

# Leadership programs in first national bank

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



The researcher intends to present the case of Leadership programs in First National Bank in a South African context. The leadership of First National Bank is Inspirational like many other South African organizations however the attempt of transformation has made the interesting in the view of researcher. Researcher has also prompted a unique style of research method that can best describe the case with maximum practical knowledge and implementations & comparisons of various leadership aspects.

A methodological design is formed by the researcher basing on the issues like data sources and methods of data generation that are potentially available, and the Ontology of the methods that the researcher had prepared a design with. The idea of the researcher in using the team Ontology is to get the nature of reality and human behavior, however lack of positivism still exists in Ontology. Multiple scientific methods and techniques are taken into consideration by the researcher to better present the case problems. According to the researcher's methodological design the paradigm, methodology, methods and findings is found both qualitative and quantitative. Combining methods by mixing qualitative and quantitative methods is becoming increasingly popular in leadership research as well as in other disciplines (Klenke, 2008).

There are theories drawn by various authors basing on the purposes, sources and analyses. Kezar (2002) proposes Positionality theory to explore how gender, race/ethnicity, level of administrator, and the role of a leader within the organization affect the way the leader constructs images of leadership.

## **Positionality theory**

Author

Purpose

Data sources

Analysis

Kezar (2002)

To examine how positionality (e. g. race, gender, etc) relate to the construction of leadership

Interviews, document analysis, reports, observations, analysis of physical environment

Interpretive

Basing on the positionality theory, it is understood that the researcher have followed the structure of the methodological design with an interrelation of qualitative and quantitative research.

There are 5 main steps followed by the researcher in the research process:

Defining research questions and research methodology

Research methods basing on the case selection

Design research tools

Collecting and coding primary data

## Analyzing primary and secondary data and interpret findings

The literature review of the researcher has all major fact findings about the research topic and established strong background knowledge about different theoretical concepts. The researcher was successful in achieving triangulation of research methods by using all major data collection methods like observation, interviews, & document analysis. It is ensure by the researcher that the triangulation of data sources was followed in all three different steps: Management issues, looking FNB in a bigger context & FNB's internal issues.

## **An overview of Leadership in Organizations & South African Leadership and its Styles:**

Leadership is widely discussed and studied but continues to remain an elusive and hazy topic. Knowing leadership is always when it is experienced (Rosenbach, 2006). Bratton defines leadership as influencing, motivating and enabling others to contribute toward the effectiveness and success of the organizations of which they are members (Bratton, 2007). The importance of concept of leadership has started increasing its value in modern times in organizations especially when the organizations are concerned in developing strong work culture, and building high performance sustainable work practices. There have been many arguments about the interrelationship between management and leadership functions; management is associated with words like planning, organizing, coordinating & implementing whereas leadership revolves around vision, charisma, change agent and motivation.

Traditionally there are 2 types of leadership's; Transactional Leadership and Transformational Leadership. (Taylor, 2006)

Transactional Leadership: It is the equitable transaction or exchange between leader and followers where by the leader influences the followers by focusing on the self interests of both. Transactional leadership is considered as good managerial leadership skill that is used basing on the situations that can result in good performance.

Transformational Leadership: The transformational leader motivates followers to perform beyond expectations by creating awareness about the importance of vision and mission. Transformational leaders enable followers to transform purpose into action.

Individual organizations prefer to choose they style of leadership basing on the organizations culture and environment. According to Matthew Valle;

WLQ Report [Accessed on 12th December 2010]

## **Leadership process in stable environment:**

Leadership Processes Train workers to anticipate problems

Outcomes Performance Satisfaction Absenteeism & Turnover

Anticipatory culture

Work Processes Anticipatory culture

Routine Problems Stable environment

## **Leadership process in turbulent environment**

### **Leadership Processes Train workers to adapt to problems**

Routine Problems (crisis) turbulent environment

Outcomes Performance Satisfaction less Absenteeism fewer turnovers

Anticipatory culture

Work Processes Adaptive culture

(Mathew Valle, 2002)

Therefore of the public organizations are operating in turbulent environments, the need of study in a stabilizing environment demands leadership processes to hold the control accordingly.

Since 1994 South Africa has experienced dramatic changes both on a political as well as economic front, brought about by globalisation as well as a new political dispensation in SA. Discrimination during the apartheid era excluded Africans, Asians and Coloureds from the economy, resulting in little organisational leadership skills development amongst excluded races. After Democracy in 1994, labour legislation was implemented to redress the inequalities in society; these measures include, amongst others, Affirmative Action.

Further complicating the current organisational environment is:

South Africa is a blend of the 1st and 3rd world economy. The shortage of skilled African workers/managers, with lucrative offerings especially African

males, lead to job-hopping. Corruption, nepotism and culturalism. (To appoint from own culture, chief of a tribe – inherited by birth not based on leadership skills), political appointments, perceptions and stereotyping along racial and gender lines have high impact on the organizational leadership attitude.. All these factors influence the type of leadership that is appointed and how diversity is managed in the modern South African organisations.

Other social issues such as changes in education, health systems, HIV/AIDS, housing, poverty, increased crime rate and many others, affecting the organization and employee that function within this social framework.

According to Tinus Burgers, (Burgers, 2003) South Africa is just beginning to wake up from the post 1994 euphoria where “ whites were desperately trying to expand their blackness through toyi-toying and singing Shosolozwa while black people erroneously believed that white stuff will simply disappear”. There are still very deep felt differences and distrust between races making leadership in diverse organisations very challenging. After democratic elections in 1994 sanctions against South Africa were lifted. South Africa emerged as a global player that has to adapt to global trends in order to be competitive. The accelerated rate of technological development necessitates quick adjustment and the need to move away from traditional management practices.

The effect of technology (electronic networks, cellular telephones, etc.), transcends national, geographical, time and organisational boundaries, increase in availability of information, influences employees and

organisational behaviour as employees have to face massive and accelerated changes (Weeks, 2003).

These rapid changes in the global environment and the South African situation challenged the recreation of society at all levels. According to Nkomo this recreation ranges from individuals changing identities and roles to the transformation of major social institutions and financial institutions. In sum, the leadership challenge for South African organisations is: Retiring “old thinking systems” in parallel with creating new ones against the reality of high speed globalization and informationalism (Nkomo, 2004).

The African model of leadership differs from that of the West. Self-reliance and self-interest are subservient to ethnicity and group loyalty. Interpersonal relations are placed above individual achievements. Wealth is first of all extended family wealth and then ethnic or tribal wealth, often to the expense of the organisation (Blunt, 1996). Ethnic cleavages can affect the performance of the organisation. Leadership is paternalistic of nature. Leaders bestow favours and expect and receive obedience and deference, with consensus playing a major role in decision-making resulting in decision making within levels to be taking a long time. There is also a great capacity for tolerance and forgiveness (Blunt, 1996). It was found that the leadership style in Africa is authoritarian, personalised, politicised and a high power distance, with power concentrated at the top. In this context, the leader's job becomes one of operationalising directions received from above, making them clear to subordinates and providing advice and support. African leaders are therefore overwhelmingly concerned about the quality of hierarchical



relationship with their superiors, rather than with individual or organisational effectiveness. This degree of dependence on seniors by the more junior individuals is seen as normal (Blunt, 1996). There is a masculine dominance across all ethnic groups. Managerial ideologies tend to reflect unitarist ideas seeing the organisation as a cohesive team (happy family) with the emphasis on loyalty and conflict avoidance, emphasizing UBUNTU (humaneness), group decision making and interdependence. Managerial styles reflect both Western values based on individualism and meritocracy and an authoritarian legacy of apartheid and colonialism.

From a followers perspective Africans prefer a leader that is kind, considerate and understanding to one who is too dynamic, productive and demanding. Leaders are seen to possess genuine authority but are expected by their subordinates to use it sparingly and in a humane and considerate way (Blunt, 1996). From the above views it is understood that, to build a new South Africa, African concepts had to be reviewed that get to an end to apartheid.

## **The case**

First National Bank. [Accessed 12th December 2010]

The idea of the researcher in choosing a Financial Services Industry in South Africa like FNB is definitely a unique challenge. Firststrand is the 2nd largest banking institution that is born from the merger of Rand Merchant Bank (RMB), Momentum, First National Bank (FNB) and southern life in 1998.

Firststrand is divided into 3 main business areas: banking (First National Bank and Rand Merchant Bak), insurance (Momentum), and health. According to

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exhibit 1 produces in the case Firstrand additionally divides its earnings into four clusters: Retail, corporate, wealth and health.

South Africa has its unique challenges in terms of handling leadership in an African way. The leadership style in South Africa is inspirational and the relation between both the leadership have may common elements. African leadership is focused more on community, where as in inspirational leadership the focus is on individuals.

## **Relationship Diagram**

### **Inspiration African Spirit**

Spirit Interconnectedness Described by African principles like

Spirituality – UBUNTU

INDABA

ISITHUNZI

## **INSPIRATIONAL LEADERSHIP**

### **AFRICAN LEADERSHIP**

First National bank: Inspirational Leadership in South African context [case handout]

Inspirational Leadership:

Spirit and Spirituality were referred as the important aspects of inspirational leadership by the researcher basing on the South African context. High performance and innovative organizations require Inspirational leadership,

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stronger management skills, a highly-trained and motivated workforce, a flexible labor market that promotes diversity and fair treatment, and workplaces that recognize environmental issues and the need for greater resource productivity. Inspirational Leadership in South Africa involves the terms spirit and spirituality in handling leaderships in organizations. The leaders often tend to inspire their followers basing on the cultural values that are strongly routed in South Africa. This is one of the problems of First National Bank. FNB being into global operations, there will be many employees that will be not based from the South African culture and survival and acceptance of the work environment and implementing leadership in those prospective will become extremely difficult. Ad defined earlier Transforming the leadership style become important, although the relationship between Inspirational and African spirit is closely associated.

Anderson (1999) illustrates a graphical representation that best describes the leadership relationship:

Effective learning organizations

Build healthy communities

High-performance teams build

Successful learning organizations

Effective team leaders build

High performance teams

Personal and interpersonal development

Builds effective team members and leaders

Self leadership leads to

Individual and team success (Anderson, 1999)

African Spirit:

There are certain deep rooted principles of leadership indulged in to African spirit like;

### **UBUNTU, INDABA, VUKA.**

UBUNTU is the people based leadership style. This is the traditional social African philosophy of humanism which says ‘caring for the people first’.

INDABA-openness and inter-ethnic harmony in stating individual opinions is referred as INDABA. VUKA-A wake up and free yourself concept.

The relationship between Inspirational Leadership and African spirit lies in African Renaissance: humanism that is referred as a system of thought that regards humans of being capable of using their intelligence to live their lives rather than relying on religious beliefs and collectivism is the ownership of land, business or industry by the people or state. A balance between individualism and collectivism has developed an integrated approach to leadership

Issue:

Due to cultural differences internally and externally within the organization, First National bank have decided to address these things immediately, which could be a cause of losing business in the near future. As soon as the decision is made, First Rand appointed two new leaders in FNB to address the cultural and leadership issues in the changing environment. A complex restructuring process was brought into shape that focuses mainly on the revenue growth with less cost. The result of the process is expected to be the improvement in customer service through transforming their leadership styles with in employees.

The VUKA Program (“ Wake up”): The idea of the program is to transform the company from an isolation mode of to common vision and mission within the organization. Transformational process in a company is about taking a company from an old state of being to new state of being. The senior management of the company has decided to involve them as the first step to make a difference to the program; the idea is to get every single staff member directly involved into the program as the main principle. The goal of the program is to create a work place community of new South African’s from different backgrounds.

The first session of VUKA program were designed for 2 days involving topics like Barrier breaking, emptying, visioning, re-visioning, leadership and accountability and understanding the change.

Merits on the program:

Limitations on the program:

The focus on the first day's workshop session is on topics like Barrier breaking, emptying, visioning, re-visioning, leadership and accountability and understanding the change. The result of the goal of the program d

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