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The New Leadership Paradigm in Today’s Financial System: Foreign and Domestic Banking

Valencia Tamir Johnson, Dr, Thomas Jefferson School of Law

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Summary: This article discusses the important of new leadership paradigm in today’s financial system. The article provides approaches that would inspire and develop effective leadership within financial organizations.

Leaders today in the financial system are encouraged to have much more of a hands-on approach in the aim of inspiring and developing others; this is at the core of the new leadership paradigm. This new model of leadership involves leaders taking the time to consider and understand the relational aspects that bind an organization together. Additionally, those in leadership positions need to promote the concept of teamwork and shared governance, and this requires that they develop the potential leadership abilities within the organization.

Although there are many existing methodologies that identify how all of this can be achieved, the coaching and mentoring component of leadership is considered to be one of the most effective ways to accomplish this. The process of successfully coaching and mentoring others under the new leadership paradigm requires that a leader develop empathy and be able to feel a certain degree of compassion for those that he or she is coaching and mentoring. Not only does this have the capacity to potentiate the coaching effect, which in itself has beneficial outcomes to the organization through individual development, but there is evidence that the singular physiological effects of a leader experiencing empathy can act as an antidote for his or her own stress.

This raises the tantalizing possibility that new paradigm leaders may be able to compensate for the stresses they experience by developing an empathic approach to the development of others within the organization and because of this, be able to sustain and protect their leadership effectiveness. Leadership in the financial world has a vision to lead and market the organization. Leaders have always had the capability to influence

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others and be able to follow strategic goals in meeting stakeholders’, employees’ and subordinates’ needs and values. Leaders tend to have the courage and the willingness to display appropriate reactions, particularly in crisis situations.  

Chief Financial Officers (CFO) help to drive a company through financial crisis and solve problems to help stabilize the organization. CFOs tend to investigate future expectations of the organization’s stability in the corporate world. The CFO’s position involves strategic planning and integration of continuous process improvement that deals with negotiations, collaboration, and change management. CFOs are responsible for providing the highest level of professionalism, ethics and integrity in the organization, and without the CFO the organization will be unstable. Financial leaders must have self-confidence in communicating and coordinating management accounting by formulating financial reports, performance management, internal control, and cost management.  

Financial leaders’ performance is based upon external satisfaction and meeting the demands of the stakeholders, employees and subordinates, and by maintaining process control and benefit exchange through organizational stability. Leaders must have the ability to understand business and maintain the same level of effectiveness for the organization and its funds. Financial leadership sets goals and objectives to support their effectiveness in satisfying relevant demands and commit to understanding subordinates and their behaviors, by self-enhancement through organizational goals and personal achievements.  

Leadership exists on a continuum, and leaders must seek out professional opportunities and development by effectively communicating and understanding issues that face the organization. It is expected that leadership-fostering goals will improve organizational performance. Financial organizations with successful performance tend to

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have significantly higher levels of intellectual stimulation than other financial organizations. Financial leaders should be aware of the requirements for improving organizations and be more alert to signs of mismanaged funds or instability within organizational management.  

Employees have been the main resource that allows the organization to thrive. The financial industry needs to consider the lifelong learning opportunities for creating knowledge and talent within an organization. Leaders must be able to consider the improvement levels in an employee’s academic background and expectations of the employee’s performance to improve job satisfaction. Also, leaders must encourage a flexible work environment for all employees and honor employees for achieving the goals and objectives as outlined in the organizational mission statement.

Leadership cultivates organizational culture and has an impact on the influences of productivity, resignations, unreported job absences, job satisfaction, and personnel resources. Leaders need to aim at examining job satisfaction and fostering learning organizations that would help to improve operational models and theoretical concepts in leadership management.

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8 Wimm v. Jack Eckerd Corp., 3 F.3d 137, 139 (5th Cir. 1993).