

**LEADERSHIP AND MANAGEMENT OF STRATEGIC CHANGE AT EQUITY BANK  
LIMITED KENYA**

**BY**

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## DECLARATION

This research project is my original work and has not been presented for award of any degree in this or any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This research paper is dedicated to my family and friends. My parents, Alfred Weku and Dr. Pamela Wadende, my brothers and sisters, my fiancé Ronald .T. Odedere and my friends Sarah and Linah among others. Thank you all and may God bless you.

## **ABSTRACT**

This study sought to determine the role of leadership in the management of strategic change at Equity Bank Kenya Limited, with a view to enhancing the practice of leadership, performance and management of the bank and other organisations in Kenya. Based on the Transformational theory of leadership, the study determined the effect of the various leadership styles and behaviours on management of change, realization of change objectives, employee morale, motivation and their overall satisfaction with their jobs. The study design was a case study of Equity Bank where the researcher interviewed top management team drawn from the bank's management. The qualitative data was analyzed using content analysis allowing the researcher to draw inferences from the data collected. The results from this study indicated that different leadership styles were adopted in the organization depending on the situation so as to reinforce the need for change. A significant majority of interviewees reported that the involvement of employees in the decision making process of the bank made them feel included in the change management process and the bank's leadership recognized the employee's efforts by making the work environment conducive for their participation. The researcher recommended that given the importance of proper leadership during the process of management of strategic change in an organization, it is mandatory that organizations select the type of leaders with the necessary set of skills and abilities in order to ensure that the change management process is handled correctly. Further research should also be conducted in other banks and organizations to confirm findings of the study.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Most organizations work in dynamic environments and experience change in many forms, such as the execution of new business strategies, restructurings, introduction of new policies, acquisitions, mergers, relocations or the implementation of new technology among others. In order to optimize organizational performance, companies must be adept at planning, implementing and managing change on an ongoing basis — not just as an atypical event. This study recognises the role that leaders play in the management of strategic change in organisations as well as how they steer the organisation towards the achievement of their goals through the employment of their leadership skills.

The study is anchored on the transformational leadership theory. Unlike other leadership theories which involve the exchange relationship between leaders and followers, this theory is based more on the ability of leaders to shift the values, beliefs and needs of their followers. Transformational leadership is a more broader concept than just charismatic leadership and implies the reshaping of of entire strategies of an organisation. Transformational leadership elevates the goals of subordinates and enhances their self confidence to strive for higher goals. The adoption of this theory guarantees superior performance in organisations facing strategic turbulent environments and demands for renewal and change. Relationship theories, also known as transformational theories, focus upon the connections formed between leaders and followers. Transformational leaders motivate and inspire people by helping group



members see the importance and higher good of the task. These leaders are focused on the performance of group members, but also want each person to fulfill his or her potential. Leaders with this style often have high ethical and moral standards.

Equity Bank limited which was once a building society providing mortgage financing to low income population, continues to make major strides towards the empowerment of their customers, a majority of whom had historically been excluded from access to financial resources. Having been declared technically insolvent in 1993, Equity's transformation into a rapidly growing microfinance and then a commercial bank is widely considered to be an inspirational success story. By 2012, Equity Bank had more than 8 million customers making it the largest bank in terms of customer base in Africa and having nearly half of bank accounts in Kenya. The company's vision is "to be the champion of the socio-economic prosperity of the people of Africa".

### **1.1.1 Management of strategic change**

All organisations undergo changes at one point or another. Strategic change can be defined as a difference in the form, quality or state over time (Van de Ven & Poole, 1995) in an organization's alignment with its external environment. Strategic change involves radical transitions within an organisation that encompass strategy, structure, systems, processes and culture.

Successful strategic change is built on an overall strategic management system of the organisation. Strategic change management is focused on increasing the organisation's capability to adapt and adopt new ways of doing business. It is a problem finding and a problem solving activity, where the problem is the future state

to be realized, some current to be left behind and some organised process for getting from one state to another.

The overarching purpose of strategic change management is to accelerate the speed at which people move successfully through the change process so that anticipated benefits are achieved faster. Additional benefits to change management include improved organizational outcomes and performance, enhanced employee satisfaction, morale, and engagement and improvement of service quality in the organization. Building on individual capability and organizational capacity, change management results in a change capable culture—a huge advantage in today’s competitive and fast changing world.

### **1.1.2 Organisational leadership**

Organisational leadership can be defined as the management staff that typically provides inspiration, objectives, operational oversight, and other administrative services to an organisation. Effective organizational leadership can help prioritize objectives for subordinates and can provide guidance toward achieving the overall corporate vision.

Researchers have stressed the importance of organisational leadership as being fundamental to the success of firms, even more so for industries that are global and dynamic. The key to being a leader lies in the firm’s ability to manage change as suggested by Olsen, West and Tse (1998).

Using this as a basis, organizational leadership can provide the functions of leadership to an organizationally beneficial degree that cannot be matched by individual charismatic leaders alone. It is also far more reliably focused on the organization's ability to accomplish its own purposes and ensure its own sustainability (rather than resulting in the perversion of those to the interests of senior executive "leaders").

### **1.1.3 Banking industry in Kenya**

The banking industry in Kenya is governed by the Companies Act, the Central Bank of Kenya (CBK) Act, the Banking Act and the various prudential guidelines which Central bank of Kenya issues from time to time. In 1995 the exchange controls were lifted after the liberalization of the banking in Kenya bringing with it immense growth in the industry.

The Central Bank of Kenya is tasked with the formulation and implementation of monetary and fiscal policies which guide the operations of all commercial banks. It ensures the proper functioning of the Kenyan financial system, the liquidity ratio in the country and the solvency of the Kenya shilling.

As at 2013 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. Kenyan Banks have realised tremendous growth in the last five years and have expanded to the east African region. The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges.

There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most through service quality improvement and reduction of banking charges. Similarly, commercial banks have had to adopt to the increasingly changing banking environment by adopting strategies which have ensured that they remain relevant in the industry.

#### **1.1.4 Equity Bank Limited**

Equity Bank Limited is one of the biggest banking industry player currently in Kenya with subsidiaries in Kenya, Uganda, South Sudan, Rwanda and Tanzania. Its shares are also listed on the Nairobi Securities Exchange and Uganda Securities Exchange.

Equity Bank was founded as Equity Building Society (EBS) in October 1984 and was originally a provider of mortgage financing for the majority of customers who fell into the low income population. Around the early 1990s, Equity was facing serious financial challenges and had been declared technically insolvent. It was around this time that the bank implemented a series of changes in its management as well as changes in its strategic direction. Within no time, Equity bank had rapidly transformed into a fast growing microfinance institution and later a leading commercial bank in Kenya. By 2012, Equity Bank had more than 8 million customers making it the largest bank in terms of customer base in Africa and having nearly half of bank accounts in Kenya. The bank did this by adopting competitive strategies that would see it tap markets that had previously been ignored by their competitors.

Equity Bank's business model is anchored on access, convenience and flexibility that has enabled the Bank to evolve to become an all inclusive financial services provider with a growing pan African footprint. Equity Bank's business model and its visionary leadership has continued to earn local, regional and global accolades and recognitions. The model is also studied in some of the leading business schools in the world, as other developing countries in Africa and Asia seek to learn from Equity's low margin, high-volume model.

## **1.2 Research Problem**

Leadership is an important dimension in organizational strategic change management, and it is central to the success of any strategic process. However, defining leadership has been challenging. Kouzes and Posner (2007) define leadership as the process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task. Stogdill (1998) emphasizes that leadership is the process of influencing group activities towards goal settings and achievement, while Burns (1978) views it as the ability to strengthen and inspire the followers to accomplish shared goals. Generally speaking, leaders are individuals who influence other individuals towards the achievement of a goal. Effective leaders exhibit the ability to cause their followers to accomplish the desired work and achieve their goals. According to House (1998), leaders are effective because of their positive impact on followers' motivation, ability to perform, and satisfaction.

Leadership and management must go hand in hand. They are not the same thing but they are necessarily linked and complementary. They are important in the successful implementation of strategic change in any organization. To achieve success, leaders

have to ensure that messages are communicated openly and honestly, keep employees informed, solicit feedback from those impacted by the change, and commit to meeting expectations set by the leadership. Ultimately, the responsibility for managing change is with the leaders and managers. Failing to address these behaviors will derail the company's workforce and, ultimately, its ability to perform and accept changes in the organisation's strategy.

Change processes which encompass human resources, IT adoption and upgrades, tools and techniques, as well as the basic rules and controls within the organization are the mandate of leaders engaged in the management of change (Bainbridge, 1996). It is up to the leaders to make these change initiatives tangible rather than abstract and to awaken enthusiasm and ownership of the proposed changes within the organisation. Leaders are responsible for bridging the gap between strategy decisions and the reality of implementing the changes within the structure and workforce of the organization.

Equity bank limited offers inclusive, customer focused financial services that socially and economically empower their clients and other stakeholders. The bank continues to receive recognitions and top awards for its exemplary services. In April 2013, Equity Bank was voted Best Bank in Kenya at the Think Business Banking Awards 2013. The Bank emerged tops ahead of 42 other banks for the second year running. The top award came on the strength of regional reach, strong brand pull and innovation. At around the same time, the Bank was named Best Bank in Kenya Tier 1 at the annual Banking Awards 2013 as well as being voted the best bank in Kenya in terms of customer deposits amongst banks with a deposit base of over Ksh 75 billion in a recent survey on the performance of Kenyan banks released by accounting and

consulting firm RSM Ashvir. In June 2012, Equity Bank CEO and Managing Director Dr. James Mwangi was named 2012 Ernst & Young World Entrepreneur of the Year at a ceremony held in Monte Carlo, Monaco. Dr. Mwangi was picked from among the 59 country finalists shortlisted for the title across 51 countries, becoming the first business leader from Sub Saharan Africa to win this prestigious award.

In 2012, Equity Bank was awarded Best Managed Company in Africa award by EuroMoney magazine based on a strong brand pull, regional footprint and corporate governance, based on a survey of market analysts at leading banks and research institutes in Africa. Equity Bank was also awarded the Most Innovative Bank in Africa Award at the African Bankers Awards held in Arusha, Tanzania. The annual awards reward outstanding talent and achievement in Africa's financial sector.

Equity bank offers a interesting study as it it recognised as the only financial service provider in the Emerging markets which meets the threshold of sustainability based on a criteria covering, innovation, growth and corporate sustainability. The bank's leadership has also created a condusive environment for the bank to excel leading to this continuos growth for the bank. The bank's leadership has also shaped the economic performance of the bank in the respective regions in which they operate leading to the transformation of lives of the bank's customers.

Several studies have been conducted on the issue of strategic management in kenya. Kisavu (2012) in her study "strategic change management at the kenya society for the blind" focused only on leadership as a small contributing factor in strategic change management. A study conducted by Gitonga (2011) titled "emotional intelligence and

leadership effectiveness” offered some insight into leadership as a practise, however it failed to focus on the particular styles and characteristics of leaders required for successful strategic change management.

This study seeks to fill the knowledge gap by seeking to answer two key questions. What is the role of leadership in managing strategic change at Equity bank Limited? What are the effectiveness of the management of change at Equiy bank limited, kenya?.

### **1.3 Research objectives**

This study addresses the following two research objectives:

- i) To determine the role of leadership in managing strategic change at Equity Bank Limited.
- ii) To establish the effectiveness of change management at Equity Bank Limited, Kenya.

### **1.4 Value of the study**

The study intends to build on the existing literature and add more knowledge in the field of leadership and strategic management by providing a basis for future research in the field. The study will provide industry players with useful insight of how best to effectively manage strategic change. It seeks to empower managers and leaders in the banking industry with knowledge on the various roles that successful leaders employ to manage strategic change. The study shall provide practitioners and policy makers with adequate literature in the field of strategic management as well as provide a



reference point for further research into the complex leadership roles during strategic change management in an organisation.

The results obtained from this study will provide head of departments with information based on research and theory to assist them in their administrative responsibilities. Head of departments also learn as much as possible about leadership and change management so as to determine the best leadership styles and behaviors suited to the organization as well as their subordinates, knowledge and situations. The findings and recommendations of this study will provide valuable information to practicing leaders and managers especially about the change management process can be effectively handled in the organization in order to comply with the requirements of the organization. The results are also important to the banking industry, it is hoped that the results adduced from the study may serve to inform decision making and policy development on change management and overall management in Kenya.

The study is also important to the academicians in building their knowledge base and creating an insight in understanding overall leadership and management functions with regard to change management. This study is significant as its results will contribute to the knowledge base essential for the practice of leadership and management by explaining the interactive effects of factors that affect change and how to use this to their knowledge.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This literature review provides an overview of areas under study and differences between past research studies and the one being undertaken. This chapter reviews various sources of materials and information that relates to the area of study. This assessment is based on sufficient information about the prior research on leadership and management of strategic change in organisations in Kenya.

### **2.2 Theoretical foundation**

This study is based on the modern theory of leadership which emerged as a result of further research on leadership conducted on the contingency and path-goal theories. In particular, this study was based on the transformational leadership theory which concept was popularized in the 1970s onward by Burns (1978) and later Covey (1992) who advocated for leadership being about transforming people and organizations by engaging their hearts and minds. Transformational leadership is based more on the leaders shifting values, beliefs and needs of their followers and is a broader concept which implies reshaping the entire strategies of the organization. Transformational leadership leads to positive changes in those who follow. Transformational leaders are generally energetic, enthusiastic and passionate . not only are these leaders concerned and involved in the process, they are also focused on helping every member of the group succeed as well.

The concept of transformational leaders was initially introduced by leadership expert and presidential biographer James McGregor Burns. According to Burns, transformational leadership can be seen when “leaders and followers make each other to advance to a higher level of moral and motivation.” Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions and motivations to work towards common goals.

Later, researchers Benard M. Bass expanded upon Burns original ideas to develop what is today referred to as Bass’ transformational leadership theory. According to Bass, transformational leadership can be defined based on the impact that it has on followers. Transformational leaders garner trust, respect and admiration from their followers. Bass suggested that there were four different components of transformational leadership. Intellectual stimulation where transformational leaders not only challenge the status quo, they also encourage creativity among followers. The leaders encourage followers to explore new ways of doing things and new opportunities to learn. Individualized consideration where transformational leaders offer support and encouragement to individual followers. In order to foster supportive relationships. Transformational leaders keep the lines of communication open so that followers feel free to share ideas and so that leaders can offer direct recognition of each follower’s unique contribution. Inspirational motivation where transformational leaders have a clear vision that they are able to articulate to followers. These leaders are also able to help followers experience the same passion and motivation to fulfill these goals. Idealized influence where the transformational leader serves as a role model for followers. Because followers trust and respect the leader, they emulate this individual and internalise his or her ideals.

Transformational leadership was suitable for this study for a number of reasons. However much the contingency and path-goal theories have a degree of acceptance, leadership studies turned to the study of situations and the belief that leaders are the products of given situations. Tannenbaum and Schmidt (1958) saw leadership as involving a variety of style ranging from boss-centered to subordinate-centered. Their approach suggests a range of styles without preference for any. This study assessed the extent to which leaders adopted different leadership behaviors (defined by the transformational leadership theory), and how this affected organizational strategic change. Unlike other modern theoretical processes of leadership, transformational leadership theory elevates the goals of subordinates and enhances their self confidence to strive for higher goals. Transformation entails changing an organisation's culture. Culture is to do with the shared and taken-for-granted assumptions and beliefs within an organisation (the paradigm) that shape 'the way of doing things around here'. More specifically, a transformation is a fundamental change within an organisation that cannot be handled within the existing organisational paradigm.

Transformational leaders emphasise on learning, empowerment and teamwork. The characteristics of transformational leadership as described by Taborda (2000) are given as, the goals of the organization must be communicated and embodied in the culture of the organisation, communication is especially important and should be performed through leaders who are instrumental in permeating the vision through the various levels of organisational hierarchy. The decisions and actions of leaders must reinforce the need to transform. Changes must be made in the organisation's structure

and processes. These changes must be consistent with the values and objectives contained in the vision. Leaders must demonstrate a commitment to these values by their own behaviour and by the way they reinforce the behaviour of others. Leaders who shift positions frequently and express contradictory values undermine the trust and confidence of their followers. Leaders must ensure that people within the organisation are motivated, developed and rewarded to produce outstanding results and lead to organisational success.

House (1998) views leadership in terms of appropriate behaviors that are acceptable and satisfying to subordinates to the extent that they see such behavior as a source of satisfaction. According to House (1998), leaders are effective because of their positive impact on followers' motivation, ability to perform, and satisfaction. House identifies the four main leadership behaviour as Directive, Supportive, Participative and Achievement-Oriented.

Directive leadership behaviour is a behaviour directed toward providing psychological structure for subordinate House (1998) and Mullins (2003). It included letting subordinates know what they are expected to do, scheduling and coordinating work, giving specific guidance, and clarifying policies, rules and procedures. Directive behaviour is one form of path-goal clarifying behaviour. Supportive leadership behaviour relates to the extent to which the leader considers the needs of followers, shows concern for their welfare and creating a friendly working environment House (1998) and Mullins (2003). This behaviour includes increasing the follower's self-esteem and making the job more interesting House and Mitchell (1974).

Participative leadership behaviour is behaviour directed towards encouragement of subordinate influence on decision making and work unit operations House (1998) Mullins (2003). This behaviour includes consulting with subordinates and taking their opinions and suggestions into account when making decisions. According to House and Mitchell (1974), participative leader behavior has four effects clarifying path-goal relationships, increasing congruence between subordinate goals and organizational goals, increasing subordinate autonomy and ability to carry out their intentions, and increasing involvement, commitment and pressure for performance House and Mitchell (1974). Achievement-oriented leadership behaviour as defined by House and Mitchell (1974) as those relating to setting challenging goals, both in work and in self-improvement, and emphasizing excellence in performance. To this end, the leader expects and demonstrates need for high performance standards. The leaders show faith in the capabilities of the followers to succeed House and Mitchell (1974). This study examined the degree to which equity bank's leaders took on Directive, Supportive, Participative and Achievement-Oriented leadership and its impact on strategic change management.

Similarly, leadership styles in organisations should be adapted from the demands of the situation, the requirements of the people involved and the challenges facing the organisation. Leadership styles refer to the way a leader typically behaves towards his followers or group members. Accordingly, the most effective leaders can move among the different leadership styles, adopting the one that meets the needs of the moment.

Autocratic leadership refers to where all the authority centres around the leader. The manager enforces decisions by use of rewards and punishments, communication is in one direction from the manager to subordinate and conformity and obedience on the part of the followers is expected. Democratic/ participative leadership considers the suggestion of members and the leader. It is a human relations approach where all the group members are seen as important contributors to the decision. Laisser Faire leadership where the leadership exercises very little control or influence over group members. Members are given a goal and left alone to decide how to achieve it while the role of the leader is to facilitate. Other leadership styles that have been fronted include the visionary leader which is most appropriate when the organisation needs a new direction, the coach which is a one on one style which focuses on developing individuals, showing them how to improve their performance and helping to connect their goals to the goals of the organisation, and affirmative leadership style which emphasizes the importance of team work and creates harmony in a group by connecting people to each other.

### **2.3 Management of strategic change**

Change is the transition from one state to another with the sole focus of being different. Change management on the other hand is the use of systematic methods to ensure that an organisation change can be guided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired results Davis and Holland (2002). According to Flamholtz and Randle (2008) the need for change in organisations is inevitable regardless of how strong and successful an organisation been.

Managers need to choose different approaches of managing change according to the circumstances they face and also create an organisational context that will facilitate change. According to Nichols (2004) managing change refers to the making of changes in a planned systematic fashion. Paulson (1999) was of the idea that change management refers to a systematic approach to dealing with change, both from the perspective of an organisation and at the individual level that is composed of three aspects including adapting to change, controlling change and effecting change.

Strategic change is one that involves fundamental changes in the business of the organisation and its future direction. Successful strategic change is built on an overall strategic management system of the organisation.

## **2.4 Organisational leadership**

Researchers have stressed the importance of organisational leadership as being fundamental to the success of firms more so for industries that are global and dynamic. In a complex, dynamic and ever changing industry, it becomes challenging for the firms in the industry to sustain their competitiveness on a continuous basis. The key to being a leader lies in the firm's ability to manage change as suggested by Olsen, West and Tse(1998). Given the forces of change that have an impact on businesses within the industry, it is essential to identify a firm's leadership characteristics that help in sustaining competitive advantage in a dynamic environment.



Organisational leadership is inherent in the very nature of the organisation. It arises from the peculiar relationships that form among people joined together in a collaborative effort. As such, it takes on an identity of its own, existing in these relationships, rather than merely in the individuals who enter into them. Thus, it both influences, and is influenced by those individuals. It communicates their organizational impressions and needs throughout the organisation.

In an intelligently managed organisation, that leadership is not a randomly operating process, rather its a propulsive force given motion by purpose and by a joint effort to accomplish it. It is management's role to ensure that this organisational leadership has a substantive and meaningful core around which to form itself and to give it traction for advancing the organisation towards its stated ends. Using this as a basis, organisational leadership can provide the functions of leadership to an organizationally beneficial degree that cannot be matched by individual charismatic leaders alone.

It is important to study organisational leadership from the micro and macro perspectives of leadership since overall organisational leadership is a function of how firms strategically manage change. In order to sustain the growth of organisations within the industry, firms will have to take leadership positions both at the micro and macro level. This means that firms will have to orient themselves to the environment and manage change strategically at the macro level, while at the same time emphasise on the notion of managing their human resources through effective leadership at the micro level.

For the purposes of this study, we will limit ourselves to leadership at the micro level. The notion of firm leadership orientation at the micro level is purported by Quigley (2000), who suggests that effective leaders within organisations are guided by a holistic understanding of their entities, which is accomplished by “keeping one’s eye on the future, reviewing and monitoring the commitment to purpose and direction, and ensuring this purpose is shared through effective communication”. Thus the success of leaders within the organisation is an outcome of how well they are able to align the localised goals within the various functions of the organisation with that of the overall orientation of the firm.

Therefore, in order to succeed as a leader within an organisational context or at the micro level, it is important that the leader be focused on issues that transcend functional boundaries. In this regard, the leader must then have a vision for the organisation. Vision is an important and essential component of leadership because it gives direction and helps people to know where they fit in, which enhances motivation and feelings of empowerment, Tarboda (2000). Clearly the future trends in leadership move towards more participative styles of management emphasising on teamwork, empowerment and employee commitment that lead to the overall attainment of company goals and objectives.

## **2.5 Leadership and Management of strategic change**

Lewin (1951) produced the first viable model of change in his force field model. In this model, change was characterized as a state of imbalance between driving forces and restraining forces. If these forces were balanced or in equilibrium, no change could take place. Change is inherent in every context and is a relative concept. "Every

phenomenon is subject to change, however apparently stable its nature," Wilson (1992). That change exists is a predictable notion. "In every industry and business, change ebbs and flows in recurring cycles that to at least some extent can be charted and therefore anticipated and managed," Nadler & Nadler (1998). Change necessitates that organizations realistically move beyond antiquated processes, empower and retrain employees, and incorporate advances in IT into the everyday work setting.

The creation and design of change processes within an organization is most often a role of the leaders within it. Change processes which encompass human resources, IT adoption and upgrades, tools and techniques, as well as the basic rules and controls within the organization are the mandate of leaders engaged in the management of change Bainbridge (1996). It is up to the leaders to make these change initiatives tangible rather than abstract and to awaken enthusiasm and ownership of the proposed changes within the corporate milieu. Leaders are responsible for bridging the gap between strategy decisions and the reality of implementing the changes within the structure and workforce of the organization.

A holistic approach to change management encourages the redesign and adaptation to change at all organizational levels. Nadler and Nadler (1998) emphasized the importance of leaders in organizing and maintaining a climate for change within organizations. Although participation of all players is necessary, the role of the leader in the change process is crucial. Adaptive leaders provide direction, protection, orientation, conflict control, and the shaping of norms while overseeing the change process within the corporate structure Conger, Spreitzer and Lawler (1999). Priorities

need to be set which encourage disciplined attention, while keeping a keen eye focused for signs of distress within the company members.

Steps to transform an organization were identified by Conger et al (1999). The steps included establishing a sense of urgency, forming a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision, planning for and creating short-term wins, consolidating improvements and producing still more change, and institutionalizing new approaches. Conger's steps to transform the organisation can only be made possible through the organisation's leaders ability to take the organisation through the steps. According to Noer (1997), the leader as a person, is the most important tool for change. Organizational success is a process of mutual adaptation between leader values and behaviors, existing people, culture, and organizational design amidst an environment of continual and prolific change. This profiling process requires that leaders are courageous enough to learn about their own assumptions and values about change, leadership and management roles and tasks Conger, Spreitzer & Lawler (1999).

"Because resistance is so common, learning to overcome it is crucial to managing change at every level," Nadler & Nadler (1998). The transition stage where the change process is instigated must be handled expertly and with enthusiasm. Leaders must own and align the proposed changes, setting expectations, and modeling and communicating the rationale to all members of the organization.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter provides the methodology used in the study. It gives the research design, data collection methods and how the data collected was analysed to enable the realisation of the research objectives.

### **3.2 Research design**

This study adopted a case study research design. This method allows researchers to gain indepth understanding and insight into the topic as well as allowing a detailed and intense study of the case. A case study allows the researcher to observe the study subject under special conditions that make in possible to capture the particular characteristics that are being sought by the researcher. The aim of the case study was to establish the leadership and management of strategic change at Equity bank limited Kenya.

### **3.3 Data collection**

Data was collected using in-depth interview technique on the available executives who serve at Equity Bank Limited. The interview guide contained open-ended questions to gather qualitative data. The interview guide used contained open ended questions to enable the researcher to collect qualitative data. The interview guide enabled the researcher to obtain up to date information as well as bring-up information that could otherwise not been obtained through other data collection techniques. The interview method of data collection was also preferred because it

allowed for greater flexibility and control of the interview situation by the interviewer, as well as gave an opportunity for the data collector to use probes and obtain a high response rate. The researcher obtained secondary data and materials from published journals and other sources.

The executives who were interviewed included the Company Secretary and Director of Corporate Strategy, Director of Human Resources and Customer Experience, Director of IT and Innovation, Director of Treasury and Trade Finance, Director of Credit and the Chief Operating Officer. Depending on the time and availability, other executives who had not been mentioned above were also interviewed. The above executives were to be interviewed for the study because they lead and manage strategic change at the bank.

### **3.4 Data analysis**

The data collected was analysed using content analysis. According to Cooper and Schindler (2006), content analysis has been described as a research technique for the objective, systematic and quantitative description of the manifest content of communication. Content analysis was used to make inferences by systematically and objectively identifying specific themes from the data representing leadership and management of strategic change at Equity Bank Limited Kenya. It guarded against selective perception of content analysis and ensured the strict application of reliability and validity criteria through the conducting of a pilot study so as to ascertain the appropriateness of the data collection instruments and hence the validity and reliability of the data collected. Content analysis involves systematic analysis as well

as observation to identify the specific information content and characteristics of the data collected.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the data findings, analysis and the interpretation of leadership and management of strategic change at Equity Bank Limited Kenya. The chapter also presents the discussions that relate the findings of this study to previous studies that have been conducted on leadership and change management. A case study research design was used. To achieve its objectives, this study was carried out using an interview guide. Six senior managers of the bank were interviewed. Their responses were written down and this data was subjected to content analysis. Secondary data was also used during analysis. The use of secondary data was necessary to support the data received from the interviews with the bank's management team.

This chapter is divided into three sections. The first section deals with leadership and strategic change. It presents the findings of the study on the role of leaders in the bank studied. The second section deals with effectiveness of change management at Equity Bank Kenya Limited. It discusses how effective the change management process is at Equity bank and whether the processes do go according to plans and which factors are found to contribute to this. The last section is a discussion of the findings in view of other research that have been conducted on similar studies on leadership and management of strategic change in other organisations.



## **4.2 Leadership and strategic change**

According to findings, the interviewees were of the opinion that the bank's management acted as successful change agents. They have been at the forefront in during the change management process and showed an active team spirit in the formulation and implementation process of change. The interviewees further emphasised that the leadership styles adopted during the process of change management at the bank was very effective, and this ensured a smooth transition for the bank.

The company secretary indicated that the success of any change effort depends heavily on the quality and workability of the relationship between the change agents and the key decision makers within the organisation. In this front, the bank as an innovation-driven company has undertaken the training of managers and employees alike in order to develop the needed skills to oversee change. At the same time, she noted that the managers as change agents possessed an understanding of the company's history, operating procedures and personnel thus making them ideal for managing change in the organisation.

The interview with the Director of Human Resources and Customer Experience revealed that the bank's leadership contributed largely to the success of the change management process as they have the responsibility of managing the change in such a way that all employees can understand it. He argued that the bank's management facilitates and enables change by interpreting, communicating and enabling employees rather than instructing and imposing strategy on them. Leaders influence followers and drive organizational changes by promoting process values such as

honesty, loyalty and fairness, while emphasizing the end values of justice, equality, and human rights. They also utilize empowerment strategies coupled with expert and referent power to elicit key changes in follower's core values and beliefs towards the organization and its goals.

The interviewees agreed that Leadership processes reflect the combined influence of social appraisal, problem-solving skills, and expertise. Successful problem solving requires an accurate appraisal of social system requirements and dynamics. In turn, social appraisal depends heavily on social expertise that can be applied to interpret social events. The development of successful solutions contributes to subsequent growth in leader expertise. Thus, at the level of proximal leader attributes, each set of attributes depends on, and contributes to, each other set in its effect on leadership. Understanding leader traits and attributes will require a deeper conceptualization of how such traits, both distal and proximal, operate jointly to influence different leadership outcomes.

When asked about the leadership style adopted during the process of change, the interviewees were in agreement that transformational leadership style was greatly adopted during the process of change management at the bank. They however noted that various leadership styles were adopted depending on the situation that the organisation was facing at that point. According to the interviewees, the company emphasized on transformational leadership because this is often the best leadership style to use in business situations. Transformational leaders are inspiring because they expect the best from everyone on their team as well as themselves. This leads to high productivity and engagement from everyone in the team as well as look after

initiatives that add new value. A manager delegates some tasks to other staff members and supports and coaches them to achieve desired results. Managers use team and staff meetings and other forms of communication to communicate the appropriate messages to staff about what is to be achieved and how.

According to findings, leadership was one of the most significant factors contributing to the success of the change management at the bank. The bank relies heavily on its leadership at both the governance and operational management level. The study revealed that the bank's change process began when James Mwangi joined the board and management team in 1995. A new leadership style emerged during the first 2 years where he adopted an autocratic and authoritative leadership style where he dictated changes to employees and was the final decision maker. As the results of this hard line approach began to bear fruit, both in terms of performance and the adoption of the new culture by the staff, James Mwangi shifted more towards staff training, coaching and participating rather than making all the decisions himself. As staff gained more confidence in and acceptance of the new way of working, his leadership style became more consultative and indeed facilitative, with the eventual formation of a central management committee comprising the executive managers and the branch managers. According to the interviewees, James Mwangi succeeded in changing his management style to suit each development phase of the organisation.

The interviewees were of the opinion that currently, the change management process at equity bank was in line with the culture as established by the bank leadership back in the 1990s. They argued that different leadership styles suited the organization at different times of change, such that although transformational leadership was key in

the organization, it was not the only leadership style adopted at all times and at all levels of management. The interviewees advised that because resistance is so common, learning to overcome it is crucial to managing change at every level of the organisation. They were of the opinion that the transition stage where the change process is instigated must be handled expertly and with enthusiasm, such that all leaders must own and align the proposed changes, setting expectations, and modeling and communicating the rationale to all members of the organization in order to help motivate the employees as well as smooth the transition period.

### **4.3 Effectiveness of change management**

The study sought to also establish the effectiveness of change management at Equity Bank Limited. Effectiveness refers to whether the formalized mission, goals, and objectives of the organization have been accomplished. Thus, an organization becomes effectively organized when activities within that organization are established for the purpose of moving the organization toward accomplishing its goals and objectives. It was established that the bank's leadership had identified the factors needed to successfully effectuate the change management process. The interviewees reported that the bank has had to redefine and redesign its business processes as well as adapt to specific geographical and cultural settings. The bank continuously undertakes the retraining of its workforce so that they can be ready for changes in how work is done, what skills and knowledge is needed, and how to relate to global collaborators and customers.

The interviewees explained that the very culture of the organization is reshaped to properly support any new processes introduced. At the same time, structures, reward

systems, appraisal measurements and roles are also redefined same as leadership styles, management procedures and ways of relating with customers, suppliers, and other stakeholders. The interviewees noted that change necessitates that the organization realistically move beyond antiquated processes, empower and retrain employees, and incorporate advances in IT into the everyday work setting.

The Director of Human Resources and Customer Experience pointed out that by taking a systematic approach to implementing change, the bank's managers are more successful in achieving the company's objectives. To this end, he noted that the bank emphasized several factors for success when implementing change. These are, consistent leadership to give the right pressure to change, a clear shared vision communicated to all the staff to motivate them, capacity for change in terms of planning for enough resources during the change process and finally, taking the initiative to act. With these four factors, the director explained that the bank ensured that all change management processes were successful. The bank also ensured that the right timelines are kept and that plans are properly adhered to.

When asking about the human side of the change process, the researcher gathered that the bank's workforce effectively responds to change while being able to maintain morale. It was pointed out that the bank understands the inextricable connection between preparing employees to accept change and effective implementation of new initiatives. The Director of Human Resources and Customer Experience explained that with careful planning and the support of top leaders, the bank helps its workforce adapt to change and the business retains its competitive edge. In addition, it was noted that Equity Bank Limited understands the importance of change management and

they regard it as a core competency for leaders. As a result, the bank provides adequate development, thereby empowering a manager's ability to lead during times of change.

#### **4.4 Discussions of findings**

This study established that an effective change management process cannot be an afterthought. Indeed, it requires a comprehensive effort involving all levels of the organization, driven by top management. It was revealed that in order to succeed and thrive in today's rapid-paced and tumultuous market, the bank realises the need for an agile workforce that can effectively respond to, adapt to and perform under these conditions. This is similar to the findings of Senge (1990) who was of the view that what is needed is a learning organization, meaning an organization that sensitizes its people and processes to ongoing events as well as the possibilities that may come from these events. This view was found to be in line with the organisation's strategy where people are encouraged to continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspirations are set free and where people are continually learning to see the whole together. The study found that what is needed are the full resources of the people within the organization to help stay abreast of the many events and consequences that will evolve the organization. This view is in tandem with the observation made by Schneider, Parkington and Buxton (1980) who noted that employee morale and satisfaction leads to customer satisfaction which is what organisations with leadership orientation try to attain consistently.

This study found that transformational leadership was the most commonly used leadership style at Equity Bank. It revealed that leadership was an important factor in the management of change at the bank. This was consistent with the findings of Mwendwa (2011) in a study of strategic planning practices at the Barclays Bank of Kenya. In her study, she explained the bank's leadership's role in encouraging and motivating staff as well as ensuring the smooth transition of the organisation during the change process. The case for Equity Bank Limited is very peculiar as most of the successes made in the change management processes can be attributed to the CEO, Mr. James Mwangi who can be described as committed, intelligent, bright thinker, fully dedicated, hard working and with a high integrity. The study established that Mr. Mwangi has been able to shift the values, beliefs and needs of the Bank's employees and in doing so has been able to reshape the whole strategy of the organisation. Transformational leaders centre their influence process on changing follower's core attitudes and values so that they are consistent with the vision for the organisation. This finding is the same as the findings of Bass and Steidlmeir (1999), who observed that transformational leaders follow an ethic of duty by executing critical leadership responsibilities regardless of the consequences of those duties and by always treating followers as ends and never as merely means to an end.

The study also found that different leadership styles were used in the Bank during different situations and this was consistent with the findings of Tannenbaum and Schmidt (1958) where they saw leadership as involving a variety of styles ranging from boss-centered to subordinate-centered. This was the same finding as that of Marshal (1983) who was of the view that leadership styles are a mix and mat of various traits and will in some way influence the organizational culture since

respected leaders concentrate on what they are, what they know and what they do best. The study established that different leadership styles can be adopted in one organisation depending on situation so as to reinforce the need for change without necessarily expressing contradictory values thereby undermining the trust and confidence of followers. Different followers often require different styles of leadership, therefore a leader must know the type of followers in the organisation with the fundamental starting point being a good understanding of human nature. Leaders who demonstrate these traits earn credit and respect from their followers by carefully considering their follower's needs above their own needs.

The study found that autocratic/authoritative leadership style was also effective in bringing change in the bank and was in fact very successful if adopted effectively. This finding was inconsistent with the findings of Conger, Spreitzer and Lawler (1999) who warned that old ways of shaping behaviours in employees namely rational persuasion and coercion are outmoded and will not work in the future. From the study, it is clear that when Dr. James Mwangi joined Equity Bank in the 1990's, he practiced the authoritarian style of leadership in order to change the existing culture of the bank's employees. This was because there was an urgent need for the bank to change its strategy and culture and the style of leadership adopted during that period was necessary. This style of leadership was found to be very effective in bringing about the desired culture change at Equity Bank Kenya Limited.

On the issue of decision making processes at the bank, the study found that subordinates were involved in the decision making process and that there were very few instances that decisions have had to be forced on them. The channels of



communications at the bank are kept open at all times and employees are encouraged to communicate freely with the management. The management is also encouraged to consult with employees and take their opinions and suggestions into account when making decisions thereby encouraging an environment where all the group members are seen as important contributors to the decision. This is seen as a strategy for reducing resistance by employees in organizational change by involving the employees in the change or to empower them to make changes themselves. This finding was found to be in line with the findings of studies conducted by Warwick, (1975) and Denhardt and Denhardt (1999), whose empirical studies have supported the efficacy of this strategy for successful implementation of change. However, employee involvement alone is not sufficient with managers still playing a critical role encouraging and rewarding innovation and expressing support for the change. This study concurs with this view, advising organisations that the involvement of employees should be widespread and span all phases of the change process, but also emphasising the importance of a supportive and engaged management team.

The study established that the change management process went according to schedule and that resources were well utilised since the bank's management undertook the planning and implementation of the change process. The study also found that change management is viewed as a very important process in the bank and therefore enough resources are invested in making it successful in terms of time, money and other resources. The bank's top management are also fully involved and support the process and they are also encouraged to get their subordinates involved so as to ensure that it is accepted throughout the organisation. Equity bank has taken steps to realise the success of its change management processes by developing a plan with

measurable goals, identifying and developing effective change management behaviors within its workforce and by carefully implementing a process that includes leadership support, development, effective communication and success measures. By following these steps, the bank's workforce has been able to meet the high demands of change initiatives leading to its performing at the levels needed to ensure the bank remains competitive and achieves its strategic goals even in today's tough economy. This finding was consistent with the findings of Handy (1998), who asserts that courageous managers will move boldly when the unlikely happens, embrace change, and learn from experiences, overcome resistance to change and unproductive behavior by understanding people and blending individual strengths and teamwork to solve problems and increase productivity and quality. Continuous management improvement processes will be used by dynamic and prospering organizations. Critical thinking and systems thinking will be used to create and sustain a culture of continuous improvement. The successful manager and leader will deliberately strive to create a positive and dynamic working environment, develop teamwork, apply analytical methods, and use the creativity of all employees in his unit.

Finally, the study found that to be lasting deep change must not only be made amidst organizational layers, but within each of the organizational players themselves. Deep personal change can be uncomfortable, yet the need for each member of an organization to become empowered, and internally driven is essential for success in this era of change and evolution. This finding was inconsistent with the findings of Noer (1997) who cautioned leaders not to rely too heavily on external tools for change. He was of the view that the leader, as a person, is the most important tool for change. According to him, the leader's spirit, insight, wisdom, compassion, values,

and learning skills are all important facets in the capabilities to lead others to embrace change and redesign. This study's findings go against the views of Noer as it implies that the leader as an individual can bring about the desired organizational change without the input of his followers and other employees in the organization. The culmination of this study is that the whole organization needs to be involved in the change process for it to be successful. It is clear that the leaders's role is to own and align the proposed changes, set expectations and communicate the rationale of the change to all members of the organisation as well as engaging them in the change process.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter discusses the findings of the research and draws conclusions from the major findings while providing conclusions, recommendations and way forward with regard to the role of leadership in the management of change management in Equity Bank Limited and further research in the area.

#### **5.2 Summary of the Findings**

This study revealed that leaders are responsible for setting the context for change within an organisation. Most of the interviewees acknowledged that the key to successful organizational change is heroic and learned change management by competent and visionary leaders. A culture and vision must be cultivated that can support the planned changes, and deal with unplanned change. Envisioning, energizing, and enabling are all important strategies for rallying support for change initiatives. Leaders must be able to counsel, teach, coach, and reward employees as they adopt and move through the change process. For lasting change to occur, habits, attitudes, and values at all levels of an organization must be congruent with the vision and goals inherent in the process. In this case, transformational leaders influence their followers by developing and communicating a collective vision and inspiring them to look beyond self interests for the good of the team and the organisation.

According to interviewees, through effective communication channels between employees and management, the organisation is able to manage change effectively through transformation of the system from one state to another within a given time frame that is essential for the organisation's long term survival and profitability. A second key point emerging from the review is that the literature is consistent in indicating that change is not a single, continuous process, but rather is broken down into a number of different steps. The significance of this is that managers will need to consider what leadership style as well as strategies, in terms of communication, training, reinforcement, are appropriate for the different stages, rather than decide on a single approach that can be applied throughout the process, and at the same time remain flexible and reactive to changes as they happen.

The study reveals that the strategic change management process at Equity Bank Kenya Limited was a structured approach to transitioning individuals, teams and organizations from a current state to a desired state. Equity Bank Kenya Limited responded to the strategic management challenges brought about by leadership by employing a structured approach to effectively transition employees to change. Organizational change management processes were put in place including techniques for creating a change management strategy, engaging senior managers as change leaders, building awareness of the need for change, developing skills and knowledge to support the change and helping employees to move through the change process while sustaining their enthusiasm for it.

### **5.3 Conclusions of the Study**

From the research findings some conclusions that can be drawn from the study are that organizational change is about making alterations to the organization's purpose, culture, structure and processes in response to seen or anticipated change in the environment. Strategic change needs to be understood and managed in a way that people can cope effectively with it. It is also important to ensure that the people affected by the change agree with or at least understand the need for change and have a chance to decide how the change will be managed and to be involved in the planning and implementation of change.

Based on the findings, successful change management can only be possible in organizations that traditionally value each employee and respect their potential contribution. Equity Bank Kenya Limited finds change management easier since they have a norm of frequent, honest communication ensuring that there is a widespread agreement in the organization about the need to change as well as built support for effective change management. Organizations can do this by provide as much information as possible to their employees about the business in the form of financial information, customer feedback, employee satisfaction survey results, industry projections and challenges and other data affecting the organization.

The study further concluded that there was need to spend extra time and energy improving the leadership skills of the management staff to ensure that they understand, can communicate about, and support the change management process in the organization. This is because their actions and communications are critical in molding the opinion of the rest of the organization's workforce.

Finally, the study concluded that organizations needed to align the organizational systems to support needed changes. These include the performance management system, rewards and recognition, disciplinary approaches, compensation, promotions, and hiring. This should be done in order to support faster change as well as help employees feel as if they are involved in a change management process that is larger than themselves by taking these actions to effectively involve employees in change management.

## **5.4 Recommendations of the Study**

Recommendations were divided into two major sections namely, implications for theory and knowledge and implications for managerial policy and practice.

### **5.4.1 Implications for managerial policy and practice**

The study found that the leadership of the bank acted as change agents during the change process. They therefore have to be well able to guide the organization successfully through the process, while keeping focus on the organizational objective. It is recommended that there is need for Equity Bank Kenya Limited to incorporate greater emphasis on values, ethical philosophy, and moral reasoning as key components of leadership assessment and development. Through effective communication channels between employees and management, leaders are able to manage change effectively through transformation of the system from one state to another within a given time frame and resources that is essential for the organization's long term survival and profitability.

The study found that employees identified themselves with the planned change if they were given an opportunity to participate in coming up with the change strategy for the organization. The study recommends that there is need for the organization to enhance employee engagements in the management of strategic change by revising leader selection and promotion criteria to reflect the candidate's ability to articulate the complexities of change management and develop strategies that balance the needs of the various stakeholders in the bank. A leader's social appraisal skills, problem-solving competencies, expertise, and tacit knowledge are necessary but not sufficient in isolation to influence the display and quality of particular leadership processes the influence of these proximal traits derives from their joint application.

The study found that employees were better empowered to make decisions affecting the organization if they felt equipped with the necessary skills needed to oversee change in the organization. The study recommends that there is need for training and development of employees through on the job training as well as providing them with opportunities to seek higher education. This is because the importance leaders place on the employees' knowledge and capability is reflected in how much they are willing to provide them with opportunities to grow through training and development. Leaders should also provide good working conditions for their subordinates to enable them to perform better on the job. Typically, employees are better at the functions they carry out day in day out and it becomes the responsibility of the manager to provide the right working conditions that facilitate productive work.



### **5.4.2 Implications for theory and knowledge**

The study found that the leadership style adopted at Equity Bank Kenya Limited during the process of change management is transformational leadership. The researcher recommends that the organization should employ flexibility in the leadership styles adopted during the change management process. This is because different styles of leadership have been found to be successful in bringing about efficient change in organizations.

A point emerging from the review is that the literature is consistent in indicating that change is not a single, continuous process, but rather is broken down into a number of different steps. The significance of this is that managers will need to consider what strategies, in terms of communication, training, reinforcement are appropriate for the different stages, rather than decide on a single approach that can be applied throughout the process, and at the same time remain flexible and reactive to changes as they happen. This of course will require more effort and preparation time, but the reward is likely to be that change happens more smoothly and efficiently. While planning these strategies, managers need to consider the nature of the psychological contract the organisation has with employees and how the changes they are introducing might alter its balance. Crucially, if the balance is altered, managers need to consider how to rebalance it if they want to avoid resistance that could undermine the process. However, the situation is further complicated by an awareness that even where employees are not personally resistant to change, a wide range of other factors can prevent the change from taking place or being sustained, and these too need to be taken into account.

Nevertheless, managers thinking of initiating a substantial programme of organisational change would be advised to become more acquainted with the literature as this would undoubtedly provide more in-depth and focused guidance. In addition, it is important that managers have a really thorough grasp of the issues facing their employees before attempting change. Gathering this knowledge should be seen as a separate process to the type of engagement and consultation work that the literature recommends, as it should happen before the change process begins so that it informs strategic planning.

## **5.5 Limitation of the Study**

The findings presented in this study must be viewed in the context of several limitations. The problem of inaccessibility of the managers as well as conflicting time schedules have been the major challenges encountered in this study. The study encountered difficulties in securing face to face interviews with some of the senior managers mainly due to their busy schedules. Similarly, the researcher had a difficult time convincing the organisation's management to allow the study to be conducted in the organization.

The study was also limited by follower response bias due to leaders being allowed to identify the personnel who participated in the study. The bank's leaders may have selected only those interviewees likely to offer positive ratings of their leadership behavior. The bank's leaders selected top personnel in their departments to participate in the study when they were themselves not able to attend the interviews. The study was also limited by the confidential nature of some of the company's strategies

especially concerning succession planning on leadership and hence getting some information from the interviewees was a challenge.

## **5.6 Suggestions for Further Research**

The study was limited to Equity Bank Kenya Limited where the researcher sought to examine the role of leadership in the management of strategic change. A similar research could be conducted in a different context in order to affirm the findings of this research as well as many other researchers who have done the same research. The research recommends the need for further research to establish the leadership style most suited for managing change efficiently in organisations.

While the numerous positive outcomes of transformational leadership are indeed impressive including positive effects on follower effort, performance, job satisfaction and organizational commitment, and leadership effectiveness during periods of organizational change, the literature remains surprisingly deficient in studies that examine the ethical values and moral underpinnings of transformational leadership. Leadership research is also needed to link the specific styles of leadership to follower attitudes in organisations.

Finally, future research is needed to further clarify the specific moral and ethical qualities of transformational leaders, such as integrity, self-transcendent values and compassion which may offer stronger explanatory power of leadership style, follower attitudes and consequential behaviors. Overall, the future study of transformational

leadership stands much to gain from continuing empirical efforts to better understand how specific behavioral styles are linked to successful management of change.

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## **APPENDICES**

### **Appendix I: Introduction Letter**

Dear Sir/Madam,

RE: INTRODUCTION LETTER

I am a postgraduate student at the University of Nairobi pursuing a course in Master of Business Administration, specialising in strategic management. In partial fulfilment of the course requirement, I am conducting a case study on leadership and management of change at Equity Bank Kenya Limited.

For the purpose of completing my research, i wish to collect data through the attached Interview guide. Any information gathered during this study shall be treated as confidential and shall be used solely for my research project. A copy of the final research report shall be availed to you upon request.

YOURS SINCERELY,

Yvonne Achitsa



## **Appendix II: Interview Guide**

### **Interview schedule**

1. What is your position at Equity Bank Limited?
2. Describe the change management process at Equity Bank Limited?
3. In your own assessment, does the bank's management act as successful change agents during the change process?
4. How has the bank's leadership contributed to the success of the change management process?
5. What leadership style does the management adopt during the process of change management?
6. How effective do you find the leadership style adopted?
7. To what extent does the management adopt the participative/ democratic leadership style during the management of change?
8. Has any aspects of transformational leadership been adopted during the management of change at Equity bank?
9. What kind of contribution has charismatic leadership made to the management of change at Equity bank?
10. How often do the leaders delegate to other employees during the change management process?
11. Do you sometimes find it necessary to be authoritative in order to manage change at Equity Bank Limited?
12. If yes in Q11, how does this help?
13. Which leadership style do you find most effective in managing change at Equity bank?
14. What are the leadership attributes that have been most successful for the management of change at Equity Bank Limited?
15. Does the personal characteristic of the leader contribute to the success of the change management process?
16. In your opinion, does the leader's cognitive abilities such as general intelligence, problem solving skills and creative thinking capacity contribute to the success of the change management process?

17. What decision making process does the management at Equity Bank Limited adopt during the change management process?
18. How effective do you find it?
19. Do you involve subordinates during the process of decision making?
20. How does it help in managing change?
21. How often are decisions imposed on subordinates by the management?
22. Why do you find this to be necessary at times?
23. How effective do you find the management of change process at Equity bank?
24. What contributes to the effectiveness of the change management process?
25. To what extent do the change management go according to schedule?
26. How serious are issues of resistance to change during the change management process?
27. How do you deal with that?
28. Do you find any aspects of leadership playing a role in managing resistance at Equity Bank?
29. How often are the change objectives met during the change process?
30. How well are resources managed during the change management process?

Thank you for your time.