Effects of socio-demographic factors on leadership style in Serbian banking industry

Ефекти социодемографских фактора на стилове лидерства у банкарском сектору у Србији

Nemanja Berber
University of Novi Sad, Faculty of Economics in Subotica, Subotica, Republic of Serbia,
nemanja.berber@ef.uns.ac.rs

Maja Strugar Jelača
University of Novi Sad, Faculty of Economics in Subotica, Subotica, Republic of Serbia,
maja.strugar.jelaca@ef.uns.ac.rs

Radmila Bjekić
University of Novi Sad, Faculty of Economics in Subotica, Subotica, Republic of Serbia,
radmila.bjekic@ef.uns.ac.rs

Slobodan Marić
University of Novi Sad, Faculty of Economics in Subotica, Subotica, Republic of Serbia,
slobodan.maric@ef.uns.ac.rs

Abstract: The main aim of this paper is to investigate the effects that gender, age, and educational level have on leadership styles, based on the Multifactor Leadership Questionnaire (MLQ) methodology. The sample used in the research comprises 140 managers from the banking sector in Serbia. The research was performed in 2019. The research methodology includes a literature review in the area of leadership and a statistical analysis of the data collected. The regression models were created to investigate the relations between leadership styles and demographic factors of age and educational level of managers. The results of the research pointed that there are positive statistically significant relations between the transformational and transactional leadership styles and level of education, while in the case of age, there are negative relations observed. The authors presented practical and theoretical implications and limitations of the study.

Keywords: transformational leadership; transactional leadership; passive leadership; age, education, Serbia.

JEL classification: M10, M50

Сажетак: Главни циљ овог рада је истраживање ефеката које пол, старост и образовни ниво имају на стилове лидерства, на основу методологије Multifactor Leadership Questionnaire (MLQ). Узорак коришћен у истраживањи обухвата 140 менаџера из банкарског сектора у Србији. Истраживање је спроведено 2019. године. Методологија истраживања укључује преглед литературе из области лидерства и статистичку анализу прикупљених података. Регресиони модели су креирани да истраже односе између стилова

1 This paper is a part of the research project "Effects of emotional intelligence of managers on the performance and sustainability of organizations" financed by the Provincial Secretariat for Higher Education and Scientific Research of Autonomous Province of Vojvodina, Republic of Serbia. Project Number: 142-451-2269/2021-01/02.

* Corresponding author.
Introduction

There are numerous studies on leadership styles and relations to outcomes and performances (Birasnav, 2014; Koo & Park, 2018; Poels et al., 2020; Gemeda & Lee, 2020; Strugar Jelača et al., 2020; Bjekić et al., 2021). The importance and significance of these researches on leadership arise along with the changing and continuously unpredictable business environment. Modern companies need to have managers that can anticipate innovative changes, and that are capable of making changes and improvements on each level in organizational structure. Also, they need to create adequate working environment in order to avoid stress, burnout, depression, and similar conditions of their employees (Josipović et al., 2020, p. 60). In that sense, leadership can be understood as “the ability of a person to influence other people in the processes of work, creativity, and achievement of the goals of the organization, and as a critical factor for the success of organizations, and a resource for building a competitive advantage and corporate performances” (Berber et al., 2019, p. 168). Modern leadership depends on contemporary issues, and “leaders prefer a leadership style that is appropriate to the specific situation” (Rodić & Marić, 2021, p. 55). According to Gardašević et al. (2021) “what requires changes in leadership is a person who has become a knowledge worker, the bearer of most of the assets of an enterprise in the form of intellectual capital, a highly educated individual, a specialist or an expert” (p. 80). Leaders use their influence and their authority comes from personal relationships (Simić, 2020, p. 10).

Having in mind the importance of leadership, it is very interesting to investigate what makes a good leader. The research question could be proposed as: Is there a connection between certain social demographic factors like gender, age, marriage status, or educational level and specific leadership style of a leader? This question was investigated in previous studies worldwide, with different and usually unclear results (Shadare, 2011; Kara et al., 2018; Oc, 2018; Sarıköse & Türkmen, 2020).

The main aim of this paper is to investigate the effects that socio-demographic factors, like sex, age, and educational level have on leadership styles, based on the Multifactor Leadership Questionnaire (MLQ) methodology (Bass & Avolio, 2004; Strugar Jelača et al., 2016). The sample used in the research comprises 140 managers from the banking sector in Serbia. The research was performed in 2019. The research methodology includes a literature review in the area of leadership and a statistical analysis of the data collected. The regression models were created to investigate the relations between leadership styles and demographic factors. The authors used SPSS 21.0 for statistical analysis.
The paper consists of four parts. In the first part, the authors investigated the concept of leadership, and research results from the previous period related to the leadership styles, and their relations with the demographic factors. In the second part of the paper, the authors presented the research methodology. The third part of the paper is dedicated to the presentation of the results and the discussion of the main research implications. The final part presents conclusions and limitations of the research, as well as possibilities for future research.

1. Theoretical background

This part of the research consists of two main themes. The first one is related to the notion of leadership styles, while the second one is related to the evidence about the effects of demographic factors on leadership styles.

For this research, and based on the MLQ methodology, the authors of this research observed three well-known leadership styles, i.e. transformational, transactional, and passive. Transformational leadership is composed of idealized influence (attributed), idealized influence (behavior), inspirational motivation, intellectual stimulation, and individualized consideration (Muterera et al., 2018). Leaders who apply a transformational leadership style are called agents of change (Rowold & Heinitz, 2007, p. 122). They are the initiators of changes, they are taking risks, they are attached to their followers and trust them, and they are flexible and open to new challenges. In addition, they are visionaries and believe in themselves (Bjekić & Strugar Jelača, 2020). Transformational leaders emphasize motivation as an important factor both from the aspect of self-motivation and from the aspect of encouraging followers on the way to achieving set goals (Bjekić, 2021, p. 25). They “strive to raise the level of consciousness of their followers by promoting moral values and ‘more’ emotions and goals, which include freedom, justice, equality, peace and others” (Tasić et al., 2020, p. 33).

Transactional leadership consists of contingent reward, active management by exception, and passive management by exception (Bass & Avolio, 2004). This is more of a kind of management style than a leadership style because the focus of this style is on identifying target behaviors and reinforcing them through reward and punishment (Bjekić, 2021, p. 26-27). A transactional leader is a leader who is very pragmatic and realistic, focused on goals and results, very resistant to change, and not inclined to empower employees and emphasize their individuality, then does not value thinking outside the box and discourages independent thinking. Transaction leaders are significantly more focused on ultimate achievement than on employee well-being (Sid, 2019).

Passive leadership is such a style in which leaders avoid decision-making, abdicate responsibility, and do not use authority. This leadership style is considered passive and ineffective. Leaders who apply this style are often absent, not providing support to their followers (Bjekić, 2021, p. 28). It consists of passive management by exception and avoiding involvement (Berber et al., 2019).
The second part of theoretical considerations is related to the investigation of the effects of social demographic factors (sex, age, and educational level) on leadership styles.

Stempel et al. (2015) found that transformational leadership is more typical for female leaders. Inside transformational leadership, inspirational motivation and idealized influence attributed were gender-neutral. In the case of transactional leadership, the contingent reward was perceived to be more typical of female leaders, whereas management by exception was rated as neutral. Passive leadership also was gender-neutral. Vinkenburg et al. (2011) found that inspirational motivation was perceived as more important for men than women, while an opposite relation was found for individualized consideration. Women leaders tend to assume more often than men attitudes oriented on encouragement, motivation, and guidance of the team members throughout their professional route and through the fulfilling of work tasks (Costache, 2018, p. 8). According to Carless (1998), female managers are more transformational than male managers. Women leaders displayed certain key aspects of transformational leadership more frequently than men leaders, which means that women are no less transformational than men (Bass et al., 1996; Silva & Mendis, 2017). On the other hand, Alghamdi et al. (2018) found that nurses surveyed in their research reported higher job satisfaction and perceived transformational leadership style of their male managers. Also, the results of a meta-analysis on sex differences in leadership styles of Van Engen and Willemsen (2004) show that women tend to use more of the democratic and transformational leadership styles than men. “Sex differences in leadership styles are contingent upon the context in which male and female leaders work, as both the type of organization in which the leader works and the setting of the study turn out to be moderators of sex differences in leadership style” (Van Engen & Willemsen, 2004, p. 3). Based on the above-mentioned, we can state that sex does influence a specific leadership style.

Besides sex, the age of leaders was also a theme concerning its influence on leadership styles. Costache (2018) found that laissez-faire leadership style was significantly higher for the group of leaders in the age group of 41 and 50 than for the age group over 50 years of life. In the case of the sample of five-star hotel employees in Turkey, Kara et al. (2018) found that age has a negative statistically significant relation to transformational leadership, while with transactional there was no relationship. In the case of transactional leadership, Ng and Sears (2012) found a positive relationship between age and transactional leadership style and diversity practice, in terms that indicated that firms with CEOs high in transactional leadership were significantly more likely to implement organizational diversity practices when their CEO was older. Oshagbemi (2004) found that younger and older managers differ in consultative and participative leadership styles. Older managers consulted more widely and favor more participation in comparison with younger managers. Gemeda and Lee (2020) found negative relationships between the age of a leader and transformational and transactional styles. It is obvious from these studies that age has effects on leadership style, but these effects are not uniform, so additional research is needed.

Finally, one more important demographic characteristic that can influence leadership style is educational level. Namely, it is expected that more educated managers will practice
more transformational than managers with less education. Managers that possess more knowledge about business, organizational psychology, human resource management, leadership, etc., can create a big picture of the business, and the roles of their followers, and handle all challenges more efficiently than people with basic knowledge on business tasks. They tend to become more sensitive to their followers, they know how to motivate them, to inspire them, and therefore, increase their performance to achieve business and organizational goals, too. Bozkurt and Goral (2014) and Mohammed et al. (2012) did not find statistically significant differences between educational level and leadership style, while Berendt et al. (2012) claim that today’s managers need to be more educated to fulfill all business needs. Also, Barbuto et al (2007) found that the leader’s level of education had a significant main effect on transactional and transformational behaviors. For example, leaders who had earned an advanced degree exhibited the highest rating level in individualized consideration (a part of transformational leadership style).

Based on the abovementioned, it is clear that the sex, age, and educational level of leaders influence their leadership style in terms of leadership behaviors. Therefore, in the next part of the paper, the author investigated these three social demographic factors on perceived leadership styles, transformational, transactional, and passive.

2. Methodology

The methodology of the empirical part of the research is based on the Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 2004). The MLQ methodology for research of the styles and outcomes of leadership was widely used in different studies in the previous period (Den Harotg et al., 1997; Muenjohn & Armstrong, 2008; Moreno-Casado et al., 2021). This methodology comprises three leadership styles (passive, transactional, and transformational) and three leadership outcomes (efficiency, extra effort, and satisfaction). “This survey consists of 36 items related to leadership styles and 9 items that are related to leadership outcomes. To assess the frequency of the observed managerial behavior, a five-point Likert’s evaluation scale was used (adjusted: 1=strongly disagree, 2=partially disagree; 3=not sure, 4=partly agree, 5=agree)” (Berber et al., 2019, p. 172). Also, the MLQ methodology is widely used in the banking sector to analyze leadership styles (Asrar-ul-Haq & Kuchinke, 2016; Dartey-Baah & Mekpor, 2017; Berber et al., 2019).

The authors of the paper analyzed data from a sample of 140 managers from the banking sector of the Republic of Serbia. “The data were gathered in the period from November 2018 to February 2019. The authors sent out 500 questionnaires to the banking sector (private banks), to examine the leadership styles of the managers at the middle and senior levels. 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%” (Berber et al., 2019, p. 172-173).

The authors used the SPSS program 21.0 version for data analysis.
According to the data in Table 1, the sample of this research consists of 60% of male and 40% of female respondents, where most of them (39.3%) are from 26 up to 35 years old, followed by people in the age group from 36-45 (32.1%). Regarding educational level, most of the respondents possess business school and bachelor’s degrees (30.7 and 27.1%, respectively). There are 18.6% of respondents that possess a diploma after 4 years of study, and 23.6% of them with master and Ph.D. diplomas.

3. Results

The first part of the results presents the reliability analysis. According to the data in table 2, Cronbach’s Alpha Based on Standardized Items is 0.894, which means that the items in the questionnaire have high internal consistency. We took only 36 questions related to leadership styles into the analysis (the full MLQ has 45 questions in total, 36 for leadership styles, and 9 for leadership outcomes).

According to the data in Table 3, the value of R for the first model (where the dependent variable was transformational leadership style) of 0.703 indicates a good level of
Effects of age and education level on leadership style in Serbian banking industry

Table 3: Model 1 summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R square</th>
<th>Change statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.703</td>
<td>.494</td>
<td>.482</td>
<td></td>
</tr>
<tr>
<td>R Square change</td>
<td>.494</td>
<td></td>
<td>44.188</td>
<td>3 136 .000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Educ, Sex, Age
b. Dependent variable: TF

Source: the authors’ research.

According to the data presented in Table 4, the first model is statistically significant. The F-ratio in the table showed that the regression model is a good fit for the data. The independent variables in the model statistically predict the dependent variable in the case of transformational leadership F(3, 136) = 44.188, p<0.000.

Table 4: Model 1 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>3</td>
<td>27.000</td>
<td>44.188</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>136</td>
<td>.611</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: TF
b. Predictors: (Constant), Educ, Sex, Age

Source: the authors’ research.

Based on the results of the regression model with transformational style as the dependent variable, age and education level of leaders are statistically significantly related to the transformational leadership style. According to the positive beta coefficient, the higher level of education that leaders have is positively related to the transformational leadership style (β=0.596, p<0.000). A higher number of years of the life of leaders in the sample showed negative statistically significant relations to the transformational leadership style (β =-0.161, p<0.05).

Table 5: Model 1 coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
<td>Tol.</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.601</td>
<td>.357</td>
<td>4.480</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sex</td>
<td>.065</td>
<td>.136</td>
<td>.030</td>
<td>.480</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.161</td>
<td>.070</td>
<td>-.141</td>
<td>-2.282</td>
</tr>
<tr>
<td></td>
<td>Educ</td>
<td>.596</td>
<td>.055</td>
<td>.673</td>
<td>10.896</td>
</tr>
<tr>
<td></td>
<td>a. Dependent variable: TF</td>
<td></td>
<td></td>
<td></td>
<td>.977</td>
</tr>
</tbody>
</table>

Source: the authors’ research.

According to the data in Table 8, the value of R for the second model (where the dependent variable was transactional leadership style) of 0.575 indicates a good level of prediction. The coefficient of the determination, R square, is 0.494 which means that the model explains 49.4% of the variance of transformational style. The basic model was significant (F(3,136)=44.188, p<0.000).
prediction. The coefficient of the determination, \( R^2 \), is 0.330 which means that the model explains 33% of the variance of transactional style. The basic model was significant (\( F(3,136)=22.360 \), \( p<0.000 \)).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>( R^2 )</th>
<th>Adjusted R square</th>
<th>Change statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.575</td>
<td>.330</td>
<td>.316</td>
<td>.330</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Educ, Sex, Age

Table 6: Model 2 summary

The second model is statistically significant as well. The F-ratio in the table showed that the regression model is a good fit for the data. The independent variables in the model statistically predict the dependent variable in the case of transactional leadership style (\( F(3,136) = 22.360, p<0.000 \)).

Table 7: Model 2 Anova

Based on the results of the regression model given in table 8, only the education level of leaders has statistically significant relations to the transactional leadership style. According to the positive beta coefficient, the higher level of education that leaders have is positively related to the transactional leadership style (\( \beta=0.409, p<0.000 \)).

Table 8: Model 2 coefficients

According to the data in Table 9, the value of \( R \) for the third model (where the dependent variable was passive leadership style) of 0.534 indicates a good level of prediction. The coefficient of the determination, \( R^2 \), is 0.285 which means that the model explains 28.5% of the variance of passive style. The basic model was significant (\( F(3,136)=18.062, p<0.000 \)).
Table 9: Model 3 summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Change statistics</th>
<th>R Square change</th>
<th>F change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.534*</td>
<td>.285</td>
<td>.269</td>
<td>.285</td>
<td>18.062</td>
<td>3</td>
<td>136</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Educ, Sex, Age
b. Dependent variable: PS

The third model is statistically significant since the F-ratio in Table 10 showed that independent variables in the model statistically predict the dependent variable in the case of passive leadership style $F(3, 136) = 18.062, p<0.000$.

Table 10: Model 3 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>37.354</td>
<td>3</td>
<td>12.451</td>
<td>18.062</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>93.754</td>
<td>136</td>
<td>.689</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>131.108</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: PS
b. Predictors: (Constant), Educ, Sex, Age

Based on the results of the regression model 3 in Table 11, the age and education level of leaders are statistically significantly related to the passive leadership style. According to the negative beta coefficient, the higher level of education that leaders have is negatively related to the passive leadership style ($\beta = -0.392, p<0.000$). A higher number of years of the life of leaders in the sample showed positive statistically significant relations to the passive leadership style ($\beta = 0.152, p<0.05$).

Table 11: Model 3 coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B Std. error</td>
<td>Beta</td>
<td></td>
<td></td>
<td>Tol.</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.832</td>
<td>.379</td>
<td>10.098</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-0.043</td>
<td>.145</td>
<td>-0.022</td>
<td>-2.96</td>
<td>.068</td>
</tr>
<tr>
<td>Age</td>
<td>.152</td>
<td>.075</td>
<td>.150</td>
<td>2.034</td>
<td>.044</td>
</tr>
<tr>
<td>Educ</td>
<td>-.392</td>
<td>.058</td>
<td>-0.495</td>
<td>-6.753</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent variable: PS

Source: the authors’ research.

Discussion and conclusion

Based on the conducted research, both theoretical and empirical, we can conclude that demographic factors make a different influence on leadership styles in the banking sector in Serbia. In this sample, gender did not have any statistically significant effect on transformational, transactional, and passive leadership styles. This is the opposite result to previous researches made in the world (Carless, 1998; Van Engen & Willemsen, 2004;
Stempel et al., 2015), and it is a kind of a “black box” that should be investigated in future research on this theme. In the case of age, we found effects on transformational and passive styles, where older managers practiced less transformational and more passive styles. This follows the results of Kara et al. (2018) and Gemeda and Lee (2020), and it can be concluded that older managers are more related to passive and transactional styles, while younger are positively related to transformational. Regarding educational level, as expected, we found that more educated managers perform more transformational than less educated managers. This is following the idea that persons who possess more knowledge, skills, and abilities can handle different challenges and risks more efficiently, especially when human resources are in question. This finding is in the line with the previous study of Barbuto et al. (2007).

The question whether men and women, more or less educated, or older people lead differently has been important theme in managerial science and practice. Demographic variables such as gender, age, and educational level could be used to predict managerial behaviors, like communication style, decision making, productivity, participation, conflict style, and power (Barbuto et al., 2007). These predictions are even more important in modern turbulent business environment, when organizations need to possess capable managers that would be successful in reaching organizational goals and making sustainability for their organizations. This was the main motivation for the proposed research in this paper.

The present research provides practical implications in terms of valuable information for managers regarding their leadership behaviors, especially when the education level is in question. Managers who want to become successful leaders need to invest in themselves in terms of lifelong learning and continuous improvements of their leadership practices. Modern business conditions are a great challenge for all, and therefore, people who are leading others need to be prepared and capable to solve problems, generate new ideas, and motivate their followers to achieve new value, which would become a source for competitive advantage.

Theoretical implications of the paper lie in new evidence on the relations between demographic factors and leadership styles. As mentioned in the theoretical background of the paper, there is not enough evidence on these effects, and therefore, this research can decrease the gap in the literature.

Limitations of the research are related to the sample. 140 managers are not a representative sample, but the study showed the main effects. Future research should be based on a larger sample, with more details on demographic factors and additional analysis to investigate the differences in leadership styles.
References


Effects of age and education level on leadership style in Serbian banking industry

Ng, E. S., & Sears, G. J. (2012). CEO leadership styles and the implementation of organizational diversity practices: moderating effects of social values and age. *Journal of Business Ethics, 105*(1), 41-52. Doi: https://doi.org/10.1007/s10551-011-0933-7


