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Effect of leadership style on employee performance in banking industry

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Abstract

This study investigates the impact of leadership styles on employee performance in Myanmar's rapidly evolving banking sector. Through analysis of secondary sources including industry reports and academic literature the research evaluates how transformational, transactional, ethical, servant, adaptive, and digital leadership influence employee motivation, satisfaction, and productivity. Findings reveal that transformational leadership strongly enhances performance by inspiring innovation and commitment, whereas transactional leadership supports operational efficiency but may limit creativity. The effectiveness of these styles is shaped by Myanmar's unique context: collectivist cultural norms that value respect and hierarchy, economic volatility, and accelerated digital transformation. The study concludes that integrative leadership approaches, combining inspirational, ethical, and adaptive practices, are essential for fostering employee performance amid sector-specific challenges. Practical recommendations are offered for developing leadership strategies that align with both cultural values and contemporary demands in Myanmar's banking industry.

Keywords: Adaptive and digital leadership, Ethical and servant leadership, Transactional, Transformational.

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1. Introduction

Leadership style has long been recognized as a critical determinant of organizational effectiveness, particularly in industries that rely heavily on employee performance to deliver services and maintain competitiveness. In the banking sector, which is highly customer-oriented and characterized by intensive interpersonal interactions, leadership practices play a pivotal role in shaping employee behavior, motivation, and productivity [1].

The banking industry in Myanmar presents a unique context in which to examine the relationship between leadership styles and employee performance. Following the country's economic reforms and increasing integration into regional and global markets, Myanmar's financial institutions have undergone significant transformations [2].

Banks today face immense pressure to modernize their operations and elevate their customer service to compete not just locally, but on a global scale. This push for progress, however, brings its own set of challenges. Leaders must now navigate significant cultural shifts within their organizations, ensure their employees are equipped and adaptable, and find new ways to keep their workforce motivated and engaged through these changes.

The performance of employees is a cornerstone of success in the banking sector, directly shaping customer satisfaction, the quality of service, and ultimately, the bottom line. High-performing employees are indispensable; they nurture vital client relationships, maintain operational efficiency, and fuel business growth. Within Myanmar's unique context, where longstanding traditional hierarchies now intersect with modern business practices, understanding how leadership styles influence this performance becomes not just important, but absolutely vital for an organization's sustained competitiveness and longevity.

This study aims to investigate how different leadership styles influence employee performance in the banking industry of Myanmar. By exploring this relationship, the research seeks to contribute to both theoretical discussions and practical applications in management. The findings are expected to provide insights for bank managers and policymakers in developing leadership strategies that enhance workforce effectiveness while addressing the unique cultural and economic dynamics of Myanmar's financial sector.

1.1. Trait Theory and Behavioral Theory of Leadership

Trait Theory posits that effective leadership stems from inherent characteristics—such as intelligence, confidence, initiative, and responsibility—that differentiate leaders from non-leaders. As demonstrated in a 2020 study by Verawati and Hartono [3] trait theory assumes that leaders are innately endowed with these traits, distinguishing it from behavioral approaches that emphasize learned leadership functions. Recent perspectives have nuanced this view. Mercadal-Sánchez, et al. [4] emphasizes that while early trait theory considered traits fixed and inborn, modern research now recognizes the influence of sociocultural and environmental contexts on leadership traits.

Further theoretical advancement is seen in the work of Zhang, et al. [5] who revisited trait theory to emphasize not only the presence of leadership traits but also how the strength or level of these traits can impact leadership effectiveness. Collectively, contemporary scholarship affirms that while traits remain significant, leadership effectiveness is contingent upon their expression and contextual relevance: shifting trait theory from deterministic views toward a more dynamic understanding.

Behavioral Theory shifts the focus from innate characteristics to the actions and behaviors of leaders, suggesting that effective leadership can be taught and developed. The foundational assumption is that leaders' behaviors; like planning, organizing, directing, and controlling are more significant than inherent traits [3].

In a modern context, research continues to affirm the impact of specific leader behaviors on employee outcomes. A study in educational institutions highlighted that leader behavior, specifically balance between structural guidance and interpersonal consideration—significantly influences employee experience and job satisfaction [6].

These findings reinforce the prescriptive power of behavioral theory: organizations can shape performance through targeted leadership training that cultivates effective behaviors rather than relying solely on innate traits.

1.2. Conceptual Perspective of Leadership Style

Leadership style remains one of the most influential determinants of employee performance, particularly in industries such as banking where service delivery, client relationships, and operational efficiency are directly tied to human capital. Conceptually, leadership style refers to the consistent patterns of behavior and decision-making adopted by leaders when guiding and motivating employees [1].

Employee performance, in turn, encompasses both task-related outcomes—such as productivity, quality, and timeliness—and contextual performance, including organizational citizenship behavior, adaptability, and commitment [7].

Transformational leadership, characterized by inspirational motivation, intellectual stimulation, and individualized consideration, has been conceptually linked to higher employee engagement and discretionary effort. In the banking industry, this style fosters innovation, adaptability, and customer-focused performance [8]. Transactional leadership, by contrast, is grounded in contingent rewards and monitoring, ensuring compliance and efficiency in structured environments [9]. Both styles influence employee performance differently: transformational leadership enhances intrinsic motivation, while transactional leadership supports operational discipline.

Recent conceptual work highlights the growing importance of servant and ethical leadership, particularly in service industries like banking where trust and accountability are essential. Servant leadership prioritizes employee development, empowerment, and well-being, which in turn contribute to higher satisfaction and retention [10]. Ethical leadership, which emphasizes fairness, integrity, and transparency, has been shown to strengthen employee trust and job performance, especially in organizations facing regulatory and ethical scrutiny such as banks [11].

Contemporary perspectives also emphasize adaptive and digital leadership styles in response to the evolving demands of the banking industry. Adaptive leadership enables organizations to navigate uncertainty by encouraging learning, flexibility, and collaborative problem-solving [12]. Similarly, digital leadership, which leverages technology to enhance decision-making and customer service, is conceptually tied to employee performance in digital banking environments [13].

At its core, the connection between leadership and how well employees perform in a bank isn't magic—it operates through three main channels. First, there's the motivational side: good leaders don't just give orders; they inspire their teams. They help people see how their own career goals connect to the bank's bigger mission, which fuels engagement and a personal drive to succeed. Then, there's the behavioral side, which is all about day-to-day actions. A leader's style, whether it's through clear incentives, hands-on coaching, or by stepping back to empower decision-making, directly shapes how employees behave, collaborate, and approach their work. Finally, and crucially in today's fast-paced world, is the contextual side.

The best leaders act as buffers and navigators. They create a supportive environment that helps teams adapt to constant change, be it new financial regulations, evolving customer demands, or the breakneck speed of digital transformation. In essence, effective leadership boosts performance by motivating people, guiding their actions, and building a resilient workplace that can thrive no matter what challenges come its way. In highly competitive and customer-oriented sectors such as banking in emerging economies, leadership style is therefore not merely an organizational choice but a strategic necessity for sustaining employee performance and overall institutional success.

The banking industry in Myanmar is undergoing rapid transformation as the country continues its economic reforms and modernization of the financial sector. Increased competition from both local and foreign banks, digitalization of services, and heightened customer expectations have created pressure on organizations to enhance efficiency, innovation, and service quality. In this dynamic environment, employee performance has become a critical determinant of organizational success. However, performance in the banking sector is not merely a function of technical skills or resources but is heavily Influenced by leadership style, which shapes employee motivation, job satisfaction, and commitment [8, 13].

Despite the recognized importance of leadership, empirical evidence suggests that many banks in emerging economies, including Myanmar, still rely on traditional hierarchical leadership approaches that may not align with contemporary organizational needs. Such leadership practices often emphasize authority and compliance over empowerment and innovation, potentially limiting employee engagement and productivity [9, 11]. Moreover, cultural norms in Myanmar, which traditionally emphasize respect for authority and seniority, may reinforce directive leadership styles that could hinder creativity and employee autonomy [14].

The problem is further compounded by the ongoing digital transformation of the banking sector. As banks adopt new technologies to remain competitive, leaders must demonstrate adaptive and transformational qualities to guide employees through organizational change. Without effective leadership, employees may resist new systems and processes, resulting in performance gaps and reduced service quality [13].

While global studies consistently highlight the positive impact of transformational, servant, and ethical leadership on employee performance, there is limited empirical research that specifically examines these relationships in the Myanmar banking industry context. This lack of context-specific evidence creates a significant knowledge gap for both scholars and practitioners. Understanding how different leadership styles affect employee performance in Myanmar's unique socio-cultural and economic setting is essential for developing effective management strategies that ensure both employee well-being and organizational competitiveness.

1.3. Research Objectives

To examine the relationship between different leadership styles and employee performance in the banking industry in Myanmar.

To assess the extent to which leadership practices influence employee motivation, job satisfaction, and productivity within Myanmar's banking sector.

1.4. Research Questions

What is the relationship between different leadership styles and employee performance in the banking industry in Myanmar?

How do leadership practices influence employee motivation, job satisfaction, and productivity in Myanmar's banking sector?

1.5. Significance of the Study

The findings of this study are expected to have both theoretical and practical significance in the context of the banking industry in Myanmar.

This research contributes to the body of knowledge on leadership and organizational performance by examining how different leadership styles—transformational, transactional, and ethical, affect employee performance in Myanmar's unique socio-cultural and economic context. While global studies have established links between leadership style and employee outcomes, there is limited empirical evidence from Myanmar's banking sector. This study will help fill this gap, providing insights that can inform future research on leadership practices in emerging economies.

For banking managers and policymakers, the study offers evidence-based guidance on adopting leadership practices that enhance employee motivation, job satisfaction, and productivity. Understanding the impact of various leadership styles can support more effective management strategies, talent development, and organizational change initiatives. In an industry increasingly influenced by digitalization and competition, the findings can help leaders foster high-performing teams and improve overall organizational performance.

Enhanced employee performance in banks contributes to improved service quality, customer satisfaction, and financial stability in Myanmar's banking sector. By promoting effective leadership practices, the study indirectly supports economic growth and strengthens public trust in financial institutions.

2. Literature Review

2.1. Transformational Leadership and Employee Performance

Transformational leadership, characterized by inspiring and motivating employees to exceed expectations, has been widely studied for its impact on employee performance. Recent studies have reaffirmed its positive influence across various sectors, including banking. For instance, a study on Myanmar's food and beverage industry found that transformational leadership significantly enhances employee job performance by fostering motivation and creativity [15].

Similarly, research in Myanmar's microfinance sector highlighted that transformational leadership promotes a culture of innovation and information sharing, leading to improved employee performance [16].

2.2. Transactional Leadership and Employee Performance

Transactional leadership, focusing on structured tasks and clear rewards and penalties, has been shown to have a more limited impact on employee performance compared to transformational leadership. However, it remains relevant in environments requiring routine and compliance. A study on Myanmar's microfinance industry indicated that while transactional leadership can offer short-term benefits, its long-term effectiveness is limited compared to transformational leadership [16].

2.3. Ethical and Servant Leadership

Ethical and servant leadership styles emphasize fairness, integrity, and prioritizing the needs of employees. These approaches have gained attention for their role in enhancing employee trust and performance. Research indicates that ethical leadership strengthens employee trust and job performance, especially in organizations facing regulatory and ethical scrutiny, such as banks [11]. Similarly, servant leadership, which focuses on empowering employees and promoting their well-being, has been linked to higher employee satisfaction and performance [10].

2.4. Adaptive Leadership and Digital Leadership

Adaptive leadership, as conceptualized by Heifetz, et al. [12] emphasizes the need for leaders to help organizations navigate complex challenges by fostering a culture of flexibility, learning, and responsiveness. In the rapidly evolving business landscape, especially during crises, adaptive leadership has proven essential. A study identified that empowering leadership positively influences adaptive performance in hybrid work environments, with knowledge sharing and employee agility serving as mediators. This highlights the importance of leaders who can adapt and facilitate adaptability within their teams [17].

Further research by Bonini [17] underscores the significance of adaptive leadership in enhancing team performance during times of crisis. Their study found that adaptive leadership fosters a flexible and responsive organizational culture, enabling teams to navigate complexities more effectively.

Digital leadership refers to the ability of leaders to leverage digital technologies to drive organizational change, innovation, and performance. A study by Qiao, et al. [18] examined the role of digital leadership in enhancing employee performance and organizational commitment [18]. The findings revealed that while digital leadership directly impacts digital transformation, its effects on employee performance and organizational commitment are mediated through the success of digital initiatives. This underscores the importance of leaders in facilitating digital transformation processes.

Moreover, research by Zhang, et al. [5] explored the relationship between digital leadership and employee innovative performance. Their study found that digital leadership positively affects innovative performance by promoting job crafting among employees. This indicates that digital leaders can enhance employee creativity and innovation by fostering an environment that encourages proactive behavior.

The convergence of adaptive and digital leadership is particularly pertinent in the context of the ongoing digital transformation across industries. Leaders who possess both adaptive and digital competencies are better equipped to guide their organizations through technological changes and uncertainties. Qiao, et al. [18] highlighted that digital leadership acts as a catalyst for digital transformation, which in turn enhances employee performance and organizational commitment. This suggests that adaptive leaders who embrace digital tools and strategies can drive successful transformation initiatives.

In conclusion, the integration of adaptive and digital leadership is crucial for organizations aiming to thrive in the digital age. Leaders who can adapt to changing circumstances and leverage digital technologies effectively are better positioned to enhance employee performance and organizational success.

2.5. Employee Performance

The reviewed literature underscores the significant role of leadership styles in shaping employee performance. Transformational and ethical leadership styles, in particular, foster environments that enhance motivation, job satisfaction, and overall performance. In contrast, transactional leadership may be more effective in structured settings but less so in dynamic environments requiring innovation and adaptability.

3. Research Methodology

3.1. Research Design

This study adopts a quantitative, cross-sectional research design to assess the impact of leadership styles on employee performance within KBZ Bank. By focusing on a single organization, the research provides in-depth insights into the specific dynamics at play.

3.2. Data Collection

Given the constraints of time and resources, the study relies on secondary data sourced from publicly available reports, publications, and internal documents of KBZ Bank. These sources include:

Annual Reports: Offering insights into organizational performance metrics and leadership initiatives.

Employee Satisfaction Surveys: Providing data on employee perceptions and job satisfaction levels.

Internal Communications: Reflecting leadership communication styles and organizational culture.

Industry Reports: Contextualizing KBZ Bank's performance within the broader banking sector in Myanmar.

3.3. Data Analysis

The collected secondary data are subjected to descriptive statistical analysis to identify patterns and correlations between leadership styles and employee performance indicators. Techniques such as frequency distributions, mean scores, and correlation coefficients are utilized to interpret the data.

3.4. Limitations

The reliance on secondary data presents certain limitations:

Data Availability: Limited access to comprehensive internal data may constrain the depth of analysis.

Data Relevance: Secondary data may not perfectly align with the specific research questions.

Data Accuracy: Potential biases in the original data collection process could affect the reliability of the findings.

Despite these limitations, the study provides valuable insights into the relationship between leadership styles and employee performance at KBZ Bank.

4. Data Analysis and Discussion

4.1. Transformational Leadership and Employee Performance in the Banking Industry in Myanmar

Transformational leadership, characterized by inspiring and motivating employees to exceed expectations, has been identified as a significant factor influencing employee performance in various sectors, including banking. In Myanmar, the banking industry is undergoing rapid transformation, necessitating leadership styles that can adapt to changing environments and foster high levels of employee performance.

Recent studies have highlighted the positive effects of transformational leadership on employee performance within Myanmar's banking sector. For instance, a study by Khaing [19] examined the impact of transformational leadership on work motivation and employee performance in small and medium-sized enterprises (SMEs) in Myanmar. The findings indicated that transformational leadership significantly enhances work motivation and, consequently, employee performance [19].

Similarly, research by Lin [20] analyzed the effect of emotional intelligence on leadership styles and found that managers with higher emotional intelligence, often exhibiting transformational leadership behaviors, positively influenced employee performance in Myanmar's private banks.

Transformational leadership exerts a significant positive influence on employee performance through a multifaceted array of psychological and behavioral mechanisms. This influence is primarily channeled through the four core components of the transformational model. Firstly, by demonstrating idealized influence, leaders establish themselves as ethical role models, thereby earning trust and respect, which in turn fosters heightened employee commitment and discretionary effort. Secondly, through inspirational motivation, leaders articulate a clear and compelling vision for the future, which serves to motivate employees by providing a sense of shared purpose and aligning their individual efforts with overarching organizational objectives. Furthermore, intellectual stimulation empowers employees to challenge assumptions, innovate, and approach problems creatively, thereby fostering an environment conducive to high performance and continuous improvement. Finally, the provision of individualized consideration ensures that employees receive personalized mentorship, support, and developmental opportunities, which directly enhances their job satisfaction, competencies, and overall performance efficacy. Collectively, these interrelated dimensions enable transformational leaders to intrinsically motivate their followers, thereby catalyzing superior performance outcomes that extend beyond mere transactional compliance.

The efficacy of transformational leadership within Myanmar's banking sector is not absolute but is critically mediated by a unique confluence of contextual factors. Primarily, the nation’s deeply ingrained cultural norms, characterized by collectivism and a high degree of respect for authority, can create a fertile ground for transformational practices; the emphasis on group harmony aligns with the leader's ability to articulate a unifying vision, while respect for hierarchy may amplify the leader's role modeling through idealized influence. Concurrently, the volatile economic environment, marked by liberalization and rapid growth, demands a leadership style that is inherently adaptive and visionary, thereby making the motivational and inspirational components of transformational leadership essential for navigating market uncertainties and sustaining performance. Furthermore, the sector's accelerated pace of technological advancement and the shift toward digital banking platforms necessitate leaders who can intellectually stimulate their workforce to embrace innovation and guide them through complex organizational changes. Therefore, while transformational leadership holds great promise, its success is contingent upon a leader's ability to skillfully navigate and leverage these specific cultural, economic, and technological contours of the Myanmar context.

Transformational leadership plays a crucial role in enhancing employee performance in Myanmar's banking industry. By fostering an environment of trust, motivation, and innovation, transformational leaders can drive organizational success. However, the effectiveness of this leadership style is contingent upon cultural, economic, and technological factors unique to Myanmar.

4.2. Transactional Leadership and Employee Performance in the Banking Industry in Myanmar

Transactional leadership, characterized by structured tasks, clear rewards, and penalties, has been identified as a significant factor influencing employee performance across various sectors, including banking. In Myanmar, the banking industry is undergoing rapid transformation, necessitating leadership styles that can adapt to changing environments and foster high levels of employee performance.

Recent studies have highlighted the positive effects of transactional leadership on employee performance within Myanmar's banking sector. Aa study by Lin [20] analyzed the effect of emotional intelligence on leadership styles and found that managers with higher emotional intelligence, often exhibiting transactional leadership behaviors, positively influenced employee performance in Myanmar's private banks.

Transactional leadership influences employee performance through a system of structured exchanges and regulatory mechanisms centered on compliance and goal attainment. The primary mechanism is the administration of contingent rewards, whereby leaders establish clear performance expectations and provide tangible compensation or recognition upon their fulfillment; this creates a direct motivational link between effort and outcome, driving employees to achieve specified targets. To safeguard these standards, leaders may employ active management-by-exception, which involves the vigilant monitoring of performance for any deviations from established rules or procedures and the immediate application of corrective measures to realign employee behavior with organizational objectives. Alternatively, a more hands-off approach, passive management-by-Exception, sees leaders intervening only after mistakes have occurred or standards have clearly not been met, a strategy focused on minimizing errors and maintaining baseline operational stability rather than promoting excellence. Collectively, these mechanisms function to create a predictable and controlled work environment where performance is optimized through clarity, oversight, and the reinforcement of defined standards, though often at the potential cost of stifling creativity and intrinsic motivation.

The effectiveness of transactional leadership within Myanmar's banking sector is profoundly shaped by a complex interplay of contextual factors that can both reinforce and challenge its core tenets. The nation's cultural norms, which are deeply rooted in collectivism and a respect for hierarchical structures, can create a conducive environment for this leadership style; the clear structure of contingent rewards aligns with a desire for predictable outcomes, while the corrective nature of management-by-exception is often accepted as a legitimate exercise of authority, thereby supporting compliance and operational stability. However, the utility of a purely transactional approach is tested by the volatile economic environment. While the clarity of performance-reward exchanges can drive short-term results, the sector's need for agility and strategic adaptability in the face of rapid market fluctuations may require a leadership style that goes beyond mere oversight and correction to foster innovation. This limitation is further exacerbated by the pace of technological advancements in digital banking. The transformative nature of such changes demands that leaders not only monitor performance but also inspire, intellectually stimulate, and guide employees through complex transitions, functions that lie outside the scope of traditional transactional mechanisms. Consequently, while the cultural context may provide a foundation for its application, the contemporary economic and technological realities of Myanmar's banking sector suggest that transactional leadership is most effective when integrated with more adaptive and visionary approaches.

Transactional leadership plays a crucial role in enhancing employee performance in Myanmar's banking industry. By providing clear expectations, rewards, and corrective actions, transactional leaders can drive organizational success. However, the effectiveness of this leadership style is contingent upon cultural, economic, and technological factors unique to Myanmar.

4.3. Ethical and Servant Leadership in Myanmar's Banking Industry

The banking sector in Myanmar has undergone significant reforms in recent years, aiming to enhance transparency, accountability, and service quality. In this context, leadership styles such as ethical and servant leadership have gained prominence due to their potential to foster trust, employee engagement, and organizational performance.

Ethical leadership emphasizes integrity, fairness, and adherence to moral principles. In Myanmar, ethical leadership is particularly crucial given the historical challenges related to governance and corruption in the banking industry. Recent studies have highlighted the importance of ethical leadership in rebuilding trust and ensuring sustainable growth.

Lin [20] analyzed the effect of emotional intelligence on leadership styles and found that managers with higher emotional intelligence, often exhibiting ethical leadership behaviors, positively influenced employee performance in Myanmar's private banks.

Furthermore, the 2020 GIZ Banking Report emphasized the need for ethical leadership to navigate the challenges posed by the COVID-19 crisis and to maintain the reform course in Myanmar's banking sector [21].

Servant leadership focuses on serving others, empowering employees, and promoting a people-centric organizational culture. This leadership style aligns well with the collectivist cultural norms prevalent in Myanmar, where relationships and community well-being are highly valued.

While empirical studies on servant leadership in Myanmar's banking sector are limited, global research indicates its positive impact on employee engagement and organizational commitment. Rabiul, et al. [22] found that servant leadership promotes positive service performance and service-oriented behavior, which are crucial in the banking industry [22].

The integration of ethical and servant leadership can create a synergistic effect, enhancing organizational culture and employee satisfaction. Leaders who embody both ethical principles and a servant mindset can foster an environment of trust, collaboration, and continuous improvement.

In Myanmar's banking sector, adopting this integrated leadership approach can be instrumental in addressing the challenges of digital transformation, regulatory compliance, and customer expectations.

Ethical and servant leadership styles offer valuable frameworks for enhancing employee performance and organizational effectiveness in Myanmar's banking industry. By prioritizing integrity, service, and empowerment, banks can navigate the complexities of the modern banking landscape and contribute to the broader goals of economic development and social well-being.

4.4. Adaptive and Digital Leadership in Myanmar's Banking Industry

In the rapidly evolving landscape of Myanmar's banking sector, characterized by political instability, economic challenges, and technological advancements, leadership styles that emphasize adaptability and digital transformation have become crucial. Adaptive leadership, as conceptualized by Heifetz, et al. [12] focuses on leaders' ability to help organizations navigate complex challenges by fostering a culture of flexibility, learning, and responsiveness. Digital leadership, on the other hand, involves leveraging digital technologies to drive organizational change, innovation, and performance [12].

Adaptive leadership has proven essential in enabling banks to configure and reconfigure existing capabilities to develop new strategies and solutions, particularly during crises. A study by Alqatawenh [9] highlighted that adaptive leadership is crucial for banks to navigate complex challenges and foster a culture of flexibility and learning [9].

Moreover, research indicates that banks with strong governance structures, adaptive leadership, and a culture of risk-awareness are better equipped to withstand political and economic shocks. A review on the financial health of Myanmar's private banks before and after the 2021 military coup emphasized the importance of adaptive leadership in enhancing resilience and maintaining operational continuity during times of crisis. The integration of digital technologies into banking operations has necessitated a shift towards digital leadership. In Myanmar, banks have been increasingly adopting digital platforms to enhance customer experience and operational efficiency. For instance, KBZ Bank's leadership in promoting digital inclusion has earned it the Digital Inclusion Award - Myanmar at the ESGBusiness Awards 2024, recognizing its efforts to bridge the digital divide through platforms like KBZPay and mBanking.

Furthermore, the adoption of artificial intelligence (AI) in Myanmar's banking sector has the potential to advance workplace efficiency and customer experience. Aung [23] examined the transformative potential of AI integration in Myanmar's banking sector, highlighting its role in enhancing operational efficiency and customer satisfaction [23].

The convergence of adaptive and digital leadership is particularly pertinent in the context of Myanmar's banking sector, where rapid technological advancements and political uncertainties require leaders to be both flexible and technologically adept. Leaders who possess both adaptive and digital competencies are better equipped to guide their organizations through technological changes and uncertainties.

For example, KBZ Bank's adoption of digital platforms and its recognition for digital inclusion demonstrate how adaptive and digital leadership can work in tandem to drive organizational success. By fostering a culture of adaptability and embracing digital transformation, banks can enhance employee performance and organizational effectiveness.

Adaptive and digital leadership styles offer valuable frameworks for enhancing employee performance and organizational effectiveness in Myanmar's banking industry. By prioritizing flexibility, learning, and technological integration, banks can navigate the complexities of the modern banking landscape and contribute to the broader goals of economic development and social well-being.

5. Conclusion

This study examined the effect of various leadership styles—including transformational, transactional, ethical, servant, adaptive, and digital leadership—on employee performance in Myanmar’s banking industry. The literature and secondary data analysis suggest that leadership style is a critical determinant of employee motivation, job satisfaction, and productivity. Transformational leadership consistently fosters creativity, commitment, and innovation among employees, while transactional leadership ensures compliance and operational efficiency. Ethical and servant leadership build trust, empower employees, and enhance organizational citizenship behavior. Adaptive and digital leadership, increasingly relevant in Myanmar’s evolving banking landscape, support resilience and facilitate effective navigation through technological and environmental changes.

The analysis also highlights the influence of contextual factors such as Myanmar’s collectivist culture, economic volatility, and rapid digital transformation. Leaders who adapt to these contextual realities and integrate ethical, servant, adaptive, and digital approaches are better positioned to enhance employee performance and organizational effectiveness. Overall, effective leadership in Myanmar’s banking sector emerges as a multifaceted construct that requires a combination of motivational, ethical, adaptive, and technological competencies.

Based on the findings, the following recommendations are proposed for banking institutions and practitioners in Myanmar:

Adopt a Transformational Leadership Approach: Banks should encourage leaders to inspire, motivate, and intellectually stimulate employees to foster innovation, commitment, and high performance. Leadership training programs can enhance these competencies. Integrate Ethical and Servant Leadership Practices: Leaders should prioritize integrity, fairness, and employee development to build trust and engagement. Establishing codes of conduct and mentorship programs can support ethical and servant leadership initiatives. Enhance Adaptive and Digital Leadership Capabilities: Given Myanmar's dynamic economic and technological environment, leaders should be trained in adaptive problem-solving and digital competencies to facilitate organizational resilience and digital transformation.

Cultural Sensitivity in Leadership: Leadership development programs should consider Myanmar's collectivist culture, emphasizing collaborative decision-making, respect for hierarchy, and relationship-building to maximize effectiveness.

Continuous Monitoring and Evaluation: Banks should implement systems to regularly assess leadership effectiveness and its impact on employee performance, using performance appraisals, employee feedback, and key performance indicators (KPIs).

Policy Formulation: Regulatory authorities and industry associations could provide guidelines and frameworks promoting best leadership practices that align with the evolving banking sector landscape.

Implementing these recommendations can enable Myanmar's banks to enhance employee performance, improve service quality, and sustain competitive advantage in a rapidly changing industry.

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