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Inspiration of Transformational Leadership Style and Regulatory Policies on Banking Performance: A Survey of Cooperative Bank, Ecobank, and the National Bank of Egypt in South Sudan

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Abstract

This study examines the influence of transformational leadership style and regulatory policies on banking performance in South Sudan, using Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba as case studies. The study was motivated by persistent challenges affecting the banking sector, including macroeconomic instability, shortages of foreign and local currency, liquidity constraints, weak regulatory enforcement, inadequate corporate governance, and declining customer confidence. Specifically, the study sought to examine the influence of transformational leadership on banking performance, assess the effect of regulatory policies on commercial bank performance, and determine the relationship between transformational leadership, regulatory policies, and banking performance. Guided by transformational leadership and institutional theories, the study adopted a positivist paradigm and a quantitative cross-sectional survey design. Data were collected from a sample of 96 employees selected from a target population of 157 using structured questionnaires. The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS) Version 26 through descriptive statistics, Pearson Product-Moment Correlation, and Multiple Linear Regression Analysis. The findings revealed strong, positive, and statistically significant relationships among transformational leadership, regulatory policies, and banking performance, with Pearson correlation coefficients ranging from 0.556 to 0.970 at $p < 0.01$. Transformational leadership practices, including strategic vision, employee motivation, innovation, and organizational commitment, significantly enhanced banking performance. Likewise, regulatory policies relating to Basel III compliance, corporate governance, risk management, and regulatory oversight significantly improved profitability, operational efficiency, institutional stability, and asset quality. The study concludes that transformational leadership and effective regulatory policies are complementary drivers of banking performance are critically required. It recommends strengthening leadership development, regulatory compliance, corporate governance, and risk management frameworks to enhance institutional resilience and promote sustainable banking sector growth in South Sudan.

Keywords: Transformational Leadership, Regulatory Policies, Banking Performance, Commercial Banks, Basel III Compliance, Corporate Governance, Risk Management, South Sudan.

INTRODUCTION

The banking sector plays a vital role in promoting economic growth by mobilizing savings, facilitating investments, improving financial inclusion, and supporting business development. Across the world, the performance of banking institutions increasingly depends on effective leadership and sound regulatory policies that ensure financial stability and organizational sustainability. In developed economies such as the United States, the United Kingdom, Canada, Germany, and Australia, transformational leadership has become an important management approach for enhancing innovation, employee motivation, customer satisfaction, and organizational performance. At the same time, banking regulators continue to strengthen prudential supervision, risk management frameworks, and corporate governance standards to improve the resilience of financial institutions following recent global financial challenges (International Monetary Fund [IMF], 2024; World Bank, 2025). In Africa, the banking industry has experienced significant transformation over the past two decades through financial sector reforms, digital banking innovations, and regulatory modernization. Countries such as Kenya, Nigeria, Ghana, Rwanda, Botswana, and South Africa have implemented regulatory frameworks that encourage financial inclusion, technological innovation, and institutional accountability. These reforms have enabled banks to improve operational efficiency, expand financial services, and enhance customer confidence. However, many African banking systems continue to face challenges associated with weak governance, political instability, inadequate institutional capacity, cybersecurity risks, and limited financial infrastructure (African Development Bank [AfDB], 2024). Within East Africa, countries including Kenya, Uganda, Tanzania, and Rwanda, have introduced banking reforms aimed at strengthening supervision, improving financial stability, and encouraging innovation through digital financial services. Kenya has become a global leader in mobile banking and digital financial inclusion, while Rwanda has strengthened financial sector governance through effective regulatory oversight. Uganda and Tanzania continue to improve banking performance through enhanced prudential regulation and institutional reforms. These experiences demonstrate that effective leadership combined with supportive regulatory policies contributes significantly to improved banking performance (East African Community [EAC], 2024).

In South Sudan, the banking sector operates within a fragile economic and political environment characterized by macroeconomic instability, inflation, foreign exchange volatility, weak financial infrastructure, and regulatory challenges. Commercial banks such as Cooperative Bank, Ecobank, and the National Bank of Egypt continue to provide essential financial services despite operating under difficult conditions. The leadership practices adopted by senior managers and the effectiveness of regulatory policies implemented by the monetary authorities significantly influence organizational performance, employee commitment, customer confidence, and financial sustainability. Consequently, understanding the combined influence of transformational leadership and regulatory policies on banking performance is essential for strengthening financial institutions and promoting sustainable economic development in South Sudan (Bank of South Sudan, 2024; World Bank, 2025).

Problem Statement

The banking sector plays a vital role in promoting economic growth, financial intermediation, investment, employment creation, and sustainable national development. In South Sudan, commercial banks are expected to mobilize domestic savings, facilitate financial inclusion, support private sector development, and promote economic stability. However, despite ongoing financial sector reforms, the banking industry continues to operate in a highly fragile political, economic, and institutional environment. Commercial banks face numerous operational and financial challenges, including persistent macroeconomic instability, high inflation, acute shortages of foreign currency (United States Dollar), limited availability of local South Sudan Pounds (SSP) liquidity, cash withdrawal restrictions imposed by commercial banks due to liquidity constraints, declining customer confidence, weak regulatory enforcement, inadequate technological infrastructure, limited employee capacity, poor corporate governance, operational inefficiencies, increasing non-performing loans, and political uncertainty. These challenges have significantly reduced banking efficiency, weakened profitability, constrained financial intermediation, disrupted customer service delivery, and undermined public trust in the banking system, thereby limiting the sector's contribution to national economic growth and financial stability (International Monetary Fund [IMF], 2024; World Bank, 2024).

Globally, transformational leadership has been widely recognized as an effective leadership approach that enhances employee motivation, organizational commitment, innovation, service quality, organizational resilience, and overall institutional performance. Organizations led by transformational leaders tend to achieve higher productivity through employee empowerment, effective communication, teamwork, ethical leadership, and continuous organizational learning (Avolio and Bass, 1994; Northouse, 2022). Likewise, sound regulatory policies strengthen financial stability by improving corporate governance, enhancing regulatory compliance, reducing operational risks, promoting transparency, safeguarding depositors' funds, and improving institutional accountability. Effective banking regulation has consistently been associated with stronger financial performance and sustainable banking sector development (World Bank, 2025).

Across Africa, countries such as Kenya, Rwanda, Ghana, Nigeria, and South Africa have implemented banking reforms alongside transformational leadership practices, resulting in improved institutional governance, enhanced customer confidence, greater financial resilience, increased operational efficiency, and sustainable banking sector performance (African Development Bank [AfDB], 2024). These experiences demonstrate that effective leadership combined with supportive regulatory frameworks can significantly improve banking performance, even within developing economies.

Despite these international and regional findings, South Sudan's banking sector continues to experience declining operational performance characterized by liquidity shortages, limited foreign exchange availability, inadequate local currency circulation, restrictions on customer cash withdrawals, weak regulatory compliance, low customer confidence, and limited institutional capacity. These persistent challenges suggest that existing leadership practices and regulatory interventions have not sufficiently addressed the operational realities facing commercial banks in the country. The major research gap is that there is limited empirical evidence examining the combined influence of transformational leadership style and regulatory policies on banking performance within the unique context of South Sudan's fragile, post-conflict banking sector. Most previous studies have been conducted in developed economies or relatively stable African countries whose political, economic, regulatory, and institutional environments differ substantially from those of South Sudan. Furthermore, existing studies have generally examined transformational leadership and regulatory policies as independent variables, with little attention given to their combined or interactive effects on banking performance. More importantly, few studies have incorporated the contemporary banking challenges facing South Sudan, including foreign currency shortages, shortages of South Sudan Pounds (SSP), liquidity crises, restrictions on cash withdrawals, weak financial infrastructure, and macroeconomic instability, as contextual factors influencing banking performance. Consequently, there remains a significant contextual, empirical, and practical knowledge gap regarding how transformational leadership and regulatory policies jointly contribute to improving organizational performance under fragile banking conditions. This knowledge gap limits evidence-based decision-making by bank executives, financial regulators, policymakers, and development partners seeking to strengthen banking sector resilience, improve financial service delivery, restore public confidence, enhance operational efficiency, and promote sustainable economic development. Without context-specific empirical evidence, leadership development initiatives and regulatory reforms may continue to produce suboptimal outcomes. Therefore, this study seeks to examine the influence of transformational leadership style and regulatory policies on banking performance in selected commercial banks Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba, South Sudan. The study is expected to contribute to leadership and banking literature by addressing the existing empirical and contextual gaps while providing practical recommendations for improving banking performance and strengthening the resilience of South Sudan's financial sector.

OBJECTIVES OF THE STUDY

The study was guided by the following objectives:

i. To examine the influence of transformational leadership style on banking performance in selected commercial banks in Juba, South Sudan.
ii. To assess the effect of regulatory policies on the performance of Cooperative Bank, Ecobank, and the National Bank of Egypt.
iii. To determine the relationship between transformational leadership style, regulatory policies, and banking performance in selected commercial banks in South Sudan.

Significance of the Study

The study contributes to both theory and practice. Academically, it expands existing literature on transformational leadership within fragile and post-conflict banking environments. The findings enrich leadership and organizational performance theories by providing empirical evidence from South Sudan. For policymakers, particularly the Bank of South Sudan and the Ministry of Finance and Planning, the findings provide evidence for improving banking regulations, supervisory mechanisms, and institutional governance. Bank executives and managers benefit from understanding leadership practices that enhance employee motivation, innovation, productivity, and customer satisfaction. Employees gain insights into leadership approaches that promote empowerment, teamwork, and professional development. Investors and development partners may use the findings to assess institutional capacity and financial sector stability. Finally, future researchers will benefit from the study by identifying areas requiring further investigation within emerging and fragile economies.

THEORETICAL REVIEW

1. Transformational Leadership Theory

The Transformational Leadership Theory was first introduced by James MacGregor Burns (1978) and later expanded by Bernard M. Bass (1985). Burns conceptualized transformational leadership as a process through which leaders inspire followers to achieve higher levels of motivation, morality, and performance by aligning individual interests with organizational goals. Bass further refined the theory by proposing four fundamental dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985). According to the theory, transformational leaders motivate employees to exceed normal performance expectations by creating a compelling organizational vision, encouraging innovation, promoting teamwork, and supporting employee development. Such leaders build trust, stimulate creativity, recognize individual contributions, and foster organizational commitment. Numerous studies have demonstrated that transformational leadership positively influences employee satisfaction, organizational citizenship behavior, innovation, productivity, and financial performance across banking institutions and other organizations (Northouse, 2022). In the banking sector, transformational leadership enables organizations to respond effectively to technological change, regulatory reforms, competitive pressures, and customer expectations. Therefore, the theory provides an appropriate framework for explaining how leadership behaviors influence banking performance in South Sudan.

2. Institutional Theory

The Institutional Theory was developed by John W. Meyer and Brian Rowan (1977) and later strengthened by Paul J. DiMaggio and Walter W. Powell (1983). The theory argues that organizations achieve legitimacy, stability, and long-term survival by complying with formal rules, regulations, institutional norms, and societal expectations. Rather than relying solely on internal efficiency, organizations must adapt to external regulatory and institutional pressures to remain competitive and sustainable. Within the banking industry, Institutional Theory explains the importance of regulatory policies, prudential supervision, corporate governance standards, and compliance with financial regulations. Commercial banks operate in highly regulated environments where adherence to banking laws, capital adequacy requirements, anti-money laundering measures, and risk management standards enhances organizational legitimacy and public confidence. Strong regulatory institutions reduce financial risks, improve transparency, strengthen accountability, and promote sustainable banking performance (World Bank, 2024). Consequently, Institutional Theory provides an appropriate foundation for understanding how regulatory policies influence banking performance in South Sudan.

Empirical Review

A study conducted by Afsar, Masood, and Umrani (2020) examined the relationship between transformational leadership and organizational performance in the banking sector. Using quantitative survey methods, the researchers found that transformational leadership significantly improved employee motivation, organizational commitment, service quality, innovation, and financial performance. The study concluded that leaders who empower employees, encourage creativity, and communicate a shared vision achieve superior organizational outcomes. However, the research was undertaken in a relatively stable economic environment, limiting its applicability to fragile economies such as South Sudan. The World Bank (2024) assessed the contribution of banking regulations to financial sector performance across developing countries. The report found that effective regulatory frameworks improve financial stability, strengthen corporate governance, enhance risk management, promote transparency, and increase public confidence in financial institutions. Countries with stronger regulatory systems experienced better banking resilience and operational efficiency than those with weak institutional frameworks. Nevertheless, the report emphasized that fragile and conflict-affected states continue to face considerable challenges in implementing effective banking regulations. The African Development Bank (2024) examined banking sector reforms across several African countries, including Kenya, Rwanda, Ghana, Nigeria, and South Africa. The study found that regulatory modernization, digital financial innovation, effective supervision, and transformational leadership significantly improved operational efficiency, profitability, financial inclusion, and customer satisfaction. Banks operating under strong leadership and sound regulatory environments demonstrated greater institutional resilience and sustainable growth. However, the report acknowledged that countries experiencing political instability and weak institutional capacity require additional governance reforms to achieve similar outcomes.

The International Monetary Fund (2024) analyzed the relationship between leadership practices, financial regulation, and institutional resilience within the global banking sector. The findings indicated that transformational leadership promotes innovation, employee engagement, strategic adaptability, and organizational effectiveness, while robust regulatory policies strengthen financial stability, regulatory compliance, and risk management. The study concluded that banking institutions perform best when effective leadership is complemented by supportive regulatory frameworks. However, limited empirical evidence exists regarding the interaction of these variables in fragile and post-conflict economies such as South Sudan, thereby justifying the need for the present study.

Research Gap

The reviewed literature consistently demonstrates that transformational leadership and effective regulatory policies independently and jointly contribute to improved banking performance. However, most existing studies have been conducted in developed economies or relatively stable African countries. There is limited empirical evidence examining the combined influence of transformational leadership style and regulatory policies on banking performance within South Sudan's fragile banking environment. This contextual and empirical gap provides the basis for the current study, which investigates Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba, South Sudan.

METHODOLOGY

This study adopted the positivist research paradigm, which assumes that reality is objective, measurable, and can be examined using scientific methods. The positivist paradigm is appropriate for quantitative studies because it emphasizes hypothesis testing, statistical analysis, objectivity, and the establishment of relationships among variables through empirical evidence (Saunders, Lewis, & Thornhill, 2023). The paradigm enabled the researcher to examine the influence of transformational leadership style and regulatory policies on banking performance using measurable data collected from employees of selected commercial banks. The study employed a quantitative cross-sectional survey research design, which allows researchers to collect data from respondents at a single point in time to examine relationships among variables (Creswell & Creswell, 2023). The design was considered appropriate because it facilitated the collection of standardized data from employees working in the selected commercial banks and enabled statistical analysis of the relationships between transformational leadership, regulatory policies, and banking performance. The target population comprised 157 employees drawn from three selected commercial banks operating in Juba, South Sudan, namely Cooperative Bank, Ecobank, and the National Bank of Egypt. The respondents included branch managers, departmental heads, supervisors, accountants, customer service officers, operations staff, and other banking professionals. Using the sample size determination procedure proposed by Robert V. Krejcie and Daryle W. Morgan (1970), a sample size of 96 respondents was selected to participate in the study, ensuring adequate representation of the target population.

The study utilized both primary and secondary data sources. Primary data were collected using structured questionnaires consisting of closed-ended questions measured on a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). Secondary data were obtained from books, peer-reviewed journal articles, annual reports, policy documents, government publications, reports from the Bank of South Sudan, and publications by international organizations such as the International Monetary Fund and the World Bank. The use of multiple data sources enhanced the credibility and comprehensiveness of the study (Creswell & Creswell, 2023). Before the main survey, the research instrument was subjected to validity and reliability testing. Content validity was established through expert review, while reliability was assessed using Cronbach's Alpha coefficient, where a reliability coefficient of 0.70 or higher was considered acceptable for internal consistency (Hair *et al.*, 2022).

The collected data were coded, entered, cleaned, and analyzed using the Statistical Package for the Social Sciences (SPSS) Version 26. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents' demographic characteristics and study variables. Inferential statistical techniques, particularly Pearson Product-Moment Correlation and Multiple Linear Regression Analysis, were employed to examine the relationships and predictive effects of transformational leadership style and regulatory policies on banking performance. Statistical significance was evaluated at the 0.05 level of significance (Field, 2024). Ethical considerations were strictly observed throughout the study. Participation was voluntary, informed consent was obtained from all respondents, confidentiality and anonymity were maintained, and the collected information was used exclusively for academic purposes in accordance with accepted research ethics (Saunders *et al.*, 2023).

RESULTS AND DISCUSSIONS

The findings indicated that transformational leadership significantly and positively influenced banking performance. Leaders who communicated organizational vision, empowered employees, encouraged innovation, recognized employee achievements, and promoted teamwork contributed to improved organizational productivity and customer satisfaction. Employees working under transformational leaders reported higher motivation, stronger organizational commitment, and improved service delivery. The study further established that effective regulatory policies significantly enhanced banking performance by strengthening governance, promoting regulatory compliance, improving risk management, and increasing customer confidence. Banks operating under supportive regulatory environments demonstrated better operational efficiency and institutional stability. Furthermore, statistical analysis revealed a positive interaction between transformational leadership and regulatory policies. Banks characterized by effective leadership and strong regulatory compliance achieved superior organizational performance compared to institutions experiencing leadership weaknesses or regulatory deficiencies. These findings are consistent with recent international evidence demonstrating that effective leadership and sound financial regulation jointly improve institutional performance and long-term sustainability (AfDB, 2024; IMF, 2024; World Bank, 2024).

Table 4.1: Transformational Leadership Style, Regulatory Policies, and Banking Performance in the Financial System

Transformational leadership inspires innovation and changes in banks (as explained by James MacGregor Burns). Leaders in banks create a clear and strategic vision for the future.	Pearson Correlation	1	.769**	.906**	.851**	.861**	.790**	.556**	.773**	.776**	.762**
Leadership promotes innovation such as digital banking and fintech solutions. Regulatory policies set by the Basel	Pearson Correlation	.769**	1	.847**	.902**	.875**	.941**	.778**	.967**	.966**	.953**

Committee on Banking Supervision improve banking operations.											
Risk management policies help banks reduce financial and operational risks. Banking performance can be effectively measured through profitability, efficiency, and asset quality.	Pearson Correlation	.906**	.847**	1	.922**	.908**	.845**	.655**	.843**	.837**	.825**
Transformational leadership improves banking performance.	Sig. (2-tailed)	0	0		0	0	0	0	0	0	0
Regulatory policies influence the relationship between leadership and banking performance. Transformational leadership inspires innovation and changes in banks (as explained by James MacGregor Burns).	Pearson Correlation	.851**	.902**	.922**	1	.970**	.901**	.644**	.920**	.914**	.842**
Leaders in banks create a clear and strategic vision for the future.	Sig. (2-tailed)	0	0	0		0	0	0	0	0	0
Bank leaders effectively motivate employees to improve productivity. Leadership promotes innovation such as digital banking and fintech solutions.	Pearson Correlation	.861**	.875**	.908**	.970**	1	.902**	.680**	.902**	.902**	.834**
Regulatory policies set by the Basel Committee on Banking Supervision improve banking operations.	Sig. (2-tailed)	0	0	0	0		0	0	0	0	0
Compliance with Basel III enhances bank stability. Risk management policies help banks reduce financial and operational risks.	Pearson Correlation	.790**	.941**	.845**	.901**	.902**	1	.751**	.962**	.950**	.888**
Banking performance can be effectively measured through profitability, efficiency, and asset quality.	Sig. (2-tailed)	0	0	0	0	0		0	0	0	0
Transformational leadership improves banking performance.	Pearson Correlation	.556**	.778**	.655**	.644**	.680**	.751**	1	.746**	.785**	.812**
Regulatory policies influence the relationship between leadership and banking performance.	Sig. (2-tailed)	0	0	0	0	0	0		0	0	0
Transformational leadership inspires innovation and changes in banks (as explained by James MacGregor Burns). Leaders in banks create a clear and strategic vision for the future.	Pearson Correlation	.773**	.967**	.843**	.920**	.902**	.962**	.746**	1	.985**	.922**
Leadership promotes innovation such as digital banking and fintech solutions. Regulatory policies set by the Basel Committee on Banking Supervision improve banking operations.	Pearson Correlation	.776**	.966**	.837**	.914**	.902**	.950**	.785**	.985**	1	.928**
Risk management policies help banks reduce financial and operational risks.	Pearson Correlation	.762**	.953**	.825**	.842**	.834**	.888**	.812**	.922**	.928**	1
**. Correlation is significant at the 0.01 level (2-tailed).											

Source: Researchers' Findings (2026)

Interpretation of the objective four Table 4.1 with supporting and contrasting scholarly views. The results in Table 4.1 demonstrate strong, positive, and statistically significant correlations among transformational leadership style, regulatory policies, and banking performance, with all relationships significant at the 0.01 level ($p = 0.000$). The high Pearson correlation coefficients (ranging from 0.556 to 0.970) indicate that improvements in leadership practices and regulatory compliance are closely associated with enhanced banking performance outcomes such as profitability, efficiency, and asset quality. The findings particularly show that transformational leadership dimensions such as inspiring innovation, creating a strategic vision, and motivating employees are strongly correlated with banking performance (e.g., $r = 0.906$, $r = 0.851$, $r = 0.861$). This suggests that leadership plays a central role in driving organizational success within the banking sector. Two prominent scholars support these findings. James MacGregor Burns (1978) argues that transformational leaders elevate followers' motivation and performance by aligning organizational goals with a compelling vision and fostering innovation. Similarly, Bernard Bass (1985) agrees that transformational leadership enhances employee commitment, productivity, and overall organizational effectiveness, which directly translates into improved performance. The strong correlations observed in this study are therefore consistent with these theoretical perspectives, confirming that transformational leadership is a key driver of performance even in challenging environments.

In addition, the results reveal very strong relationships between regulatory policies and banking performance ($r = 0.888$ to 0.953), particularly in areas such as Basel III compliance, risk management, and operational stability. These findings are also supported by the Basel Committee on Banking Supervision, which emphasizes that strong regulatory frameworks and compliance mechanisms enhance financial stability and institutional performance. However, not all scholars fully agree with the strength of this relationship. Henry Mintzberg offers a contrasting view, arguing that leadership alone may not always guarantee improved organizational performance, as outcomes are often influenced by external factors such as institutional constraints, market conditions, and organizational structure. From this perspective, the strong correlations observed may overstate the direct impact of leadership, particularly in fragile contexts where structural and environmental challenges can limit leadership effectiveness. From the researcher's perspective, the findings strongly confirm that transformational leadership and regulatory policies are critical and complementary drivers of banking performance. While the views of Burns and Bass are validated by the data, the concerns raised by Mintzberg are also relevant, especially in the context of South Sudan, where institutional fragility, economic instability, and weak governance structures may influence performance outcomes. These observations closely align with the work of James MacGregor Burns (1978), who argues that transformational leaders enhance follower motivation and performance by aligning organizational objectives with a shared vision and promoting innovation. Bernard Bass (1985) similarly contends that such leadership strengthens employee commitment, organizational efficiency, and overall productivity. The strong relationships identified in this study therefore reinforce these theoretical positions, demonstrating that transformational leadership remains a vital factor in organizational success, even in environments characterized by limited resources and complexity.

In addition, the findings reveal very strong correlations between regulatory frameworks and banking performance, with correlation coefficients ranging from 0.888 to 0.953. Factors such as compliance with Basel III standards, implementation of risk management strategies, and adherence to regulatory guidelines demonstrate a strong association with enhanced institutional stability and performance. These results align with the principles advocated by the Basel Committee on Banking Supervision, which emphasize the importance of robust regulation, effective oversight, and sound risk management in maintaining financial stability and improving institutional outcomes. Despite strong empirical support, an alternative viewpoint is offered by Henry Mintzberg, who suggests that leadership alone does not necessarily guarantee improved performance. He argues that external factors, including economic conditions, institutional constraints, and structural elements also influence organizational outcomes. From this perspective, the correlations observed in the study should not be interpreted as direct causation, especially in contexts like South Sudan, where political instability, weak institutions, and challenges in regulatory enforcement may limit the effectiveness of leadership practices. From the researcher's standpoint, the findings provide compelling evidence that both transformational leadership and regulatory frameworks are essential and mutually reinforcing drivers of banking performance. The arguments advanced by Burns and Bass are strongly supported, as the data clearly demonstrate that leadership significantly contributes to innovation, employee engagement, and strategic coherence within financial institutions. The researchers therefore argues that although transformational leadership significantly contributes to innovation, employee motivation, and strategic direction, its effectiveness is highly dependent on strong regulatory frameworks and a supportive institutional environment. Regulatory policies such as Basel III provide the necessary structure for risk management, accountability, and sustainability, thereby reinforcing leadership efforts. In conclusion, the study takes a balanced position: transformational leadership is a powerful driver of banking performance, but its impact is maximized only when integrated with effective regulatory systems and supported by stable institutional conditions.

CONCLUSION

This study has examined the relationship between transformational leadership style, regulatory policies, and banking performance among Cooperative Bank, Ecobank, and the National Bank of Egypt in Juba, South Sudan. The findings revealed strong, positive, and statistically significant relationships among the study variables, with all correlations significant at the 0.01 level ($p < 0.01$). The results indicate that transformational leadership practices, including inspiring innovation, articulating a strategic vision, motivating employees, and fostering organizational commitment, significantly enhance banking performance. Similarly, effective regulatory policies, particularly those related to Basel III compliance, risk management, corporate governance, and regulatory oversight, contribute substantially to improved profitability, operational efficiency, institutional stability, and asset quality. The findings support the propositions of James MacGregor Burns (1978) and Bernard M. Bass (1985), who argue that transformational leadership enhances organizational effectiveness by motivating employees, promoting innovation, and aligning individual efforts with organizational goals. At the same time, the study acknowledges the contrasting perspective of Henry Mintzberg, who contends that organizational performance is also shaped by contextual and environmental factors beyond leadership. The findings suggest that while transformational leadership is a powerful determinant of banking performance, its effectiveness is strengthened by supportive regulatory frameworks and stable institutional environments. The study therefore concludes that transformational leadership and regulatory policies are complementary drivers of banking performance in South Sudan. Banking institutions that combine visionary leadership with effective regulatory compliance are more likely to achieve sustainable organizational performance, resilience, customer confidence, and long-term competitiveness despite operating in a fragile economic environment. Consequently, strengthening leadership capacity and improving regulatory implementation should remain strategic priorities for commercial banks and financial regulators in South Sudan.

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