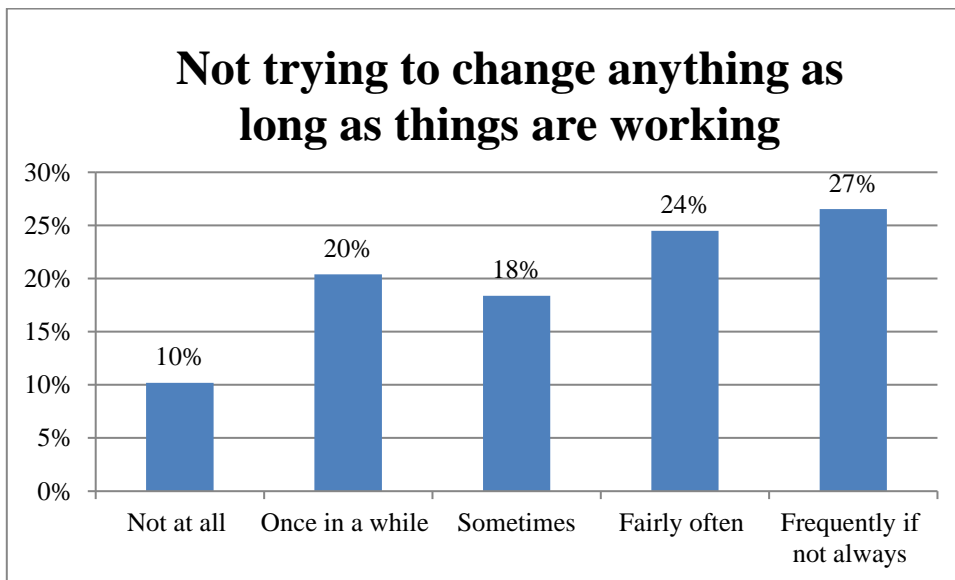


Figure 4.13 Not trying to change anything as long as things are working

Question 14 measures the laissez faire style scores of the targeted respondents. Interestingly again, 4% of the respondents claim they are not at all ok with whatever others want to do. Another 35% are rarely ok with subordinates acting freely. The rest of the respondents (42%) fairly often (20%) or frequently if not always (22%) employ this laissez faire construct of leadership behavior in their daily work.

Table 4.15 Being OK with whatever others want to do

Valid	f	%	Valid %	Cumulative %
Not at all	2	4%	4%	4%
Once in a while	17	35%	35%	39%
Sometimes	9	18%	18%	57%
Fairly often	10	20%	20%	78%
Frequently if not always	11	22%	22%	100%
Total	49	100%	100%	

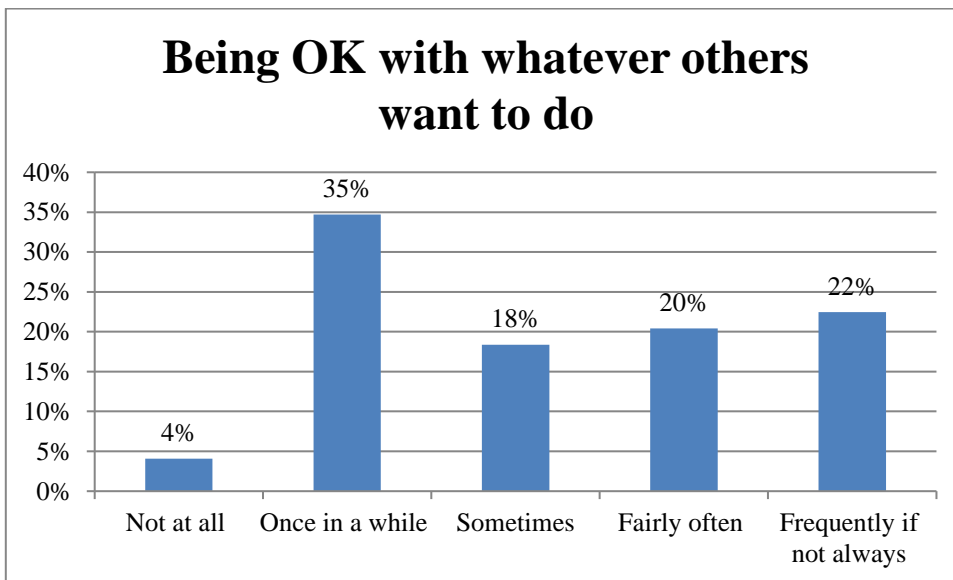


Figure 4.14 Being OK with whatever others want to do

Others being proud to be associated with the interviewed branch manager is the last item to tap the idealized influence dimension of transformational leadership. The results indicate a balanced confidence of the respondents about this leadership pattern. 47% of the branch managers report confidence of fairly often others being proud to be associated with them, while 29% of them feel this only sometimes. Other details are shown in Table 4.16 and graphically in Figure 4.15.

Table 4.16 Others being proud to be associated with me

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	6	12%	12%	12%
Sometimes	14	29%	29%	41%
Fairly often	23	47%	47%	88%
Frequently if not always	6	12%	12%	100%
Total	49	100%	100%	

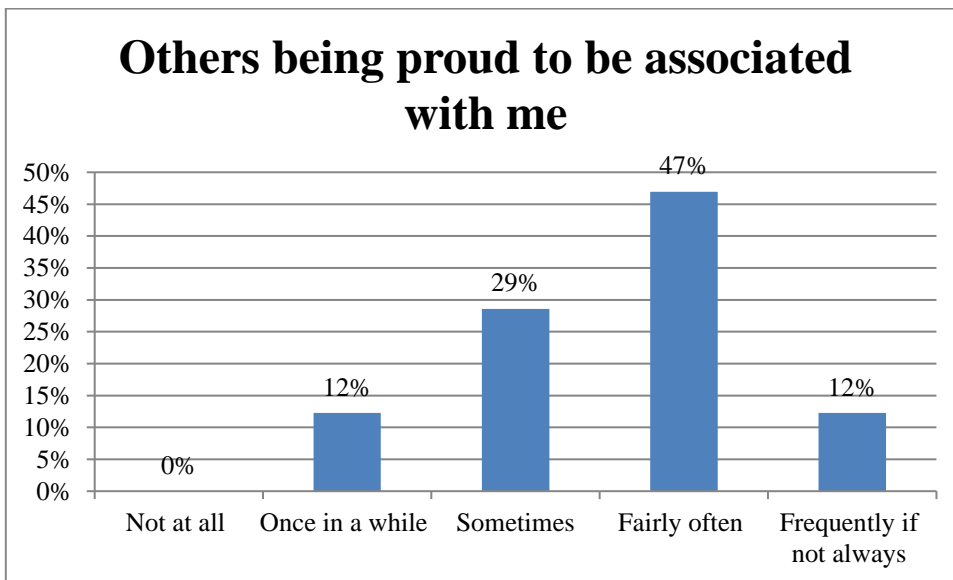


Figure 4.15 Others being proud to be associated with me

Helping others find meaning in their work comprises an inspirational motivation leadership trait, which in itself is a transformational one. None of the respondents rejects the application of such approach in their interaction with the subordinates. 33% of them express their assurance they frequently if not always apply it. Another 33% apply it sometimes. The detailed results are shown in the Table 4.17 and displayed graphically in Figure 4.16.

Table 4.17 Helping others find meaning in their work

Valid	F	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	8	16%	16%	16%
Sometimes	16	33%	33%	49%
Fairly often	9	18%	18%	67%
Frequently if not always	16	33%	33%	100%
Total	49	100%	100%	

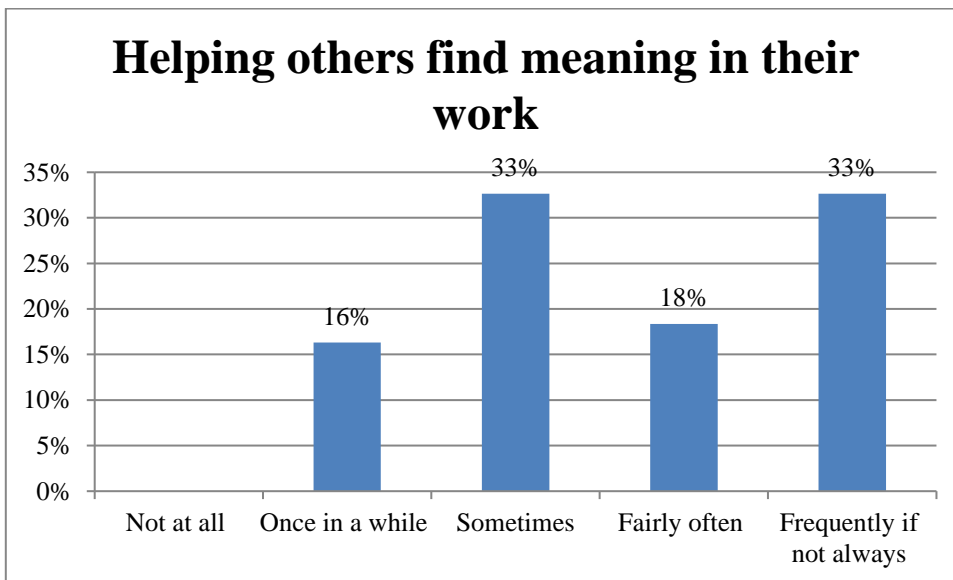


Figure 4.16 Helping others find meaning in their work

All the respondents reported they push others to rethink ideas they had never questioned before. However, this does not seem to be a frequent phenomenon, with only 20% of them acting accordingly frequently if not always, and 31% fairly often. Almost half of the respondents seem to rarely apply this intellectual stimulation construct in exerting their leadership. Detailed results are shown in Table 4.18 below, and graphically presented in Figure 4.17.

Table 4.18 Getting others to rethink ideas that they had never questioned before

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	13	27%	27%	27%
Sometimes	11	22%	22%	49%
Fairly often	15	31%	31%	80%
Frequently if not always	10	20%	20%	100%
Total	49	100%	100%	

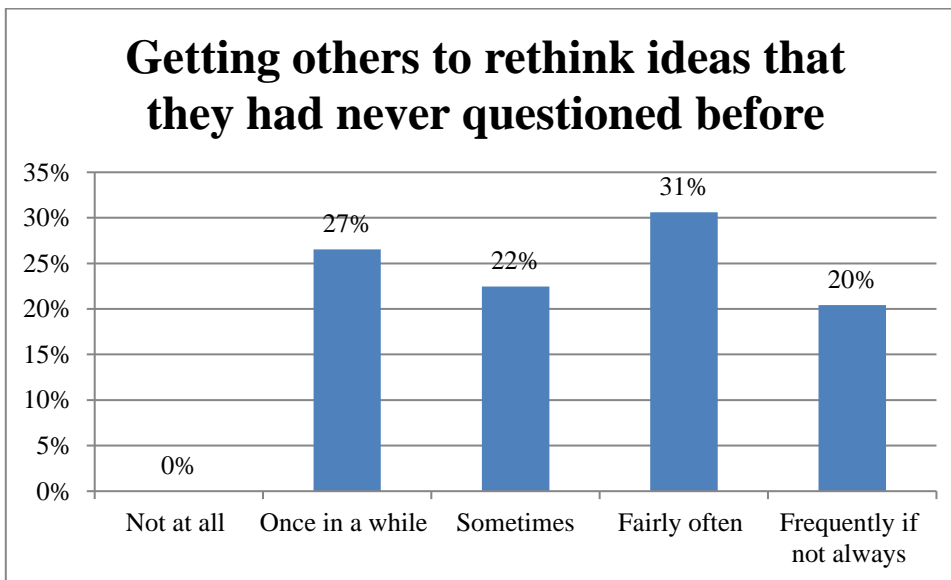


Figure 4.17 Getting others to rethink ideas that they had never questioned before

The last item to measure the individualized consideration dimension of transformational leadership style is giving personal attention to others who seem rejected or marginalized. The audience emerges divided once again into two main considerable parts, with 47% of them behaving likewise once in a while or sometimes, and 53% of them fairly often or frequently if not always paying attention to marginalized individuals among the staff.

Table 4.19 Giving personal attention to others who seem rejected

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	13	27%	27%	27%
Sometimes	10	20%	20%	47%
Fairly often	6	12%	12%	59%
Frequently if not always	20	41%	41%	100%
Total	49	100%	100%	

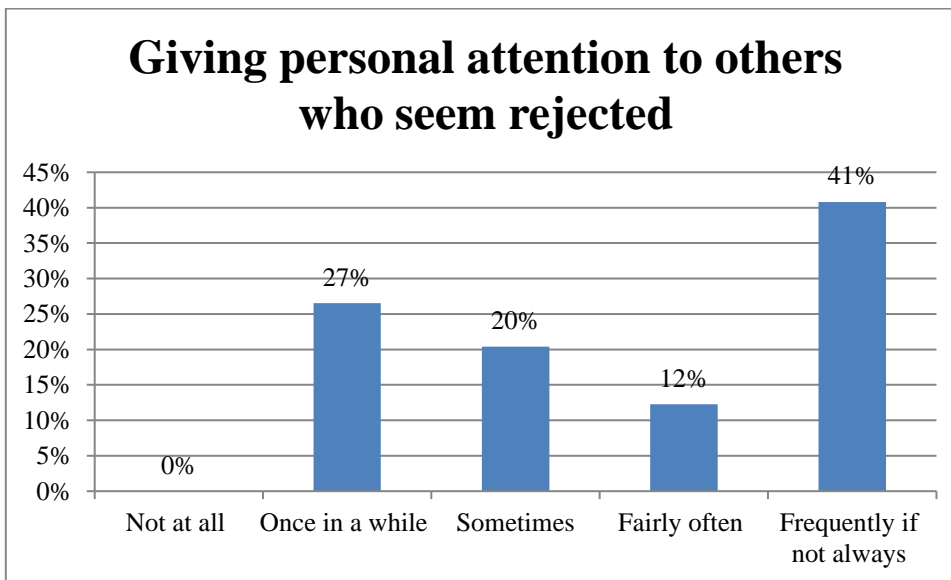


Figure 4.18 Giving personal attention to others who seem rejected

Two remaining items measuring the transactional leadership tap the respondents' self-perception on items break-downing management by exception and contingent reward. The following item, calling attention to what others can get for what they accomplish, is a contingent reward construct. The data results show this item does not have a wide acceptance among the middle level leaders of banking industry in Albania. Only 18% of them report frequently if not always applying it in their daily professional engagement. Table 4.20 and Figure 4.19 present the dispersion of data accordingly.

Table 4.20 Calling attention to what others can get for what they accomplish

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	2	4%	4%	4%
Sometimes	22	45%	45%	49%
Fairly often	16	33%	33%	82%
Frequently if not always	9	18%	18%	100%
Total	49	100%	100%	

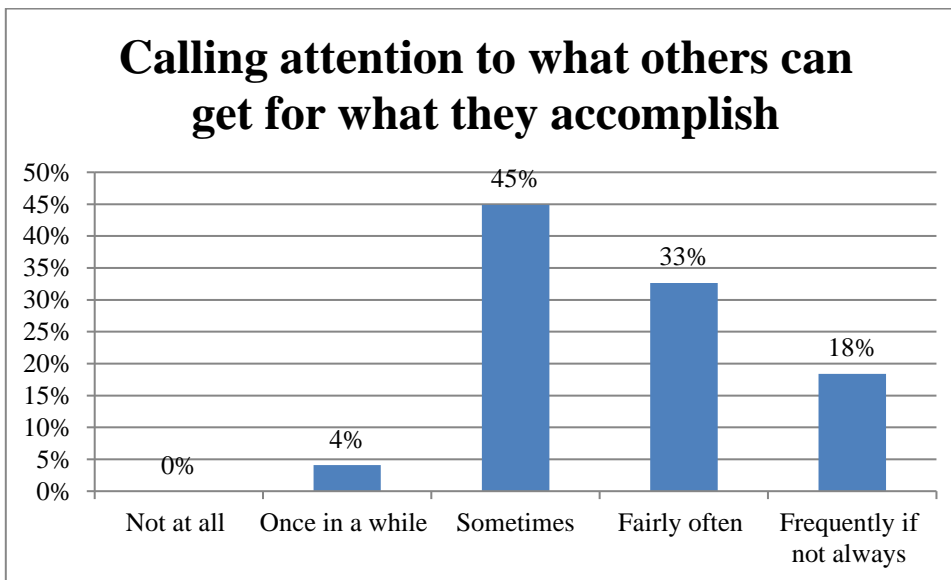


Figure 4.19 Calling attention to what others could get for what they accomplish

This final item of Management by exception dimension of transactional leadership shows widespread application among the middle level leaders in Albanian banking sector. Almost half of the respondents claim they frequently if not always (49%) tell others the standards they have to know to carry out their work. Fluctuations across five scales of perception are presented in the Table 4.21 and graphically displayed in Figure 4.20.

Table 4.21 Telling others the standards they have to know to carry out their work

Valid	f	%	Valid %	Cumulative %
Not at all	0	0%	0%	0%
Once in a while	8	16%	16%	16%
Sometimes	7	14%	14%	31%
Fairly often	10	20%	20%	51%
Frequently if not always	24	49%	49%	100%
Total	49	100%	100%	

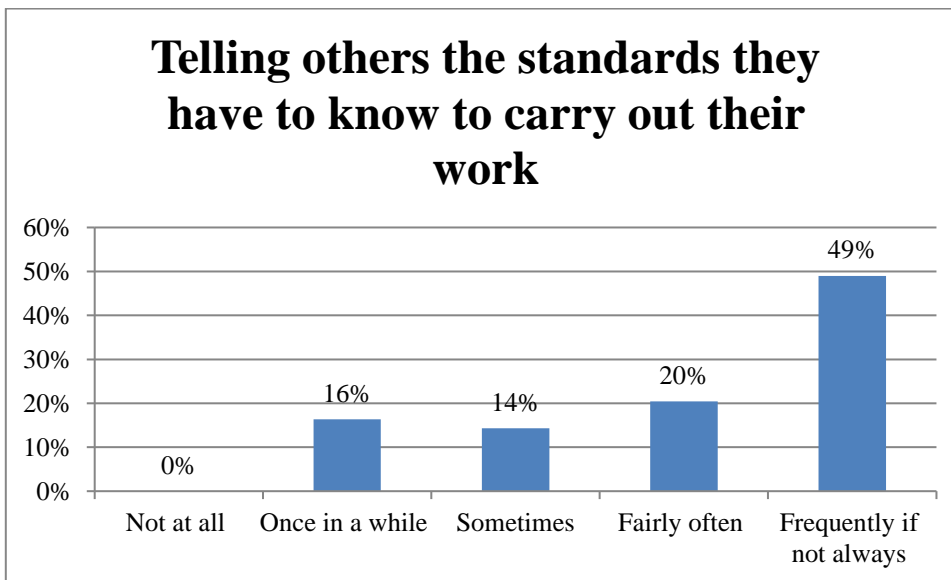


Figure 4.20 Telling others the standards they have to know to carry out their work

One of the items measuring laissez faire leadership style is asking no more of others that is absolutely essential (Avolio & Bass, 2004). Respondents are split into quarters in keeping with their self-perception of this leadership trait across the four main scales of instrument. Detailed results are presented in Table 4.22. Graphical display of these results is shown in Figure 4.21.

Table 4.22 Asking no more of others than what is absolutely essential.

Valid	f	%	Valid %	Cumulative %
Not at all	3	6%	6%	6%
Once in a while	7	14%	14%	20%
Sometimes	13	27%	27%	47%
Fairly often	13	27%	27%	73%
Frequently if not always	13	27%	27%	100%
Total	49	100%	100%	

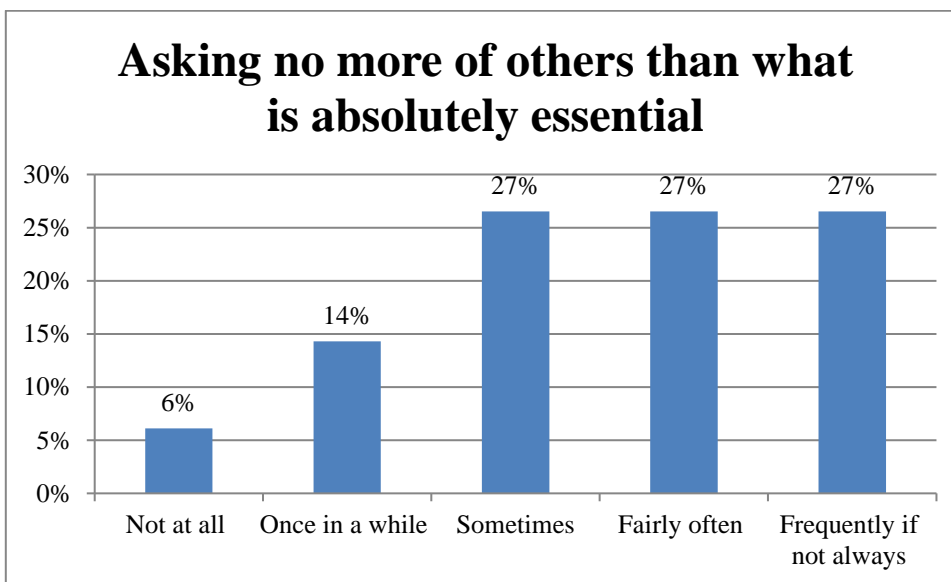


Figure 4.21 Asking no more of others than what is absolutely essential

4.4.2 Correlation between Leadership Styles and Financial Performance

Transformational leadership style with its idealized influence, inspirational motivation, intellectual stimulation and individualized consideration, was measured by questions no.1 – 4, 8 – 11 and 15 – 18. The majority of these items frequency responses were in the categories of fairly often and frequently if not always.

Transactional leadership traits, as detailed by its contingent reward and management by exception dimensions, was tapped by questions 5 – 6, 12 – 13 and 19 – 20. Frequency of the responses to these questions were mostly of the categories sometimes and frequently if not always.

Laissez faire leadership construct was measured by questions no. 7, 14 and 21. The responses were spread in a balanced way among the once in a while, sometimes, fairly often and frequently if not always categories. This component of multifactor leadership conceptual model (Avolio & Bass, 2004) reflected the only cases when several respondents responded not at all to having or employing such leadership traits.

4.4.3 Independent Variables

Transformational, transactional and laissez faire leadership traits were tapped employing a questionnaire of 21 questions from the MLQ (5X Short Form) and a interval scale from 0 to 4. Each of the 7 independent variables were tested by means of 3 questions and average scores were calculated in accordance with the instructions provided by the authors of the multifactor leadership theory (Avolio & Bass, 2004).

4.4.4 Dependent Variables

The financial performance of the commercial banks was represented by the Return on Equity (ROE). Historically, the financial performance of the banking institutions has been measured by a set of indicators, such as ROA and ROE. ROE measures a company's growth speed, what makes it a better tapping of the financial health of a financial institution. A ROE that grows persistently that is an indication that shareholders are getting additionally more profits for their equity.

The individual ROE values for the needs of this study were obtained from the audited financial statements of the banking institutions under study for the years 2015 and 2016, which are an integral part of the annual reports published by the banks themselves in the consecutive years. Table 4.23 presents a summary of these indicators for each of the targeted commercial banks.

Table 4.23 ROE values for the years 2015 and 2016 for the banks under study

Bank	Raiffeisen	BKT	Intesa	NBG	Alpha
ROE 2015	6.78%	19.03%	10.92%	3.60%	-7.23%
ROE 2016	-16.42%	19.12%	11.71%	3.50%	-11.64%

Source: The annual reports for the years 2015 and 2016 of Raiffeisen Bank, BKT, Intesa San Paolo Bank, NBG Bank and Alpha Bank.

A graphical representation of the relationship between the individual banks financial performance and their branch managers' leadership patterns are shown in Figure 4.22

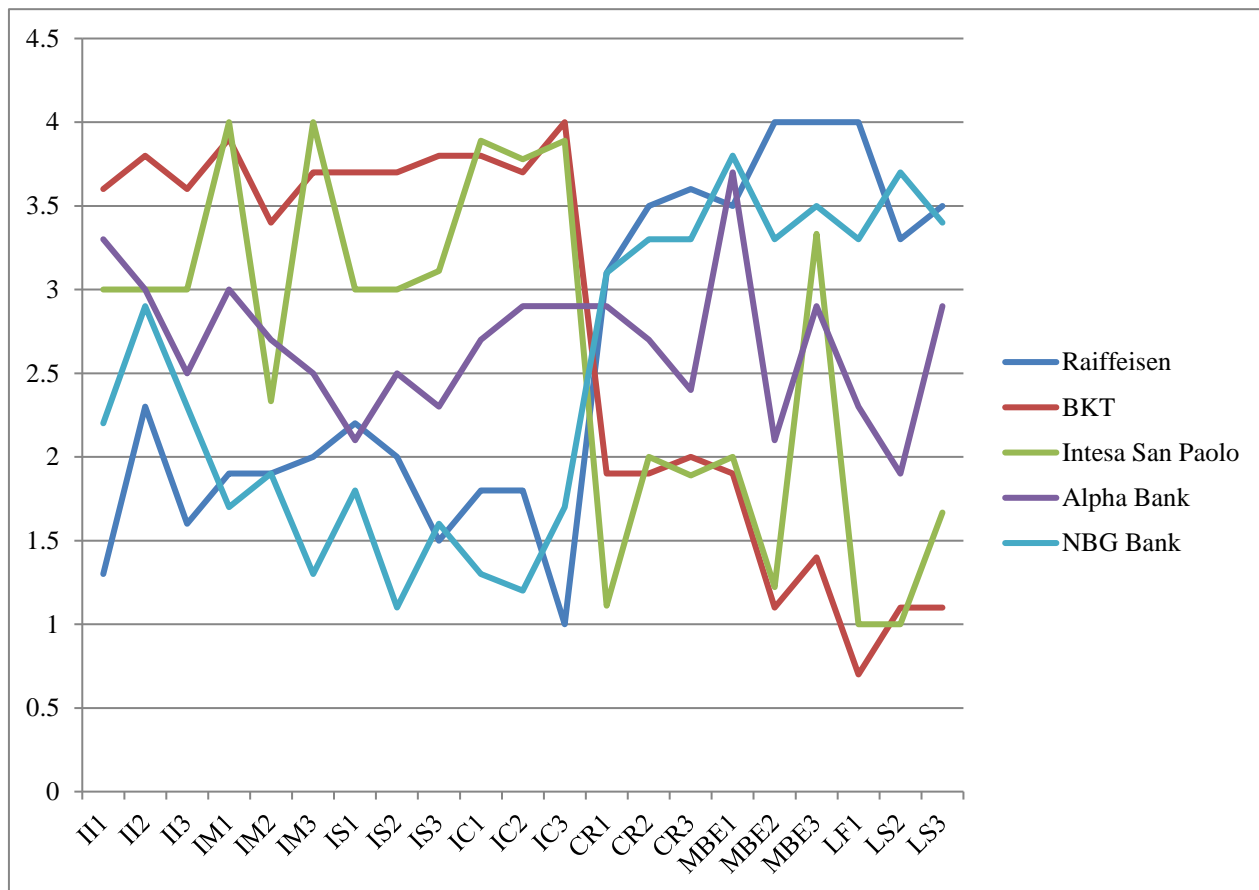


Table 4.24 presents the descriptive statistics for all the MLQ constructs, including mean values and standard deviation. No missing responses were faced during the data entry process; therefore, the valid responses are 49. These results show that branch managers of commercial banks tend towards Management by exception ($M = 2.80$, $SD = 1.16$), followed by idealized influences ($M = 2.76$, $SD = .84$). The standard deviation values for idealized influences and contingent reward are .84 and .89, showing a relatively closer distribution to the mean. The less preferred or self-perceived leadership traits belong to laissez faire leadership constructs ($M = 2.35$, $SD = 1.29$) with a relatively more scattered distribution of responses.

Table 4.24 Variable Statistics

	N	Mean	SD
Idealized Influences	49	2.76	.84
Inspirational Motivation	49	2.67	1.03
Intellectual Stimulation	49	2.48	1.05
Individualized Considerations	49	2.67	1.23
Contingent Reward	49	2.60	.89
Management by Exception	49	2.80	1.16
Laissez Faire	49	2.35	1.29

The inspirational motivation ($M = 2.67$, $SD = 1.03$), and individualized considerations ($M = 2.67$, $SD = 1.23$) show a moderately close-to-the-mean dispersion of the results and score relatively high in the responses range, while contingent reward ($M = 2.60$, $SD = .89$) reflects a more consensual assessment among the respondents. However, participants did not show any important tendency towards the intellectual stimulation ($M = 2.48$, $SD = 1.05$).

Evaluation of Research Questions and Hypotheses

The current study has employed the Pearson's correlation (r) coefficient to test the veracity of the hypotheses, which generally assume the existence of correlation between the transformational, transactional and laissez faire leadership traits of branch managers and financial performance of the commercial banks in Albania measured by ROE. The Pearson's correlation coefficient is able to measure the existence, strength and direction of relationship

between two variables (Cohen, 1988). The values of Pearson's correlation coefficient vary between -1.0 indicating full negative correlation and $+1.0$ for full positive correlation. Pearson's r Values ranging from -1.0 to $-.70$ show strong negative correlation, while values from $+.70$ to $+1.0$ show strong positive correlation (WINKS, 2008). In order to accept the correlation coefficient between to variables, statistical significance criteria must be met ($p < .05$).

First research question was:

R1: Is there a relationship between the return on equity (ROE) of second level banks in Albania and idealized influence pattern of the leadership scores of the branch managers?

The hypotheses tapping this research question are:

H1₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the idealized influence leadership pattern scores of branch managers.

H1_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the idealized influence leadership pattern scores of branch managers.

Table 4.25 Idealized Influence – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>p</i>
III - I make others feel good to be around me.	.422**	.003	.809**	.000
II2 - Others have complete faith in me.	.392**	.005	.628**	.000
II3 - Others are proud to be associated with me.	.500**	.000	.756**	.000

The results of SPSS test procedure show that there exists strong and statistically significant correlation between the financial performance measured by ROE for both 2015 and 2016, and transformational leadership traits ($p = .000$) across all the items that tap this leadership style. The positive correlation between the independent and dependent variables is indicated by the positive values of Pearson's correlation, $r(49) = .392$ to $r(49) = .809$, $p = .000$. Therefore, null hypothesis is rejected.

Second research question was:

R2: Is there a connection between the return on equity (ROE) of second level banks in Albania and the inspirational motivation leadership pattern scores of the branch managers?

Research investigates the question through the null and alternative hypothesis as stated below:
H2₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the inspirational motivation leadership pattern scores of branch managers.

H2_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the inspirational motivation leadership pattern scores of branch managers

Table 4.26 Inspirational Motivation – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>p</i>
IM1 - I express with a few simple words what we could and should do.	.688**	.000	.829**	.000
IM2 - I provide appealing images about what we can do.	.494**	.000	.583**	.000
IM3 - I help others find meaning in their work.	.798**	.000	.825**	.000

These results confirm expectation that there exists a correlation between the financial performance of a banking institution in Albania and its branch manager’s inspirational motivation leadership traits. The statistical results show that there exists positive correlation, $r(49) = .494$ to $r(49) = .829$ between the independent and dependent variables, across the levels of inspirational motivation, a correlation which is statistically significant ($p = .000$). Thus, null hypothesis is rejected.

Next research question was:

R3: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the intellectual stimulation leadership pattern scores of branch managers?

Research testes the question through the null and alternative hypotheses as stated below:

H3₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the intellectual stimulation leadership pattern scores of branch managers.

H3_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the intellectual stimulation leadership pattern scores of branch managers.

Table 4.27 Intellectual Stimulation – ROE correlation

	ROE		ROE	
	2015		2016	
Leadership constructs	<i>r</i>	<i>p</i>	<i>r</i>	<i>p</i>
IS1 - I enable others to think about old problems in new ways.	.700**	.000	.643**	.000
IS2 - I provide others with new ways of looking at puzzling things.	.777**	.000	.732**	.000
IS3 - I get others to rethink ideas that they had never questioned before.	.675**	.000	.798**	.000

The statistical results show there exists a significant positive correlation between the ROE levels of the banking institutions in Albania and their branch managers' intellectual stimulation leadership traits scores, $r(49) = .643$ to $r(49) = .798$, $p = .000$. The correlation is strong and positive, as indicated by the mathematical sign of the Pearson's correlation coefficients. Hence, it is rejected the null hypothesis.

Fourth research question was:

R4: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the individualized considerations leadership pattern scores of branch managers?

The null and alternative hypothesis used to investigate this research question are stated below:

H4₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the individualized considerations leadership pattern scores of branch managers.

H4_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the individualized considerations leadership pattern scores of branch managers.

Table 4.28 Individualized Considerations – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>P</i>
IC1 - I help others develop themselves.	.764**	.000	.848**	.000
IC2 - I let others know how I think they are doing.	.693**	.000	.774**	.000
IC3 - I give personal attention to others who seem rejected.	.631**	.000	.935**	.000

The results reflect quite strong and statistically significant correlation between the financial performance of commercial banks in Albania and their branch managers' individualized considerations leadership patterns scores, $r(49) = .631$ to $r(49) = .935$, $p = .000$. Therefore, the null hypothesis is rejected for the lack of correlation between the independent and dependent variables. Pearson's correlation coefficients show that the correlation between the financial performance and individualized consideration leadership traits is positive.

Fifth research question was:

R5: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the contingent rewards leadership pattern scores of branch managers?

Research investigates this question through null and alternative hypotheses:

H5₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the contingent rewards leadership pattern scores of branch managers.

H5_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the contingent rewards leadership pattern scores of branch managers.

Table 4.29 Contingent Reward – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>P</i>
CR1 - I tell others what to do if they want to be rewarded for their work.	-.577**	.000	-.687**	.000
CR2 - I provide recognition/rewards when others reach their goals.	-.525**	.000	-.692**	.000
CR3 - I call attention to what others can get for what they accomplish.	-.545**	.000	-.815**	.000

The results analyzed on SPSS show that there exists a significant negative correlation between the financial results of the commercial banks and their branch managers contingent reward leadership traits, $r(49) = -.815$ to $r(49) = .525$, $p = .000$. The Pearson's correlation coefficients are significant at a 99% interval of confidence. Subsequently, it is rejected the null hypothesis. Sixth research question was:

R6: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the management-by-exception leadership pattern scores of branch managers?

The respective null and alternative hypothesis that express the two absolute possibilities are stated below:

H6₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the management-by-exception leadership pattern scores of branch managers.

H6_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the management-by-exception leadership pattern scores of branch managers.

Table 4.30 Management by exception – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>P</i>
ME1 - I am satisfied when others meet agree-upon standards.	-.741**	.000	-.724**	.000
ME2 - As long as things are working, I do not try to change anything.	-.562**	.000	-.844**	.000
ME3 - I tell others the standards they have to know to carry out their work.	-.517**	.000	-.661**	.000

Based on the above results, there exists a significant negative correlation between the financial performance of a commercial banks in Albania and their branch managers management by exception leadership behavior scores, $r(49) = -.844$ to $r(49) = .517$, $p = .000$. The correlation coefficients are significant at a very wide confidence interval, namely 99%. As a result, it is rejected the null hypothesis.

Last research question was:

R7: Is there a relationship between the return on equity (ROE) of second level banks in Albania and the laissez faire leadership pattern scores of branch managers?

The hypothesis tested in this framework are stated below:

H7₀: No relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the laissez faire leadership pattern scores of branch managers.

H7_a: A relationship exists among the return on equity (ROE) of second level banking institutions in Albania and the laissez faire leadership pattern scores of branch managers.

Table 4.31 Laissez faire – ROE correlation

Leadership constructs	ROE 2015		ROE 2016	
	<i>r</i>	<i>p</i>	<i>r</i>	<i>P</i>
LF1 - I am content to let others continue working in the same way as always.	-.658**	.000	-.920**	.000
LF2 - Whatever others want to do is O.K. with me.	-.712**	.000	-.847**	.000
LF3 - I ask no more of others than what is absolutely essential.	-.668**	.000	-.770**	.000

The results analyzed on SPSS show that there exists a strong and significant negative correlation between the financial results of the commercial banks and their branch managers laissez faire leadership traits, $r(49) = -.920$ to $r(49) = .658$, $p = .000$. The Pearson's correlation coefficients are significant at a 99% interval of confidence. Therefore, it is rejected the null hypothesis.

In a summary, the researcher was able to assess the purpose of this study, 7 research questions and 14 hypotheses, by means of SPSS and other statistical methods and techniques, descriptive data analysis for all the dimensions of MLQ scores. Finally, the researcher was able to assess the existence of any correlation between the leadership traits of commercial banks' branch managers and the respective financial performance through the Pearson's correlation coefficients and reject/fail to reject the null hypotheses under study. 21 items from the MLQ (5x Short Form) were selected to tap the behavior of different leadership traits across the 5 scales of respondents' self-perception or self-confidence.

The correlational assessment proved the existence of strong and statistically significant correlation between all the MLQ items and the financial performance of the banks measured by the ROE indicator. All the Pearson's correlation coefficients were found statistically significant ($p < .05$, or $p < .01$) as shown in Table 4.32. The majority of the Person's correlation coefficients were far higher than the threshold value of $.70$, ensuring for strong correlation between the leadership traits of targeted branch managers and their banks' financial performance.

As the correlation results proved statistically significant correlation between all the leadership traits and ROE values for the years 2015 and 2016, all the null hypotheses were rejected. It was concluded that strong and statistically significant correlation exists between leadership and ROE. The sample size has been adequate and the instrument has been deemed reliable and valid to properly investigate the intended phenomena.

Regarding the intrinsic dimensions of financial performance, slightly stronger correlations were found between leadership traits of branch managers and ROE 2016 compared to the correlation between leadership and ROE 2015. On the other side, it has been found strong and significant positive correlation between transformational leadership style of the branch managers and their banks' financial performance. The opposite was concluded for the correlation between the transactional and laissez faire leadership behavior and financial performance. Strong and negative significant correlation was found between the transactional leadership and financial performance of the banks.

Table 4.32 Correlation between leadership traits and financial performance

	II1	IM1	IS1	IC1	CR1	ME1	LF1	II2	IM2	IS2	IC2	CR2	ME2	LF2	II3	IM3	IS3	IC3	CR3	ME3	LF3	ROE 2015	ROE 2016	
II1	1																							
IM1	.574**	1																						
IS1	.410**	.400**	1																					
IC1	.609**	.763**	.552**	1																				
CR1	.420**	.712**	.441**	.703**	1																			
ME1	.485**	.622**	.545**	.696**	.768**	1																		
LF1	.739**	.790**	.542**	.783**	.736**	.769**	1																	
II2	.637**	.463**	.263	.424**	.404**	.534**	.556**	1																
IM2	.427**	.440**	.279	.603**	-.286°	.417**	.560**	.355*	1															
IS2	.474**	.598**	.745**	.802**	.536**	.542**	-.647**	.364*	.614**	1														
IC2	.698**	.721**	.398**	.824**	.608**	-.698**	.736**	.467**	.377**	.524**	1													
CR2	.525**	.644**	.538**	.532**	.648**	.589**	.725**	.589**	-.364°	.589**	.447**	1												
ME2	.673**	.735**	.460**	.666**	.691**	.584**	.846**	-.342*	.446**	.562**	.627**	.567**	1											
LF2	.622**	.798**	.547**	.830**	.615**	.556**	.785**	.366**	.493**	.809**	.715**	.551**	.770**	1										
II3	.561**	.417**	.721**	.549**	.502**	.566**	.667**	.605**	.444**	.613**	.425**	.593**	.583**	.544**	1									
IM3	.561**	.784**	.559**	.904**	.779**	.808**	.822**	.362*	.590**	.807**	.774**	.579**	.741**	.871**	.511**	1								
IS3	.572**	.715**	.604**	.769**	.619**	.600**	.674**	.643**	.505**	.811**	.600**	.589**	.520**	.779**	.657**	.739**	1							
IC3	.798**	.686**	.612**	.862**	.663**	.673**	.862**	.535**	.535**	.706**	.783**	.594**	.832**	.814**	.772**	.815**	.736**	1						
CR3	.638**	.712**	-.338°	.638**	.621**	.666**	.795**	.630**	.502**	.442**	.680**	.662**	.674**	.612**	.608**	.647**	.556**	.725**	1					
ME3	.578**	.481**	.477**	.465**	.270	.502**	.574**	.510**	.722**	.487**	-.358°	.470**	.413**	.414**	.539**	.438**	.586**	.513**	.489**	1				
LF3	.473**	.546**	.631**	.749**	.666**	.704**	.766**	.509**	.649**	.731**	.509**	.641**	.606**	.630**	.745**	.740**	.746**	.770**	.623**	.639**	1			
ROE 2015	.422**	.688**	.700**	.764**	.577**	.741**	.658**	.392**	.494**	.777**	.693**	.525**	.562**	.712**	.500**	.798**	.675**	.631**	.545**	.517**	.668**	1		
ROE 2016	.809**	.829**	.643**	.848**	.687**	.724**	.920**	.628**	.583**	.732**	.774**	.692**	.844**	.847**	.756**	.825**	.798**	.935**	.815**	.661**	.770**	.745**	1	

4.5 Overall Findings

The study's findings support the hypothesis H1a to H7a on the existence of a correlation between the leadership styles, be it transformational, transactional or laissez faire leadership traits, of branch managers and their banks' financial performance measured by ROE. As it is indicated by the results, transformational leadership had a statistically significant strong positive correlation with the trend of financial results accomplished by the banks, whereas transactional and laissez faire leadership traits showed statistically significant strong negative correlation with the financial health of the banks represented by the ROE.

The findings are consistent with the conclusions of Geyery et al (1998) who found transformational leadership strongly affected the overall performance of a bank, outperforming the transactional leadership style. Contrary to his findings, it is found that transactional and laissez faire leadership had a negative influence on the financial performance of a banking institution. The current study's conclusions are also consistent with those of Cherian & Farouq's (2013) study of the predictive power of the effective leadership styles on the financial performance of the banking sector in UAE. Similar results about the transformational leadership's explanation power of job satisfaction and organizational commitment were achieved from Bushra et al (2011) in their study of the banking institutions in the Lahore district of Pakistan. They concluded that transformational leadership positively influenced the job and organizational performance indicators.

The model's prediction ability of ROE 2016 of a bank was shown strong based on the linear regression procedure conducted on SPSS ($R^2 = .982$, $p = .002$). Strong and statistically significant was the predicting power of the model even in the case of ROE 2016, with moderately weaker indicators ($R^2 = .720$, $p = .000$). These values indicate that 98.2% of the variability in the financial performance of a bank in 2016 is explained by the leadership style

adopted and applied by the branch managers, while it has only a 72% prediction power on the variations in the financial performance of a banking institution in 2015.

Transformational leader is more prone to manage branches of the banks that score high values of REO in comparison to banks reporting more consistent patterns of transactional and laissez faire leadership among their middle level managers. Banks are highly structured organizations with strictly defined standard operations and risk management procedures, and financial performance is absolutely determining their future course of business. On the other hand, leadership is not a tightly regulated activity and mostly depends on the personality and knowledge of the individual leaders. Thus, the positive contribution of the transformational leadership traits on the financial health of a bank is welcomed in a financial institution amid the financial and economic crisis the world is going through. On the other hand, transactional and laissez faire leadership patterns of branch managers are obviously associated with weakly performing banks, what makes it a non-desired quality in a bank manager.

ANOVA procedure conducted through SPSS intended to test the null hypotheses that the multifactor leadership theory (Avolio & Bass, 2004) model did not produce any significant effect on the financial performance of the commercial banks in Albania. Statistically put, it means that all the β values, which are the regression model's coefficients, are equal to 0. The alternative hypotheses stated that at least one of the β values were different from 0, without indicating which of these coefficients is different from zero. According to the ANOVA results, the null hypotheses were rejected, and the alternative hypotheses that there exists at least one β value that differs from 0, proving the model's explanatory power of ROE 2015, ($F(11, 37) = 12.021, p = .000$) and ROE 2016 ($F(15, 33) = 172.941, p = .000$), were accepted.

The first assumption that both transformational and transactional leadership of the branch managers was correlated to the financial performance of the banking institutions in Albania is based on Bass and Avolio's (1994) conceptual model that assigns transactional leadership dimension a contractual feature on which the emotional feature of transformational leadership is built. The data results of the study do not prove this operationalization of MLT (Bass & Avolio, 2004). The transactional leadership style produces a negative effect on the financial

performance, with only the transformational leadership behavior positively informing the dependent variable.

To test the hypothesis no. 1, that there exists a correlation between the idealized influence of the branch manager and the financial performance of a banking institution, research calculates on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It is found that was idealized influence positively and statistically significantly correlated to ROE 2015 ($r = .631, p < .01$) and ROE 2016 ($r = .846, p < .01$). In both cases variations in the idealized influence of the branch manager are indications that variations are happening in the financial performance of the bank as well. The Levene statistic was significant for ROE 2015 ($p = .040$) and ROE 2016 ($p = .000$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(11, 37) = 16.276, p = .000$ and ROE 2016, $F(11, 37) = 29.296, p = .000$. Therefore, the null hypothesis $H1_0$ that there exists no correlation between idealized influence of a branch manager and financial performance of a bank was rejected and finally the alternative hypothesis $H1_a$ was accepted.

To test the hypothesis no. 2, that there exists a correlation between the inspirational motivation of the branch manager and the financial performance of a banking institution, it is calculated on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It is found that inspirational motivation was positively and statistically significantly correlated to ROE 2015 ($r = .773, p < .01$) and ROE 2016 ($r = .869, p < .01$). In both cases variations in the inspirational motivation of the branch manager are indications that variations are happening in the financial performance of the bank as well. The Levene statistic was significant for ROE 2015 ($p = .000$) and ROE 2016 ($p = .014$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(12, 36) = 16.105, p = .000$ and ROE 2016, $F(12, 36) = 26.674, p = .000$. Therefore, the null hypothesis $H2_0$ that there exists no correlation between inspirational motivation of a branch manager and financial performance of a bank was rejected.

To test the hypothesis no. 3, that there exists a correlation between the intellectual stimulation of the branch manager and the financial performance of a banking institution, it is calculated on

SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It is found that intellectual stimulation was positively and statistically significantly correlated to ROE 2015 ($r = .829, p < .01$) and ROE 2016 ($r = .811, p < .01$). In both cases variations in the intellectual stimulation of the branch manager are indications that variations are happening in the financial performance of the bank as well. The Levene statistic was significant for ROE 2015 ($p = .000$) and ROE 2016 ($p = .035$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(11, 37) = 14.834, p = .000$ and ROE 2016, $F(11, 37) = 32.090, p = .000$. Therefore, the null hypothesis H_{30} that there exists no correlation between idealized influence of a branch manager and financial performance of a bank was rejected.

To test the hypothesis no. 4, that there exists a correlation between the individualized considerations of the branch manager and the financial performance of a banking institution, it is calculated on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It is found that individualized considerations were positively and statistically significantly correlated to ROE 2015 ($r = .718, p < .01$) and ROE 2016 ($r = .874, p < .01$). In both cases variations in the individualized considerations of the branch manager are indications that variations are happening in the financial performance of the bank as well. The Levene statistic was significant for ROE 2015 ($p = .000$) and ROE 2016 ($p = .000$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(8, 40) = 8.275, p = .000$ and ROE 2016, $F(8, 40) = 48.733, p = .000$. Therefore, the null hypothesis H_{40} that there exists no correlation between individualized considerations of a branch manager and financial performance of a bank was rejected.

To test the hypothesis no. 5, that there exists a correlation between the contingent rewards of the branch manager and the financial performance of a banking institution, it is calculated on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It is found that contingent rewards were negatively and statistically significantly correlated to ROE 2015 ($r = -.579, p < .01$) and ROE 2016 ($r = -.791, p < .01$). In both cases variations in the contingent rewards of the branch manager are indications that variations are happening in the financial performance of the bank on the opposite direction.

The Levene statistic was significant for ROE 2015 ($p = .000$) and non-significant for ROE 2016 ($p = .051$) slightly scoring over the confidence level of alpha, while the ANOVA test results showed statistically significant values for ROE 2015, $F(10, 38) = 7.875, p = .000$ and ROE 2016, $F(10, 38) = 20.192, p = .000$. Therefore, the null hypothesis $H5_0$ that there exists no correlation between contingent rewards of a branch manager and financial performance of a bank was rejected. To test the hypothesis no. 6, that there exists a correlation between the management by exception leadership pattern of the branch manager and the financial performance of a banking institution, it is calculated on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It was found that management by exception was negatively and statistically significantly correlated to ROE 2015 ($r = -.629, p < .01$) and ROE 2016 ($r = -.917, p < .01$). In both cases variations in the management by exception of the branch manager are indications that variations are happening in the financial performance of the bank on the opposite direction. The Levene statistic was significant for ROE 2015 ($p = .000$) and for ROE 2016 ($p = .000$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(13, 35) = 5.685, p = .000$ and ROE 2016, $F(13, 35) = 30.024, p = .000$. Therefore, the null hypothesis $H6_0$ that there exists no correlation between management by exception leadership trait of a branch manager and financial performance of a bank was rejected.

To test the hypothesis no. 7, that there exists a correlation between the laissez faire leadership style of the branch manager and the financial performance of a banking institution, it is calculated on SPSS the correlation of this item with ROE 2015 and ROE 2016, as indicators of financial performance of the targeted banks. It was found that laissez faire was negatively and statistically significantly correlated to ROE 2015 ($r = -.631, p < .01$) and ROE 2016 ($r = -.883, p < .01$). In both cases variations in the laissez faire leadership behavior of the branch manager are indications that variations are happening in the financial performance of the bank on the opposite direction. The Levene statistic was significant for ROE 2015 ($p = .000$) and for ROE 2016 ($p = .000$), while the ANOVA test results showed statistically significant values for ROE 2015, $F(12, 36) = 7.566, p = .000$ and ROE 2016, $F(12, 36) = 52.222, p = .000$. Therefore, the null hypothesis $H7_0$ that there exists no correlation between laissez faire leadership behavior of a branch manager and financial performance of a bank was rejected.

Table 4.33 Correlation between leadership and financial performance

Predictors	β	R²	ΔR^2	<i>t</i>	<i>p</i>	<i>F</i>
ROE 2015						
Idealized influence	-.242	.748	.748	-1.483	.000*	16.276
Inspirational motivation	.181			.835		29.296
Intellectual stimulation	.740			3.591		14.834
Individualized consideration	.198			1.250		8.275
Contingent reward	-.157			-1.189		7.875
Management by exception	-.066			-.325		5.685
Laissez faire	.201			1.210		7.566
ROE 2016						
Idealized influence	.189	.967	.967	3.207	.000*	29.296
Inspirational motivation	.001			.019		26.674
Intellectual stimulation	.127			1.705		32.090
Individualized consideration	.139			2.443		48.733
Contingent reward	-.094			-1.976		20.192
Management by exception	-.398			-5.442		30.024
Laissez faire	-.161			-2.691		52.222

N=49, *p<0.05

CHAPTER 5

CONCLUSIONS

The leadership's style's explanatory power of variations in different aspects of financial institutions performance has appealed researchers of organization studies to extensively investigate it and come to very significant conclusions in the framework of management and leadership theory. From leadership theoreticians (Selznick, 1957; Burns, 1978; Bass, 1985, 1990; Avoglio & Bass, 1990, 1994, 2002, 2004; Jacobs, 1970; Avolio, Bass & Jung, 1999; Judge & Piccolo, 2004) to academicians (Basak & Yener, 2015; Bushra et al, 2011; Cherian & Farouq, 2013; Geyery et al, 1998; Hargis, 2011; Pielstick, 1998) and further to the PhD students (Witts, 2016; Cole, 2007) Multifactor Leadership Theory and its widely accepted instrument, Multifactor Leadership Questionnaire have been researched and validated in almost every sector of business and organizational life across the world. Qualitative and quantitative methods have been successfully employed and mixed serve the scientific interest of the academicians and leadership practitioners.

Banking industry has proven to be one of the most researched sectors with studies covering the correlation or the predictive power of leadership on a variety of aspects of performance. Performance itself has experienced a revolutionization, as performance theoreticians have struggled to escape a monolithic approach of measuring it exclusively based on financial performance indicators (Eccless, 1991) towards a multifaceted definition of performance that covers dimensions such as market share, quality service, job satisfaction, organizational commitment, employee motivation, employee attitudes, productivity, public responsibility, and organizational objectives accomplishment. Focusing on return on investment or earning per

share as sufficient measures of organizational success can mislead the senior executives, because the “what you measure, is what you get” (Kaplan & Norton, 1992).

The business nowadays, is eager to know not only what is accomplished, but also the way it has been accomplished. Comprehensive instruments such as Balance Scorecard (Kaplan & Norton, 1992) have been proposed as more accurate measures of organizational performance.

Nevertheless, behavioral research has persistently added value to the understanding of the linkages between leadership and firm’s performance through quantitative methods. The most influential theory of leadership in the nowadays academia is the Multifactor Leadership Theory, proposed by Bass (1985, 1990) and further developed by several authors such as Avolio & Bass (1990, 1994, 2002, 2004), Avolio, Bass & Jung (1999), Judge & Piccolo (2004) etc. The MLT’s conceptual model and its data collection instrument has been continuously tested for reliability and validity through quantitative (Antonakis et al, 2003; Avolio & Bass, 2004; Judge & Piccolo, 2004) and qualitative methods (Pielstick, 1998). Therefore, the theoretical framework and the data collection questionnaire have been certified for academic and applied research across various business contexts.

Existing research in transformational and transactional leadership and its relation with aspects of business performance in the Albanian banking industry has given priority to the aspects of job satisfaction, employee performance and motivation and organizational commitment (Xhakolli, 2011). Others have studied these relations putting leadership within the wider context of organizational culture (Çapuni, 2016). Correlations between leadership style of top- or middle-level management and financial performance of the banks have not been investigated in the domestic contexts. Research conducted abroad by international academicians and leadership practitioners has shed some light on context-related facets of this correlation (Cole, 2007; Bushra et al, 2011; Cherian & Farouq, 2013).

This study has been designed upon the works of Bass (1985; 1990), Avolio & Bass (1990; 1994; 2002), Avolio, Bass & Jung (1999) and Judge & Piccolo (2004) to design and conduct a survey that works in a strictly regulated setting such as that of secondary banking sector in Albania.

Employing the 21 items from the MLQ (5x Short Form) developed by Avolio & Bass (1990), has been collected branch managers' self-perceptions of their leadership behavior as keeping with their subordinates and teams throughout 5 secondary banks in Albania. The data were analyzed on SPSS, what helped the researcher check for the existence of statistically significant correlation between transformational and transactional leadership, and financial performance of commercial banks in Albania.

The study found that there exists strong and statistically significant correlation among transformational, transactional and laissez faire leadership traits of secondary banks' branch managers and the respective banks financial performance measured by ROE 2015 and ROE 2016. While the transformational leadership dimensions, i.e. idealized influence, inspirational motivation, intellectual stimulation and individualized consideration reflected strong significant positive correlation with the financial health of banking institutions, dimensions of transactional leadership, i.e. contingent reward and management by exception, and laissez faire leadership traits of the respondents showed strong significant negative correlation. This said, secondary banks whose branch managers self-perceived they entered with their teams and subordinates in relations based on transformational leadership style, showed a strong tendency to score higher ROE values. On the other hand, banks whose branch managers expressed the confidence they apply the transactional leadership style when dealing with their teams and personnel showed a strong tendency towards lower ROE ratio.

This study's sample size was adequate to sufficiently tap the perceptions of branch managers in respect of the correlation between the leadership traits and financial performance of the bank. Small samples have shown inability to detect weak correlations between leadership styles and financial performance of banking institutions (Cole, 2007). Seven alternative hypotheses were accepted based in ANOVA procedures conducted on SPSS, while the strength and statistical significance of the expected correlations were checked through linear regression and correlation tests. All the tests' results, as shown in Chapters IV proved alternative hypotheses that there exists a statistically significant relation between the MLT dimensions and financial performance of a secondary bank in Albania.

5.1 Suggestions for Financial Leaders

Financial leaders and managers are encouraged to further develop a clear understanding on the distinctions between management and leadership. While the managers tend to direct their organizations based on well-defined standard operations and routines, leaders are more prone to solve problems and cope with critical situations in the organizational life. When working to implement plans and strategies, managers will make use of their authority, that springs from the power innate to their organizational position. Leadership in implementation means use of influence originating from personality traits such as ability to inspire and motivate, visualize the future and build a team-spirit perspective, etc. In the eve of theoretical revolution of the practice turn in the social sciences, leadership-as-practice perspective imposes a reshuffling of any traditional rationalistic and individualistic perception of leadership. Thus, not only top-managers exert leaderful practices and activities, rather leadership is found in the social practices that shape the inter-relational patterns in the firm. From this perspective, leadership is not exclusively a top-down phenomena, but might be found in bottom-up flows of activity. Employees of all levels and other stakeholders can make considerable contributions in the social practice of leadership from within organization and from out of organizational boundaries settings.

Another major suggestion to financial leaders is considering the significance of the predictive power of leaderful practices and activities on the financial performance of the secondary banking institutions. This study has confirmed that different aspects of leadership have colorful implications in the organizational life. Transformational leadership traits found in among the branch managers , in keeping with the results of the research, are associated with better financial performance of the firms, whereas transactional and laissez faire leadership styles negatively correlate with the performance scores as measured by ROE. Financial leaders would need to develop the transformational leadership behaviors and constrain the transactional leadership patterns in order to improve the overall organizational performance and especially the financial health of the institutions they manage or oversee. These considerations would produce significant changes and redesign in the personnel training and development programs, as well as the evaluation approaches applied periodically. Education, hence, may be discovered as a tacit strategy to firm's performance enhancement. Tailored vocational education, participation in

seminars and conferences, and open lectures by leadership researchers would ignite the desire for change and revolutionarization of the leadership style across each and every level of management within the bank.

5.2 Future Research Prospects

A plenty of relationships between organizational performance and leadership styles in the framework of MLQ is still under-researched in the secondary banking sector in Albania. The interactions between the leadership styles and employee's perceived stress in this sector would comprise an easy-to-do research project. Academicians have already tested the conceptual model in other settings, such as hospitals (Baysak & Yener, 2015). The probable correlation between the leadership traits of top- and middle-managers and their respective banks overall performance during the global financial crisis of 2008 is another uninvestigated interesting topic. Management practitioners and junior researchers are checking for any correlation or causal relationship between the leadership patterns and the organization's innovation potential and abilities. Leadership is not only self-perceived by the managerial level hierarchs, rather it is a phenomenon perceived by subordinates as well. The way leadership approaches are perceived by a bank's employees and the influence they may have on various aspects of organizational performance is another topic of interest. Other variables would play the role of predictors in a certain conceptual model. The impact of gender-role perceptions on leadership styles would comprise a researchable practice.

The future of research on leadership belongs to leadership-as-practice or leaderful practices (Raelin, 2007; Raelin, 2011). From a practice perspective, leadership is approached as a socially embedded phenomenon, rather than an exclusive competency of top-managers and directors. This revolution in the leadership conception opens the way for a plethora of research topics. Leaderful practices are found at every level of organizational hierarchy, embedded in both top-down and bottom-up activities. Not only the strategic and organization-wide events, but the minutiae interactions may produce or transform leadership practices. Narrative and discursive elements, and activities of practical coping this represent very influential sources of leadership in organization. This entirely new agenda of research is investigated through quantitative and qualitative methods, including ethnography, case studies, observation, critical discourse

analysis, scenario analysis, or anthropological techniques. Creating sufficient empiric information through these research methods would open a massive academic engagement, a huge literature, numerous education and scientific events and a vast body of knowledge to grasp leadership in a postmodern era. Secondary banks and other financial institutions would be the first beneficiaries of this body of knowledge.

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APPENDIX A

Data

Timestamp	Age	Gender	Bank	I make others feel good to be around me.	I express with a few simple words what we could and should do.	I enable others to think about old problems in new ways.	I help others develop themselves.	I tell others what to do if they want to be rewarded for their work.	I am satisfied when others meet on standard s.	I am content to let others continue working in the same way as always.	Others have complete faith in me.	I provide appealing images about what we can do.	I provide others with new ways of looking at puzzling things.	I let others know how I think they are doing.	I provide recognition/rewards when others reach their goals.	As long as things are working, I do not try to change anything.	Whatever others want to do is O.K. with me.	Others are proud to be associated with me.	I help others find meaning in their work.	I get others to rethink ideas that they had never questioned before.	I give personal attention to others who seem rejected.	I call attention to what others can get for what they accomplish.	I tell others the standards they have to know to carry out their work.	I ask no more of others than what is absolutely essential.
2018/03/04 12:31:37 AM GMT+3	22 - 35	2	1	4	4	4	4	1	1	1	4	4	4	4	1	1	1	4	4	4	4	1	1	1
2018/03/04 2:21:31 PM GMT+3	36 - 48	2	5	3	4	3	2	2	2	1	3	2	3	4	2	3	2	3	4	3	4	2	2	2
2018/03/05 12:37:41 AM GMT+3	49 - 60	2	4	2	2	2	1	3	3	4	3	2	1	1	3	4	4	2	2	1	1	3	4	3
2018/03/05 6:38:07 PM GMT+3	36 - 48	1	2	3	3	4	3	1	3	3	4	3	4	4	4	1	1	4	4	4	4	4	4	4
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2018/03/07 2:29:17 PM GMT+3	36 - 48	2	3	3	2	2	3	3	4	4	4	4	4	1	1	3	2	3	3	3	3	3	3	1
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2018/03/09 11:23:02 AM GMT+3	22 - 35	2	5	3	4	3	2	3	2	1	3	2	3	3	2	3	2	3	3	3	4	2	2	2
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2018/03/09 3:12:34 PM GMT+3	22 - 35	1	4	1	1	1	1	4	4	4	2	1	1	1	4	4	4	1	1	1	1	4	4	4
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2018/03/10 10:13:31 AM GMT+3	22 - 35	2	2	3	2	1	3	2	3	2	3	3	3	3	3	1	1	1	3	3	2	1	3	2
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2018/03/10 14:14:28 PM GMT+3	22 - 35	2	3	4	3	2	3	2	4	4	3	3	2	3	3	2	2	3	2	2	3	2	3	3
2018/03/10 15:03:13 PM GMT+3	36 - 48	2	5	2	3	3	2	3	3	1	3	2	1	2	3	3	3	2	2	2	2	2	4	3
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APPENDIX B

Multifactor Leadership Questionnaire (MLQ) Form

INSTRUCTIONS: This questionnaire provides a description of your leadership style. Twenty-one descriptive statements are listed below. Judge how frequently each statement fits you. The word others may mean your followers, clients, or group members.

KEY

0 - Not at all 1 - Once in a while 2 = Sometimes 3 = Fairly often 4 = Frequently, if not always

1. I make others feel good to be around me 0 1 2 3 4
2. I express with a few simple words what we could and should do 0 1 2 3 4
3. I enable others to think about old problems in new ways 0 1 2 3 4
4. I help others develop themselves 0 1 2 3 4
5. I tell others what to do if they want to be rewarded for their work. 0 1 2 3 4
6. I am satisfied when others meet agreed-upon standards 0 1 2 3 4
7. I am content to let others continue working in the same ways always..... 0 1 2 3 4
8. Others have complete faith in me 0 1 2 3 4
9. I provide appealing images about what we can do 0 1 2 3 4
10. I provide others with new ways of looking at puzzling things. 0 1 2 3 4
11. I let others know how I think they are doing..... 0 1 2 3 4
12. I provide recognition/rewards when others reach their goals 0 1 2 3 4
13. As long as things are working, I do not try to change anything..... 0 1 2 3 4
14. Whatever others want to do is OK with me 0 1 2 3 4
15. Others are proud to be associated with me. 0 1 2 3 4
16. I help others find meaning in their work..... 0 1 2 3 4
17. I get others to rethink ideas that they had never questioned before 0 1 2 3 4.

18. I give personal attention to others who seem rejected 0 1 2 3 4
19. I call attention to what others can get for what they accomplish 0 1 2 3 4
20. I tell others the standards they have to know to carry out their work..... 0 1 2 3 4
21. I ask no more of others than what is absolutely essential..... 0 1 2 3 4

SCORING

The MLQ-6S measures your leadership on seven factors related to transformational leadership. Your score for each factor is determined by summing three specified items on the questionnaire. For example, to determine your score for factor 1, Idealized influence, sum your responses for items 1, 8, and 15. Complete this procedure for all seven factors.

	TOTAL
Idealized influence (items 1, 8, and 15)	_____ Factor 1
Inspirational motivation (items 2, 9, and 16)	_____ Factor 2
Intellectual stimulation (items 3, 10, and 17)	_____ Factor 3
Individual consideration (items 4, 11, and 18)	_____ Factor 4
Contingent reward (items 5, 12, and 19)	_____ Factor 5
Management-by-exception (items 6, 13, and 20)	_____ Factor 6
Laissez-faire leadership (items 7, 14, and 21)	_____ Factor 7

Score range: HIGH = 9-12, MODERATE = 5-8, LOW = 0-4

Multifactor Leadership Questionnaire (MLQ) Form

SCORING INTERPRETATION

Factor 1 – IDEALIZED INFLUENCE indicates whether you hold subordinates' trust, maintain their faith and respect, show dedication to them, appeal to their hopes and dreams, and act as their role model.

Factor 2 – INSPIRATIONAL MOTIVATION measures the degree to which you provide a vision, use appropriate symbols and images to help others focus on their work, and try to make others feel their work is significant.

Factor 3 – INTELLECTUAL STIMULATION shows the degree to which you encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant of seemingly extreme positions, and nurture people to question their own values and beliefs of those of the organization.

Factor 4 – INDIVIDUALIZED CONSIDERATION indicates the degree to which you show interest in others' well-being, assign projects individually, and pay attention to those who seem less involved in the group.

Factor 5 – CONTINGENT REWARD shows the degree to which you tell others what to do in order to be rewarded, emphasize what you expect from them, and recognize their accomplishments.

Factor 6 – MANAGEMENT-BY-EXCEPTION assesses whether you tell others the job requirements, are content with standard performance, and are a believer in "if it isn't broke, don't fix it."

Factor 7 – LAISSEZ-FAIRE measures whether you require little of others, are content to let things ride, and let others do their own thing.

CURRICULUM VITAE

Ylvi Durmishi was born on 20 December 1990, in Tirana. He finished his high school at H.M Dashi. He received his Bachelor degree in Business Administration in 2014 and MSc. degree in 2018 in Banking and Finance both from “Epoka University”. He worked as Operations Manager at “Dental Turk” from 2014 to 2016. Since 2016 he has been working as Accountant in Accountancy office.