LEADERSHIP ATTRIBUTES AND MANAGEMENT OF STRATEGIC CHANGE AT COMMERCIAL BANKS IN KENYA

BY

OJWANG KEVIN OTIENO

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION,

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2013

DECLARATION

This management project is my original work and has not been presented for a degree in any other university.

Signed ………………………… Date ………………………….

Kevin Otieno Ojwang'

D61/64046/2011

This project has been submitted for examination with my approval as university supervisor.

Signed …………………………. Date ……………………………

Prof. Martin Ogutu

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This paper is dedicated my dear parents for setting a strong foundation for my education and to my siblings, Christine, Andrew, Roy and Allan, for their love and support

ACKNOWLEDGEMENT

My pursuit for the MBA degree would not have been possible without the encouragement, support and assistance of a number of people. Whereas I cannot mention everyone by name, I feel extremely grateful to so many people. I would like to thank my supervisor for his patience and dedication in guiding me. I would also like to thank my family for their moral support during the entire duration of the course. Finally, I also extend my gratitude to my workmates who ensured that I got enough time to complete this work.

ABSTRACT

Strategic change management is the use of systematic methods to ensure that an organization 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. This perspective views change management as a process. Change management is a structured and systematic approach to achieving a sustained change in human behavior within an organization. This views change management from people's perspective. Strategic change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond. While organizational change is a constant experience, knowledge and awareness about many of the critical issues involved in the management of such change is often lacking in those responsible for its progress. Clearly if banks in Kenya are ever to experience a greater level of success in their development efforts, managers and other staff need to have a better framework for thinking about change and an understanding of the key issues which accompany strategic change management. All organizations are currently undergoing some type of change. Many of these change programmes arise from organized management strategies such as culture change, business process reengineering, empowerment and total quality. Other change initiatives are driven by the need for organizations to reposition themselves in the face of changing competitive conditions. Strategic change often involves radical transitions within an organization and encompasses strategy, structure, systems, processes and culture (Drucker, 2004). The track record of success in bringing about strategic change within most organizations has been poor in most organizations since many fail to grasp that they are performing an implementation which actually means turning plans into reality rather than formulation. The various attempts to improve on performance resulted in the mushrooming of alternative approaches and strategies to deliver services. However, despite the efforts by the banks to employ new approaches and strategies it has failed to manage the proposed strategic changes to yield expected results to enable it improve its service delivery to the expectations of stakeholders. This study therefore established leadership attributes and management of strategic change at commercial banks in Kenya**.**

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategic change management is the use of systematic methods to ensure that an organization 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. This perspective views change management as a process. Change management is a structured and systematic approach to achieving a sustained change in human behavior within an organization. This views change management from people’s perspective.

Organizational change has been described as an episodic activity that starts at some point, proceeds through a series of steps, and culminates in some outcome that those involved hope is an improvement over the starting point. It has a beginning, middle and an end. If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating and if tomorrow was always exactly the same as today, organizational change would have little or no relevance to managers. The organizational environment is turbulent, requiring organizations to undergo dynamic change if they are to perform at competitive levels ((Burnes, 2004).

People are significant barriers in the attempt to drive strategic change, and hence Moran and Greenleaf (2002). State that: Change leaders must create an environment where people involved in the change process can open themselves up to new ideas and concepts, adopt new assumptions, and overcome their hostility and resistance to change. According to Black and Gregersen (2002), lasting success in leading strategic change lies in the ability of leaders to alter the mental maps of the people within their organization.

Drucker (2002) argue that instead of an “organization in” approach, an “individual out” approach must be adopted that seeks to realize the goal of strategically changing the organization by first changing its individuals. This approach to change requires strong and emotionally intelligent leaders who relate to the fears, anxieties and insecurity that people feel in change environments.

According to Moran and Brightman (2001) effective change leaders share the following common characteristics: they act as framers of the change environment for both the organization and the affected individuals; they create and foster the climate necessary to nurture the change environment, to learn from mistakes, and to fashion new solutions that drive transformation; they are the examples of change, providing a highly visible and credible role model for the organization; they are determined and dedicated, inspiring and encouraging a passion for the success of the change initiative; and they are interactive networks who persuade, influence, explain, critique and occasionally cajole in their commitment to sustain strategic change.

1.1.1 Management of Strategic Change

Change management is an approach to transitioning individuals, teams, and organizations to a desired future state. In some project contexts, change management refers to a project management process wherein changes to a project are formally introduced and approved.

Organizational change is a structured approach in an organization for ensuring that changes are smoothly and successfully implemented to achieve lasting benefits. In the modern business environment, organizations face rapid change like never before. Globalization and the constant innovation of technology result in a constantly evolving business environment. Phenomena such as social media and mobile adaptability have revolutionized business and the effects of this are an ever increasing need for change, and therefore change management. The growth in technology also has a secondary effect of increasing the availability and therefore accountability of knowledge. Easily accessible information has resulted in unprecedented scrutiny from stockholders and the media. Prying eyes and listening ears raise the stakes for failed business endeavors and increase the pressure on struggling executives. With the business environment experiencing so much change, organizations must then learn to become comfortable with change as well.

Therefore, the ability to manage and adapt to organizational change is an essential ability required in the workplace today.

Due to the growth of technology, modern organizational change is largely motivated by exterior innovations rather than internal moves. When these developments occur, the organizations that adapt quickest create a competitive advantage for themselves, while the companies that refuse to change get left behind. This can result in drastic profit and or market share losses.

Organizational change directly affects all departments from the entry level employee to senior management. The entire company must learn how to handle changes to the organization.

Regardless of the many types of organizational change, the critical aspect is a company's ability to win the buy-in of their organization's employees on the change. Effectively managing organizational change is a four-step process which includes recognizing the changes in the broader business environment, developing the necessary adjustments for their company's needs, training their employees on the appropriate changes and finally winning the support of the employees with the persuasiveness of the appropriate adjustment.

As a multidisciplinary practice that has evolved as a result of scholarly research, organizational change management should begin with a systematic diagnosis of the current situation in order to determine both the need for change and the capability to change.

1.1.2 Leadership Attributes

Leadership attributes are the inner or personal qualities that constitute effective leadership. These attributes include a large array of characteristics such as values, character, motives, habits, traits, competencies, motives, style, behaviors, and skills.

Competencies alone are not indicators of a leader's success. These human or "emotional" Attributes have been shown to be prime indicators of good leaders. Adaptability and Flexibility is the ability to handle day-to-day work challenges confidently. It is also the ability to adjust to multiple demands, shifting priorities, ambiguity, and rapid change. A good leader shows resilience in the face of constraints, frustrations, or adversity. Integrity is the ability of a leader to demonstrate principled leadership and sound business ethics. It is also the ability to show consistency among principles, values and behaviors. It is the ability to build trust with others through own authenticity and follow-through on commitments and also demonstrates honesty. Intellectual Versatility is the ability to recognize, explores, and uses a broad range of ideas and practices. It is the ability to think logically and creatively without undue influence from personal biases. Objectivity this is the ability to uphold a bias-free approach to situations and people Organizational Savvy is the ability to develop effective give-and-take relationships with others. It is also the ability to understand the agendas and perspectives of others. It is the ability to recognize and effectively balances the interests and needs of one's own group with those of the broader organization. Finally it is the ability of a leader to know which battles to fight. Self-Awareness is the ability to Learns from personal experience. It is actively pursuing learning and self-development. It is the ability to seek feedback and welcome unsolicited feedback. It is the ability to modify behavior in light of feedback. It is also the ability to know one's personal values, needs, interests, style, and competencies and their effect on others Foundations for Successful Leadership. Self-Confidence is the ability to manage own performance in an effective, assertive manner when placed in a new and or challenging situation. It is the ability to sets high standards of performance. Tolerance of Ambiguity is the ability to demonstrate comfort in situations where the goals and or processes to achieve goals are unclear and difficult to determine.

1.1.3 Commercial Banks in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act, and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls lifted. The Central Bank of Kenya, which falls under the Ministry of Finance, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. Central Bank of Kenya publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines

Banks represent a significant and influential sector of business worldwide that plays a crucial role in the global economy. Commercial banks are financial intermediaries that serve as financial resource mobilization points in the global economy. They channel funds needed by business and household sectors from surplus spending to deficit spending units in the economy. A well-developed efficient banking sector is an important prerequisite for saving and investment decisions needed for rapid economic growth. A well-functioning banking sector provides a system by which a country's most profitable and efficient projects are systematically and continuously funded. The role of banks in an economy is paramount because they execute monetary policy and provide means for facilitating payment for goods and services in the domestic and international trade (Northouse, 2009).

There are more than 43 commercial banks in Kenya today. The banks that dominate the commercial banking system in Kenya are Barclays Bank, Equity bank, KCB bank limited, and Standard Chartered Bank. The National Bank of Kenya Ltd and Cooperative Bank of Kenya have also opened many branches in most areas of the country. The private banking sector too contributes much of the total deposits in commercial banks. These banks engage in the general banking system although some smaller banks tend to be rather specialized in domestic trade and others in import and export finance facilities, offered by Kenya Commercial Banks.

1.2 Research Problem

Strategic change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond. While organizational change is a constant experience, knowledge and awareness about many of the critical issues involved in the management of such change is often lacking in those responsible for its progress. Clearly if banks in Kenya are ever to experience a greater level of success in their development efforts, managers and other staff need to have a better framework for thinking about change and an understanding of the key issues which accompany strategic change management.

All organizations are currently undergoing some type of change. Many of these change programmes arise from organized management strategies such as culture change, business process reengineering, empowerment and total quality. Other change initiatives are driven by the need for organizations to reposition themselves in the face of changing competitive conditions. Strategic change often involves radical transitions within an organization and encompasses strategy, structure, systems, processes and culture (Drucker, 2004). The track record of success in bringing about strategic change within most organizations has been poor in most organizations since many fail to grasp that they are performing an implementation which actually means turning plans into reality rather than formulation (John & Scholes, 2003).

The various attempts to improve on performance resulted in the mushrooming of alternative approaches and strategies to deliver services. However, despite the efforts by the banks to employ new approaches and strategies it has failed to manage the proposed strategic changes to yield expected results to enable it improve its service delivery to the expectations of stakeholders. Various studies have been conducted by scholars on the effects of leadership attributes on management of strategic change. Disii (2011), discussed, on his unpublished paper, leadership and management of strategic change at Kenya Ports Authority change was undertaken at the port, even though the correctness of their implementation was unconvincing. Hindrances were political interference, changes in top management and wrong attitude to change. Recommendation was business process improvement operations need to be divorced from external interferences if success in the magnitude intended was to be achieved. Mutegi (2010) studied Effectiveness of leadership attributes at the UNDP Kenya office. His recommendation was that companies should not be hesitant to implement radical changes as change can actually lead to improved cost management and customer care and thus leading to production efficiency. Organizations should seek to change entire orgs as opposed to some departments. Mutua (2010) discussed the influence of change to customer satisfaction in KPLC. The project talks of a shift from task based thinking to process based thinking. This helped KPLC respond to the customer needs and in turn improved customer satisfaction. These studies have been instrumental in determining change is conceptualized, and implemented by institutions across all sectors. This is very important especially to the service industry and the more competitive and robust industry like banking, they help to shed some light on the importance of leadership attributes on management of strategic change. This study therefore sought to answer the research question; leadership attributes and management of strategic change at commercial banks in Kenya?

1.3 Objectives of the study

Objective of the study was to establish leadership attributes and management of strategic change at commercial banks in Kenya.

1.4 Value of the Study

The study would encourage and reinforce interest of managers in effective leadership to remaining competitive in today's rapidly changing workplace.

The study would also add to the existing knowledge and stimulate further research on different aspects of leadership attributes.

The study may also be of great use to government institutions such as treasury and ministry of finance in coming up with different policies and regulations for the improvement of the management of strategic change in banking industry in Kenya.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presented a review of the related literature on the subject under study presented by various researchers, scholars, authors and analysts. It provided concept definitions, concept perspectives, current practices, past studies/findings and conceptual framework. It also provided description of related theories.

2.2 Theoretical Foundation

The environment is always changing and the survival of organizations will highly depend on their ability to identify potential threats and come up with ways of dealing with them so as to ensure continuity. Organizations must be responsive to the external demands and expectations in order to survive (Meyer and Rowan, 1977). An organizational strategy is a broad based formula on how a business is going to accomplish its mission, what its goals should be, what plans and policies it will need to accomplish these goals.
Some aspects of theories are thought of long before they are formally adopted and brought together into the strict framework of an academic theory. The same could be said with regard to the resource-based view.

While this influential body of research within the field of Strategic Management was named by Birger Wernerfelt in his article A Resource-Based View of the Firm (1984), the origins of the resource-based view can be traced back to earlier research. Retrospectively, elements can be found in works by Coase (1937), Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991, p122; Rumelt, 1984, p557; Mahoney and Pandian, 1992, p263; Rugman and Verbeke, 2002). This paradigm shift from the narrow neoclassical focus to a broader rationale, and the coming closer of different academic fields (industrial organization economics and organizational economics being most prominent) was a particular important contribution (Conner, 1991, p133; Mahoney and Pandian, 1992).

The resource based view has been a common interest for management researchers and numerous writings could be found for same. A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992 cited by Hooley and Greenley 2005, p. 96, Smith and Rupp 2002, p. 48). RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific (Barney 1999 cited by Finney et al.2004, p. 1722, Makadok 2001, p. 94). These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Lopez 2005, p. 662, Helfat and Peteraf 2003, p. 1004) and RBV is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992, cited by Lopez 2005, p. 662).

The essence of the Resource Based Model is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies. First coined by Birger Wernefelt (1984), to advance the idea that strategy of a firm, is a function of the complement of the resources held. The resulting advantage can be sustained due to lack of substitution and imitation by the firm's competitors. Companies are different collections of resources (tangible and intangible assets/capabilities). No two companies are alike in terms of the resources they hold. The resources a company holds determine how well that company performs its activities. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Competitive advantage ultimately can be attributed to ownership of valuable resources that enable the company perform its activities better than competitors. Organizational capabilities are defined by the complex combination of assets, people and processes that companies use to transform inputs into outputs.

Inimitability may be in form of physical uniqueness like location, patent rights, skills that are unique gained through learning over time and refined by practice. Durability can only be continued by innovation in the face of changing environment. Appropriability is only obtained when value resides in many areas, like customers, suppliers, employees, shareholders etc. The various value claimants do appropriate a major portion of value added. Substitutability refers to the ability of the firm to deliver on its desired positioning strategy. Building on the key resources necessary for the given strategy will greatly enhance the effectiveness with which a firm will achieve its strategic desires. Competitive Superiority is where firm’s resources are assessed and evaluated relative to those of competitors.

2.3 Management of strategic change

The current business environment is of unpredictable instability which can lead a business into rapid decline if its management team does not understand the signals of a declining business. Jelassi and Enders (2005), outline the fundamental reasons why an organization may find it necessary to have a strategy is to define the long-term direction of the organization, the development of an overall plan for deploying organization resources, determination of the necessary tradeoffs, to define its unique positioning vis a vis competitors and to achieve sustainable competitive advantage over rivals in order to ensure lasting profitability. Strategy is about the long term direction of an organization. It is typically thought of in terms of major decisions about the future. However it is a mistake to conceive of organizational strategy as necessarily developing through one-off major changes. In every company there are two independent and simultaneous processes through which strategy comes to be defined. The first strategy-making process is conscious and analytical, involving assessments of market structure, competitive strengths and weaknesses, the nature of customer needs, and the drivers of market growth. Strategy in this process typically is formulated in a project with a discrete beginning and end. Top-tier management consultants often manage these projects. The result of this process is an intended or deliberate strategy. The second strategy-making process has been termed emergent strategy. It is the cumulative effect of day-to-day prioritization decisions made by middle managers, engineers, salespeople and financial staff – decisions that are made despite, or in the absence of, intentions. In fact, managers typically do not frame these decisions as strategic at all, at the time they are being made; they have a decidedly tactical character. Once an organization has adopted a particular strategy, it tends to develop from and within that strategy, rather than fundamentally changing direction. Historical studies of organizations have shown that there are usually long periods of relative continuity. At this point strategy remains unchanged or changed incrementally, there are also periods of flux in which strategies change but in not very clear direction. Transformational change in which there is fundamental change in strategic direction does take place but is infrequent. Strategy development is key in capturing objectives and how the business will go about realizing the same.

A company periodically needs to shake itself up, regardless of the competitive landscape. The longer things are done in a particular way, the harder it is to adapt when markets shift. Worse, the less people in organizations explore and search for new opportunities the less capable they are of doing so. As James March of Stanford University famously explained: Exploitation (doing what works today) drives out exploration (seeking out risky but potentially valuable new ways of doing things) (HBR, 2010). Management of strategic change relies on a different school of thought than continuous process improvement. In the extreme, change assumes the current process is irrelevant - it doesn't work, it's broke, forget it. Start over. It involves rethinking all aspects of a business process including its purpose, tasks, structure, technology and outputs, then redesigning them from scratch to deliver value added process outputs more efficiently and effectively (Steve et al, 2001).

It begins with defining the scope and objectives of the change process, going through learning process (with customers, employees, competitors and non-competitors, and with new technology). Given this knowledge base and the definition of the "to be" state, create a vision for the future and design new business processes. Then create a plan of action based on the gap between the current processes, technologies and structures, and the “to be” state and then a matter of implementing your solution.

Management of strategic change relies on a different school of thought than continuous process improvement. In the extreme, change assumes the current process is irrelevant - it doesn't work, it's broke, forget it. Start over. It involves rethinking all aspects of a business process including its purpose, tasks, structure, technology and outputs, then redesigning them from scratch to deliver value added process outputs more efficiently and effectively (Steve et al, 2001).

Market leaders will probably be the last to transform them even if they realize they must in order to survive. Beliefs and practices constitute their dominant logic. The logic may not always be articulated but every employee knows: that’s the way we do things here. But these success factors often turn to orthodoxies and no one challenges them. To change systems faster than their rivals can create new modes of competition, enterprises must (HBR, 2010): Articulate the emerging competitive reality and its implications for the bottom line. Identify gaps in skills and fill them quickly. Change IT systems because they normally represent the old business models.

As explained by Hammer and Champy (1993), the four general themes of change are process orientation, the creative use information technology (IT), ambition and rule breaking. Such a clean slate perspective enables the designers of business processes to disassociate themselves from today's process, and focus on a new process.

2.4 Leadership Attributes

There has always been a great deal of attention paid to leadership and it is hence not surprising to find that many theories have developed overtime in order to form a basis for predicting an individual’s chances of successfully leading any organization.

Whilst many of the so called traditional theories of leadership have been supplanted by subsequent research, they form a play form upon which many of the subsequent “contemporary” theories were constructed.

The earliest of such theories (originating from the work of Bernard in 1926) centered on the physical, social and personal characteristics that researchers observed in leaders (Hellrieg, Jackson & Slocum, 2001). These so-called inherent leadership traits were said to presage success in guiding the fortunes of the endeavor being undertaken.

Whilst the theory is useful in identifying the common – sense leadership attributes, the model was based on a limited number of perceived characteristics. It furthermore failed to give appropriate recognition to the situation, environmental and organizational context in which the particular individual was considered to be an effective leader (Horner, 1997).

The obvious shortcomings of the traits theory of leadership led researchers to isolate the behaviors that are characteristic of leaders (Hellreigh, 2001). By studying what these individuals actually did, said, or thought, a number of models were developed in the expectations that effective leadership behaviors could be identified and learned.

McGregor’s theory X and Theory Y (Op cit 286 – 287) was based on certain key assumptions made by leaders about their subordinates, which outlook affected their leadership behavior. Effective leadership was found to be more likely in individuals who had positive views of the motives, abilities and attitudes of subordinates.

The Ohio University and University of Michigan models (Op Cit 287) respectively identified considerate, as opposed to initiating structure, leadership styles and production centered versus employee centered approaches. These models recognized effective leaders as being those who developed supportive relationships with their subordinates.

The managerial Grid model of Blake, Shepard and Mouton (Op cit 288 – 289) identified and plotted 5 leadership styles that combined different propositions of people – orientation, and found that this individual (compared with those who were considered more process – oriented) exhibited greater levels of effective leadership.

In placing emphasizes on a more outward looking approach to effective leadership, the behavioral models logically give rise to a third and final set of so-called traditional theories that focused on individual leader's response to various situational factors (Hellreigh, 2001).Field's contingency model (Op cit 290-292) postulated that successful leaders matched their individual style to the demands of the situation. Hersey and Blalchard's situational leadership model (Op cit 292-294) expanded on this concept and emphasized that successful leaders had the flexibility to adapt to changing situations by being able to judge maturity levels of their subordinates.

House's Path – Goal Model (Op cit 294-296) postulated that successful leaders were able to access the task and the employee characteristics inherent in the situation, and then utilize the appropriate style. Finally, Vroom and Jogo's leader – participation model (Op cit 296-298) formulated eight contingency questions and accessed successful leadership as their ability to correctly answer these questions and adapt to the style required by the situation.

In summary, the traditional leadership styles evidence three major thrusts, the first focusing on the characteristics of a great leader, the second on the behavior of the leader, and the third on the situation in which the leader was required (Horner 1997).

The old order business and government models mirrored a pre – information age leadership paradigm based on strategy, systems and structures. Government in its so-called "grant apartheid " policies placed obedience, order and ideology above people and their fundamental human rights much in the same way that the private sector created and nurtured employees that where beholden to the organization.

As business was finding, prosperity in this new age could only be based on an approach that placed the individual at the centre of any successful enterprise. In context of government as an organization, this will need to be premised on leadership that acted with purpose – following fair process- in the interest of people.

As if to mirror the winds of change that blew through post – colonial Africa during the latter half of the past century, new theories were sweeping away many of the old ideas on what constituted effective leadership in an organization. It was now necessary, in the words of Bartlett and Gosal (1995:132), for leaders "…. to unleash the human spirits.

2.5 Leadership attributes and change management

If leadership attributes is such a key element in the success of organizations, then it is essential that effective leadership attributes can be defined, taught, practiced and evaluated. Three major styles of leadership have been identified in contemporary leadership theory. These are the transformative leader, the transactional leader and the servant leader. Transformational leaders are motivators with the ability to share a vision of future possibilities that inspires fellow employees to place the needs of the group above their own individual interests. Transformational leadership is inspirational, providing scope for intellectual and creative development, which values the role of the individual in achieving a shared vision. Transactional leadership is more closely allied to traditional management techniques with the leader establishing organizational goals and entering into a contractual arrangement with subordinates based on reward and punishment. The servant leader, on the other hand, leads through service. The idea of the servant leader is not new, having been introduced by Robert Greenleaf in 1977. However, its precepts based on empathy, healing, listening and building community have enhanced meaning in today's business environment where more aggressive leadership or management styles are focusing on profit rather than people which have ultimately led to system failures such as the current global financial crisis. In today's troubled world there is a move toward the rediscovery of the type of values embodied by the servant leader. Discussion, debate and exploration of case studies can help today's business students learn about these styles of leadership, enabling them to begin creating their own individual visions of the leaders they hope to be during their current or future careers. (Kaiser, 2008).

Leadership attributes is an important concept in the study of groups. Leaders play an active part in development and maintenance of role structure and goal direction and they influence the existence and efficiency of the group (Stogdill, 1974). Leaders must not only exercise influence, but they must also decide when, where, and how influence will be exercised to bring the attainment of social goals (House & Howell, 1991). Over the years, many theories have been proposed describing the behaviors that make effective leadership possible theories of behavioral styles (Lindell & Rosenqvist, 1992), transformational or charismatic leadership (Bass & Avolio, 1994) and leader-member exchange (Graen & Uhl-Bien, 1995). These theories all have a focus on certain behavior patterns and the implications of these patterns for leader performance.

Knowledge refers to the output of learning process, just as plans are the outputs of the planning process. Gibbons (1994) contended that the terms of science and knowledge are frequently adopted interchangeably to form scientific knowledge. Networks have been extensively applied in engineering and science for managing complex systems (Price, 1965). In engineering and sciences, network commonly refers to a system or a web of inter-linked sub-systems or components, each optimally designed to perform a designated task effectively. Each sub-system is highly specialized and generally draws on high levels of accumulated knowledge and expertise within its expected domain of operations. Theoretically, the system as a whole may not be truly optimal, but it can be effective and flexible enough to perform the task at hand, well beyond the capabilities of its individual components. The two components of a network are the nodes and linkages whereby nodes point out the system resources for knowledge generation with their connections via linkages.

Knowledge is complex and invisible, making it very hard to obtain. An effective approach is visualization and representation of knowledge. Chandy & Williams (1994) argued that each localized knowledge network is a part or a sub-system of a broader and more general system. Since the development and diffusion of knowledge of one discipline can be formulated and changed by the nature and objective of relevant journals, one discipline's journals can be regarded as an “invisible hand” influencing the focus of development and diffusion of the knowledge network of a given field. The concept of invisible hand reflects our admiration for the elegant and smooth functioning of the market system as a coordinator of autonomous individual choices in an interdependent world.

An invisible knowledge network of any given field includes both the knowledge content of its nodes and the inter-linkages of those nodes within its domain and to other fields. The knowledge network of leadership can be considered as a branch of its interacting foundational domains, which are well-established sub-systems of leadership. A knowledge network in the leadership field is composed of sufficiently large number of published articles, active researchers (the intellectual architects) and citations appearing in various media relating to electronic commerce and other fields (Ngai & Wat, 2002) This knowledge network can depict the developmental and diffusion patterns and processes in the knowledge system of leadership. During the accumulation of cross-field knowledge, key nodes are the most important bridges to connect different or even separate domains. Key nodes gain the main status during the cross-fertilizing process, which facilitates the knowledge communication and transmission among relevant parts of the whole network.

Several studies have used the bibliometric techniques to study management research. For example, Pilkington and Teichert (2006) investigated the intellectual pillars of the management of technology literature and explored whether these are distinct from those commonly associated with its rival fields; Acedo and Casillas (2005) explored the research paradigms of international management research by applying factorial analysis techniques in an author co-citation study; Ramos-Rodriguez and Ruiz-Navarro (2004) examined the intellectual structure change of strategic management research by conducting a bibliometric study of the Strategic Management Journal; Ponzi (2002) explored the intellectual structure and interdisciplinary breadth of knowledge management in its early stage of development, using principle component analysis on an author co-citation frequency matrix.
Ethical concerns are an important area in business practices and research endeavors in the field of organizational chain management. In particular, ethical concerns become evident

in situations of asymmetric relationships across organizations (for example. in terms of power and dependence). There is a need to establish ethical structures, processes and performance measures in organizations. In previous research restricted parts of this idea across organizations have been addressed from an ethical perspective but not the whole process (Moberg, 2003). Nevertheless, there have been a few recent research endeavors dedicated to the ethical concerns in organizational chain management as a whole. For example, Svensson (2008) introduced and described a conceptual framework of organizational chain management ethics based upon the automotive industry. Svensson (2009) focuses on the transparency of organizational chain management ethics based upon case illustrations across organizations in the fashion and telecom industries. The dilemma is that these ethical frameworks in the field of organizational chain management are still on a general level, where specific details are not provided on how to manage, monitor and evaluate ethical concerns across organization.

The development of a transformational leadership theory owes much to the fact that many organizations have the past twenty five years had to face rapidly changing environments that required leaders to articulate new visions, foster new cultures, and breed new mindsets involving changes in basic values, beliefs and attitudes of subordinates.

Shared leadership models, promoted in several studies of leadership within the sectors, provide a contrast with the assumption in much of the literature that leadership is linked to a role, and open up the possibility that several people within a centre/service may be involved in leadership. Louise Hard (2004) has proposed the concept of formal and informal leaders.

All past leadership theories have a focus on certain behavior patterns and the implications of these patterns for leader performance. Researchers have yet to define the relationship between servant leadership and empowerment; empowerment is implied in the definition of the concept, as one of the primary objectives of servant leadership to develop the potential of followers. The precepts of servant leader idea is based on empathy, healing, listening and building community have enhanced meaning in today's business environment where more aggressive leadership or management styles focus on profit rather than people have ultimately led to system failures such as the current global financial crisis. In the past studies there still exists research gap on the effect of organizational leadership on strategic change management.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed. Therefore in this section the research identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, target population, data collection instruments and finally data analysis.

3.2 Research Design

Research design refers to the method used to carry out a research. This research problem will be studied through the use of a descriptive research design. According to Donald and Pamela (1998), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research design was chosen because it enables the researcher to generalise the findings to a larger population. This study therefore was able to generalise the findings to all the departments in the organization.

3.3 Research Population

The research population consisted of all commercial banks licensed by the central bank of Kenya to carry out business in Kenya as at august, 2009. Banks under statutory management were not considered because of their legal status, uncertainty in their continuity and the fact that they are not actively dealing with customers or transacting. The banks which fit this category were 43.

3.4 Data Collection

The primary data was collected using a questionnaire. Quantitative data was also collected using a self-administered questionnaire. The researcher dropped the questionnaires physically at the respondents' place of work. Nevertheless, where it proves difficult for the respondents to complete the questionnaire immediately, the researcher left the questionnaires with the respondents and pick them up later. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information. Each questionnaire was coded and only the researcher knew which person responded. The coding technique was only used for the purpose of matching returned, completed questionnaires with those delivered to the respondents.

3.5 Data Analysis

Before processing the responses, the completed questionnaire was edited for completeness and consistency. The data was then be coded to enable the responses to be grouped into various categories.

Data collected was purely quantitative and was analyzed by descriptive analysis. The descriptive statistical tools such as SPSS and MS Excel helped the researcher to describe the data and determine the extent to be used. The finding was presented using tables and charts. The Likert scale was used to analyze the mean score and standard deviation. Data analysis was done through SPSS and Microsoft excels percentages, tabulations, means and other central tendencies. Tables were used to summarize responses for further analysis and facilitate comparison.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The method of data collection was done through a questionnaire which was developed in line with the objective of the study. The research objective was to establish leadership attributes and management of strategic change at commercial banks in Kenya.

Primary data was collected from Kenya Commercial Banks' top management team who included the Divisional Directors of human resources, finance, strategy and research, marketing, retail banking, corporate banking, information technology and the head of communications. This team included the divisional directors from human resources, finance, marketing and research, corporate banking, retail banking, strategy, information technology divisions as well as the head of communications in the banks. These respondents were specifically chosen since they have an in-depth knowledge of the bank and its procedures and are actively involved the formulation and implementation of strategies in the bank.

4.2 Respondents demographic profiles

The researcher sought to find out the demographic information of the respondents.

4.2.1Gender

According to table 4.1 below, 59.6% of the respondents were males while 40.4% of the respondents were female. This in part explains the observance of gender equality and affirmative action by commercial banks in Kenya.

Table 4.1: Summary Statistics on Gender of the Respondents in this study

Description	Percentages	
Gender	Male	Female
	59.6	40.4

Source: Author (2013)

4.2.2 Age of respondents

On age, the study found out that a majority of the banks managers (23.4%) were in the age bracket of between 40 and 44 years. This was followed by 19.1% of the respondents who were aged between 45 years and 49 years, 17.1% were aged between 30 and 34 years, 12.6% were aged between 25 and 29 years and 8.5% were aged 50 years and above while 4.5% were aged 24 years and below. This shows that the employees were well distributed across the age profile and could give reliable information.

Table 4.2: Age of Respondents

Age	24 Years and below	25-29 years	30-34 years	35-39 years	40-44 years	45-49 years	50 years and above
Percentages	4.5	12.6	17	14.9	23.4	19.1	8.5

Source: Author (2013)

4.2.3 Level of Education

Table 4.3 below shows that the commercial bank has a rich human resource pool. This was evidenced by the profile of its work force. From the findings majority of the respondents (34%) were graduates, 23.4% were post graduates, 29.8% had either a certificate or diploma and 12.7% had secondary school education. This shows that the respondents were well educated and hence data collected was reliable and credible.

Table 4.3: Academic Qualifications of Respondents

Description	Percentages of Responses			
Level of Education	Secondary School	Certificate or diploma	Graduates	Post Graduates
	12.7	29.8	34.0	23.4

Source: Author (2013)

4.2.4 Work experience of respondents

In an effort to determine the respondents work experience, the researcher requested the respondents to indicate the duration of time they had spent in their organization. From the findings shown in table 4.4 below, 42.6% of the respondents reported that they had been working for between 5 and 10 years, 31.9% had been working in their organization for less than 5 years and 12.8% had been working in their organization for between 16 and 20 years. These findings clearly shows that majority of the respondents at commercial banks between 5 and 10 years and therefore in a position to give reliable information on change

Table 4.4: Work Experience of Respondents

	Description	Percentages of Responses			
	Period worked	Less than 5 years	5-10 years	11-15 years	16-20 years
		31.9	42.6	12.8	12.8

Source: Author (2013)

4.3 Change management

Table 4.5: Change Management

Constructs	**1**	**2**	**3**	**4**	**5**	Mean	Standard deviation
There's an effective channel of communication of change initiatives to all levels of the organization	2	34	45	16	3	3.54	.911
Structure and culture of this organization are always reviewed to reflect a change in strategy	4	6	47	24	19	3.65	0.621
There's provision of sufficient resources in terms of time, financial and human by top management to aid in strategic management of change	3	4	48	21	24	3.53	.026
There exists a strong coordination between managers, employees and other stakeholders in the management of strategic change	4	7	23	52	14	3.70	.571
The organization's leadership never considers both external and external factors in strategic change management	3	4	48	21	24	3.26	.653
Organizational leadership has an effect on strategic change management	5	4	26	58	7	2.86	.099

Source: Author (2013)

Table 4.5 shows the effectiveness of channel of communication of change initiatives. A five-point Likert scale was used to interpret the respondent's extent. According to the scale those statements which were strongly disagreed were awarded 1 while those which were strongly agreed were awarded 5. Within the continuum are 2 for disagreed, 3 for neutral and 4 for agreed. Mean and standard deviation were used to analyze the data. According to the researcher those statements with a mean close to 3.5 were rated as agreed while those with a mean close to 3.0 were rated to neutral or even not considered at all. On the same note the higher the standard deviation the higher the level of variations or dispersion among the respondents.

From the findings the respondents agreed that there existed an effective channel of communication of change initiatives to all levels of the organization (M=3.54, SD=0.911). The respondents further agreed that structure and culture of this organization are always reviewed to reflect a change in strategy (M=3.65, SD=0.621), there is provision of sufficient resources in terms of time, financial and human by top management to aid in strategic change management (M=3.53, SD=.026), there exists a strong coordination between managers, employees and other stakeholders in the management of strategic change (M=3.70, SD=0.571), the organization's leadership never considers both external and external factors in strategic change management (M=3.26, SD=0.653), organizational leadership has an effect on strategic change management (M=2.86, SD=.099).

4.4 Leadership Attributes

Table 4.6: Leadership Attributes

Constructs	1	2	3	4	5	Mean	Standard deviation
Leaders in this organization are capable of using motivation to bring about strategic change (servant leadership).	9	11	47	27	6	3.760	.672
Leaders in this organization are able to inspire employees in pursuit to bring about change (transformational leadership)	5	4	26	58	7	3.5435	.861
Leaders in this organization value individual employees in pursuit to bring about strategic change (Strategic leadership)	4	6	48	37	5	3.519	.836
Leaders in this organization use rewards and punishment in pursuit to bring about strategic change(transactional leadership)	5	15	46	28	6	3.260	0.921
Leaders in this organization do not initiate new ideas in their pursuit to bring about strategic change (transitional leadership)	4	10	52	32	2	3.130	.058
Leaders in this organization employ empathy, healing as well as listening in their pursuit to bring about strategic change (transactional leadership)	3	4	48	21	24	2.521	.006

Source: Author (2013)

Table 4.6 below shows the extent to which the respondents agreed with the statements on the leadership attributes and the management of strategic change within their organization. From the findings, the respondents agreed that leaders in this organization are capable of using motivation to bring about strategic change (servant leadership) (M=3.76, SD=0.672). The respondents further agreed that leaders in this organization are able to inspire employees in pursuit to bring about change (transformational leadership) (M=3.544, SD=0.861), leaders in this organization value individual employees in pursuit to bring about strategic change (Strategic leadership) (M=3.519, SD=0.836), leaders in this organization use rewards and punishment in pursuit to bring about strategic change (transactional leadership) (M=3.26, SD=0.921), leaders in this organization do not initiate new ideas in their pursuit to bring about strategic change (transitional leadership) (M=3.13, SD=.058) and leaders in this organization employ empathy, healing as well as listening in their pursuit to bring about strategic change (transactional leadership) (M=2.521, SD=.006).

4.5 Leadership skills

4.5.1 Acquisition of leadership skills

From the findings shown by table 4.7 below, 57.4% of the respondents acknowledged that the banks management had built necessary structures, to encourage the acquisition of leadership skills in the management of strategic change. Only 14.9% of the respondents were not in agreement to this view. From these findings we can deduce that the commercial banks have built necessary structures to encourage the acquisition of leadership skills in the management of strategic change.

Respondents' Knowledge on Existence of Structures Enabling Acquisition of Leadership Skills

Table 4.7: Adequacy of leadership skills to provide direction

Description	Percentages	
Existence of structures enabling of acquisition of leadership skills	Yes	No
	57.4	14.9

Source: Author (2013)

Table 4.8 shows the response on whether leaders within the commercial banks had adequate skills to provide goal direction in the management of strategic change. From the findings majority of the respondents (41.3%) agreed that there is adequacy of leadership skills to provide direction, 8.7% strongly agreed, 21.7% were neutral 26.1% disagreed and 2.2% strongly disagreed. From these findings we can deduce that the commercial banks had adequate skills to provide goal direction in the management of strategic change.

Table 4.8: Summary Statistics on Respondents' Knowledge on Adequacy of Leadership Skills to Provide Direction

Description	Percentages				
Adequacy of leadership skills to provide direction	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	2.2	26.1	21.7	41.3	8.7

Source: Author (2013)

Table 4.9: Leadership skills

Constructs	**1**	**2**	**3**	**4**	**5**	**Mean**	**Standard deviation**
Leaders in this organization have adequate skills to provide goal direction in the management of strategic change	2	27	22	43	6	3.582	.025
Leaders in this organization influence the efficiency of employees in the process of strategic change management	2	3	21	53	11	3.667	.614
Leaders in this organization exhibit accumulated knowledge and expertise within their domain of operations with regard to the management of strategic change	2	3	16	32	47	3.565	.428
There exists an invisible knowledge network in this organization that influences the management of strategic change	2	36	15	43	4	3.504	.839
There exists a cross fertilising process which facilitates the knowledge and transmission among relevant parts of the organization especially with regard to the management of strategic change	7	12	18	52	11	3.4043	.042

Source: Author (2013)

Table 4.9 shows the extent to which the respondents agreed with the statements on effects of leadership skills on the management of strategic change within their organization. From the findings the respondents agreed that leaders in their organization had adequate skills to provide goal direction in the management of strategic change (M=3.582, SD=.025). The respondents also agreed that leaders in their organization influence the efficiency of employees in the process of strategic change management (M=3.667, SD=0.614), Leaders in their organization exhibit accumulated knowledge and expertise within their domain of operations with regard to the management of strategic change (M=3.565, SD=0.428), there exists an invisible knowledge network in their organization that influences the management of strategic change (M=3.504, SD=0.839) and there exists a cross fertilizing process which facilitates the knowledge and transmission among relevant parts of the organization especially with regard to the management of strategic change (M=3.404, SD=0.042).

Disclosure of full intent of change by management to employees

Table 4.10: Summary Statistics of Respondents' View on Disclosure of Full Intent of Change

Description	Percentages of Responses	
Disclosure of full intent of change	Yes	No
	65.2	34.8

Source: Author (2013)

The study sought to determine whether the management of the commercial banks disclosed the full intent of change to be implemented to the employees. From the findings as shown in table 4.10, 65.2% of the respondents acknowledged that the management of the commercial banks disclosed the full intent of change to be implemented to the employees while 34.8% of the respondents disagreed. From these findings we can deduce that the management of the commercial banks disclosed the full intent of change to be implemented to the employee.

Extent of Disclosure of Intent of Change

Table 4.11: Summary Statistics of Respondents' View on Extent Of Disclosure of Intent of Change

Description	Percentages of Responses				
Extent of disclosure	Not at all	Little extent	Moderate extent	Great extent	Very great extent
	21.4	16.7	40.5	19.0	2.4

Source: Author (2013)

Table 4.11 shows the extent of disclosure of the full intent of change to be implemented. 40.5% of the respondents agreed to a moderate extent, 21.4% disagreed, 16.7% agreed to a little extent, 19% agreed to a great extent and 2.4% agreed to a very great extent. From these findings we can conclude that disclosure of the full intent of change to be implemented was made to a moderate extent.

4.6 Leadership Ethics

Table 4.12: Leadership Ethics

Constructs	**1**	**2**	**3**	**4**	**5**	**Mean**	**Standard deviation**
Leaders act with integrity in pursuit of strategic change	6	9	27	47	11	3.54	0.077
There is an evaluation of leaders ethical concerns across the organization	4	7	58	26	5	3.542	0.809
There is a link between work ethics and performance	5	4	37	48	6	3.452	0.978

There is transparency of organizational chain management	8	18	49	23	2	3.500	0.999
Leadership ethics promotes trust in the change management structure	15	3	64	12	6	2.326	0.789
Leadership ethics is reflected in thinking, attitudes, and actions in management of strategic change	21	14	47	8	10	3.533	0.928

Source: Author (2013)

Table 4.12 shows the respondents level of agreement on statements on the effect of leadership ethics on strategic change management in their organization. From the findings the respondents agreed that leaders act with integrity in pursuit of strategic change (M=3.54, SD=.077), there is an evaluation of leaders ethical concerns across the organization (M=3.452, SD=0.809), there is a link between work ethics and performance (M=3.452, SD=0.978), there is transparency of organizational chain management (M=3.50, SD=0.999), leadership ethics is reflected in thinking, attitudes, and actions in management of strategic change (M=3.533, SD=0.928). However, the respondents disagreed with the statement that leadership ethics promotes trust in the change management structure (M=2.326, SD=0.789).

4.7 Organization Leadership

Table 4.13: Organizational Leadership and Strategic Change Management

Description	Percentages				
extent to which organizational leadership influences strategic change management	Very great extent	Great extent	Moderate extent	Little extent	No extent at all
	23	41	19	17	0

Source: Author (2013)

The researcher also requested the respondents to indicate the extent to which organizational leadership influences strategic change management in commercial banks. From the findings 41% of the respondents indicated that organizational leadership influences strategic change management in Commercial banks to a great extent, 23% indicated to a very great extent, 19% indicated to a moderate extent and 17% indicated to a little extent. From the findings we can deduce that organizational leadership influences strategic change management in Commercial banks to a great extent.

Table 4.14: Organizational Leadership Challenges

Statement	1	2	3	4	5	Mean	Std deviation
They must mediate and reconcile the often-conflicting expectations of constituents	4	10	52	32	2	3.654	0.77
They lack direct hierarchical and reward power	2	34	45	16	3	3.742	0.819
The context amplifies resource dependency and shifting expectations	4	6	47	24	19	3.432	0.948

Source: Author (2013)

Table 4.14 shows the extent to which leadership of the commercial banks was facing the stated challenges in relation to strategic change management. From the findings the respondents strongly agreed that the commercial banks must mediate and reconcile the often-conflicting expectations of constituents (M=3654, SD=0.77). It was also established that the commercial banks was lacking direct hierarchical and reward power (M=3.742, SD=0.819). Finally, the respondents agreed that the context amplifies resource dependency and shifting expectations (M=3.432, SD=0.948).

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused to establish leadership attributes and management of strategic change at commercial banks in Kenya.

5.2 Summary

In relation to the gender of the respondents, the study found that 59.6% of the respondents were males while 40.4% of the respondents were female. This in part explains the observance of gender equality and affirmative action by banks in Kenya. Further, the studies found that majority of the respondents were graduates and others post graduates. This shows that the respondents were well educated and hence data collected was reliable and credible.

5.2.1 Change Management

On the effectiveness of channel of communication of change initiatives, the study found that there was an effective channel of communication of change initiatives to all levels of the organization. Structure and culture of this organization are always reviewed to reflect a change in strategy, there was provision of sufficient resources in terms of time, financial and human by top management to aid in strategic management of change, there exists a strong coordination between managers, employees and other stakeholders in the management of strategic change, the organization’s leadership never considers both external and external factors in strategic change management, organizational leadership has an effect on strategic change management and there is an effective channel of communication of change initiatives to all levels of the organization.

5.2.2 Leadership style on strategic change management

This study found that leadership styles of Commercial Banks in terms of using motivation to bring about strategic change (servant leadership), inspiring employees in pursuit to bring about change (transformational leadership), valuing individual employees in pursuit to bring about strategic change (Strategic leadership), using of rewards and punishment in pursuit to bring about strategic change (transactional leadership), initiating new ideas in their pursuit to bring about strategic change (transitional leadership) and practicing employee empathy, healing as well as listening in their pursuit to bring about strategic change (transactional leadership) is a key consideration that affects strategic change management. This correlates with other studies. According to Blanchard and Hersey late 1960s model there is need to change leadership styles according to the circumstances.

5.2.3 Leadership skills on strategic change management

The study found that that adequate skills to provide goal direction in the management of strategic change, influencing efficiency of employees in the process of strategic change management, accumulated knowledge and expertise within their domain of operations with regard to the management of strategic change, invisible knowledge network that influences the management of strategic change and cross fertilizing process which facilitates the knowledge and transmission among relevant parts of the organization especially with regard to the management of strategic change) are fundamental on the organizational strategic change management. This is supported by literature from various scholars. According to House and Howell, 1991 leaders must not only exercise influence, but they must also decide when, where, and how influence will be exercised to bring the attainment of social goals.

5.2.4 Leadership ethics

The study found that the management of the Commercial banks discloses the full intent of change to be implemented to the employees, leaders act with integrity in pursuit of strategic change, there is an evaluation of leaders ethical concerns across the organization there is a link between work ethics and performance, there is transparency of organizational chain management, leadership ethics is reflected in thinking, attitudes and actions in management of strategic change.

However, the respondents disagreed with the statement that leadership ethics promotes trust in the change management structure. Leadership skills are important in organizational strategic change management. This is supported by literature from other scholars. According to Moberg (2003) Ethical concerns are an important area in organization management and there is a need to establish ethical structures, processes and performance measures in organizations.

5.2.5 Organizational leadership

This study established that organizational leadership influences strategic change management in Commercial banks to a great extent. It was also revealed that the commercial banks must mediate and reconcile the often-conflicting expectations of constituents. It was also established that the commercial banks were lacking direct hierarchical and reward power. Finally, the study found that the context amplifies resource dependency and shifting expectations.

5.4 Conclusions and Policy recommendations

For strategic change to be managed properly within banks and in particular the commercial banks, the following aspects about organizational leadership should be considered.

First the study recommends that, the banks should ensure that there are effective channels of communication of change initiatives at all levels of the banks. This can be achieved through change of the banks strategic approach to change. Secondly, the researcher recommends that the leaders should also ensure that there exists strong coordination between managers, employees and other stakeholders in the management of strategic change. This can also be achieved through concerted efforts of working as a team.

On leadership style, the study recommends that the leaders within the banks should be able to share the vision with their employees as a means of bringing about strategic change. This can be achieved through a review of the leadership styles to embrace this. The study further recommends that the leaders should employ use of motivation to bring about strategic change. This can also be achieved through a review of the existing leadership styles.

On leadership ethics, the study recommends that the leaders consider putting in place intellectual structure in strategic change management of the banks. This can be achieved through review of leadership skills possibly vide further training and career development. The study further recommends that leaders be equipped with adequate skills to provide goal direction in the management of strategic change. Further training and career development may be used to enhance leadership skills.

Finally, the study recommends that the leaders should consider integrity as the principle virtual in all their pursuits and in particular when managing the banks resources. This can be realized vide pushing for a culture shift within the banks. Evaluation of the ethical concerns within the banks should also be considered. This can be realized through nurturing of work ethics and particularly in the leaders thinking, attitudes and actions.

5.5 Limitations of the Study

During the study a number of limitations were encountered. This include having very little time with the respondents to inquire very deeply into a number of issues because most of the respondents had allocated a few minutes of time due to their very tight time budgets. In addition, some of the respondents were hesitant to divulge all the information despite being assured of anonymity and the use of the data only for educational purposes.

5.6 Recommendations for further studies

The researcher recommends that research be done on leadership styles and leadership skills in other institutions in the public institutions with a view of finding out whether the results can be generalized.

REFERENCES

Burns, R. J., & Mitchell, T. R. (2000). Path-goal theory of leadership". *Journal of Contemporary Business*. 3 (4) pp. 81-97.

Christen J., & Price, R. (2004). The effects of person-innovation fit on individual responses to innovation, *Journal of Occupational & Organizational Psychology*.78 (1) pp. 83-96.

Carnall M., Walter, F., & Bruch, H. (2003). Affective mechanisms linking dysfunctional team behavior to performance in work teams: a moderated mediation study, *Journal of Applied Psychology*. 93 (5) pp. 945-58.

Dutta, T., Eden, D., Crossan, B. J., & Shamir, B. (2005). Impact of transformational leadership on follower development and performance": *a field experiment, Academy of Management Journal*. 45 (4) pp. 735-44.

Drucker, P. (2004). *The Leader of the Future, New Vision. Strategies and Practices for the Next Era*. San Francisco: Jossey-Bass.

Fletcher, J. M., & Trice, H. (1978*). Implementing Change*. New York: Free Press.

Gill, J., Burris M, 2003). Leadership behavior and employee voice: is the door really open, *Academy of Management Journal* .50 (4) pp. 869-84.

Graham, N. W., Young, S., Donald, I., Gibson, H, & H. Muyselaar A. (1991). Measures of safety management performance and attitudes to safety at major hazard sites", *Journal of Loss Prevention in the Process Industries*, 9 (2) pp. 161-72.

Gronn, B., (2000). The leader-member exchange as a link between managerial trust and employee empowerment, *Group and Organization Management* .26 (1)pp. 53-69.

Harris J. N, Chapman. (2002). Charismatic leadership at the strategic level: a new application of up**,** Leadership Quarterly per echelons theory. *Leadership Quarterly*. 15 (3) pp. 355-80.

Heck, D., Mason, P. (1990). Upper echelons: the organization as a reflection of its top managers. *Academy of Management Review*. 2, pp. 195-206.

Herscovitch, D. M., Fedor, D. B., Caldwell. S. D., Beyond. (2002). Change management: a multilevel investigation of contextual and personal influences on employees' commitment to change", *Journal of Applied Psychology,* 92 (4) pp. 942-51.

John, G. & Scholes, K. (2003). *Exploring Corporate Strategy*. (6th ed). Great Britain: Prentice Hall.

Klein, J. P., & Schlesinger, L. A. (1996). "Choosing strategies for change". *Harvard Business Review*. 57 (2), pp. 106-14.

Lamb, Robert, & Boyden. (1984).*Competitive strategic management*. Englewood Cliffs: Prentice Hall.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 3/9/2013

TO WHOM IT MAY CONCERN

The bearer of this letter OJWANG' KEVIN OTIENO

Registration No. D61/68046/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
03 SEP 2013
MBA OFFICE
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

APPENDICES

APPENDIX I: INTRODUCTION LETTER

Kevin O Ojwang

University of Nairobi

School of Business

P.O Box 30197- 00100,

Nairobi

September, 2013

Dear Sir/ Madam,

RE: DATA COLLECTION

I am a student undertaking a degree in Masters of Business Administration at the University of Nairobi. I am carrying out a research on "**leadership attributes and management of strategic change at commercial banks in Kenya".**

You have been selected to form part of the study respondents. This is to kindly request you to respond to the interview I will conduct. The information you provide will be used solely for academic purposes and will be treated with utmost confidence.

A copy of the final report will be availed to you upon request. Your assistance will be highly appreciated.

Yours truly,

Kevin Ojwang' Prof. Martin Ogutu

Researcher **Supervisor**

APPENDIX II

QUESTIONNAIRE

Serial No……………………………..

The questionnaire is meant to collect information on leadership attributes and management of strategic change at commercial banks in Kenya. Kindly answer the questions by writing a brief statement or ticking in the boxes provided as will be applicable. The information provided will be treated as strictly confidential and at no instance will your name be mentioned in this research. This research is intended for an academic purpose only.

SECTION A: GENERAL INFORMATION

1. Indicate your gender. Tick (√) one   a) Male [ ]   b) Female [ ]
2. Indicate your appropriate age bracket. (Pease tick (□) one)

   a) 24 yrs. and below [ ]   b) 25-29 [ ]

   c) 30-34 [ ]   d) 35-39 [ ]

   e) 40-44 [ ]   f) 45-49 [ ]

   g) 50 yrs. and above [ ]
3. Kindly indicate your highest level of educational qualification (tick (□) where appropriate).

   a) Secondary education [ ] b) Certificate or diploma [ ] c) Graduate [ ]

   d) Postgraduate [ ]
4. How many years have you worked for this bank? (Tick (□) where appropriate).

   a) Less than 5 Years [ ]   b) 5-10 Years [ ]

   c) 11-15 Years [ ]   d) 16-20 Years [ ]

   d) More than 20 Years [ ]

SECTION B: CHANGE MANAGEMENT

5. Kindly indicate the extent to which you agree with the following statements on change management in your organization? Key: 1 = strongly disagree; 2 = disagree; 3 Neutral; 4 = Agree; 5 = Strongly Agree.

No	**Statement**	**1**	**2**	**3**	**4**	**5**
5(i)	There's an effective channel of communication of change initiatives to all levels of the organization					
5(ii)	Structure and culture of this organization are always reviewed to reflect a change in strategy					
5(iii)	There's provision of sufficient resources in terms of time, financial and human by top management to aid in strategic management of change					
5(iv)	There exists a strong coordination between managers, employees and other stakeholders in the management of strategic change					
5(v)	The organization's leadership never considers both external and external factors in strategic change management					
5(vi)	Organizational leadership has an effect on strategic change management					

SECTION C: LEADERSHIP STYLE

6. Comment on the following statements about the effects of the following components of leadership styles on the management of strategic change within your organization. Use a scale of 1-5 where: 1- Strongly disagree; 2- Disagree; 3- Neither agree or disagree; 4- Agree and 5- Strongly agree

No	**Statement**	**1**	**2**	**3**	**4**	**5**
6(i)	Leaders in this organization are capable of using motivation to bring about strategic change (servant leadership).					
6(ii)	Leaders in this organization are able to share vision as a means of bringing about strategic change (transformational leadership)					
6(iii)	Leaders in this organization are able to inspire employees in pursuit to bring about change (transformational leadership)					
6(iv)	Leaders in this organization value individual employees in pursuit to bring about strategic change (Strategic leadership)					
6(v)	Leaders in this organization use rewards and punishment in pursuit to bring about strategic change (transactional leadership)					

SECTION D: LEADERSHIP SKILLS

7 (a) has the management build necessary structures, to encourage the acquisition of leadership skills in the management of strategic change?

Yes [ ] No [ ]

7 (b). To what extent do you agree with the following statements about the effects of leadership skills on the management of strategic change within your organization? Use a scale of 1-5 where: 1- Strongly disagree; 2- Disagree; 3- Neither agree or disagree; 4- Agree and 5- Strongly agree

No	**Statement**	**1**	**2**	**3**	**4**	**5**
7b(i)	Leaders in this organization have adequate skills to provide goal direction in the management of strategic change					
7b(ii)	Leaders in this organization influence the existence and efficiency of employees in the process of strategic change management					
7b(iii)	Leaders in this organization exhibit accumulated knowledge and expertise within their domain of operations with regard to the management of strategic change					
7b(iv)	There exists an invisible knowledge network in this organization that influences the management of strategic change					
7b(v)	There exists a cross fertilising process which facilitates the knowledge and transmission among relevant parts of the organization especially with regard to the management of strategic change					
7b(vi)	There exists an intellectual structure change in strategic change management of this organization					

SECTION E: LEADERSHIP ETHICS

8 (a). Does the management disclose the full intent of change to be implemented to the employees? Yes [ ] No [ ]

8 (b) If yes, to what extent? Very great extent [ ] Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

8 (c). What is your level of agreement with the following statements on the effect of leadership ethics on strategic change management in your organization? Use a scale of 1 to 5 where 1 is strongly agree and 5 is strongly disagree

No	**Statement**	**1**	**2**	**3**	**4**	**5**
8c(i)	Leaders act with integrity in pursuit of strategic change					
8c(ii)	There is an evaluation of leaders ethical concerns across the organization					
8c(iii)	There is a link between work ethics and performance					
8c(iv)	There is transparency of organizational chain management					
8c(v)	Leadership ethics promotes trust in the change management structure					
8d(iv)	Leadership ethics is reflected in thinking, attitudes, and actions in management of strategic change					

9. To what extent does organizational leadership influence strategic change management in Commercial banks of Nairobi?

    Very great extent [ ]

    Great extent [ ]

    Moderate extent [ ]

    Little extent [ ]

    Not at all [ ]

10. To what extent does the leadership of your organization face the following challenges in relation to strategic change management?

No	**Statement**	**1**	**2**	**3**	**4**	**5**
	They must mediate and reconcile the often-conflicting expectations of constituents					
	They lack direct hierarchical and reward power					
	The context amplifies resource dependency and shifting expectations					

THANK YOU FOR YOUR TIME AND PARTICIPATION

APPENDIX III

SAMPLING FRAME

1. African Banking Corporation Ltd.
2. Bank of Africa Kenya Ltd.
3. Bank of Baroda (k) Ltd
4. Bank of India
5. Barclays Bank of Kenya Ltd.
6. CFC Stanbic Bank Ltd.
7. Charterhouse Bank Ltd - Under Statutory Management
8. Citibank N.A Kenya
9. City Finance Bank Ltd.
10. Commercial Bank of Africa Ltd.
11. Consolidated Bank of Kenya Ltd.
12. Co-operative Bank of Kenya Ltd.
13. Credit Bank Ltd.
14. Development Bank of Kenya Ltd
15. Diamond Trust Bank (K) Ltd.
16. Dubai Bank Kenya Ltd.
17. Ecobank Kenya Ltd
18. Equatorial Commercial Bank Ltd.
19. Equity Bank Ltd.
20. Family Bank Ltd
21. Fidelity Commercial Bank Ltd
22. Fina Bank Ltd
23. First community Bank Limited
24. Giro Commercial Bank Ltd.
25. Guardian Bank Ltd
26. Gulf African Bank Limited
27. Habib Bank A.G Zurich

28. Habib Bank Ltd.
29. Housing Finance Ltd
30. Imperial Bank Ltd
31. Investment & Mortgages Bank Ltd
32. Kenya Commercial Bank Ltd
33. K-Rep Bank Ltd
34. Middle East Bank (K) Ltd
35. National Bank of Kenya Ltd
36. Oriental Commercial Bank Ltd
37. Paramount Universal Bank Ltd
38. Prime Bank Ltd
39. Savings & Loan (k) Ltd
40. Southern Credit Banking Corporation Ltd.
41. Standard Chartered Bank (K) Ltd
42. Trans-National Bank Ltd
43. United Bank of Africa
44. Victoria Commercial Bank Ltd

Source: Central Bank of Kenya (Licensed Banks 2009)