





Designing a Leadership Capabilities Model for Organizational Service Productivity (Case Study: The Public Banking Sector in Iraq)

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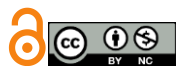
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ABSTRACT

Objective: The aim of this study is to design and test a leadership capabilities model to enhance organizational service productivity, with a focus on the public banking sector in Iraq.

Methodology: The research is applied in nature and uses a survey method. It is a qualitative study. The statistical population includes: a) executives in the banking industry, b) academic experts, and c) combined academic-executive experts in the banking industry in Iraq. The analysis was conducted using thematic analysis. The research tool was semi-structured interviews.

Findings: The results indicate that out of 60 categories, seven dimensions were extracted, which include having strategic perspectives, possessing effective organizational communication, team management and leadership skills, having suitable personal characteristics, focusing on customer needs, the ability to facilitate changes, and possessing decision-making power.

Conclusion: In conclusion, leadership skills, particularly human skills and strategic management, significantly influence organizational outcomes such as citizenship behavior, decision-making, and performance. Effective knowledge management and the fostering of transformational leadership are crucial for enhancing organizational performance, particularly in dynamic sectors like education and healthcare.

Keywords: innovative organization, public company, management skills, organizational culture, organizational innovation

1 Introduction

Banks are financial institutions dedicated to the financial sector, collecting funds from the public and reusing them as financial products, such as credit or loans,

to enhance these funds' productivity and strengthen the general economy. In addition to attracting capital and channeling it, banks also offer other financial products, such as investment management and various payment services (Hasan et al., 2023). A bank is a business entity that collects

money from the public in the form of savings and then redistributes it in the form of credit or other means to improve the standard of living within the community (Hamidi & Karbasian, 2024; Kasiri et al., 2024). The role of ordinary people's living standards in minimizing risks in the banking world and protecting public funds in financial institutions is critical. Banks control the money supply and circulating goods, which helps control inflation rates. Increasing the number of banks and their operational units can drive the banking business toward greater competitiveness and enhance the efficiency and health of banks (Sepidbar et al., 2024; Soleymani et al., 2024). Business competition in the banking industry, along with the rise of many non-banking firms in the financial sector, such as FinTech, makes the environment more challenging (Liu et al., 2024; Tarawneh et al., 2024). To measure the capacity of human resources in an organization or company, one can evaluate their performance outcomes in terms of both quantity and quality at the execution stage of their commitments and responsibilities. This is a way to ensure performance so that individual groups know what is expected of them and act effectively according to objectives, actions, and evaluations. Another aspect of work outcomes is related to organizational goals, similar to other quality metrics, efficiency, and effectiveness, which are essential to the productivity of company services. Therefore, the personality and capabilities of a leader, the unsupportive work environment conditions, and the retention of employee competence in challenging conditions are crucial in a company. Leadership capability refers to the set of attributes, skills, and abilities that enable an individual to guide a group toward common objectives. Leadership is essential in various environments such as work teams, organizations, communities, and even personal life (Hasan et al., 2023).

The capabilities of an organization's manager determine its success or failure. The management of business organizations can vary or resemble one another. Managers play a central role in running institutions and achieving desired goals. Their skills, depending on their performance, can have a lasting impact on the image and sustainability of the organization (Bukhari et al., 2023). Leadership plays a central role in organizations. Corporate, governmental, military, and nonprofit organizations all need to develop effective leadership, which has become a primary concern for various organizations. Despite significant growth and investment in leadership development, there is little evidence that leadership is improving or becoming more effective (Antonakis & Day, 2018). Leaders of various

institutions, including religious, financial, corporate, educational, and governmental organizations, can be responsible for both significant failures and major successes. Therefore, every organization needs leaders who possess the necessary skills to integrate the organization in terms of social, economic, political, and environmental aspects (Muller & Pelser, 2022). Both public and private organizations around the world allocate significant resources to both internal and external leadership training programs aimed at improving leadership and performance (Jacobsen et al., 2022). Lee et al. (2021) describe leadership as a mechanism of power between two or more individuals. They show that a person aiming to influence the organization must attribute and acknowledge this influence to a specific individual (Lee et al., 2021).

A necessity for this research is that managers must be able to act as strong leaders within the organization and have the ability to coordinate teams and organizational members. They must be able to inspire, influence, and direct individuals to maximize the productivity of units and teams. Therefore, leadership capabilities help to optimally manage the bank's resources. This includes financial, human, physical, and technological resources. Through proper resource management, focus can be placed on strategic and crucial bank activities to improve productivity and reduce resource wastage (Pramandita et al., 2021; Putra & Ali, 2022). In the business world, sudden and continuous changes are very common, and managers must be able to manage and adapt to these changes. With appropriate managerial capabilities, managers can implement changes in an organized manner without causing significant disruptions for employees. A recent study on the impact of leadership skills on organizational citizenship behavior in Vietnamese libraries demonstrated that leadership skills significantly influence organizational citizenship behavior. Specifically, human skills were found to have a meaningful effect on bureaucratic culture, which, in turn, played a pivotal role in shaping organizational citizenship behavior. The study emphasized the role of leadership in fostering organizational culture, suggesting that the development of leadership skills, particularly human skills, is crucial for enhancing organizational behavior (Tran, 2023).

In a similar vein, research focused on leadership styles and transformational leadership skills among nurse leaders in Qatar highlighted the need for a strategic development roadmap to transition nurse leaders, particularly head nurses, into transformational leaders. This study suggested that enhancing transformational leadership skills is crucial for

improving nursing leadership worldwide (Al-Thawabiya et al., 2023).

Another study examined the leadership skills and behaviors of international community college leaders, identifying them as entrepreneurial leaders. These leaders utilized collaboration to cultivate an innovation culture and strategically engaged with stakeholders to establish their leadership in organizational settings. The findings underscored the importance of entrepreneurial behavior in leadership practices within community colleges (Raby et al., 2023).

Furthermore, research on the competencies required for higher education leaders in the context of Education 4.0 identified critical leadership skills such as adaptability, strategic planning, learning, digital literacy, social responsibility, problem-solving, emotional intelligence, stakeholder management, and institutional-legal management. These competencies are integral to navigating the emerging educational revolution and align with the evolving demands of leadership in higher education (Oliveira & Saraiva, 2023).

In a different context, a study on organizational behavior and decision-making provided an analysis of the impact of skills, motivation, and communication on organizational behavior. The results indicated significant relationships between organizational behavior, motivation, communication, and decision-making. This research proposed a framework for future studies to explore the effects of these variables in depth (Putra & Ali, 2022).

Finally, research on the influence of authentic leadership and strategic management skills on organizational performance, with the mediation of knowledge management, found that strategic management skills have an indirect effect on organizational performance through knowledge management. This highlights the importance of knowledge management as an intervening variable for enhancing the impact of strategic management skills on organizational outcomes (Pramandita et al., 2021).

Research on the impact of personal values and capabilities on organizational productivity is limited. In fact, it is important to know whether individual values are essential for improving productivity or whether individual capabilities, irrespective of employee values, are themselves motivating factors. Both aspects are beneficial for organizational success. However, since productivity is manifested in the internal and external activities of the bank, this relationship needs to be thoroughly defined and investigated. Therefore, individual capabilities in managers

are the foundational elements of bank-level strategies, directing managers toward the primary change factors of the bank and its service productivity. This study, therefore, raises the following question:

What is the leadership capabilities model for organizational service productivity in the public banking sector of Iraq?

2 Methods and Materials

Since the aim of this study is to design a leadership capabilities model for organizational service productivity (case study: the public banking sector in Iraq), the research method is exploratory-applied in terms of objective, cross-sectional in terms of data collection time, inductive-deductive in terms of philosophy, and survey-based in terms of data collection method and research nature. To conduct the research, thematic analysis was employed. Thematic analysis involves using a qualitative method to identify, categorize, and extract concepts based on the perspectives of relevant experts and specialists.

The statistical population consists of a) executive experts in the banking industry, b) academic experts, and c) combined academic-executive experts in the banking industry in Iraq. The sampling method used in this study is theoretical and purposive. In fact, individuals who are specialists and significant in this field were selected as samples. The qualitative data collection tool used was semi-structured interviews. For validity and reliability, the Creswell eight strategies were applied to examine the accuracy of the findings.

3 Findings and Results

An examination of the average age of the experts surveyed revealed that academic professors and experts have the highest average age of 45.20 years, while the combined academic-executive experts in the banking sector have the lowest average age of 43.19 years. Regarding the average work experience, it was found that the executive experts in the banking sector have the highest level of experience, with an average of 45.20 years, while the combined academic-executive experts in the banking sector have less work experience (15.63 years) compared to the academic professors and experts. Among the participants in the current research, 7 individuals held a PhD, and 3 had a Master's degree.

By examining the identified codes (open codes) extracted from the interviews analyzed, the final step involved

defining and naming the themes. The results of the analysis showed that the most significant factors influencing leadership capabilities for organizational service productivity in the banking industry include indicators such as having strategic perspectives, possessing effective organizational communication, team management and

leadership abilities, having suitable personal characteristics, focusing on customer needs, the ability to facilitate changes, and possessing decision-making power. These factors were categorized, and each of these main components has subcomponents, which are presented in Table 1.

Table 1

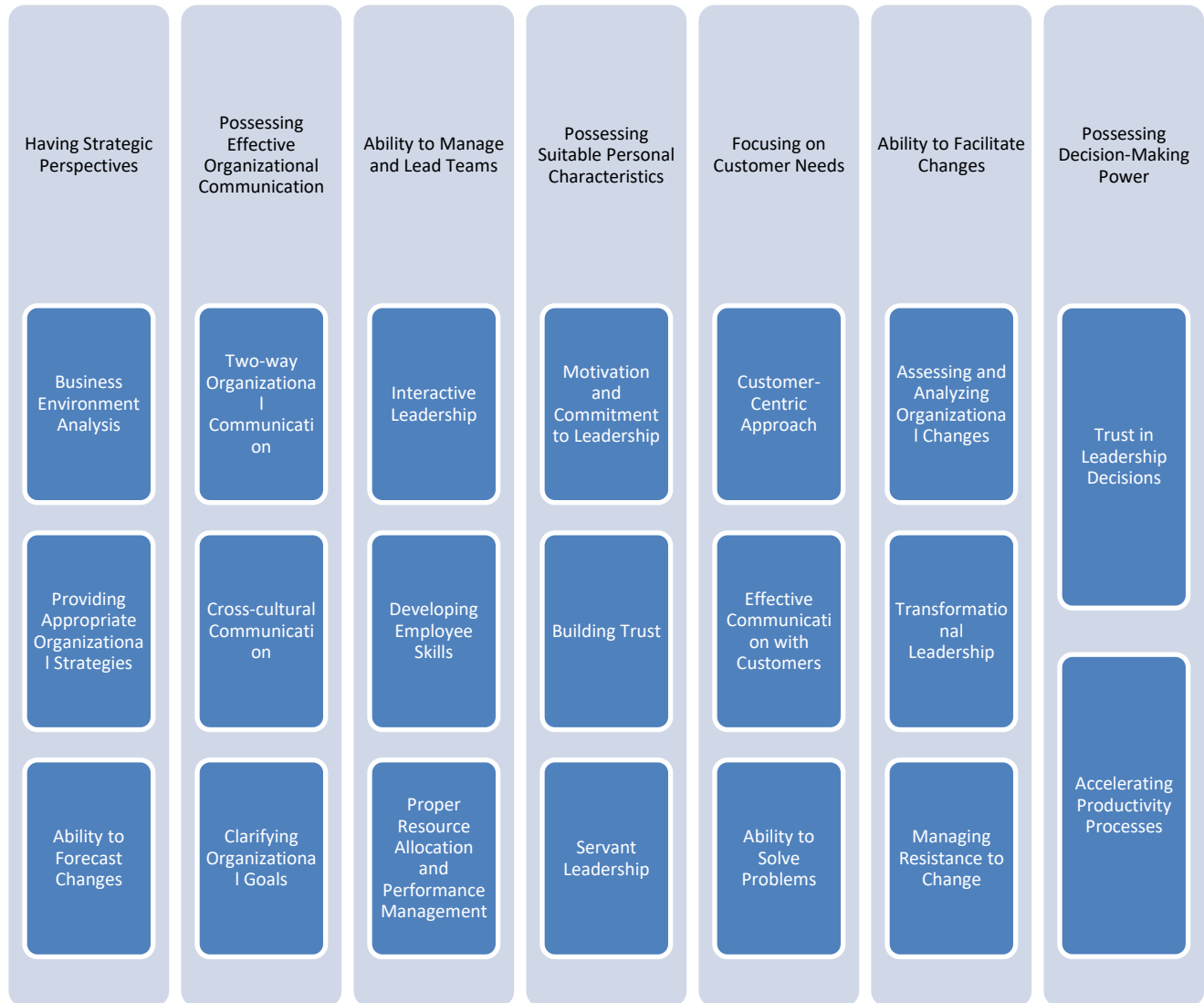
Secondary Codes Extracted for Leadership Capabilities for Organizational Service Productivity in the Banking Sector

Row	Main Indicators	Secondary Codes Extracted	Core Codes
1	Having Strategic Perspectives	Business Environment Analysis	- Focus on competitive indicators - Attention to economic, political, and environmental changes - Analyzing technological advancement and digitalization in the banking industry
2		Providing Appropriate Organizational Strategies	- Developing organizational culture - Developing employee capabilities - Creating a flexible and efficient structure for the banking organization
3		Ability to Forecast Changes	- Resource management and managing financial risks - Ability to improve strategic leadership capabilities - Ability for innovation and adaptability to changes
4	Possessing Effective Organizational Communication	Two-way Organizational Communication	- Accurate and timely information transfer - Enhancing trust and cohesion - Improving job satisfaction
5		Cross-cultural Communication	- Developing cross-cultural communication - Managing diversity and conflict - Reducing organizational tensions
6		Clarifying Organizational Goals	- Ability to improve leadership capabilities in directing, coordinating, and managing resources - Facilitating partnership and accountability among team members - Building trust and confidence among employees
7	Ability to Manage and Lead Teams	Interactive Leadership	- Strengthening interpersonal communication - Increasing creativity, commitment, and accountability in employees - Improving leadership capabilities in team-building
8		Developing Employee Skills	- Increasing decision-making power in employees - Promoting distributed leadership within the organization - Providing training and professional development opportunities
9		Proper Resource Allocation and Performance Management	- Correct allocation of financial, human, and physical resources - Strengthening organizational fairness and justice - Creating a rewarding and encouraging environment
10	Possessing Suitable Personal Characteristics	Motivation and Commitment to Leadership	- Improving leadership capabilities in motivation and inspiring leadership - Facilitating effective communication - Developing organizational culture
11		Building Trust	- Influencing employee trust and commitment - Establishing a strong customer-organization relationship - Creating a flexible organizational culture
12		Servant Leadership	- Creating a culture of service - Encouraging employees' personal and professional development - Developing future-oriented leaders
13	Focusing on Customer Needs	Customer-Centric Approach	- Setting customer-oriented goals - Building trust and loyalty with customers - Creative ideas for improving banking services
14		Effective Communication with Customers	- Deep understanding of customer needs - Providing excellent customer service - Increasing responsibility and productivity in delivering organizational services
15		Ability to Solve Problems	- Utilizing appropriate analytical methods and decision-making processes - Promoting improvement in risk management systems and processes
16	Ability to Facilitate Changes	Assessing and Analyzing Organizational Changes	- Examining and analyzing changes within the organization - Creating a change culture - Leveraging internal innovation capacity
17		Transformational Leadership	- Inspiring and motivating employees by leaders - Stimulating innovation and creativity - Encouraging knowledge and experience sharing
18		Managing Resistance to Change	- Providing necessary justifications for changes based on relevant analyses and data - Creating an organizational culture aligned with change
19	Possessing Decision-Making Power	Trust in Leadership Decisions	- Ensuring the organization's best interests - Creating a safe environment for testing ideas and innovative transactions - Facilitating the acceptance of new technologies and innovations
20		Accelerating Productivity Processes	- Increasing decision-making speed - Responding more quickly to customer needs and demands - Enhancing coordination and collaboration within the organization

The final model derived from the indicators and secondary codes of the research is presented in Figure 1.

Figure 1

The Diversity and Inclusion Model in Human Resource Management with a Focus on Digital Transformation Tools



4 Discussion and Conclusion

This study aimed to design and test a leadership capability model for organizational service productivity (with a focus on the public banking sector in Iraq). Seven themes were extracted from the data analysis, which include the following dimensions and components:

- **Strategic Vision** (business environment analysis, appropriate organizational strategies, ability to anticipate changes)
- **Effective Organizational Communication** (two-way communication, intercultural communication, clarity of organizational goals)
- **Team Management and Leadership** (interactive leadership, employee skill development, appropriate resource distribution and performance management)
- **Suitable Personality Traits** (leadership motivation and commitment, trust-building, servant leadership)

- **Customer Needs Focus** (customer-centric goals, effective communication with customers, problem-solving ability)
- **Facilitation of Change** (evaluation and analysis of internal changes, transformational leadership, change resistance management)
- **Decision-Making Power** (trust in leadership decision-making, acceleration of productivity processes)

In interpreting the results, it can be said that one of the most important leadership capabilities in the banking industry is having the ability to analyze the business environment. Business environment analysis in the banking industry can significantly affect leadership capabilities and facilitate the improvement of organizational service productivity. The banking industry is often heavily influenced by strict and detailed laws and regulations. Changes in banking laws and regulations related to security, customer protection, and other areas can alter the requirements and demands on bank leaders. Leaders must be able to quickly adapt to legal and regulatory changes and optimize internal bank policies and procedures to comply with these changes. Intense competition in the banking industry also affects leaders' ability to make strategic decisions and manage change. Proper competition analysis allows bank leaders to better identify opportunities and threats within the industry and adopt suitable strategies. Furthermore, leaders must have the ability to build relationships and collaborate with competitors to acquire new markets and ensure organizational growth amid intense competition.

Two-way communication (between leaders and employees) in the banking industry can have a significant impact on leadership capabilities and organizational service productivity. Effective two-way communication between leaders and employees facilitates the timely and accurate transmission of information and work processes. Bank leaders can communicate organizational policies, guidelines, and changes to their staff. Likewise, employees can raise questions and express their needs and challenges through two-way communication with their leaders.

Employee skill development in the banking industry can have significant effects on leadership capabilities and organizational service productivity. Employee skill development can help leaders improve their decision-making abilities. By having staff equipped with the necessary skills, leaders can have more confidence in making better and more effective decisions when facing

various challenges by leveraging their employees' knowledge and experience. This ability facilitates the improvement of leadership capabilities in strategic decision-making, data analysis, and problem-solving, ultimately contributing to organizational service productivity.

Employee skill development can also help improve the quality and productivity of organizational services. Employees who are skilled in performing their tasks can deliver high-quality services and achieve better productivity. Additionally, the impact of leadership motivation and commitment on leadership capabilities and organizational service productivity in the banking industry can be crucial. A leader with strong motivation can inspire employees in a way that stimulates motivation and enthusiasm for performing their tasks. Leaders who create high motivation in their employees can direct the organization towards achieving its goals. This ability facilitates the improvement of leadership capabilities in motivation, inspirational leadership, and success, thereby enhancing organizational service productivity. A leader with high commitment can also strengthen employees' organizational commitment. Leaders who are committed to organizational goals can increase employee commitment and motivate them to provide quality services and better productivity. When employees trust their leaders, they feel encouraged and supported, which leads to greater motivation for performing their tasks and providing better services. Leaders can enhance motivation and satisfaction through trust-building, which strengthens leadership capabilities in developing a positive organizational culture, managing change, and fostering talent development.

This research aligns with a study by Putra et al. (2022) which showed: 1) The impact of organizational behavior on organizational behavior; 2) The impact of motivation on organizational behavior; 3) The impact of communication on organizational behavior; 4) The impact of organizational behavior on decision-making; 5) The impact of motivation on decision-making; 6) The impact of communication on decision-making; and 7) The impact of organizational behavior on decision-making was found to be significant (Putra & Ali, 2022). The results of this study also align with a study by Pramantida et al. (2021) which found that the indirect impact of strategic management skills on organizational performance through knowledge management is significant (Pramandita et al., 2021). This suggests that knowledge management is an essential intervening variable for effectively implementing strategies to enhance strategic management skills. The results of this

study encourage policymakers and decision-makers to optimally implement knowledge management in order to maximize its impact on organizational performance by enacting policies and decisions aimed at improving authentic leadership and strategic management skills.

Based on the research results, the following recommendations are made for the public banks in Iraq:

1. Conduct training courses related to leadership skills and effective communication for bank employees.
2. Create an organizational culture that encourages and reinforces effective communication and leadership.
3. Enhance the information transmission system and internal communication to improve coordination and interaction between team members and bank managers.
4. Improve the decision-making skills of team members and bank managers through training courses and practical workshops.
5. Establish an organizational culture that promotes the value and importance of decision-making power.
6. Encourage collaboration and active participation of bank team members in decision-making processes to improve performance and increase the bank's effectiveness.
7. Raise awareness among team members regarding the personality traits that are important for leaders and their relevance to organizational success.

Limitations of this study include challenges such as access to experts for interviews and accurate translation of articles from English to Persian. Additionally, this study was conducted during a specific time period, so the results cannot be generalized to all time periods.

Authors' Contributions

All authors have contributed significantly to the research process and the development of the manuscript.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Declaration of Interest

The authors report no conflict of interest.

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Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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