

Leadership in the uk banking sector

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



Banking industry in the United Kingdom, where has around 50 scheduled commercial banks, is one of the most competitive sectors and has a direct influence on this country economy. The story started 18 months ago, when global economic crisis spread in the UK. Following results of it caused some of the most successful British bank leaders have been forced to resign. In this assignment, the current and future leadership requirements of the British bank industry and the methods and techniques of developing leadership skills will be discussed.

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3. Introduction

Leadership means ° process of getting things done through other people.

The qu°rtÐµrb°Ñ † k moves the team towards ° touchdown. Being a lÐµ°dÐµr is an °dvÐµnturÐµ because you can never be sure whether you will reach your goals. So a leader always needs to improve his related personal skills and behaviours by getting new training. However, some of leadership sciences believe the most successful leaders learn from their life experience and apply them in their working behaviours (Tengblad, 2001).

After, recent economic crisis and its results in the different sectors, there are some new effort to apply more leadership behaviour in their own organization. Following pages will be discussed particularly about leadership requirements in the UK bank sector.

4. Aim and Objectives

The core of these pages is to identify the leadership requirements of the United Kingdom bank sector and find appropriate methods and techniques to reach these demands in current and future of bank industry.

5. Scope

The scope of this study revolves around the UK banking sector and will be limited through secondary analysis of the topic and secondary research data.

6. Methodology

This assignment is based on secondary data. The research involves studies in details of newspapers, journals, leadership books and online material on the web. The research was conducted through various sources, including libraries and the Internet. A research library was visited for gathering useful data from textbooks and journals. The Internet was also an important tool to find relative information, leading to the research for variety of information in journals and newspapers from different sources.

7. Bank Leadership Requirements in the UK

The requirements for the UK banking sector will be presented in two different parts: current and future requirements.

7.1. The Current Bank Leadership requirements in the UK

In the current situation, British government has lent too much money to bank industry to overcome their problem such as mortgage crisis and the

credit crunch. Due to this, nowadays, the UK government has more shares in some banks and give time to them to look for new rescuer and funding some new options to firstly, end up this situation and then pay back the money, although some banks like Lloyds TSB already did, they still are supported by the government. Another important area that the government has asked banks is: keeping this lending information secret and prevent any panic among bank customers that may decline the numbers of investors. The British governor advice bank industry to prevent any wrong decision because any mistake can cause a huge fail for them (Sorkin, 2009).

According to current scenario, the leadership requirements of bank industry are:

High self-confidence

High energy level and stress tolerance

Conceptual Skills

Social Intelligence

Participative Leadership Behaviour

7. 1. 1. High self-confidence

Self-confidence consists various related concepts like self-esteem and self-efficacy. High self-confidence is the exactly thing that high-level leaders in bank sector need in crisis situation. Managers with high-self confidence are more likely to attempt difficult tasks and overcome the crisis situation.

Leaders with this feature have more motivation to solve problems Self-

confidence is particularly essential for bank leaders to act confident and be decisive in current situation that usually their behaviour is followed carefully with Media and newspaper that it can cause an extra pressure for them(Yuki, 2008, p53).

There are some disadvantages for high self-confidence such as making rash decision and autocratic. However, being optimistic about the crisis is extremely helpful for bank leaders to overcome the problems.

7. 1. 2. High energy level and stress tolerance

High energy level and stress tolerance help bank leaders to cope with changing situation and long working hours, thus it make it easier to overcome the stressful interpersonal situations like rapid change in economic system, control by Media and government demands. The success key for these leaders to making better decisions is: having high level of energy and stay calm.

7. 1. 3. Conceptual Skills

Generally, conceptual skills consist of good judgment, creativity, intuition, foresight, and the ability to discover meaning and order in uncertain event and crisis situation. Nowadays, bank leaders need to identify complex relationships in economic al environment, creative the best ways to solve the current problems and predict future bank industry events from the current trend. It is essential for bank managers to have enough capability to analysis current issues in the external environment which will impact the bank sector, to identify how different parts of global bank industry related to each other

and how changes in one aspect influence the UK banks, and to find new opportunity for bank sector (Yuki, 2008, p63).

7. 1. 4. Social Intelligence

Social Intelligence is the capability to identify the requirements for leadership in special situation. Social perceptiveness prepares the ability to finding the functional demands, drawbacks, and opportunities that related to banks. If a bank manager has high social perceptiveness, he/she can motivate the group to work more effective. Behaviour flexibility helps bank leaders to use different behaviour correctly in crisis, and it is provided by self monitoring from leaders. One important aspect of social intelligence ability is having political skills which are extremely essential in today's bank situation.

7. 1. 5. Participative Leadership Behaviour

Participate Leadership consist of applying different decision procedures that allow other people some influence on leader's decisions. In todays bank situation leaders need to involve other people in their decision particularly by consultation, joint decision and delegation. Bank leaders should try to encourage their colloquies to help them that cause more part of bank involve in the crisis and create a cooperative bank environment as well as help leaders to reduce the number of wrong decisions. If participative leadership behaviour imply correctly now, it can help bank leaders to rebuilt bank structure in the future.

7. 2. The Future Bank leadership requirements in the UK

In my opinion, current bank's crisis will be continuing just for a few more time however, it affects the sector deeply. As it mentioned before, the UK

government inject lots of money in the bank industry to prevent many drawbacks, but by doing this British government have more stocks in the bank industry, so the UK banks will be more dependence to the government. As a result of this, the next generation of the British bank leaders will be more selected by government and political environment will influence bank sector widely. The government wants to controls banks more than before and also do not want to loose profit again. Therefore, the United Kingdom government try to change some policies such as restriction on banker bonuses because wants to reduce bankers risk and create safer environment, control bank assets price, and change bank structure. It asked bank leaders to focus on some area like inflation and unemployment in bank industry. So, the future of this sector will be changing in structure in the next five years in several parts, more autocratic environment by leaders that government selected, and need motivated leaders because of restriction on banking bonuses.

As a result of this situation, future requirement for bank leadership are:

Power Motivation

Achievement Orientation

Technical Skills

System Thinking

7. 2. 1. Power Motivation

Power motivation define as a ability and power to influence people and events . Managers with personalized power are more likely to create leaders who seek position of authority, aggrandize their-selves and satisfy personal demand for esteem and status. However, socialized power helps leaders to behave more for other people’s benefit . They use this power to influence subordinates, peers, and superiors to build up the bank sector and make it successful. Due to their orientation, these kind of leaders use more participative and coaching style of managerial behaviour, what exactly bank leaders need when they want to re-built the bank structure (Yuki, 2008, p55-56).

7. 2. 2. Achievement Orientation

Achievement orientation consists of need for achievement, willing to assume responsibility, focus on task objective, and drive to success. If bank leaders have high achievement, they will focus on changing sector, solving problems, and high performance objectives. These kinds of managers maybe have lack of delegating and it is a drawback for this feature. However, if they can control it, banks leaders successfully can re-build bank structure and motivate other people to do it as well (Yuki, 2008, p58-60).

7. 2. 3. Technical Skills

Despite the fact that high level manager does not need high level of technical skills, in future of bank industry leaders strongly need to have high technical knowledge about the are that in bank sector should be changed. If they do not have enough information about new policy and regulation they

can make several mistakes in their decision that will be effect lower level leadership in their organisation and also they will not be able to show lower managers the current future. Therefore, they need to have enough knowledge about the future bank structure, new rules, management system, required employment characteristics, their new customer demands, and their bank opportunities in new situation.

7. 2. 4. Systems Thinking

Systems thinking is what exactly bank leaders need when they are making effort to change their bank structure in the next five years. Systems thinking help them to identify the changing processes, dealing with new challenges, and improving efficiency. Change in one part of bank structure will affect the other parts as well and it usually has some reaction that maybe destroys the process. Bank leaders should clearly know what will be happen after their new decisions, identify following problems, and be ready to prevent any challenge.

8. Leadership Development

In this part, the techniques, methods and other related subject to development the UK bank industry requirement will be discussed.

8. 1. Supporting Leadership Development before the Training

If we want to have an effective leadership development in the UK bank sector, we need to support our leaders for their training which are particularly important for intermediate level leaders. First of all, an effective development program needs to fully describe for its trainees. Being a bank

leader usually requires long-working hours, so their work schedule should be more flexible than managers can attend especially in today's bank work environment. Also, they need to have enough time off for their preparations. Supporting leadership training is more essential in current crisis rather than predicted future situation. Therefore, bank leaders should have some programs that do not need too much preparation or are more flexible.

8. 2. Special Techniques for Leadership Training

There are varieties of techniques which are suitable for the UK bank leadership training. Some of the effective ones are:

Behaviour Role Modelling

Case Discussion

Business Game and Simulations

8. 2. 1. Behaviour Role Modelling

Behaviour role modelling is one of the most effective methods for managers and it usually combine with demonstration. Trainee can play a special role for current bank crisis or future changing environment in small group or in front of the class. By playing different roles, bank leaders can get an appropriate feedback about their behaviour, especially if they record their plays. However, there is not enough evidence that measured actual behaviour change back on the job or improvement in managerial effectiveness.

Behaviour role modelling can be useful for intermediate bank leaders not for executive ones who usually do not like to attend in this kind of training due to their position. However it can be full of fun and help bank leaders to reduce their stress level in crisis as well as improve their social intelligence, conceptual skills, system thinking, energy-level, and system thinking. Role playing prepare bank leaders to be more judgment about the situation and their decision, creative new solutions, and also identify special bank leadership behaviour style during crisis and for future.

8. 2. 2. Case Discussion

Case discussion can be use in bank environment to develop its leader's analytical and decision-making skills and is suitable for high-level bank leaders. In this technique, managers can discuss about current and future the UK bank industry issues by exchanging their personal experiences. It helps bank leaders to increase their understanding about bank crisis, find the appropriate behaviour, make recommendations for the UK bank scenario, and predict bank's future opportunities and threats. So, case discussion can improve bank leaders technical, decision making, power motivating and achievement orientation skills.

8. 2. 3. Business Games and Simulation

Business games and simulation help bank leaders to analysis complex bank problems make decision and receive feedback about their decisions. It usually combines with role playing and group problem-solving exercises. Improvement in communication technology make it easier to use virtual meeting between bank leaders in different part of the United Kingdom and

even all around the world and generally, it is short time training thus; it saves bank leaders time in current over-crowded bank working environment. Most business games stress on quantities financial information, market conditions, organization chart, and the tasks and responsibility for their positions which are essentially important for bank leaders to correctly understand the British bank sector situation. Finally, with this method, bank leaders can improve their confidence, system thinking, making decisions skills. (Yuki, 2008, p430-432).

8. 3. Developmental Activities

There are several activities which can help bank leaders to learn from their experiences on the job and is so useful for development leadership skills due to being informal, applying by boss or co-workers, and combining with formal activities. These kinds of activities are particularly suitable for current bank situation because they are informal and usually do not take too much time of bank leaders and also give feedback to the leaders thus; according to this feedback bank leaders can improve their skills in short time. However, they have some advantages for predictable bank future as well. Some of these activities that are more appropriate for the UK bank industry are:

Multisource Feedback

Job Rotation Program

Mentoring

Executive Coaching

Outdoor Challenge Programs

Personal Growth Programs

8. 3. 1. Multisource Feedback

Multisource feedback or 360-degree feedback is extremely popular for management development and it normally use to provide leader behaviour feedback in large organizations. Therefore it should be appropriate to apply in the UK bank sector. 360-degree feedback emphasizes board discrepancies among self-rating by leader and what other think about leader's behaviour. In this way, managers are received information about their behaviour or skills from questionnaires who are their subordinates, peers, superior, and clients. A feedback workshop with a facilitator usually is more helpful for enhancing the influence behaviour of bank managers rather than only giving them a feedback report (Barclay, 2007).

360-degree feedback can be valuable in current situation not in the UK bank's future because in the future most of the British bank executive leaders are selected by the government and they should be more autocratic and powerful thus, questionnaires normally will be afraid to answer the questions honestly and the feedback will have not enough worth.

8. 3. 2. Job Rotation Program

In job rotation program, bank leaders are given to work in various functional subunits of the bank sector for different period of time from 6 months to 3 years. These changes are for developmental reasons such as facing with new challenge, improving cooperative relationships, dealing with new types of

technical problems, and developing a huge network of contacts in different part of bank.

Job rotation programs are more appropriate for the future requirement of the UK bank industry, when this sector is trying to rebuild its structure. By doing these programs, high-level bank leaders can clearly understand the new problems in different parts, identify variety of behavioural reaction to the change, create a friendly environment in the whole banking sector which is essentially necessary for the time of change, and exchange their experiences and knowledge.

In my opinion, these kind of programs are not suitable for the current bank crisis because bank leaders are under too much pressure from external environment especially Media and newspapers thus, changing their position can increase their personal stress.

8. 3. 3. Mentoring

Mentoring programs are useful to simplify management development in bank industry. During the mentoring programs which are for high-level managers, more experienced leaders help less experienced ones. Mentoring programs are appropriate for both current and future bank requirements. By applying mentoring programs in the UK bank sector, we can reduce leaders stress level, facilitate adjustment to new change, create a stronger banking communication, and rise bank leader's satisfaction (Noe, 1991, p129-173).

However, there are some factors in the UK bank industry that maybe reduce the beneficial effects of mentoring programs. For instance, more successful

banks leaders can promote their position in bank sector, government or even political community thus; some of them maybe refuse sharing all of their experience with other bank leaders. Furthermore, female leaders usually have more difficulty to find successful mentoring and during bank crisis, these kinds of programs can increase their stress level and it is normally difficult to applying a program by separation between leaders according to their genders.

8. 3. 4. Executive Coaching

Executive coaching has known as a great type of developmental intervention for middle and executive leaders. In this program, bank leaders can have an external or internal consultant. Executive coaching can help bank managers to implement recent and future the UK bank sector change, deal with their new bosses particularly in predicted bank future who are more related the British government, and gain more knowledge and information about new bank policy and structure.

In current bank crisis, the decisions are made by bank leaders are so essential and effective for banking sector thus; a consultant can help to bank leaders to make correct decisions as well as reduce their stress level.

Despite the fact that executive coaching is convenient, flexible and confidential, the high cost of it and shortage of bank competent coaches result in limitation of applying it (Yuki, 2008, p443).

8. 3. 5. Outdoor Challenge Programs

Outdoor challenge programs are one of essential informal programs for bank leaders who are under too much of pressure due to crisis and changing bank

environment. Outdoor programs can help bank managers to reduce their stress level, increase their self-control, self-confidence, energy level, and risk taking. However, there are some drawbacks about these programs . First of all, due to long-working hours in bank sector especially in today’s situation, leaders need to receive strong support s to change their working hours for a short time. Secondly, because of overwhelming working situation, some bank leaders need to efficiently encourage attending in outdoor programs.

8. 3. 6. Personal Growth Programs

After restriction in banker bonuses and crisis, the UK bank leaders need to more improve their self-awareness, emotional and moral level which can be provided by personal growth programs. The programs normally consist of several psychological exercises that help bank managers to find their living and working goals, how human development happens, how bank environment change, and how the role of leadership in bank sector change. Personal growth programs can help bank leaders to improve their emotional level, decrease their stress particularly in current bank crisis, and understand the change that will be occur in the future of the UK bank such as it will have more political environment. However, there is a fear of some negatives effects in bank leadership behaviour because for instance older bank leaders maybe indirectly encourage leaving their stressful jobs and more enjoy their personal life thus; these programs should apply carefully particularly in their subject selections (Yuki, 2008, p445-446).

8. 4. Supporting Leadership Development after the Training

Having an effective bank leadership development needs some supporting behaviour as well. It is important that leaders can apply their new skills in bank thus; providing an environment that they use their newly learned skills is essential. Also, leaders need to review what they learnt so, we can hold periodic review sessions or ask them to train these new skills to lower positions managers. By doing this, we can spread leadership development skills and behaviours among different part of banks and provide a friendly bank environment to cope with crisis and later changes.

Conclusion and Recommendations

The UK banking sector has experienced a trouble time recently that lack of leadership behaviour and skills is one important lateral factor to occur. However, by identifying and applying developmental leadership requirements such as participative leadership, system thinking, social intelligence we can cope with current issues and improve bank leaders' skills by different training and methods to prevent more problems for the UK bank's future.

Furthermore, developing and implementing bank leadership requirements require a broad effort from whole the UK bank sector, the British government, bank clients, and also the media and newspapers.