

Analysis of management and leadership in barclays bank

[Finance](#), [Banks](#)



Barclays Bank has an extensive presence in Europe, the United States, Africa and Asia, providing a wide range of services for both individuals and businesses. Barclays has a long history that extends over three hundred years, and from its central office in London, it oversees operations that extend to fifty countries and more than 155, 000 employees.

Barclays Bank lends, invests and moves money for more than 48 million people all over the world.

The earliest roots of Barclays go back to 1690, when Thomas Gould and John Freame started operating as Goldsmith Bankers in central London. Seventy years later, Goldsmith Bankers moved into a large banking house, and subsequently joined up with nineteen other private banking concerns under the name Barclays and Company Limited, which provided the bank with a combination of 182 branches as well as deposits amounting a massive £26 million. At this point in time, Barclays and Company was well connected to the community through family and religious links; hence Barclays and Company was often called the Quaker Bank.

At the turn of the twentieth century, the Barclays and Company started expanding rapidly, taking over notable banks such as the Bolithos Bank in the South west of England and the United Counties Bank in the Midlands. By 1918, Barclays and Company had combined with London Bank South Western Bank and Provincial Bank to become one of the UK's five biggest banks.

By 1925 Barclays had become a truly international organisation with the merger of the Colonial Bank, the Anglo Egyptian Bank and the National Bank of South Africa. This led to a great deal of business through the Middle East, Africa, and the West Indies.

Barclays Bank has always been an innovative company. In 1966 Barclays became the first bank to offer a UK Credit card. The following year it was the first bank in the world to offer cash machines to its customers and by 1972, it had become the first bank to try TV advertising. Barclays Bank became the first UK bank to have shares listed on the Tokyo and New York Stock Exchanges in the late twentieth century, and consequently it moved into a high paced exchange whereby in 2006 a full 50% of its profits were being made outside of the UK.

Recent developments

Reuters later reported that the British government would inject £40 billion (\$69 billion) into three banks including Barclays, which might seek over £7 billion. Barclays later confirmed that it rejected the Government's offer and would instead raise £6.5 billion of new capital (£2 billion by cancellation of dividend and £4.5 billion from private investors).

In January 2009 the press reported that further capital may be required and that while the government might be willing to fund this, it may be unable to do so because the previous capital investment from the Qatari state was subject to a proviso that no third party might put in further money without

the Qataris receiving compensation at the value the shares had commanded in October 2008.

In March 2009 it was reported that in 2008, Barclays received billions of dollars from its insurance arrangements with AIG, including \$8.5bn from funds provided by the United States to bail out AIG. On 12 June 2009, Barclays sold its Global Investors unit, which includes its exchange traded fund business, iShares, to BlackRock for \$13.5bn. Standard Life sold Standard Life Bank plc to Barclays plc in October 2009. The sale completed on 1 January 2010. On 11 November 2009, Barclays and First Data, a global technology provider of information commerce, have entered into a agreement according to which Barclays will migrate a range of card portfolios to First Data's issuing and consumer finance platform. On February 13, 2010 Barclays announced it would pay more than £2 billion in bonuses.

INTRODUCTION OF LEADERSHIP

Leadership is all about harnessing people power for the attainment of a desired goal and thus the concept of leadership cannot be restricted to the Organizational context. It pervades through all realms of society, whether it be in politics, religion or the corporate world.

DEFINITION OF LEADERSHIP

We can define leadership as:

€ “ The activity of influencing people to strive willingly for group objectives.”

George R. Terry.

€ “ It is interpersonal influence exercised in a situation and directed through the communication process towards the attainment of specialized goals.” – Robert Tannenbaum.

€ “ Leadership is influencing people to follow in the achievement of a common goal” – Koontz O’Donnell.

€ “ Leadership is the process whereby one individual influences other group members towards the attainment of defined group or organizational goals.” – Baron & Greenberg

The above definitions as is evident all pertain to the Western views. This is because leadership as a formalized field of study and analysis with a structured syllabus has not yet been established in India as it is in the West.

LEADERSHIP THEORIES

GREAT MAN THEORY

Great Man theories assume that the capacity for leadership is inherent – that great leaders are born not made. These theories often portray great leaders as heroic, mythic and destined to rise to leadership when needed. The term “ Great Man” was used because, at the time, leadership was thought of primarily as a male quality, especially in terms of military leadership.

TRAIT THEORY

Similar in some ways to “ Great Man” theories, trait theory assumes that people inherit certain qualities and traits that make them better suited to leadership. Trait theories often identify particular personality or behavioral

characteristics shared by leaders. But if particular traits are key features of leadership, how do we explain people who possess those qualities but are not leaders? This question is one of the difficulties in using trait theories to explain leadership. Several researchers have demonstrated that such traits of leadership do not always ensure successful leadership but they do place the possessor in higher esteem. It is also seen that hardly 10% of the listed traits in over 100 such researchers appeared in 5 or more study. The trait approach has led to selection procedure by written tests or preference tests. The Greatest defect of this theory is that we cannot have common or universal traits of leadership.

CONTINGENCY THEORIES

Contingency theories of leadership focus on particular variables related to the environment that might determine which particular style of leadership is best suited for the situation. According to this theory, no leadership style is best in all situations. Success depends upon a number of variables, including the leadership style, qualities of the followers and aspects of the situation. Contingency theory is a class of behavioral theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Several contingency approaches were developed concurrently in the late 1960s. They suggested that previous theories such as Weber's bureaucracy and Taylor's management had failed because they neglected that management style and organizational structure were influenced by various aspects of the

environment: the contingency factors. There could not be “one best way” for leadership or organization. Historically, contingency theory has sought to formulate broad generalizations about the formal structures that are typically associated with or best fit the use of different technologies. The perspective originated with the work of Joan Woodward (1958), who argued that technologies directly determine differences in such organizational attributes as span of control, centralization of authority, and the formalization of rules and procedures.

SITUATIONAL THEORIES

Situational theories propose that leaders choose the best course of action based upon situational variables. Different styles of leadership may be more appropriate for certain types of decision-making. These approach places more emphasis on the characteristics of the specific situation or environment in which the leader is operating. Qualities for leadership vary with the situation or circumstances and that any traits or skill can become a quality of leadership in the right situation.

BEHAVIORAL THEORIES

Behavioral theories of leadership are based upon the belief that great leaders are made, not born. Rooted in behaviorism, this leadership theory focuses on the actions of leaders not on mental qualities or internal states. According to this theory, people can learn to become leaders through teaching and observation.

PARTICIPATIVE THEORIES

Participative leadership theories suggest that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theories, however, the leader retains the right to allow the input of others

MANAGEMENT THEORIES

Management theories (also known as “ Transactional theories”) focus on the role of supervision, organization and group performance. These theories base leadership on a system of rewards and punishments. Managerial theories are often used in business; when employees are successful, they are rewarded; when they fail, they are reprimanded or punished.

RELATIONSHIP THEORIES

Relationship theories (also known as “ Transformational theories”) focus upon the connections formed between leaders and followers.

Transformational leaders motivate and inspire people by helping group members see the importance and higher good of the task. These leaders are focused on the performance of group members, but also want each person to fulfill his or her potential. Leaders with this style often have high ethical and moral standards.

LEADERSHIP STYLE

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. The U. S. Army Handbook,

1973 identifies three styles of leadership:

AUTHORITARIAN OR AUTOCRATIC

PARTICIPATIVE OR DEMOCRATIC

DELEGATIVE OR FREE REIGN

Although good leaders use all three styles, with one of them normally dominate, bad leaders tend to stick with one style. Barclay's bank is using all these three leadership styles.

AUTHORITARIAN OR AUTICRATIC

This style is used when the leader tells his employees what he wants done and how he wants it done, without getting the advice of his followers. Some of the appropriate conditions to use it are when you have all the information to solve the problem, you are short on time, and your employees are well motivated. Some people tend to think of this style as a vehicle for yelling, using demeaning language, and leading by threats and abusing their power. This is not the authoritarian style – rather, it is an abusive, unprofessional style called 'bossing' people around. It has no place in a leader's repertoire.

The authoritarian style should normally only be used on rare occasions. If you have the time and want to gain more commitment and motivation from your employees, then you should use the participative style.

PARTICIPATIVE OR DEMOCRATIC

This type of style involves the leader including one or more employees in on the decision making process (determining what to do and how to do it).

However, the leader maintains the final decision making authority. Using this style is not a sign of weakness; rather it's a sign of strength that your employees will respect. This is normally used when you have part of the information, and your employees have other parts. A leader is not expected to know everything – this is why you employ knowledgeable and skillful employees. Using this style is of mutual benefit – it allows the employees to become part of the team and allows you to make better decisions.

DELEGATIVE OR FREE REIGN

Also known as laissez faire, which is the non interference in the affairs of others. In this style, the leader allows the employees to make the decision.

However, the leader is still responsible for the decisions that are made. This is used when employees are able to analyze the situation and determine what needs to be done and how to do it. You cannot do everything! You must set priorities and delegate certain tasks.

This is not a style to use so that you can blame others when things go wrong; rather this is a style to be used when you have the full trust and confidence

in the people below you. One should not be afraid to use it, however, to be effective, it must be used wisely! There are a number of different approaches, or 'styles' to leadership and management that are based on different assumptions and theories. The style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms, which will encourage some, and discourage others.

In this context, the various approaches could also be classified under the following heads.

CHRISMATIC LEADERSHIP

PARTICIPATIVE LEADERSHIP

SITUATIONAL LEADERSHIP

TRANSACTIONAL LEADERSHIP

TRANFOMATIONAL LEADERSHIP

THE QUIET LEADERSHIP

SERVANT LEADERSHIP

CIRCUMSTANCES UNDER WHICH THE ORGANIZATION DECIDE TO IMPLEMNT THE CHANGE

Organizations have to face different challenges in this changing environment like

Absence of group skills

The most important this in any organization is to set skills that would enhance its effectiveness. Today's business environment keeps on changing and in this changing environment the one who is skilled would survive. It's the responsibility of manager to motivate others for positive change and would build the team that work according to the change. In this rapid changing environment its not easy for manager to prepare other members accepts the need for change. He helps them to understand the new techniques and methods. You may get lot of good ideas but the real thing is to translate those ideas into the accepted ways. The success of any change depends on the acceptance of the ways.

Lack of motivation and morale

To maximize motivation among employees, manager needs to think in terms of flexibility. He needs to recognize what motivate his employees. A diverse array of rewards in needed to motivate employees. Manager's most important goal is to help their employees developing their potential and they can do so by offering them developmental work assignments that provide a variety of learning experiences in different organizational areas. In 1980 Hackman point out the core dimensions of the job which include skill variety, task identity, task significance, autonomy, and feedback

A job requires a variety of activities so that an employee could use a number of different skills and talents. It requires completion of whole and identifiable piece of work and it has substantial impact on the lives or work of other people. If these things exist in a job then the person will view his or her job

as being important, valuable, and worthwhile. Job that possess autonomy give the job incumbent a feeling of personal responsibility for the results, and that if a job provides feedback, the employee will know how effectively he or she is performing. From a motivational point of view, these core dimensions suggests that internal rewards are obtained when an employee learns that he or she personally has performed well on a task that he or she cares about. The more these conditions characterize a job, the greater the employee's motivation, performance and satisfaction and the lower his or her absenteeism and likelihood of resigning. Individual with a high growth need are more likely to experience the critical psychological states and respond positively when their jobs include the core dimensions than are low growth need individuals.

Conflict management

In an organization sometimes conflict arises among members. This conflict is not always bad sometimes it's good because, with conflict the team member would get more information, they can deeply understand the problems and would give the most appropriate solutions as well. In the era of globalization teams identify conflicts and made the successful strategic decision without sacrificing the speed of task accomplishment. But most times conflict results in slowing down the task accomplishment speed and it would reduce the effectiveness of adopted strategy. One should identify what are main reasons of conflict? Few of them are personal differences with respect to perception and expectations, lack of information, uncertainty about roles.

Following are few points that help to overcome conflict

Always work with plenty of information.

Facts should be mainly focused.

Multiple alternatives should be developed.

Everyone should have same goal.

Inject humor into decision making process.

Solve problems without forcing consensus.

Maintain balanced power structure.

Power and politics

Power is the ability to control the environment. If the person has power he can decide and act. If an employee is empowered he can act without any directions. Sometimes empowerment becomes very much important for the organization. In any organization, where employees are empowered they are responsible for observing one another, correcting improper procedures.

Managers are increasingly leading by empowering their employees. It involves increasing decision making discretion of employees. Millions of employees are making the key operating decisions that directly affect their work. They are engaged in activities that until very recently were viewed exclusively as a part of manager's job. The reason why more companies empowering employees is the need for quick decisions by those people who are most knowledgeable about the issues. If organizations are to successfully compete in a dynamic global economy, they have to be able to make

decisions and implement changes quickly. In order to cope with increased work demands managers has to empower their people. When employees have the skills, knowledge and experiences to do their jobs competently and when they seek autonomy and possess internal locus of control, it can be beneficial.

Rapid changes

Organizations are changing due to change in internal and external environment. In order to adjust to these changes organization has to be flexible.

Diverse workforce

Another issue faced by the organization is coordinating work efforts of diverse organizational members in accomplishing organizational goals. Today's organization are characterized by diverse workforce i. e. more heterogeneous in terms of gender, race, ethnicity, age and other characteristics that reflect differences. Organizations will require larger workforce to meet the demand of high potential market. Employees don't set aside their cultural values and lifestyle preferences when they come to work. The challenge for managers, therefore, is to make their organization more accommodating to diverse groups of people by addressing different lifestyles, family needs, and work styles. Smart managers recognize that diversity can be an asset because it brings a broad range of viewpoints and problem solving skills to a company, and additionally helps organizations better understand a diverse customer base.

Globalization

Management is no longer constrained by national borders. There is significant importance from globalization, and the world has definitely become the global village. Managers in organization of all sizes and types around the world have to confront the challenges of operating in the global market. Managers face challenges due to an array of environmental factor while doing business. He must effectively plan, organize, lead, control and manage cultural difference to be globally successfully.

General obstacles in an organization

Organization needs a wide variety of skills but sometimes it happens that the organization got skills but still it won't work as it supposed to. In many cases management is not sensitive to change. They are not creative enough to put the skills of employees at the best use. Lack of vision is one of the main obstacles that prevent organization to use its resource to the full. One should have the ability to identify the problems and find solutions. If the manager doesn't have the ability to identify the opportunities to success then this would be a barrier to growth. If the management is not able to identify the creative solutions then it will be a problem for the organization in the long run. Another problem that hinders the organizational growth is that not all members are able to cope with the changing environment. Every organization has certain norms and values and its members have to follow those norms and values. All members should be sensitive to change if the business is continuously changing every member should accommodate according to that change.

EFFECTIVE MANAGEMENT

Effective management is about:

Filling vacant positions with the knowledgeable and productive candidates.

To increase productivity, high potentials should be promoted.

To increase the efficiency of staff in their current role develop the staff.

Retain the best employees to increase performance consistently.

Employee empowerment is very much popular term now, it is important for the development and change of any organization. Empowering employees leads to the best results for the organization. Professional generally agrees that empowering employees will increase the productivity of organization and employees are committed and loyal to the organization.

Empowered employees provide better products and services

When employee is empowered he feels strong and becomes more confident.

This confidence then leads to better products and services. For the development of organization and cope up with the changing nature of programs empowerment is critical. This would improve the performance and employees would take ownership of their jobs and the delivery of products and services to their clients. They serve customers at the level of organization where the customer interface exists.

Empowered employees are committed and loyal

Whatever the situation is, employers don't like high employee turnover, selection, and training is very expensive. During organizational change if employee empowered become the foundation of organizational development activities this would ensure the commitment and loyalty of employees. Empowered employees take pride and ownership in their jobs when they know that they can exercise independent judgment when needed.

Empowered employees are productive

When employees feel that they are valued and their decision are considered and management would listen to their ideas, they work harder to prove themselves right. Implementing organizational development program calls for incorporating ways to help employees. And this would increase productivity.

Empowered employees generate good ideas

Every employee got some ideas with himself. They might have different skills. If they are empowered they share their ideas and this can provide important insight into management development and change management decisions. They can generate different products by using innovative methods on regular basis. Organizations who really are interested in effective organizational development and change programs, they acknowledge and reward their employees and give feedback on regular basis.

Empowered employees spread the word

Employees pride would boost if they are empowered in organizational development and change program. The more empowered employees the more they are satisfied and they would more likely to spread the word how well the company is to others. We will further discuss this statement further by Barclays and Lehman Brothers Integration.

Barclays and Lehman Brothers Integration

Barclays the global financial services provider acquired the US Lehman Brothers in 2008 for the enhancement of its market. The critical issues occurred while the integration was

the business disruption

minimizing the clients transfer to other banks

Different culture of both the businesses

Motivation of the staff of Lehman brothers

AS A CHANGE AGENT

Effective dealing of problems

The first step to solve the problem is to identify the cause of problem.

Sometimes problem can be solved by simple talking with employees such as minor attitude problems or occasional tardiness etc. In coaching manager has to deal one by one with the problem or he direct other employee to work with the employee to solve the issue between the two. It is the responsibility of leader to provide employee with feedback in order to improve their

performance. Coaching requires time and patience and this will result in employees modified behavior.

Poor performance

Sometimes employee has skills but still he doesn't perform well. This is may be because he is disturbed or unsystematic or careless. These habits can be removed through proper guidance. But, if lack of skill is the reason of poor performance than this can be corrected through additional training.

Job incompatibility

Sometimes it so happens that the reason of employee's poor performance is that they didn't get the job according to their skills. Their skills are not compatible or are not compatible with the task assigned to them. This problem can be solved through additional training or assigning them a different task.

Sloppy work

Whenever you notice that employee has made some mistakes, point out those mistakes and monitor their work closely. If still they made mistake, talk to them and try to know the reason of being careless or why they are not doing their work or properly. But in all this one has to be positive and should know that how much important is employee to the company.

Create an effective message

Consider the needs of everyone in the organization and design your message according to that so they can understand what you are trying to say. The performance of employees is very much dependent on your message. An

effective message would have good impact over employee's performance. A face to face interaction would be more suitable and can help employees to adapt the change.

Listen to your employees

For the change management employee feedback is very important. You can encourage your employees to provide feedback through email or the intranet. Communication is the foundation stone to successful management of change. You need to communicate with your employees early and often to make them understand your message.

STAKE HOLDERS INVOLVE INTO THAT CHANGE PROCESS

Investors and Business partners and suppliers

Investors influenced in this change management process because they invest their asset to get profit, but with the old policy they didn't get much profit. So they involve in the favor of change management process for achieving their goals.

Bank employees

Bank employees involved in the change management process and they goes against to the change process because they are habitual to work on through the old policy.

Customers

Customers also involve in the change process and go into the favor of change process because they want quick results and want innovation in organization so they also influenced with the change process.

Government and NGO's

Government and NGO's influenced in the way the Government expect more taxes and other duties from the organizations and if an organization is not going in profit then how they get the more taxes and duties. On the other hand Ngo's want support from the organizations. If they are not in good position they will also influenced with this so these departments also want change process for improvement of the organization.

KOTTER's 8 STEP CHANGE MODEL

Change is the only constant.

– Heraclitus, Greek philosopher

What was true more than two thousand years ago is just as true today. We live in a world where “ business as usual” IS change. New initiatives, project-based working, technology improvements, staying ahead of the competition – these things come together to drive ongoing changes to the way we work.

Whether you're considering a small change to one or two processes, or a systemwide change to an organization, it's common to feel uneasy and intimidated by the scale of the challenge.

You know that the change needs to happen, but you don't really know how to go about doing delivering it. Where do you start? Whom do you involve? How do you see it through to the end?

There are many theories about how to “ do” change. Many originate with leadership and change management guru, John Kotter. A professor at Harvard Business School and world-renowned change expert, Kotter introduced his eight-step change process in his 1995 book, “ Leading Change.” We look at his eight steps for leading change below.

Step One: Create Urgency

For change to happen, it helps if the whole company really wants it. Develop a sense of urgency around the need for change. This may help you spark the initial motivation to get things moving.

This isn't simply a matter of showing people poor sales statistics or talking about increased competition. Open an honest and convincing dialogue about what's happening in the marketplace and with your competition. If many people start talking about the change you propose, the urgency can build and feed on itself.

What you can do:

Identify potential threats, and develop scenarios showing what could happen in the future.

Examine opportunities that should be, or could be, exploited.

Start honest discussions, and give dynamic and convincing reasons to get people talking and thinking.

Request support from customers, outside stakeholders and industry people to strengthen your argument.

Step Two: Form a Powerful Coalition

Convince people that change is necessary. This often takes strong leadership and visible support from key people within your organization. Managing change isn't enough – you have to lead it.

You can find effective change leaders throughout your organization – they don't necessarily follow the traditional company hierarchy. To lead change, you need to bring together a coalition, or team, of influential people whose power comes from a variety of sources, including job title, status, expertise, and political importance.

Once formed, your “ change coalition” needs to work as a team, continuing to build urgency and momentum around the need for change.

What you can do:

Identify the true leaders in your organization.

Ask for an emotional commitment from these key people.

Work on team building within your change coalition.

Check your team for weak areas, and ensure that you have a good mix of people from different departments and different levels within your company

Step Three: Create a Vision for Change

When you first start thinking about change, there will probably be many great ideas and solutions floating around.