

A Survey on Relationship between Leadership Styles and Leadership Outcomes in the Banking Sector in Serbia

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Abstract: The purpose of this paper is to explore leadership styles and relationships between the dominant leadership style and the outcomes that are related to leadership. The research methodology incorporates an analytical investigation of the available literature in the area of leadership, as well as a statistical analysis of the data collected during the empirical research. The empirical research is focusing on the leadership styles in the banking sector of Serbia, on a sample of 140 managers, using the Multifactor Leadership Questionnaire (MLQ). The hierarchical regression model was used to explore the relations between leadership styles and outcomes. The results of the research pointed-out that there are positive statistically significant relations between the transformational and transactional leadership styles and the analyzed outcomes (satisfaction with the leader, extra efforts, and efficiency). In most of Serbian banks the dominant leadership style is transformational style.

Keywords: transformational leadership; transactional leadership; passive leadership; Serbia; banking sector; MLQ questionnaire

1 Introduction

The characteristics of the unstable external environment of the modern organizations have a significant influence on finding new ways of doing business with the aim to add values to the customers achieve and sustain competitiveness and sustainable development [49]. The last economic crisis, followed by political, cultural, social and moral pressures, lead to new conditions for organizations, and many of them could not survive [10]. Organizations and their management have to pay special attention to the intellectual capital they possess [10, 33] where human capital is one of the most important part [34]. Contemporary research related to business success focus on the following themes: organizational culture, organizational learning, teamwork, leadership and motivation [12, 31, 32].

One of the very important concepts that are in the focus of scientific research and business practice is leadership. It is seen as the ability of a person to influence other people in the processes of work, creativity, and achievement of the goals of the organization. Leadership is a critical factor for the success of organizations, and a resource for building a competitive advantage and corporate performances [35, 40]. There is no one right leadership approach; it depends on the actual state of the company, its level of development and contemporary issues. Changes on the market and inside the organizations require new styles and approaches of leadership [8, 30, 36] that will make a greater contribution to the business goals.

The banking sector is described as “a work environment where employees are often busy, work under pressure and are constantly in an emotionally laborious state. This is related to the demand of work, prudence in financial management, and extended time of interaction between bank employees and customers, directly on a daily basis” [17, p. 42]. “Banking employees, like others, must remain committed to their employers, to live the brand, particularly during periods of economic uncertainty and customer frustration. Effective leadership fosters employee commitment and brand supporting behaviors” [45, p. 165]. Therefore, leadership can be one of the ways for fulfilling the strategic demands and challenges in the banking sector.

The main aim of the paper is to explore the leadership styles and relationships between the dominant leadership style and the outcomes that are related to leadership. The methodology of the research encompasses an analytical investigation of the available literature in the area of leadership, as well as a statistical analysis of the data gathered during the empirical research. The empirical research focuses on the leadership styles in the banking sector of Serbia, on a sample of 140 managers, using the Multifactor Leadership Questionnaire (MLQ).

The paper is made up of three parts. In the first part, the authors introduce the key assumptions on leadership, its advantages, and importance for contemporary business, research results from the past period related to the leadership styles, and

its relations with the managerial outcomes and performances. In the second part of the paper the research methodology is presented. The authors introduced the MLQ questionnaire and its methodology. The dependent and independent variables of the applied regression model are presented. The third final part of the paper is dedicated to the summary of the theoretical and empirical analysis and to the discussion of main research implications. This paper adds new value to the leadership concept in banking, especially since it is rarely analyzed in that field of the service sector.

2 Theoretical Background

Leadership is a multi-dimensional process, formed under the influence of a large number of factors and is significantly determined by the characteristics of the leader, situation, and followers [37, 38]. The different definitions of leadership are based on different assumptions and theories. According to Bennis, it is possible to understand leadership based on experience, culture and history that influence behavior and thinking, and allows leadership skills to emerge [9]. Leadership is the process of individuals' influence on a group of people in order to achieve common goals [44] and it has very important role in determining the success or failure of an organization [29]. Leaders should stimulate, motivate, encourage, and recognize their followers in order to get high performance results [14, 21]. Leadership assumes an unequal distribution of power in the group because, in order to activate and direct effort and behavior of followers, the leader must possess a higher level of power [44].

Considering the behavioral factors in economics, Thaler emphasizes the importance of incorporating psychological factors such as “framing, self-control, and fairness into economics analyses” [42, p. 1597]. Based on the idea of an influence of people behavior on economics decisions, there is a need of reviewing behavioral theories of leadership. The behavioral leadership theories claimed that the way that the leader is behaving is the key factor that distinguishes them from their followers. Behavioral theories focus on the actions of the leaders, not on their mental characteristics, and state that the great leaders are made, not born. According to these theories, people can learn how to become leaders, mainly through learning and observation. Behavioral leadership theories analyze if a leader is oriented to tasks, or to people, or both. So, the two main forms of the leadership behavior are task-oriented and relationship-oriented leadership [41].

On the contrary, the contingency approach is based on the assumption that the relationship between the leadership style and organizational results is influenced by several situational factors related to the environment. This is why the results cannot be predicted solely on the basis of the leadership style, but it is important to be familiar with the situational variables, too [15]. Besides, the leadership style

depends on the staff's personal characteristics and abilities, on the elements of social surroundings and business environment, as well as other cultural, ethnical and historical aspects, too [39].

Based on the above-mentioned leadership theories several leadership styles have been developed. One of the most prominent ways for classifying and studying leadership includes three leadership styles – passive (lack of leadership), transactional, and transformational [18, 19, 26].

A transactional leader appears when one person takes the initiative in establishing contact with others for purposes of exchange [13]. Bass described the transactional leadership on the assumption that the followers were motivated by rewards and punishments and those they followed the instructions of their leaders [4]. Transaction leaders promise rewards for the effort and good performance, and their subordinates work well when they got clear orders [20]. Leaders who apply this style promote the strengthening of individual interests of both themselves and their followers; they tend to monitor, inspect results and establish goals [7, 40]. Transactional leadership is composed of contingent reward (CRW) and active management by exception (MBEA) [2, 7].

Transformational leadership emphasizes ideals, inspiration, innovation, and individual problems. Conger and Kanungo [16] described the five characteristics of charismatic leaders' behavior including a more transformational, and less transactional or passive perspective: vision and articulation, sensitivity to the environment, sensitivity to members' needs, personal risk-taking and unconventional behavior. Burns' definition treats transformational leadership as a method that uses charisma to attract followers to the values of leaders [13]. Transformational leadership occurs when one or more people engage with others in such a way that leaders and followers are mutually raised to more levels of motivation and morality. They support initiatives related to the change in business practices, business processes or organizational structures [40, 45]; changing the everyday scope of work through identifying new business activities and implementation of new business concepts based on a more flexible business process [40]. Transformational leadership is found to have a positive relation to employee employability and wellbeing [47] and motivate subordinates to go beyond their self-interest for the purpose of achieving organizational goals [24]. Transformational leadership is composed of idealized influence (attributed) (IA), idealized influence (behavior) (IB), inspirational motivation (IM), intellectual stimulation (IS), individualized consideration (IC), [4, 25, 31].

Passive leadership includes behaviors such as avoiding decisions, neglecting workplace problems, and failing to model or reinforce appropriate behavior. Passive leaders generally do not take proactive steps to model and reward appropriate conduct [22]. A passive leadership is comprised of passive management by exception (MBEP) and avoiding the involvement (LF) [5, 6, 7]. Passive leadership is generally considered as a less effective style of leadership

behavior [6] and frequently called the absence of leadership. Overall responsibility for decision making is delegated to followers, leading to poor results if the followers do not possess sufficient experience and knowledge necessary for decision making. For this leadership style the absence of support and assistance to followers is typical in the process of meeting needs, as well as the lack of feedback on the quality of their work [44].

Transformational and transactional leadership are related to the group's success, which is measured by the MLQ questionnaire. In some cases, a leader can show both transformational and transactional style. This is in the case "when a situation requires managerial activities like acquisition of resources to accomplish vision" [11, p. 1623], and both transformational and transactional elements of leadership are present. The part of the questionnaire connected with the leadership outcomes points out whether followers believe that their leader knows how to motivate them, how much his/her leadership style is effective, and whether the followers are satisfied with the leadership. The three outcomes of the MLQ are: followers' extra effort (EF) – meaning that the leader is investing extra effort to encourage the followers to do more than what they expect they can, effectiveness of leader's behavior (EF) – meaning that the leaders are effective in satisfying the followers' needs, in meeting the requirements of the group and of the organization, too, and followers' satisfaction (ST) – meaning that the leader uses adequate management techniques and methods resulting in the followers' satisfaction [40].

Many studies from public and private organizations, such as banks, manufacturing facilities, educational institutions, insurance companies, information technology companies, hospitals, health clinics, military units, and government agencies have examined the effects of transactional and transformational leadership and have shown that transformational leadership promotes more efficient results than transactional leadership. It was noticed that the transformational leadership is more efficient in activating higher levels of creativity and performance in organizations [23] and that subordinates working for transformation leaders are more satisfied with their current work than those who work for transactions [4]. Also, subordinates recognize transformation leaders as more efficient than transactional leaders [3]. Burns was the first to clearly define the style of leadership as either a transactional or a transformation, and that transactional leadership is based on bureaucratic authority and legitimacy [28].

Based on the aforementioned, the authors proposed two research hypotheses:

H1: Transformational leadership behavior is positively related to leadership outcomes.

H2: Transactional leadership behavior is positively related to leadership outcomes.

Regarding passive leadership, the difference between active and passive management lies in the time of intervention by the leader. Before creating any serious problems, active leaders control the behavior of their subordinates, anticipate problems and make corrective adjustments. Passive leaders, however,

are waiting for any action until certain behavior creates problems, after which they react. So, these leaders are making their own adjustments after problems arise and their ultimate goal is simply to maintain the current performance levels. Based on the aforementioned, the authors proposed the third research hypothesis:

H3: Passive leadership behavior is negatively related to leadership outcomes.

3 Methodology and Sample

The research described in this paper was made by using the MLQ (Multifactor Leadership Questionnaire) questionnaire. The MLQ was developed by Bruce J. Avolio and Bernard M. Bass in order to evaluate a wide range of leadership styles, from passive leaders, leaders who give contingent rewards to their employees, to leaders who transform, empower, and give them a chance to be leaders [5]. This questionnaire is widely used in banking sector to analyze leadership styles [1, 17, 24]. Avolio and Bass [7] state that the MLQ's purpose is not to mark the leader as a transformational or transactional, but to evaluate the leader as more transformative than the norm or less transacting than the norm. This survey consists of 36 items related to leadership styles and 9 items that are related to leadership outcomes. The composition of MLQ is reflected in 9 scales that measure three leadership styles: transformational leadership (5 scales), transactional leadership (2 scales) and passive/avoiding behavior (2 scales), as well as 3 scales that measure the outcome of leadership [7]. To assess the frequency of the observed managerial behavior, five-point Likert's evaluation scale was used (adjusted: 1=strongly disagree, 2=partially disagree; 3=not sure, 4=partly agree, 5=agree). The nine components of leadership are measured over the entire range of managerial styles and three outcomes of management [12].

The completion of the MLQ lasts an average of 15 minutes and can be given to an individual or group, and can be used to differentiate effective from ineffective leaders, at all organizational levels, and has been confirmed in many cultures and types of organizations [2]. Also, MLQ questionnaire is recognized as one of the best validated measures of mentioned leadership styles. It is conceived as a multi-grade, which means that the assessment of leadership takes into account the self-assessment of the leader together with the estimates of his subordinates and superiors. Self and Rater form can be filled in and evaluated separately, but the validity is much weaker when only the leader (self) form is used in the assessment of leadership [7]. This is one of the limitations of the present study.

The survey was conducted on a sample of 140 managers in the banking sector of the Republic of Serbia in the period from November 2018 until February 2019. The authors sent out 500 questionnaires to the banking sector (private banks), in order to examine the leadership styles of the managers in the middle and senior

level. There were 154 questionnaires filled out and returned and after a checking process, 140 of them were used in the analysis. The response rate was 28%. The authors used the SPSS program in order to investigate the proposed relations.

The reliability analysis of the items in the questionnaire (Cronbach's Alpha for 45 items is 0.937) showed that the items have relatively high internal consistency. In case of the investigation of the internal consistency of the 9 scales that measure 3 styles of leadership and 3 scales that measure leadership outcomes, Cronbach's Alpha is 0.878, which is also an acceptable result.

Table 1
Reliability statistics of observed items

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0,934	0,937	45
0,830	0,878	12

Source: Authors' analysis

According to the data presented in table 2, 60% of the respondents were men and 40% were women. The majority of the respondents are of 26-35 or 36-45 years old and most of them hold Bachelor, Master or Business school diploma.

Table 2
Sample characteristics (N=140)

Age	%	Valid %	Education	%	Valid %
18-25	13,6	13,6	Business school	30,7	30,7
26-35	39,3	39,3	Bachelor	27,1	27,1
36-45	32,1	32,1	Diploma	18,6	18,6
46-55	12,9	12,9	Master or PhD	23,6	23,6
56-65	2,1	2,1			
Total	100,0	100,0	Total	100,0	100,0

Source: Authors' analysis

4 Results of the Research

Data from Table 3 show the results of Spearman's correlation that was used to identify if there are any statistically significant relations between the perceived styles of leadership in banks and the leadership outcomes. According to the results of the correlation test for the sample of banking managers in Serbia - presented in Table 3 - it is obvious that there are strong positive correlations between Transformational leadership and Extra efforts ($\rho=0,82$, $p=0,000$), Effectiveness ($\rho=0,91$, $p=0,000$), and Satisfaction ($\rho=0,88$, $p=0,000$), and General outcome

($\rho=0,93$, $p=0,000$). Also, there are strong positive correlations between Transactional leadership and Extra efforts ($\rho=0,77$, $p=0,000$), Effectiveness ($\rho=0,83$, $p=0,000$), and Satisfaction ($\rho=0,79$, $p=0,000$), and General outcome ($\rho=0,85$, $p=0,000$). In case of Passive leadership style, moderate negative correlations are found with Extra efforts ($\rho=-0,52$, $p=0,000$), a strong negative correlations with Effectiveness ($\rho=-0,71$, $p=0,000$), and Satisfaction ($\rho=-0,62$, $p=0,000$), and General outcome ($\rho=-0,67$, $p=0,000$). It is concluded that transformational and transactional style is positively related to outcomes, while passive leadership is negatively related to all dimensions of leadership outcomes.

Table 3
Means, standard deviations, and correlations between the observed variables

	M	SD	TF	TS	PS	EE	EF	ST	OUTC
TF	3,25	1,09	1,0						
TS	3,28	0,91	0,88**	1,0					
PS	2,86	0,97	-0,70**	-0,59**	1,0				
EE	3,16	1,09	0,82**	0,77**	-0,52**	1,0			
EF	3,35	1,20	0,91**	0,83**	-0,71**	0,82**	1,0		
ST	3,34	1,23	0,88**	0,79**	-0,62**	0,79**	0,85**	1,0	
OUTC	3,28	1,11	0,93**	0,85**	-0,67**	0,91**	0,95**	0,94**	1,0
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Source: Authors' analysis

Besides, from table 3 it is obvious that managers in observed banks pointed to transactional ($M=3,28$) and transformational ($M=3,25$) styles as dominant, while passive leadership ($M=2,86$) is seen as less present in their leadership behavior. These results are in line with the previous research conducted on the leadership in Serbia. Bobera, Strugar Jelača and Bjekić [12] and Kuehneisen [27] found that the dominant leadership style in Serbia was a combination of transactional and transformational leadership, rather than the passive style of leadership.

To explore the relations between the gender, age, level of education of leaders, and styles of leadership to leadership outcomes, a hierarchical regression model was used. Multicollinearity, which often occurs in the analyses due to variables' high inter-correlations, was analyzed, too. In this model SPSS program achieved no multicollinearity (tolerance $<.10$ and VIF >10.0). Besides, there was no autocorrelation detected since the Durbin-Watson coefficient was between 1.5 and 2.5 in all four models.

According to the data in Table 4, the value of R for the first model (where the dependent variable was the general outcome) of 0.931 indicates a good level of prediction. R square value represents the proportion of variance in the dependent variable that can be explained by the independent variables, the proportion of variation accounted for by the regression model.

Table 4
Models summary

Model	R	R Square	Change Statistics					Durbin-Watson
			R Square Change	F Change	df1	df2	Sig. F Change	
1	0,695 ^a	0,483	0,483	42,358	3	136	0,000	
2	0,931 ^b	0,867	0,384	128,062	3	133	0,000	2,004
c. Dependent Variable: OUTC								
Model	R	R Square	Change Statistics					Durbin-Watson
			R Square Change	F Change	df1	df2	Sig. F Change	
1	0,602 ^a	0,362	0,362	25,726	3	136	0,000	
2	0,839 ^b	0,705	0,343	51,400	3	133	0,000	2,115
c. Dependent Variable: EE								
Model	R	R Square	Change Statistics					Durbin-Watson
			R Square Change	F Change	df1	df2	Sig. F Change	
1	0,721 ^a	0,520	0,520	49,062	3	136	0,000	
2	0,931 ^b	0,866	0,346	114,682	3	133	0,000	2,025
c. Dependent Variable: EF								
Model	R	R Square	Change Statistics					Durbin-Watson
			R Square Change	F Change	df1	df2	Sig. F Change	
1	0,642 ^a	0,412	0,412	31,822	3	136	0,000	
2	0,874 ^b	0,765	0,352	66,342	3	133	0,000	1,859
c. Dependent Variable: ST								

Source: Authors' analysis

The coefficient of the determination, R square, is 0,867 which means that the model explains 83,7% of the variability of the dependent variable. Based on the results of the F test, this change in R square, from the basic model to full, was significant ($F(3,136)=128,062$, $p<0,05$). The introduction of the independents altered the coefficient of determination of the model to a significant degree. The value of R for the second model (where the dependent variable was Extra effort) of 0.839 indicates a good level of prediction. The coefficient of the determination, R square, is 0,705 which means that the model explains 70,5% of the variability of the dependent variable. Based on the results of the F test, this change in R square, from the basic model to full, was significant ($F(3,136)=51,400$, $p<0,05$). The introduction of the independents altered the coefficient of determination of the model to a significant degree. Regarding the third model, where the dependent variable was Effectiveness, the value of R of 0.931 indicates a good level of prediction. The coefficient of the determination, R square, is 0,866 which means

that the model explains 86,6% of the variability of the dependent variable. Based on the results of the F test, this change in R square, from the basic model to full, was significant ($F(3,136)=114,682$, $p<0,05$). The introduction of the independents altered the coefficient of determination of the model to a significant degree. In the case of the fourth model, where the dependent variable was Satisfaction, the value of R of 0.874 indicates a good level of prediction. The coefficient of the determination, R square, is 0,765 which means that the model explains 76,5% of the variability of the dependent variable. Based on the results of the F test, this change in R square, from the basic model to full, was significant ($F(3,136) = 66,342$, $p<0,05$). The introduction of the independents altered the coefficient of determination of the model to a significant degree.

Table 5
ANOVA test of observed models

Model a		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82,156	3	27,385	42,358	0,000
	Residual	87,925	136	0,647		
	Total	170,081	139			
2	Regression	147,470	6	24,578	144,572	0,000
	Residual	22,611	133	0,170		
	Total	170,081	139			
a. Dependent Variable: OUTCOME						
Model b		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60,215	3	20,072	25,726	0,000
	Residual	106,111	136	0,780		
	Total	166,326	139			
2	Regression	117,187	6	19,531	52,864	0,000
	Residual	49,139	133	0,369		
	Total	166,326	139			
b. Dependent Variable: EE						
Model c		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	104,327	3	34,776	49,062	0,000
	Residual	96,398	136	0,709		
	Total	200,725	139			
2	Regression	173,849	6	28,975	143,389	0,000
	Residual	26,876	133	0,202		
	Total	200,725	139			
c. Dependent Variable: EF						
Model d		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87,287	3	29,096	31,822	0,000
	Residual	124,347	136	0,914		
	Total	211,634	139			

2	Regression	161,824	6	26,971	72,016	0,000
	Residual	49,810	133	0,375		
	Total	211,634	139			
d. Dependent Variable: ST						

Source: Authors' analysis

According to the data presented in Table 5, all four models are statistically significant. The F-ratio in the ANOVA table showed that the overall regression model is a good fit for the data. The independent variables in the final model statistically predict the dependent variable in case of general outcome $F(6, 133) = 144,572$, $p < 0,001$; in case of Extra efforts $F(6, 133) = 52,864$, $p < 0,001$; in case of Effectiveness $F(6, 133) = 143,389$, $p < 0,001$, and in case of Satisfaction $F(6, 133) = 72,016$, $p < 0,001$.

The authors implemented a hierarchical regression analysis. The analyses were conducted in 2 steps. In Step 1, the control variables were entered into the model. In Step 2, we added variables related to the types of leadership.

Table 6
Coefficients of the hierarchical regression models

Model		a	t	b	t	c	t	d	t
		B		B		B		B	
1	(C)	1,76**	4,78	1,84**	4,56	1,65**	4,30	1,76**	4,06
	Sex	0,094	0,672	0,236	1,530	0,039	0,262	0,008	0,050
	Age	-0,214**	-2,95	-0,234**	-2,939	-0,220**	-2,90	-0,187**	-2,168
	Educ	0,585**	10,40	0,478**	7,737	,665**	11,30	0,612**	9,158
2	(C)	0,305	0,975	-0,197	-0,427	,850**	2,49	0,261	0,563
	Sex	,043	0,598	0,194	1,830	-0,013	-0,164	-0,052	-0,489
	Age	-,077**	-2,03	-0,122**	-2,183	-0,074	-1,78	-0,035	-0,629
	Educ	0,074	1,86	0,031	0,523	0,141**	3,25	0,051	0,860
	TF	0,674**	7,77	0,562**	4,398	0,559**	5,91	0,902**	7,004
	TS	0,235**	2,84	,363**	2,986	0,290**	3,221	0,051	0,413
	PS	-0,034	-0,679	0,093	1,254	-0,186**	-3,385	-0,010	-0,131
a. Dependent Variable: OUTC, b. Dependent Variable: EE, c. Dependent Variable: EF, d. Dependent Variable: ST									
**. Correlation is significant at the 0.01 level (2-tailed).									

Source: Authors' analysis

Table 6 presents the coefficients of the regression models. In the first step, the regression model showed that most of the controls had significant relations to the leadership outcomes, except the sex of the respondents. According to the beta coefficient, younger leaders are related to the higher level of leadership outcomes, when the other variables in the model are controlled (held fixed). In the case of education, results pointed to the conclusion that there is a positive relationship

between more educated leaders and outcomes in all four models. There were no significant relationships between sex and leadership outcomes.

In the second step of the regression analysis, the authors added leadership styles as independents. Based on the results of the full regression model, in case of control variables (sex, age, and education level), only the education level of the leaders and age are statistically significantly related to the leadership styles in few cases. The higher level of education that leaders have is positively related to leadership outcomes in terms of effectiveness as an outcome. Older leaders in banks showed negative statistically significant relations to the general outcome and extra effort. Regarding perceived leadership styles, results of the regression models showed that transformational and transactional styles have statistically significant positive relations to general outcome of leadership, extra efforts, and effectiveness, while transformational style even to satisfaction. In the case of passive leadership style, which that is also present in the sample, statistically significant negative relations are found towards effectiveness, as a leadership outcome. In the case of the other three outcomes, there no statistically significant relations were detected.

Based on the results of the analysis, the authors proved all three hypotheses since transformational and transactional leadership styles have statistically significant positive relations to outcomes (H1 and H2), while the passive style has a negative relation to outcomes in terms of effectiveness (H3).

The results of the regression models are in line with the previous research on this theme. Transformational leadership had a significant relationship with outcomes in terms of effectiveness, extra effort, and job satisfaction. The relationship between the laissez-faire (passive) leadership style and effectiveness and job satisfaction was found to be negative [1, 43]. In the case of transactional leadership [1] statistically significant relation with the outcomes was not found. Asrar-ul-Haq and Kuchinke analyzed the dimensions of transactional style, i.e. the contingent reward and active management by exceptions, and found that contingent rewards have positive relations to effectiveness as leadership outcome. The findings of Bushra, Ahmad and Naveed [14] pointed that transformational leadership positively affects job satisfaction and organizational commitment, while Zareen, Razzaq, and Mujtaba [48] found positive impact of transformational, passive and transactional leadership on employee motivation.

Conclusions

Leadership is seen as a process of making an influence on the followers, based on different characteristics, in order to achieve organizational goals. There are many different approaches and theories on leadership, but the MLQ approach is definitively one of the well-known. It has been used in many theoretical and empirical research, in different cultures, industries, and sectors. For the purpose of this research, the authors used the MLQ approach to explore the relations between leadership styles and leadership outcomes in the banking sector of Serbia. The research included the investigation of available literature on leadership styles,

based on the distinction between transformational, transactional, and passive leadership, and the relations with the leadership outcomes, focusing on the banking sector.

The research results pointed-out that there are positive statistically significant relations between transformational and transactional leadership and the leadership outcomes. Most of the Serbian banks have leaders with dominant transactional and transformational style. There are strong positive correlations between transactional and transformational leadership and extra efforts, effectiveness, satisfaction, and the general outcome. In the case of passive leadership style, moderate negative correlations are found with the extra efforts and strong negative correlations with the effectiveness, satisfaction, and general outcome. It is concluded that transformational and transactional style is positively related to outcomes, while passive leadership is negatively related to the analyzed dimensions of leadership outcomes.

A hierarchical regression model was used to explore the relations between leadership styles and outcomes. Based on the results of the full regression model, in case of control variables (sex, age, and education level), only the leaders' education level and age are statistically significantly related to the leadership styles in few cases. The higher level of education of leaders is positively related to leadership outcomes in terms of effectiveness as an outcome. Older leaders in banks showed negative statistically significant relations to the general outcome and extra effort. Regarding the perceived leadership styles, transformational and transactional styles have statistically significant positive relations to the general outcome of leadership, extra efforts, and effectiveness, while transformational style even to satisfaction. In the case of passive leadership style, statistically significant negative relations are found with the effectiveness, as a leadership outcome.

The obtained research results presented in this paper are in line with previous research in the area, in Serbia and in the banking sector in other countries. The banking sector is characterized as quite turbulent, with many changes and uncertainty, so a specific style of leadership is the need and not the choice. Since leadership is influenced by the situation (contingency approach), it is expected that managers in banks perform such a style(s) of leadership that will help them to motivate and lead their followers towards goals in a contemporary risky and unpredictable business environment. There is no one right leadership approach; it depends on the actual state of a company, its level of development and contemporary issues

The paper adds new insight to the topic of leadership, specifically in Serbia and in the banking sector, since these researches are rare, and there are not so many comparable data. The authors confirmed all three hypotheses, and once more proved the importance of transformational and transactional leadership.

Although the authors performed quite a complex investigation, the research has some limitations. The first limitation and the most important one is the usage of the self-rater MLQ questionnaire, where leaders estimated styles and outcomes of leadership. It is argued in the literature that MLQ gives more appropriate results when the outcomes are rated by followers (employees). The second limitation is the use of the data only from one period of time, so the authors could not perform more complex analysis. Besides, only the leaders from private banks in Serbia are analyzed; while the state-owned banks were omitted from the research. That is why the authors could not make general conclusions. The above-mentioned limitations can be avoided in future researches, so these could be seen as directions for further research in this area of management.

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