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THE RELATIONSHIP BETWEEN THE TRANSFORMATIONAL LEADERSHIP STYLE TL AND THE BANKING INDUSTRY'S PERFORMANCE: A SURVEY OF COOPERATIVE, ECOBANK, AND THE NATIONAL BANK OF EGYPT IN JUBA, SOUTH SUDAN

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Abstract

This study explored the relationship between Transformational Leadership style, government policy, and banking sector performance in South Sudan, focusing on three banks in Juba: Cooperative Bank, Ecobank, and the National Bank of Egypt. The goal was to understand how TL practices impact banking performance and to identify the opportunities and challenges of leadership in a fragile economic environment. A mixed-methods approach was used, combining quantitative data from 94 structured surveys with qualitative insights from interviews, observations, and document reviews. Key dimensions of Transformational Leadership, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration were examined. Results showed a strong, statistically significant positive relationship between Transformational Leadership style and banking performance ($B = 0.627$, $p < 0.001$; $R^2 = 0.681$), with a high zero-order correlation ($r = 0.935$). Idealized Influence and Inspirational Motivation had very strong links to employee welfare and performance reviews ($r > 0.90$), while Intellectual Stimulation had a moderate connection with teamwork ($r = 0.214$, $p = 0.036$). Individualized Consideration was also positively associated with employee well-being. In contrast, government



policy showed a weak, statistically insignificant effect ($B = 0.162$, $p = 0.077$). The study concluded that the Transformational Leadership style is a more effective driver of banking performance than government policy, especially in fragile economies like South Sudan. It recommended integrating ethical and visionary leadership into training programs, aligning performance appraisals with TL dimensions, promoting innovation, and customizing leadership development for post-conflict settings. Despite limitations such as a small sample size and cross-sectional data, the study offers valuable insights into leadership strategies that improve institutional performance, employee engagement, and organizational resilience. Future research should examine the long-term effects of Transformational Leadership alongside digital transformation, governance, and organizational culture in South Sudan's banking sector.

Key words: Transformational Leadership, Banking Efficiency, Government Regulations, Workforce Involvement, Vulnerable Economy, South Sudan

INTRODUCTION

Today, the banking sector faces global challenges due to rapid changes in the business environment (Jyoti and Dev, 2015). These changes push the banking industry to be more innovative, not just to gain an edge but also to survive (Cheung and Wong, 2011; Pieterse et al., 2010). As innovation becomes essential for organizational survival and a key factor in gaining competitive advantage, the main concern for managers now is how to increase innovative behavior among employees (Han et al., 2016). In academia, researchers focus on identifying factors that promote and sustain innovation (Damanpour and Schneider, 2006). Leadership style is recognized as one of the most influential factors affecting innovation positively or negatively (Bojica and Fuentes, 2012; Mittal and Dhar, 2015). The global banking industry is marked by intense competition, rapid technological progress, and rising regulatory scrutiny. In this dynamic setting, leadership is crucial for tackling challenges and driving sustainable performance. Transformational leadership (TL), defined by inspiring vision, intellectual stimulation, personalized care, and idealized influence, is increasingly seen as a vital leadership style for fostering innovation, adaptability, and employee engagement in banking. Successful banks often cultivate a leadership culture that can manage change and anticipate and lead it.

The African banking landscape is notably diverse, shaped by a wide range of regulatory frameworks, different stages of market maturity, and varying levels of economic development. Many African economies, including Nigeria, Ghana, Kenya, and Rwanda, are experiencing rapid economic growth and demographic shifts that present significant opportunities for expanding the financial sector (African Development Bank [AfDB], 2024). However, this growth occurs

alongside ongoing challenges such as limited access to financial services, economic volatility, underdeveloped infrastructure, and political instability (IMF, 2024). As a result, effective leadership in African banks has become increasingly important for managing these complexities and fostering inclusive, sustainable economic development.

In East Africa, countries like Kenya, Uganda, Tanzania, and Rwanda have seen notable progress in their banking sectors over the past decade. This progress has been driven by improved financial inclusion efforts, technological innovation, especially in mobile banking, regional economic integration, and rising foreign direct investment (World Bank, 2024; EABC, 2024). Nonetheless, competition among banks remains fierce, pushing institutions to adopt innovative strategies for differentiation and enhanced operational performance. In this environment, transformational leadership has become a key factor in strengthening organizational resilience and gaining a competitive advantage through employee empowerment, innovation, and strategic vision (Muriithi & Mwaura, 2023). South Sudan's banking sector, however, remains in its early stages and faces unique post-conflict challenges. Following the civil conflict that began in 2013 and the sharp devaluation of the South Sudanese Pound in 2016, the country experienced a period marked by extreme economic instability, hyperinflation, and widespread institutional breakdown (Bank of South Sudan, 2023). The banking system faces infrastructural deficits, severe skills shortages, and a fragile regulatory environment. Despite these obstacles, the financial sector has the potential to significantly contribute to national recovery and long-term development. Achieving this depends largely on the rise of strong, visionary leadership capable of restoring public trust, promoting financial inclusion, and building institutional stability (Majer, 2024; UNDP South Sudan, 2024). For African banks, especially in fragile settings like South Sudan, transformational leadership emphasizing ethical conduct, visionary thinking, and the capacity to inspire change is crucial. It allows institutions to respond proactively to external shocks, mobilize human capital effectively, and align organizational efforts with developmental goals.

Problem Statements

In the rapidly evolving and competitive landscape of South Sudan's banking industry, effective leadership is crucial for enhancing the performance and resilience of financial institutions. Despite a global trend towards transformational leadership (TL) as a catalyst for innovation, employee empowerment, and overall success (Bass & Riggio, 2006; Yukl, 2013), many banks in South Sudan continue to struggle with significant performance challenges. These challenges manifest as low employee morale, a lack of innovation, inadequate customer service, inconsistent strategic alignment, hyperinflation, limited access to funds, an unstable

banking system, and an unstable exchange rate. The deficiency of adaptive and Transformational leadership styles may significantly contribute to these persistent issues. Transformational leadership style, which focuses on inspiring vision, intellectual stimulation, personalized attention, and idealized influence, has been linked to improved organizational outcomes in the global financial sector (Northouse, 2021; Odumeru & Ogbonna, 2013). However, there is a notable lack of empirical research investigating the relationship between Transformational leadership style TL and banking performance within the South Sudanese context, particularly concerning institutions like the Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba. This research gap limits stakeholders' ability to make informed, evidence-based decisions regarding leadership strategies due to unpredictable economic crises and regulatory policies

Study Objectives

- i. To explore how widespread and put into practice transformational leadership styles are in the three banks
- ii. To analyze the relationship between transformational leadership and the banking performance of the three banks
- iii. To determine the challenges and opportunities linked to the adoption of transformational leadership in the banking industry, particularly in the study's three banks in Juba, South Sudan.

Significance of the Study

This study holds substantial significance for multiple stakeholders. For the researcher, it offers an opportunity to practically apply transformational leadership theory within the fragile, post-conflict setting of South Sudan, thereby deepening understanding of how leadership styles affect organizational performance, particularly in the banking sector. The findings contribute to the researcher's academic progression and strengthen his capacity as a seasoned practitioner in public finance to conduct policy-relevant, context-specific research.

For the academic community, the study enriches the existing literature on transformational leadership by contextualizing it in a developing, conflict-affected environment. While most leadership research focuses on stable economies, this study addresses a critical gap by exploring leadership dynamics in South Sudan. It provides a valuable reference for scholars, educators, and students, fostering comparative research and informing curriculum development focused on leadership and institutional development in transitional economies.

For policymakers, particularly the Central Bank of South Sudan and other regulatory bodies, the study provides evidence-based insights to guide leadership and governance reforms in the financial sector. To the management of Cooperative Bank, Ecobank, and the National Bank of Egypt, the findings offer practical recommendations on how transformational leadership can enhance employee motivation, performance, and innovation, supporting strategic initiatives in leadership development, performance improvement, and institutional sustainability.

LITERATURE REVIEW

This section critically reviews existing literature on transformational leadership style (TL) and its influence on organizational performance, with a particular focus on the banking industry. It discusses theoretical foundations, empirical studies, and contextual analyses relevant to emerging economies. The review identifies key dimensions of transformational leadership Style and explores how these dimensions affect both financial and non-financial performance indicators in banking institutions. Theoretical Frameworks is anchored in two core theoretical frameworks that explain the dynamics of transformational leadership Style and its influence on banking performance:

Theoretical Framework

Transformational Leadership Theory

Transformational Leadership Theory, introduced by Bass and Avolio in 1994, is based on the premise that effective leaders motivate their followers to prioritize the collective interests of the organization over their own. This theory highlights four essential components: idealized influence, where leaders serve as ethical role models; inspirational motivation, where they convey a compelling vision; intellectual stimulation, which encourages creativity and innovation; and individualized consideration, where they offer tailored mentorship. This framework is especially pertinent for banks operating in crisis-prone regions like South Sudan. Transformational leaders play a crucial role in building trust, resilience, and adaptability in the face of unstable economic and political climates. By providing visionary guidance and upholding ethical standards, they influence employee behavior and help organizations navigate challenges such as inflation, liquidity issues, and institutional distrust. Research findings (Bass & Riggio, 2006; Agyemang et al., 2023) reinforce the notion that transformational leadership boosts employee engagement, fosters innovation, and enhances organizational performance, even in fragile environments. Therefore, this theory serves as a valuable lens for examining how leadership can stabilize and strengthen banking institutions during times of uncertainty and limited governmental support.

Path-Goal Theory of Leadership

The Path-Goal Theory of Leadership, introduced by Robert House in 1971, suggests that leaders can improve employee motivation and performance by clarifying the paths to goals, eliminating barriers, and ensuring that rewards are aligned with desired outcomes. This theory is grounded in contingency thinking, meaning its success depends on matching leadership styles to the characteristics of followers and the specific situational context (Northouse, 2019). It identifies four flexible leadership styles: directive, supportive, participative, and achievement-oriented, that can be tailored to meet the needs of employees and the work environment. This theory is particularly relevant in fragile banking environments, such as South Sudan, which has experienced post-conflict challenges. For example, a directive leader can facilitate compliance during regulatory changes by providing clear guidance. In emotionally charged situations, a supportive leader, crucial at Juba's Cooperative Bank, can alleviate stress by focusing on the well-being of employees. Participative leadership encourages staff involvement in policy evaluations, promoting a sense of inclusion, while achievement-oriented leaders, like those at Ecobank, drive innovation in digital services even in times of crisis. This research examines the relationship between Transformational Leadership style (TL) and banking performance at Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba. While Transformational leadership style emphasizes vision and inspiration, the Path-Goal Theory enhances this by demonstrating how leaders can adapt their behaviors to maintain performance in difficult circumstances. Together, these approaches illustrate how flexible and motivational leadership can enhance institutional effectiveness in the unstable banking landscape of South Sudan.

Leading Through Crisis: Transformational Leadership Style is best for Financial Institutions Management

The current banking environment is facing complex challenges, including inflation, liquidity shortages, and ineffective leadership. In South Sudan, these issues are worsened by ongoing political instability and weak regulatory frameworks. Financial institutions such as Cooperative Bank, Ecobank, and the National Bank of Egypt are dealing with these problems, but traditional leadership methods often fall short. Therefore, Transformational Leadership style (TL) becomes a vital strategy for building organizational resilience and supporting recovery, according to research findings. Developed by Bass and Avolio (1994), Transformational Leadership Theory highlights idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Such leaders inspire a shared vision, foster innovation, and develop staff. In banking crises, Transformational leadership style builds trust, motivates employees, and encourages creative problem-solving, which are essential for

navigating liquidity constraints and technological disruptions. In South Sudan's volatile banking sector, Transformational leadership style addresses both structural and human capital needs. For example, transformational leaders at Ecobank might drive mobile banking innovation, while those at Cooperative Bank could use inspirational motivation to boost morale. This approach not only improves performance but also helps institutions achieve long-term sustainability in fragile economies.

Current Banking Crisis

The global banking sector is currently navigating a complex crisis characterized by rising inflation, high interest rates, increasing non-performing loans, and growing systemic risks due to geopolitical and economic uncertainties. According to the Bank for International Settlements (2024), global financial institutions are grappling with a tightening credit environment, which has constrained lending and reduced profitability across both developed and emerging economies. In fragile and developing economies like South Sudan, these pressures are exacerbated by weak institutional frameworks, political instability, and underdeveloped financial infrastructure. The World Bank (2024) highlights that South Sudan's banking sector faces chronic liquidity shortages, limited access to foreign currency, and a high rate of loan defaults due to widespread poverty and declining consumer confidence. These issues have contributed to a contraction in lending capacity and, in some cases, the temporary shutdown of bank branches. Additionally, the proliferation of mobile money services and fintech platforms is transforming how financial services are delivered. While offering opportunities for financial inclusion, they are also displacing traditional banks that fail to innovate. The GSMA Mobile Money Report (2023) indicates that sub-Saharan Africa recorded a 22% increase in mobile financial transactions in 2023 alone, putting traditional banks under significant pressure to digitize rapidly. In such volatile and rapidly changing environments, conventional authoritarian or transactional leadership models often lack the adaptability required for sustainable recovery.

Application of Transformational Leadership Theory

Transformational Leadership Theory, introduced by Bass and Avolio (1994) and still highly relevant today, emphasizes the importance of vision-driven, inspirational leadership that fosters innovation, employee empowerment, and organizational resilience. This theory is particularly applicable during times of crisis, where dynamic and value-centered leadership is essential for institutional survival.

Idealized Influence: In the context of South Sudan's fragile banking environment, leaders must serve as ethical role models to rebuild public trust and organizational integrity. Kebede et al.

(2023) argue that transformational banking leaders who model ethical standards and transparency foster employee commitment and public confidence, critical assets in post-conflict societies.

Inspirational Motivation: Transformational leaders articulate a compelling vision and instill a sense of purpose among employees. For example, South Sudanese bank executives can inspire their teams to embrace reform by promoting inclusive financial products and services targeting underserved populations. According to Atong & Lado (2024), inspirational leadership in local banks has driven successful outreach programs in remote areas through mobile banking and microcredit.

Intellectual Stimulation: The crisis requires leaders who challenge outdated practices and encourage innovation. This includes adopting risk-based lending models, digital service platforms, and flexible financial products tailored to volatile economies. Deloitte Africa (2023) notes that banks applying innovation-oriented leadership strategies outperform their peers in customer retention and technological adaptation.

Individualized Consideration: Crisis-stricken banks must care for staff welfare, recognizing that uncertainty and economic stress affect morale. Transformational leaders provide mentorship, emotional support, and professional development opportunities. Nyamal & Deng (2023) found that South Sudanese banks that emphasize staff well-being report improved performance and lower turnover rates. In fragile environments like South Sudan, transformational leadership is not just desirable, it is essential. It enables banks to navigate institutional fragility, economic turbulence, and shifting consumer expectations. Empirical research by Majok (2024) confirms that financial institutions with transformational leadership at the helm have demonstrated superior resilience, innovation adoption, and employee engagement.

Situational Leadership Theory and Its Relevance to South Sudan's Banking Sector

Situational Leadership Theory (SLT), originally developed by Hersey and Blanchard (1969), posits that effective leadership depends on the ability to adapt leadership style based on the maturity and competence of followers as well as the demands of specific situations. Leaders can shift among four main styles: directing, coaching, supporting, and delegating, based on the task at hand and the readiness level of the team. The core premise is that no single leadership style is best; rather, flexibility and situational awareness are key to performance (Northouse, 2022). In the context of South Sudan's banking sector, where business operations are frequently challenged by economic instability, policy uncertainty, and a fragile institutional environment, situational leadership becomes crucial to sustaining organizational performance.

Bank managers must often adjust their leadership approaches to suit volatile market conditions, staff capacity, and regulatory constraints. For example, in times of currency devaluation or liquidity crises, a directive approach may be necessary to quickly implement risk controls and preserve financial stability. Conversely, during periods of staff restructuring or capacity building, a coaching or supporting style becomes more effective to motivate personnel and build resilience. Given the fluctuating macroeconomic landscape and the need for rapid adaptation in banking services, especially in digital banking, credit risk, and compliance, leaders who can assess internal and external challenges and respond accordingly have a significant advantage in improving business performance (Arop, 2023). Banks that rely solely on rigid hierarchical models often struggle in South Sudan's fluid and complex financial environment, whereas those adopting situational leadership tend to be more responsive, innovative, and sustainable.

Concept of Transformational Leadership

Transformational leadership was first conceptualized by Burns (1978) and further developed by Bass (1985), who identified four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These attributes collectively aim to enhance followers' motivation, creativity, and commitment, thus leading to improved organizational outcomes. Recent literature continues to affirm that transformational leaders act as change agents who elevate the interests of their employees and align organizational objectives with individual aspirations (Northouse, 2024). In the dynamic and competitive landscape of the banking sector, such leadership is vital for innovation, resilience, and sustained performance. Transformational Leadership Inspires Vision and Purpose.

Transformational leaders articulate a compelling vision that motivates employees toward shared organizational goals, especially in uncertain or complex environments. "A communicated vision builds employee ownership and alignment, especially in turbulent sectors like banking." (Northouse, 2024) TL Enhances Employee Engagement and Morale By fostering trust, empathy, and respect, transformational leaders improve job satisfaction, commitment, and reduce turnover intentions. "Transformational leaders empower employees emotionally, driving higher organizational loyalty." (Nguyen & Tran, 2023) TL Drives Innovation and Creativity.

Intellectual stimulation, a core TL dimension, encourages risk-taking, problem-solving, and continuous improvement across all organizational levels. "Organizations with transformational leaders exhibit significantly more product and process innovation." (Al-Harthy et al., 2024) TL Strengthens Organizational Resilience in Crisis. Transformational leadership style TL is particularly effective during economic shocks, helping organizations adapt and

emerge stronger. "In post-pandemic and post-conflict economies, transformational leadership is the critical link to survival and transformation" (Musiiime et al., 2024).

Transformational Leaders Cultivate Ethical and Trust-Based Cultures

TL emphasizes values-based leadership, which fosters transparency, accountability, and ethical conduct within organizations. "Ethical leadership behavior, as practiced by transformational leaders, builds long-term institutional trust." (Okoro & Adeyemi, 2023) 6. TL Positively Correlates with Organizational Performance.

Banking Industry Performance

Performance in the banking sector is typically assessed using both financial indicators, such as return on assets (ROA), return on equity (ROE), and net interest margin, and non-financial indicators, including employee satisfaction, customer loyalty, service innovation, and organizational learning (Ahmad et al., 2024). In the context of transformational leadership, the non-financial dimensions are particularly critical, as the Transformational Leadership style emphasizes people-centric transformation. According to the World Bank (2023), post-conflict banking systems, such as those in South Sudan, face unique challenges that require leadership styles capable of fostering trust, ethical behavior, and long-term vision, all of which are core attributes of Transformational Leadership style

Financial Performance

Transformational leadership (TL) has been empirically linked to improved financial outcomes in the banking sector. Key performance indicators such as profitability, return on assets, and capital adequacy have all shown positive responsiveness to TL behaviors. Research by Malik & Javed (2023) across East African commercial banks found a strong positive correlation between transformational leadership behaviors and key financial metrics. Banks led by transformational leaders experienced higher profitability, better asset quality, and more robust risk management practices. Moreover, Musiiime et al. (2024) observed that banks with high Transformational leadership style indices demonstrated improved capital adequacy and greater investor confidence, especially during economic shocks, showing that Transformational leadership style can act as a stabilizing force during crises.

Profitability and Return on Assets (ROA): Banks led by transformational leaders demonstrated higher profitability margins and stronger ROA, as these leaders motivate staff toward achieving strategic goals and optimizing resource use. Malik & Javed (2023) found a

significant increase in ROA in East African banks with transformational leadership practices embedded at the executive level.

Asset Quality and Risk Management: Transformational leaders promote a proactive and ethical culture that supports better credit risk evaluation and management, improving the quality of loan portfolios. Malik & Javed (2023) reported improved asset quality and a reduction in non-performing loans among banks practicing transformational Leadership style TL.

Capital Adequacy and Resilience: Banks scoring high on transformational leadership style indicators were found to maintain stronger capital adequacy ratios, reflecting better financial planning and compliance with regulatory standards. According to Musiime et al. (2024), TL enhances organizational resilience, especially during economic downturns.

Investor Confidence and Stability: Transformational leaders enhance stakeholder confidence through transparent decision-making and forward-looking strategies, thereby attracting and retaining investors. Musiime et al. (2024) noted that banks with TL-focused leadership attracted more investor trust during volatile market conditions.

Non-Financial Performance

Transformational leadership significantly influences employee engagement, organizational culture, and innovation. In a study of Nigerian banks, Okoro & Adeyemi (2023) found that Transformational leadership style enhanced employee morale, leading to lower turnover and higher productivity. Similarly, Researchers emphasized that transformational leaders in fragile banking systems like South Sudan's inspire collective accountability and customer-focused service, which are essential for rebuilding institutional trust and improving reputational capital. Non-Financial Performance Beyond financial metrics, transformational leadership plays a crucial role in strengthening the human and organizational dimensions of performance within banks.

Customer Satisfaction and Service Quality: Transformational leaders foster a service-oriented culture, improving frontline responsiveness, customer experience, and brand loyalty. Northouse (2024) highlighted that TL significantly influences client satisfaction through empowered staff behavior and value-based service.

Organizational Learning and Innovation: Intellectual stimulation, a core transformational leadership style dimension, encourages innovation, continuous learning, and the adoption of new technologies. Nguyen & Tran (2023) reported that banks with transformational leaders introduced 40% more service innovations over three years.

Workplace Culture and Ethical Standards: Transformational leadership style TL promotes ethical leadership and transparent communication, which contributes to a positive organizational

climate and internal cohesion. Kebede & Osei (2023) emphasized that TL fosters accountability, inclusion, and professionalism in African banking institutions.

Related Studies in Africa and Fragile States

In Sub-Saharan Africa, where banking systems face infrastructural and governance challenges, the impact of Transformational leadership style becomes even more pronounced. A comparative study by Kebede & Osei (2023) showed that transformational leadership had a stronger impact on bank performance in politically unstable environments than in stable ones, due to its role in promoting cohesion and shared purpose. In South Sudan, banks are emerging from systemic fragility, and as Majer (2024) asserts, transformational leadership is essential for institutional rebuilding, policy coherence, and strategic direction. Transformational leadership style is not just a managerial approach but a critical strategy for capacity building in volatile markets. The review of literature reveals that Transformational Leadership style (TL) is strongly and positively linked to both financial and non-financial performance in the banking sector. This includes measurable improvements in profitability, asset quality, employee engagement, service innovation, and customer satisfaction. Notably, the four core dimensions of Transformational Leadership style, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, contribute in varying degrees to organizational outcomes. Among them, inspirational motivation and individualized consideration have emerged as the most influential in driving performance and fostering staff commitment. The effectiveness of the Transformational leadership style is significantly influenced by contextual factors such as political stability, institutional maturity, organizational culture, and economic conditions. These variables can either strengthen or weaken the impact of transformational practices within banking institutions. Importantly, the literature identifies a critical research gap in fragile and post-conflict environments, such as South Sudan, where the application and effectiveness of Transformational Leadership style have not been adequately studied.

Banking Crisis

A banking crisis refers to a financial situation in which one or more banks in a country or region face acute difficulties in fulfilling their financial obligations. Such crises are often characterized by liquidity shortages, insolvency, and a rapid erosion of public confidence, potentially leading to widespread bank failures and economic instability. These events typically require government or central bank intervention to prevent systemic collapse and restore trust in the financial system (Laeven & Valencia, 2020; IMF, 2024).

Features of a banking crisis

Liquidity Shortages: A liquidity crisis occurs when banks are unable to meet short-term obligations, such as customer withdrawals or interbank settlements, due to insufficient cash or readily marketable assets. Liquidity shortages may stem from sudden spikes in withdrawal demand or broader market panics, exacerbated by macroeconomic shocks or poor asset-liability management. In fragile states, such as South Sudan, weak monetary policy frameworks and underdeveloped capital markets intensify liquidity risks (IMF, 2024; World Bank, 2024).

Insolvency: Insolvency arises when a bank's liabilities exceed its assets, often triggered by a surge in non-performing loans (NPLs), poor investment decisions, or exposure to depreciating assets. This condition reflects deeper structural issues within a bank, such as governance failures, credit mispricing, and operational inefficiencies (Caprio & Honohan, 2001). Insolvent banks may delay recognition of losses, further deepening financial distress and contagion risk.

Loss of Public Confidence: Loss of confidence is often the most immediate and destabilizing feature of a banking crisis. It leads to panic withdrawals, commonly known as bank runs, where depositors rush to withdraw their funds, fearing bank failure. This self-fulfilling panic can spread quickly, even to otherwise solvent institutions, amplifying systemic risk (Diamond & Dybvig, 1983).

Government or Central Bank Intervention: In response to a banking crisis, authorities typically implement emergency measures to stabilize the financial system. These may include: Liquidity support from the central bank (lender of last resort), Capital injections or bailouts, Deposit insurance or guarantees, Resolution frameworks, including temporary nationalization or orderly wind-downs (Laeven & Valencia, 2020; IMF, 2024)

Types of banking crises

Systemic Banking Crisis: A systemic crisis occurs when a significant portion of a country's banking system is insolvent or illiquid, leading to a collapse in credit provision and severe economic contraction. These crises often result from widespread financial imbalances, credit bubbles, or contagion from external shocks. The 2008 Global Financial Crisis is a prominent example, where the collapse of the US housing market triggered failures in globally interconnected banks, such as Lehman Brothers, leading to a worldwide recession (Reinhart & Rogoff, 2009).

Bank-Specific Crisis: In contrast, a bank-specific crisis involves the failure of one or a few banks due to internal problems such as mismanagement, fraud, or excessive risk-taking. While the broader financial system remains intact, such failures can still disrupt regional credit markets and erode sectoral confidence, especially in concentrated banking systems (Demirgüç-Kunt & Detragiache, 2005). Case Examples; 2008 Global Financial Crisis began with the collapse of the U.S. subprime mortgage market, leading to massive losses in mortgage-backed securities

held by major banks. The failure of Lehman Brothers in September 2008 marked the tipping point, causing interbank lending to freeze and stock markets to crash. Governments and central banks responded with unprecedented bailouts, monetary easing, and regulatory reforms such as the Dodd-Frank Act (Acharya & Richardson, 2009).

Causes of a global and national banking crisis

Banking crises are often complex events triggered by multiple interrelated factors. Understanding these causes is critical for leaders and policymakers who seek to safeguard the stability of financial institutions and promote sustainable economic growth. As a researcher wisely reflects, “True leadership is not only about managing what is visible but anticipating and mitigating the hidden storms beneath the surface.” Below are some of the principal causes of banking crises, explained in detail:

Poor Risk Management and Governance: At the core of many banking crises lies poor risk management and weak governance. When banks fail to properly assess, monitor, and control risks, whether credit risk, liquidity risk, or operational risk, they expose themselves to catastrophic losses. The 2008 Global Financial Crisis was largely fueled by banks taking excessive risks in subprime mortgage lending without adequate oversight or understanding of potential losses. Poor governance, including a lack of transparency, inadequate board oversight, and conflicts of interest, allows risky practices to flourish unchecked. Researcher reminds us: “Institutions crumble not merely from external forces but often from internal neglect; integrity and accountability must be the pillars upon which financial stability is built.”

Political Instability or Armed Conflict: Political instability, civil unrest, or armed conflict can undermine banking systems by creating uncertainty, disrupting operations, and eroding public confidence. Example: In South Sudan, prolonged conflict since independence has destabilized the financial sector, causing bank closures, capital flight, and loss of depositor trust. Such instability increases the likelihood of non-performing loans as businesses suffer, and foreign investors withdraw. Author advises: “Peace and stability are the lifeblood of economic institutions; without them, even the strongest banks are vulnerable to collapse.”

Currency Depreciation and Macroeconomic Shocks Sudden and sharp depreciation of the national currency can severely impact banks’ balance sheets, especially those with foreign currency liabilities. Example: In countries facing hyperinflation or exchange rate crises, such as Zimbabwe or Venezuela, currency devaluation renders debt repayment difficult and erodes asset values. Macroeconomic shocks, including inflation spikes, recession, or commodity price collapses, strain banks’ capital and reduce borrowers’ repayment capacity. “Macroeconomic

discipline is a guardian against financial chaos; leadership must vigilantly protect the foundations of currency and economic stability.”

Sudden Withdrawal of Foreign Capital: Banks often rely on foreign capital inflows to fund operations and expand credit. A sudden reversal due to global financial turmoil, changes in investor sentiment, or loss of confidence can trigger liquidity crises. Example: During the 1997 Asian Financial Crisis, massive capital flight caused banking failures across the region. Such withdrawals cause a funding crunch, forcing banks to curtail lending or liquidate assets at distress prices. “Dependence on fickle external resources without a resilient internal base invites disaster; financial independence is a strategic imperative.”

Weak Financial Regulation and Supervision: Inadequate regulatory frameworks and poor enforcement undermine the ability of authorities to detect and respond to banking sector vulnerabilities. Before the 2008 crisis, lax regulation of mortgage lending and derivative instruments allowed systemic risks to build unnoticed. Weak supervision means irregularities go unchecked, capital requirements are ignored, and risky practices become normalized. “Strong institutions are forged by robust laws and vigilant oversight; governance without enforcement is governance without meaning.” “The strength of a nation’s banks reflects the strength of its leadership, governance, and economic stewardship. Sound policies, ethical management, and unwavering commitment to transparency are the true safeguards of financial peace. Leaders must be visionaries who anticipate challenges, not just reactors to crisis.”

South Sudan’s Financial Turmoil and Banking Sector Challenges

Since the outbreak of political conflict in 2013 and the sharp devaluation of the South Sudanese pound in 2016, the country's banking sector has experienced prolonged instability. Key challenges include chronic liquidity shortages, rapid currency depreciation, hyperinflation, and weak regulatory oversight. Commercial banks have struggled to maintain public confidence amid limited access to foreign exchange, governance shortcomings, and widespread mistrust of monetary authorities. These systemic issues have severely constrained credit availability, stifled private sector growth, and undermined efforts to promote financial inclusion and economic recovery. According to the World Bank (2024), revitalizing South Sudan’s banking sector necessitates a comprehensive strategy, beginning with strengthening the Central Bank’s institutional capacity, improving financial transparency, and fostering the development of domestic capital markets. Without such reforms, the banking system will remain fragile and unable to support sustainable economic development. Banking crises threaten not only the stability of financial systems but also the broader socio-economic fabric of a nation. In fragile contexts like South Sudan, such crises disrupt financial intermediation, erode public trust, and

often require costly state interventions. Understanding the root causes and transmission mechanisms of these crises is essential for crafting resilient regulatory frameworks, building early warning systems, and fostering sustainable, inclusive financial institutions.

Solutions to the Banking Performance Crisis in Post-Conflict South Sudan

Strengthening regulatory and supervisory frameworks: A robust regulatory environment ensures sound banking operations. In South Sudan, strengthening the mandate of the central bank to enforce compliance with capital adequacy and risk management standards is essential. Lessons from Kenya show that stricter supervision can enhance financial stability (Central Bank of Kenya, 2023).

Enhancing liquidity management and credit access: Liquidity support systems, such as interbank lending platforms and emergency funding from central banks, can help banks navigate financial strain. According to the IMF (2024), such mechanisms are critical for preventing banking collapses during economic shocks.

Accelerating digital banking transformation: Investments in mobile banking, online platforms, and fintech integration can expand financial access and reduce operating costs. The GSMA (2023) notes that digital financial services increased significantly in fragile regions during the past year, especially among youth and rural clients.

Rebuilding public trust and confidence: Transparent governance, ethical banking practices, and customer protection measures restore confidence in financial institutions. The World Bank (2024) emphasizes that credibility is key to deposit mobilization and long-term sectoral growth in post-conflict countries.

Implementing transformational leadership: Transformational leadership boosts innovation, morale, and adaptive capacity in times of crisis. Majok (2024) found that South Sudanese banks led by transformational leaders demonstrated higher resilience, stronger client engagement, and faster crisis recovery.

Promoting financial literacy and customer education: Customer education on saving, borrowing, and digital finance improves financial behavior. In Uganda, financial literacy campaigns raised formal banking usage by 38% (FSD Uganda, 2023). South Sudan can adopt similar models to reach marginalized communities.

Establishing professional banking training and talent development programs: Human capital is a critical driver of performance. Training programs in risk management, compliance, customer service, and digital finance can enhance internal capacity. According to ACBF (2024), skill gaps in fragile-state banks hinder innovation and operational excellence.

Diversifying revenue streams and financial products: Banks should reduce dependency on interest income by introducing diversified products like microinsurance, diaspora banking, and Islamic finance. The World Economic Forum (2023) suggests that such diversification cushions banks against market volatility and enhances competitiveness.

Mistrust Between Banks And Customers

Mistrust between banks and customers significantly impedes financial sector development, particularly in fragile economies like South Sudan. This deep-seated issue arises from weak regulatory enforcement, currency instability, corruption, and historical banking failures (World Bank, 2023; IMF, 2024). Consequently, customers perceive formal institutions as unreliable or inaccessible, opting instead for cash hoarding, informal savings groups, or mobile money platforms (Demirgüç-Kunt et al., 2022). While convenient, these alternatives lack critical financial safeguards and credit intermediation. This mistrust reduces deposit mobilization, diminishing banks' capacity to fund private sector growth (Beck, 2023), and exacerbates financial exclusion, especially for vulnerable populations (GSMA, 2024). It also perpetuates cash-based economies, increasing risks of theft and illicit financial flows (AfDB, 2024). In South Sudan, hyperinflation, foreign currency shortages, and perceived political interference have further eroded confidence; over 60% of adults remain unbanked, citing mistrust (African Financial Stability Review, 2024). Addressing this crisis requires transparent banking, strengthened regulatory credibility, and integrating well-regulated digital financial services to bridge the trust gap.

Causes of Customer and Bank Mistrust in the Banking Sector

Past Banking Failures and Insolvency: Frequent cases of bank closures, freezing of accounts or inability to access savings (often due to poor regulation or political interference) lead customers to fear losing their money. In South Sudan, several banks have experienced severe liquidity crises, making depositors unable to withdraw cash when needed (World Bank, 2024).

Ineffective Governance and Corruption: A lack of transparency in banking practices often breeds distrust among customers regarding the management of their funds and the reliability of financial reports. When internal procedures are not effectively communicated or monitored, customers tend to assume the worst, particularly in vulnerable financial environments (World Bank, 2021). Occurrences of nepotism, fraud, and embezzlement within financial institutions severely tarnish their reputations and erode public trust. This issue is especially pronounced in settings where banks operate without robust ethical standards and accountability measures (Transparency International, 2022). Additionally, the inadequate enforcement of financial

regulations by regulatory agencies allows for mismanagement and promotes exploitative behaviors, such as exorbitant fees, unjust loan conditions, and violations of consumer protection laws. These regulatory shortcomings foster a climate of widespread distrust between banks and their customers (IMF, 2023). Customers worry about corruption, lack of oversight, or poor accountability (2024). Notes that fragile states often lack strong supervisory frameworks, fueling depositor anxiety and weak technology.

Currency Instability and Inflation: When the local currency depreciates rapidly, as with the South Sudanese Pound (SSP), people prefer to hold foreign currency or hard assets rather than saving in local banks. According to the African Development Bank (2023), hyperinflation erodes savings and discourages formal banking.

Digital Access: Delays in service delivery, limited operational hours, and a lack of user-friendly digital platforms significantly hinder customer satisfaction. These issues are more acute in rural and underserved areas, where financial institutions often fail to extend their infrastructure (Demirgüç-Kunt, Klapper, & Singer, 2022). Studies have shown that poor service quality and insufficient digital access contribute to public disengagement from the formal banking system, reinforcing financial exclusion (Nguyen et al., 2021).

Political or Ethnic Bias Allegations: In politically or ethnically polarized contexts like South Sudan, banks may be perceived as favoring particular groups or regions, eroding trust in financial institutions. According to Allen and Carletti (2013), perceptions of bias, whether real or assumed, create systemic barriers to inclusion and can deepen societal divides. These allegations discourage equitable access and participation in the formal financial system.

Effects of Mistrust on Banking and the Economy

Low Deposit Mobilization: Trust is central to deposit behavior. When individuals and businesses distrust banks, they are less likely to deposit funds, which directly limits banks' liquidity and their capacity to extend credit or support developmental lending (Beck, Demirgüç-Kunt, & Levine, 2010). This negatively affects financial intermediation and weakens national development efforts.

Increase in Informal and Unregulated Financial Systems: Mistrust drives many toward cash-based or informal financial systems that lack oversight. According to the IMF (2023), this trend undermines central bank functions such as monetary policy implementation, tax revenue collection, and efforts to curb money laundering.

Reduced Financial Inclusion: Vulnerable groups such as women, youth, and rural dwellers are disproportionately affected by banking mistrust. As noted by Sahay et al. (2015), when

banks fail to address social and geographical inequalities, formal financial services remain out of reach for these populations, widening the economic gap and reinforcing cycles of poverty.

Economic Instability: A weak and distrusted banking system deters both local and foreign investors. Without a robust financial intermediary sector, capital formation is hindered, market confidence erodes, and macroeconomic stability becomes harder to maintain (World Bank, 2024; Levine, 2005).

RESEARCH METHODOLOGY

This study adopted a mixed-methods research design to investigate the impact of transformational leadership (TL) on the performance of the banking sector in South Sudan. A mixed-methods approach integrates both quantitative and qualitative data, providing a holistic understanding of leadership phenomena by combining statistical analysis with contextual insights (Saunders, Lewis, & Thornhill, 2019). The approach is grounded in the pragmatist research philosophy, which supports methodological pluralism to explore complex social realities. Ontologically, the study recognizes that TL is both objectively measurable and socially constructed within institutional contexts (Crotty, 1998). Epistemologically, it draws from both positivist and interpretivist traditions. The positivist component employed structured questionnaires to collect measurable data on the four TL dimensions—Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration—and their correlation with performance indicators such as employee engagement and innovation. The data were analyzed using SPSS (Al-Swidi, Gelaidan, & Saleh, 2023). The interpretivist strand used semi-structured interviews and field observations to capture subjective leadership experiences in real work settings (Gerrard & O’Leary, 2022). Three banks, Cooperative Bank, Ecobank, and the National Bank of Egypt, were purposively selected for their institutional diversity and strategic relevance. Cooperative Bank represents a regional, community-oriented model; Ecobank offers a pan-African, corporate perspective; and the National Bank of Egypt, through its UK subsidiary, exemplifies strong governance and international standards with its branches in South Sudan. This selection enabled comparative analysis across different organizational settings within South Sudan’s fragile economic environment. A total of 94 respondents participated. Data triangulation was applied through questionnaires, interviews, observations, and document reviews to enhance validity and reliability (Creswell & Creswell, 2018). The methodology is consistent with established academic standards and well aligned with the study’s objectives, ensuring both analytical rigor and practical relevance.

ANALYSIS AND INTERPRETATION

To assess the relationship between the dependent variable, banking industry performance, and the independent variables, namely transformational leadership (TL) style and government policy, this study employed regression analysis using SPSS (Statistical Package for the Social Sciences). This method enabled the determination of both the strength and direction of the influence these variables exert on institutional performance. The regression results revealed that transformational leadership style had a statistically significant and positive impact on banking performance. The regression coefficient for TL style ($\beta = 0.754$, $p < 0.001$) indicated that a one-unit increase in transformational practices, such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, was associated with substantial improvements in employee motivation, service quality, operational efficiency, and customer satisfaction. Government policy also demonstrated a positive and significant effect on banking performance ($\beta = 0.482$, $p < 0.01$), underscoring the importance of regulatory frameworks, monetary and fiscal policies, and institutional support systems in enabling effective financial operations in South Sudan. The model's R-squared (R^2) value was 0.681, suggesting that 68.1% of the variance in banking performance is jointly explained by TL style and government policy. This high explanatory power confirms the combined influence of internal leadership dynamics and external policy environments in driving institutional success. These results are consistent with prior literature linking leadership and governance to organizational outcomes (Bass & Avolio, 1994; Al-Swidi, Gelaidan, & Saleh, 2023) and support the hypothesis that both factors are critical predictors of banking sector performance in post-conflict economies like South Sudan.

Table 1. Showing Regression Analysis (Coefficients)

Model		Unstandardized		Standardized	T	Sig.	95.0%		Correlations		
		Coefficients		Coefficients			Confidence		Zero-	Partial	Part
		B	Std. Error	Beta			Lower Bound	Upper Bound			
1	(Constant)	.974	.132		7.385	.000	.712	1.235			
	TL style	.627	.096	.743	6.553	.000	.437	.817	.935	.562	.238
	Government policy	.162	.091	.203	1.790	.077	-.018	.342	.906	.182	.065

a. Dependent Variable: Performance of Banking Industry

The statistically significant constant term of 0.974 ($t = 7.385$, $p < 0.001$) suggests that the banking sector has a baseline performance level that is much higher than zero, even in the absence of government policy and transformational leadership style TL. Banks' performance is positively impacted by transformational leadership (TL) in a statistically significant way ($B = 0.627$, $t = 6.553$, $p < 0.001$). In particular, assuming government policy stays the same, banking industry performance is predicted to increase by 0.627 units for every unit increase in transformational leadership style TL. In this model, transformational leadership style (TL) is a better predictor of performance than government policy, according to the standardized coefficient (Beta = 0.743). The significance of this positive relationship is further supported by the 95% confidence interval (0.437 to 0.817). The relationship between transformational leadership style TL and performance is highly positive (zero-order correlation = 0.935) when other factors are taken into consideration. Transformational leadership style TL contributes 0.238 to the variance in banking industry performance and maintains a positive partial correlation of 0.562 even after adjusting for the impact of governmental policy. Regarding government policy, while its unstandardized coefficient ($B = 0.162$) suggests a positive relationship where a one-unit increase in government policy corresponds to a 0.162 unit increase in banking industry performance (holding transformational leadership style TL constant), this relationship is not statistically significant ($t = 1.790$, $p = 0.077$). This lack of significance is supported by the 95% confidence interval (-0.018 to 0.342), which includes zero. The initial zero-order correlation shows a strong positive association between government policy and banking industry performance (0.906) before controlling for other variables. After controlling for transformational leadership style TL, the partial correlation diminishes to 0.182, and the unique contribution of government policy to the variance in performance is only 0.065.

Table 2. Showing the Pearson Correlation of the relationship between the transformational leadership style TL and the banking industry's performance

Correlations						
The transformational leadership style, Idealized influence (Vision, Charisma, Ethics), positively impacts the overall performance of the banking industry. (Outcomes)	Pearson	1	.953**	.908**	.214*	.957**
	Correlation					
	Sig. (2-tailed)		.000	.000	.036	.000
	N	94	94	94	94	94

Employees are more motivated and engaged in their work under a transformational leadership style. Inspirational Motivation (Teamwork, Communication within the banking sector. (Motivation)	Pearson Correlation	.953**	1	.884**	.159	.951**
	Sig. (2-tailed)	.000		.000	.121	.000
	N	94	94	94	94	94
The collaboration and teamwork fostered by transformational leadership style, Intellectual stimulation, Efficiency, Intensity, Innovation, and Problem Solving enhance the performance of banking industry employees. (Performance appraisal)	Pearson Correlation	.908**	.884**	1	.124	.910**
	Sig. (2-tailed)	.000	.000		.228	.000
	N	94	94	94	94	94
Transformational leadership style: Individualized Consideration, delegation of Duties, Career development, Coaching/ Mentoring, in the banking industry, effectively communicates the vision and goals, leading to improved performance outcomes. (Team Cooperation)	Pearson Correlation	.214*	.159	.124	1	.101
	Sig. (2-tailed)	.036	.121	.228		.327
	N	94	94	94	94	94
The empowerment and development of employees by transformational leadership style, Individualized Consideration, Delegation of Duties, Career Development, Coaching/ Mentoring have a direct impact on the banking industry's performance. (Welfare)	Pearson Correlation	.957**	.951**	.910**	.101	1
	Sig. (2-tailed)	.000	.000	.000	.327	
	N	94	94	94	94	94

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The findings from Table 2 reveal a strong and statistically significant relationship between various dimensions of Transformational Leadership Style (TL) and the performance of the banking industry in South Sudan. The Pearson correlation coefficients indicate that the leadership traits and behaviors inherent in TL have a direct and positive influence on employee outcomes, institutional efficiency, and overall organizational success. To begin with, the correlation between Idealized Influence (Vision, Charisma, Ethics) and employee development and welfare is extremely strong ($r = .957$, $p = .000$), demonstrating that transformational leaders who embody vision, integrity, and ethical conduct significantly enhance employee well-being and overall performance. This high level of correlation suggests that ethical and visionary leadership is a cornerstone for building trust, promoting institutional values, and aligning employee efforts with organizational objectives.

Likewise, the association between Inspirational Motivation (Teamwork, Autonomy, Communication) and employee welfare was also very strong ($r = .951$, $p = .000$), underscoring the importance of clear communication and team-building in creating a motivated and engaged workforce. These results imply that leaders who inspire and empower their employees are more likely to achieve high levels of motivation and productivity within banking institutions, thereby boosting performance metrics. Moreover, the correlation between Performance Appraisal and both Idealized Influence ($r = .908$, $p = .000$) and Inspirational Motivation ($r = .884$, $p = .000$) further supports the conclusion that transformational leadership directly affects employee evaluation outcomes and workplace efficiency. Employees working under transformational leaders tend to perform better, receive favorable appraisals, and contribute meaningfully to the organization's goals. These findings resonate with the literature emphasizing that transformational leadership improves organizational commitment and employee effectiveness (Bass & Avolio, 1994).

On the other hand, the dimension of Intellectual Stimulation (Innovation, Problem Solving, Efficiency) recorded only a modest correlation with other TL elements, particularly with Team Cooperation ($r = .214$, $p = .036$), indicating a weaker but still significant relationship. This result may reflect the need for increased emphasis on stimulating innovation and problem-solving capabilities within South Sudanese banks, where structural and resource limitations might impede creative leadership practices.

CONCLUSION

The correlation analysis consistently showed strong relationships ($r > .90$) between transformational leadership style TL components, such as Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration, and key performance

indicators like employee motivation, welfare, innovation, and appraisal outcomes. Among these, Idealized Influence, which includes vision, ethics, and trust, proved to be the most influential factor in predicting overall bank performance. This underscores the crucial role of ethical and visionary leadership in fragile and post-conflict settings. Inspirational Motivation was closely tied to increased employee engagement, while Intellectual Stimulation encouraged innovation and teamwork. Although Individualized Consideration had a comparatively weaker impact on teamwork, it showed a strong correlation with employee well-being and empowerment, emphasizing its strategic importance. These conclusions confirm that transformational leadership is not only relevant but vital for institutional growth, staff development, and long-term stability in South Sudan's volatile economy. By integrating TL practices into their core strategies, banks can cultivate leaders who inspire trust, foster collaboration, promote innovation, and prioritize employee welfare. In doing so, banks will enhance operational efficiency and make meaningful contributions to national economic growth, public trust, and a more resilient financial sector. The adoption of transformational leadership provides a sustainable path for reform and development in South Sudan's banking industry.

RECOMMENDATIONS

Institutionalize Ethical and Visionary Leadership Practices. A strong correlation between Idealized Influence and employee welfare ($r = .957$, $p = .000$) supports integrating ethics and vision into leadership development. Recommendation: Banks in South Sudan should formally embed ethics, vision articulation, and value-based leadership into executive training, performance reviews, and corporate governance frameworks. Leaders should be regularly evaluated based on ethical integrity, their ability to inspire a shared organizational vision, and their consistency in modeling ethical behavior across departments.

Strengthen Teamwork and Internal Communication Systems. The relationship between Inspirational Motivation and employee welfare was highly significant ($r = .951$, $p = .000$). Banks should invest in collaborative workspaces, transparent communication platforms, and inclusive leadership development programs. Regular team-building retreats and leadership engagement forums should be institutionalized to foster motivation, alignment, and organizational cohesion.

Align Performance Appraisal Systems with Transformational Leadership Dimensions. Significant correlations were observed between Performance Appraisal and both Idealized Influence ($r = .908$, $p = .000$) and Inspirational Motivation ($r = .884$, $p = .000$). Revise performance appraisal frameworks to reflect transformational leadership indicators such as vision alignment, ethical decision-making, staff morale, and team motivation. Managers should be trained to assess these qualities objectively to ensure fairness and boost staff engagement.

Promote a Culture of Innovation and Problem-Solving. Intellectual Stimulation showed a statistically significant relationship with Team Cooperation ($r = .214$, $p = .036$). Banks should establish innovation labs or internal think tanks to encourage creative problem-solving and continuous improvement. Leaders must be trained to support experimentation, responsible risk-taking, and open dialogue. Incentives should reward innovative contributions that improve service delivery and efficiency.

Embed Transformational Leadership in HR Policies and Strategic Planning. Findings indicate that Transformational leadership style TL traits, Idealized Influence, Inspirational Motivation, and Intellectual Stimulation, are central to improved performance. Human Resource departments should integrate transformational leadership criteria into recruitment, promotion, succession planning, and executive development strategies. Strategic plans must recognize leadership development as a key driver of institutional growth, with measurable targets set for transformational behaviors among managers and team leaders.

Tailor Leadership Development to Fragile Contexts. Given South Sudan's post-conflict and volatile economic environment, Transformational leadership style adoption must be context-specific. Recommendation: Banks should design leadership development programs that address contextual challenges such as instability, limited resources, and governance gaps. Training should emphasize adaptive leadership, resilience-building, conflict sensitivity, and staff empowerment. Such localization ensures that Transformational leadership style practices are not only effective but also sustainable. These recommendations are grounded in empirical data (e.g., Pearson r-values) and literature (e.g., Bass & Avolio, 1994), offering actionable pathways for enhancing leadership and institutional performance in South Sudan's fragile banking sector. At last, the study recommends future research to examine the effects of transformational leadership on economic fluctuation and reform.

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misconceptions and transformed challenges into opportunities, exemplifying the concept of starting over more intelligently in the face of adversity. Professor Maxwell's unwavering belief in making the impossible possible resonates in his work, likening faith to the action of a toothbrush an essential tool for daily life. He also recognizes the universal desire for recognition and the inherent drive in every individual to make meaningful contributions to a more purposeful world.