

**INFLUENCE OF LEADERSHIP ON EMPLOYEE PRODUCTIVITY AT KCB
BANK KENYA LTD, NAIROBI REGION BRANCHES**

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DECLARATION

This research project is my original work and has never been submitted to any other college, University or any other institution for the award of a diploma, degree or master's degree.

Signature..... Date.....

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

Signature..... Date.....

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DEDICATION

This research is dedicated to my family for their unprecedented support in my two years journey in pursuit of this noble accomplishment. I would also like to appreciate my Colleague –Mr.Robley Ngoje for the encouragement to actually apply and pursue this course and my Line Manager at work, Mr. Metric Mukhalasie for his support in those instances that I needed to re-organize my time to attend class and sit the exams.

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Finally I wish to thank my respondents, especially managers at KCB Bank Kenya Ltd, Nairobi Region Branches who took time to complete my questionnaire.

ABSTRACT

This study was founded on the need to establish the influence of leadership on employee productivity at KCB Bank Kenya Ltd. To achieve the objective of the study, the study used a descriptive survey research design determine the influence of leadership on employee productivity. The target population of the study included all the managers and employees of KCB Bank Kenya Ltd. A sample size of 225 was selected from a population of 450 managers and employees. The study used primary data which was collected by a semi-structured questionnaire. The data was collected from managers and employees of commercial bank using a drop and pick- later method. Data was analyzed using descriptive statistics and regression analysis. The study found that a unit increase in transformational leadership style, transactional leadership style and Laissez-faire leadership style leads to increase in employee productivity. It further established that employees at KCB bank act in a ways that build each other, display a sense of power and confidence and they go beyond self-interest for the good of the group. The study also established that employees do not fail to interfere until problems become serious and they do not wait for things to go wrong before taking action. It also revealed that employees direct their attention toward failures to meet standards; they keep track of all mistakes and focus attention on irregularities, mistakes, exceptions, and deviations from standards. The study therefore recommends that leaders to be aware of what is important for the subordinates and the organizations as a whole and encourage the employees to see the opportunities and challenges around them creatively. The study suggests that a similar study can be replicated in other banks in the Kenya such as Equity bank. Further research should also be done involving all the employees at commercial banks.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The magnitude and importance of leadership in different organizations has long been unnoticed and unobserved from a long period of time. But now its importance has been realized and has become a burning issue all over the world. Effective leadership enhances the productivity of employees in all the sectors of the economy in a country. Leadership skills such as technical skills, conceptual skills, interpersonal skills, emotional intelligence and social intelligence have an impact on increasing the productivity of employees (Lewis & Gilman, 2013). According to Graen (2013) leadership impacts productivity in the following ways; it improves employee morale, it's a source of motivation, forms basis for cooperation, divides work as per capability, gives necessary guidance and creates effective communication. Leadership is very important to the survival and effectiveness of organization's performance. As organisations grow and expectations about their performances increase, demand for good leadership tends to multiply. From every indication, there seems to be a strong link between leadership style and performance of employees in an organization (Eze, 2011).

Several theories have been proposed by researchers to explain leadership and productivity in organizations. This study will focus on path goal theory and transformational leadership theory. Zaccaro (2007) presented path goal theory of leadership which is one of the contingency theories of leadership. The theory proposed to describe the way leaders encourage and support their followers in achieving the goals they have been set by making the path that they should take clear and easy. The theory is of the suggestion that a leader needs to influence follower's perception of work goals, self-development goals and paths to goal attainment. Burns (1978) developed transformational leadership theory. The major premise of the transformational leadership theory is the leader's ability to motivate the follower to accomplish more than what the follower planned to accomplish (Krishnan, 2005). Research has shown that transformational leadership impacts employee commitment to organizational change and organizational conditions (Lam, 2002).

KCB is an employer of choice with over 7,500 employees in Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan. The bank has been in existence for 120 years. The economic uncertainty makes workers to become more anxious about their safety. Motivated employees are more productive, happier, and stay with the organization longer. One of the primary tasks a manager faces is to find out what motivates their employees. By understanding employee needs, leaders at KCB Bank Kenya Ltd understand what rewards to use to motivate them to enable them achieve their vision.

This study will focus on the influence of leadership on employee productivity in KCB. The topic on leadership was chosen as an effort to find out whether productivity of employees could be attributed to the exercise of leadership styles and thus advise the management of KCB Bank accordingly. The research is also a deliberate effort to find out whether there is confidence in banking institutions stewardship.

1.1.1 Concept of Leadership

Leadership is defined as the process of social influence in which one person could enlist the aid and support of others in the accomplishment of a common goal (Manz, 2006). It involves using one's role and ability to influence others in some way, which delivers business results and contributes to the organization's overall success. True leadership comes from influence, congruence and integrity. A successful leadership involves the management of relationships and communications within a team, and drives the team towards achieving a specific goal. Leadership reflects on the ability of one to "express a vision, influence others to achieve results, encourage team cooperation, and be an example". It is important to note, however, that one who is in the formal role of a leader may not necessarily possess leadership skills nor be capable of leading. Leadership is essentially related to one's skills, abilities and degree of influence, instead of power.

Leadership is generally defined simply as influence, the process of influencing people in order for them to strive willingly towards the achievement of organizational goals and objectives (Peelz, 2011). While the word style is closely equivalent to the way in which the leader influences followers. Therefore, every group of people that perform very close to its entire culpability has some persons as its head that is definitely skilled in the art of leadership. Leadership is concerned with the total manner in which a manager influences

action of subordinates. It includes the issuing of orders that are clearly accomplished. It implies a continual training activity in which subordinates are given training activity; instructions to enable them carry out the particular assignment in the existing situation. It necessarily involves the motivation of workers to try to meet the expectation of managers.

1.1.2 Employee Productivity

Employee productivity (sometimes referred to as workforce productivity) is an assessment of the efficiency of a worker or group of workers. Productivity may be evaluated in terms of the output of an employee in a specific period of time. According to Mathis and John (2007) productivity is a measure of the quantity and quality of work done, considering the cost of the resources used. The more productive an organization, the better its competitive advantage, because the costs to produce its goods and services are lower. Better productivity does not necessarily mean more is produced; perhaps fewer people (or less money or time) was used to produce the same amount. McNamara (2009) further states that, results are usually the final and specific outputs desired from the employee. Results are often expressed as products or services for an internal or external customer, but not always. They may be in terms of financial accomplishments, impact on a community; and so whose results are expressed in terms of cost, quality, quantity or time.

Measuring productivity involves determining the length of time that an average worker needs to generate a given level of production. One can also observe the amount of time that a group of employees spends on certain activities such as production, travel, or idle time spent waiting for materials or replacing broken equipment. The method can determine whether the employees are spending too much time away from production on other aspects of the job that can be controlled by the business. Employee productivity may be hard to measure, but it has a direct bearing on a company's profits. An employer fills his staff with productivity in mind and can get a handle on a worker's capabilities during the initial job interview. However, there are several factors on the job that help maximize what an employee does on the job (Lake, 2000).

Tierney (2009) state that, perhaps none of the resources used for productivity in organizations are so closely scrutinized as the human resources. Many of the activities undertaken in a human resource system are designed to affect employee or organizational productivity. Pay, appraisal systems, training, selection, job design and compensation are human resource activities directly concerned with productivity. Voon (2011) continues to state that controlling labour costs and increasing productivity through the establishment of clearer linkages between pay and performance are considered to be key human resource management component of competitive advantage. In addition, increased concerns over productivity and meeting customer requirements have prompted renewed interest in methods designed to motivate employees to be more focused on meeting (or exceeding) customer requirements and increasing productivity.

1.1.3 KCB Bank Limited

KCB Bank Limited (KCB) is a financial service provider headquartered in Nairobi, Kenya. It is licensed as a commercial bank, by the Central Bank of Kenya (Gakenia, 2008). It is one of the largest commercial banks in Kenya and has the largest branch network with over 200 branches. It has the widest network of banking outlets comprising of over 222 branches and over 400 automated teller machines in Kenya, Burundi, Rwanda, South Sudan, Tanzania and Uganda (Kithinji, 2010). The bank has over 280 automated teller machine outlets spread across the East Africa Region and bank has also partnered with Pesa Point and Kenswitch to provide more channels for customers to access their funds. Other channels available to customers include mobile banking (Mobi), Internet Banking and Agency Banking (KCB Mtaani). Prior to 2015, KCB Bank Ltd was both a licensed bank and a holding company for its subsidiaries. In compliance with the Kenya Finance Act No.57 of 2012, KCB Group announced in April 2015 of its intention to incorporate a new wholly owned subsidiary, KCB Bank Kenya Limited, to which it would transfer its Kenyan banking business, assets and liabilities. The re-organisation converted KCB Group into a non-trading holding company that owns both banking and non-banking subsidiary companies (Warue, 2013).

Due to its large network, KCB has the largest management structure with over 4500 employees. The Board and Management reviews its management structure at various levels from time to time in line with the realities of the business. KCB's management structure employee occupations account for about 25 percent of employment in the banking industry. Financial managers direct bank branches and departments, resolve customers' problems, ensure that standards of service are maintained, and administer the institutions' operations and investments (Anbari, 2003). The Group Chief Operating officer is responsible for the daily operation of the bank. The primary role of a Chief Finance Officer makes sure that financial records of the bank are in order (Gong, 2009). The managers are responsible for the operation, administration, marketing, training, lending and security of a local bank branch. They may also discuss services, such as deposit accounts, lines of credit, sales or inventory financing, cash management, stock investments, or investment services.

1.2 Research Problem

In the recent past years, leadership has engaged as a new effective approach for managing the employees and organization at large. The traditional concept of personnel administration has gradually replaced with the human resource management. This give importance to the strategic integration of new leadership styles into effective management of employees and to improve the employee productivity (Gong, 2009). Leaders are accountable for the performance of their organization or the success of the government, which is dependent on employee's productivity. Leadership is an indispensable requisite for the success of any organization (Lewis, 2013). Since an organization requires a leader to shape the behavior of employees and lead them to the desired direction. Research into leadership and employee productivity is becoming more important because some researchers have examined the relationship between them and also the relationship between leadership, motivation and productivity (Koopman, 2005). There is however, still some debate over leadership on whether it facilitates in employee productivity that further leads to organizational performance.

KCB Bank considers employees as the most effective asset in achieving organizational objectives and goals. Employees in the bank have the tendency to enhance the organization's productivity by utilizing the organizational capital efficiently and effectively. In order to advantageously utilize this asset, good leadership is considered being the most important determinant that increases employee productivity (Javaid, 2012). In this case, KCB Bank is chosen since there has been employees' high productivity which could be attributed to the exercise of desirable leadership. A research into the influence of leadership on employee performance may be necessary in finding the type of leadership the bank applies and how it affects the employees.

Various studies have been done in relationship to leadership and productivity. Idowu (2011) studied on the effects of leadership style on organizational performance: a survey of selected small scale enterprises in ikosi-ketu council development area of Lagos state, Nigeria. The findings showed that transformational leadership style had positive but insignificant effect on performance. The study also stated that transactional leadership style was more appropriate in inducing performance in small scale enterprises than transformational leadership style. Halder (2015) did a research on the effect of leadership styles practiced in an organization and their effect on employee performance. The findings indicated that the autocratic leadership was useful in the short term and democratic leadership style was useful in all time horizon. Participation leadership style was most useful in long term and effect on employees was positive.

Akoth (2015) researched on the transformational leadership on the performance of employees in Kenya: the case of Kenya wildlife service. The findings indicated that motivation affects effectiveness of the performance, incentives motivate employees to be more productive and that Kenya wildlife Service is committed to setting standard goals. Kitili (2013) did an investigation of the influence of leadership style on employee performance in Kenya, a case study of coffee research foundation in Ruiru. The study found out that the leadership style adopted by CRF influenced positively to employee motivation, commitment and productivity. Kamau (2013) did a research on fringe benefits effects on employee productivity in the public sector (a case of state department

of water, Nairobi County, Kenya). From the study it was established that security benefits such as meal, transport and house allowances contributed positively to employee productivity.

Obiwuru (2011) did a study on the effects of leadership style on organizational performance: a survey of selected small scale enterprises in Ikosi-Ketu council development area of Lagos state, Nigeria. The result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance.

In this case, KCB Bank is chosen since there has been employees' high productivity which could be attributed to the exercise of desirable leadership. A research into the influence of leadership on employee performance may be necessary in finding the type of leadership the bank applies and how it affects the employees. All the above studies have covered leadership in relation to employee productivity in different sectors. Some of the studies have been undertaken in small scale enterprises, in the wildlife service and different departments, thus, none had been done in banking industry especially in KCB bank. Therefore, the study sought to answer the question; what is the influence of leadership on employee productivity at KCB Bank Ltd?

1.3 Objective of the Study

To establish the influence of leadership on employee productivity at KCB Bank Kenya Ltd.

1.4 Value of the Study

The study findings benefit businesses in the banking industry in appreciating the critical role played by sound Leadership and Governance structures in improving organization's employee productivity both at national and international fronts. Lately the banking sector has been experiencing some turbulence emanating from leadership and Governance gaps and this study assist management of commercial banks to evaluate how employees and regulator perception of top leadership impacts employee productivity of the respective bank.

The findings from the study is important because they have the capacity of being used to formulate policy guidelines which are relevant and sensitive to the forces that influence the banking sector productivity in Kenya.

This study benefit Central Bank of Kenya as the regulator, Kenya Bankers Association and Ministry of Finance formulate leadership and governance models whose overall objectives are to restore trust in the banking sector, accelerate rate of growth, build productive and profitable institutions.

To the academicians the study contribute to the existing literature in the field of Leadership and Governance. It should also act as a stimulus for further research to refine and extend the present study especially in Kenya. Findings of the study is useful to researchers and scholars as it contributes to the body of knowledge in the area of Leadership and Governance. It also assists other researchers to further their studies on areas of interest not yet exploited.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the influence of leadership on employee productivity as presented by various researchers, scholars, analysts and authors. The chapter also provides the theories underpinning the study.

2.2 Theoretical Foundation

This section examines the various theories that were used to inform the study on the influence of leadership on employee productivity. The study was guided by the following two theories; path goal theory and transformational leadership theory.

2.2.1 Path Goal Theory

The path-goal theory was first introduced by Martin Evans (1970) and then further developed by House (1971). It is a theory based on specifying a leader's style or behavior that best fits the employee and work environment in order to achieve a goal (House, 1971). The goal is to increase employees' motivation, empowerment, and satisfaction so they become productive members of the organization.

In the field of organizational studies, the path-goal theory considers the impact of a leader's behavior on workers' job satisfaction, motivation and effectiveness. Also referred to as the path-goal theory of leader effectiveness. In the 1990s, the theory underwent subsequent revision from its original 1971 formulation by Robert J. House. The theory is identified by four leadership behaviors. Each leadership behavior aims to maximize worker outcomes by recognizing the impact of both environmental factors and worker characteristics in job performance (Zaccaro, 2007).

The path goal theory is complimentary to transformational theory in as far as this study is concerned as it describes the way that leaders should encourage and support their followers in achieving set goals by making their path clearer. The leaders should do this by clarifying the path for their subordinates to know the way, by removing any

roadblocks that hinder performance and finally by increasing their rewards when goals are achieved. This study therefore seeks to operate within the framework of transformational theories with path goal theory as a complimentary.

2.2.2 Transformational Leadership Theory

According to Bass (2006) the transformational leadership was coined by Burns (1978). Transformational leadership theory has evolved from and contains elements of preceding leadership types, such as trait and behaviour theories, charismatic, situational and transactional leadership. The Transformational Leadership theory states that this process is by which a person interacts with others and is able to create a solid relationship that results in a high percentage of trust, that will later result in an increase of motivation, both intrinsic and extrinsic, in both leaders and followers.

Transformational theory focus upon the connections formed between leaders and followers. Transformational leadership is the leader's ability to motivate followers to rise above their own personal goals for the greater good of the organization. Bass (2006) theorized that the transformational style of leadership comes from deeply held personal values which cannot be negotiated and appeals to the subordinates' sense of moral obligation and values. Bass declared there were four types of transformational leadership behavior, namely idealized influence (charisma), inspirational motivation, individualized consideration, and intellectual stimulation.

According to transformational leadership theory, a leader can make a positive difference in an employee's life and Bass Transformational Leadership Theory may be a solution in various cases. The theory enhances the motivation, morale, and performance of followers through a variety of mechanisms (Bushra, 2011). These include connecting the follower's sense of identity and self to the project and the collective identity of the organization; being a role model for followers that inspires them and makes them interested; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that enhance their performance.

2.3 Leadership Approaches

Because of the wide variety of leadership theories various scholars have used systems for classifying different leadership styles to help leaders in understanding and choosing the right leadership style. Four of the most basic leadership styles are: Autocratic, Bureaucratic, Laissez-faire and Democratic. This research will briefly define each style and describe the situations in which each one might be used.

2.3.1 Autocratic Leadership Style

Autocratic leadership style which was later named as classical leadership is the extreme strict principle in which the leader maintains a master-servant relationship with members of the group. The autocratic leader is task centered and his/her focus is to get a certain task done quickly. Autocratic leader makes all the decisions and assigns tasks to members of the group. In organizational environment these leaders are usually powerful CEOs who hold multiple titles (chairman, CEO, president), receive high compensation, and often control large shareholdings to dominate companies (Muller, 2007). These leaders are usually blessed with a charismatic and self-confident personality. Autocratic leaders use their position to pursue aggressive and visionary goals and their power through organization culture, press and media to praise their own initial success (Men, 2013).

The main advantage of autocratic leadership style is that it gets things done quickly. Moreover it ensures that the leader gets listened to and lets team members know when their behavior is unacceptable. However autocratic leadership style has many disadvantages and it is considered as a destructive leadership behavior (Sorenson, 2010). Basically any organization that relies on the ability of a single person is living dangerously. As suggested by various scholars the major cause of organizational decline is a top executive who has too much power and some of the main disadvantages of autocratic leaderships are that it doesn't allow team members to think for themselves and this limits innovation and employee participation. Moreover, this leadership style can distance team members from the leader which can cause low level of job satisfaction and trust in the organization.

2.3.2 Democratic Leadership Style

The democratic leadership style is also called the participative style as it encourages employees to be part of the decision making (Gastil, 2012). The democratic manager keeps his or her employees informed about everything that affects their work and shares decision making and problem solving responsibilities. This style requires the leader to be a coach who has the final say, but gathers information from staff members before making a decision. Democratic leadership can produce high quality and high quantity work for long periods of time. Many employees like the trust they receive and respond with cooperation, team spirit, and high morale. Typically the democratic leader develops plans to help employees evaluate their own performance, allows employees to establish goals, encourages employees to grow on the job and be promoted, recognizes and encourages achievement.

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems (Leban, 2014). The democratic leadership style is most effective when the leader wants to keep employees informed about matters that affect them, the leader wants employees to share in decision-making and problem-solving duties, and when the leader wants to provide opportunities for employees to develop a high sense of personal growth and job satisfaction. It is also effective when there is a large or complex problem that requires lots of input to solve, changes must be made or problems solved that affect employees or groups of employee and when one wants to encourage team building and participation (Aronson, 2011). Democratic leadership should not be used when there is no enough time to get everyone's input, it's easier and more cost-effective for the manager to make the decision, the manager feels threatened by this type of leadership and when employee safety is a critical concern.

2.3.3 Laissez-faire Leadership Style

Laissez-faire leadership, also known as delegative leadership, is a type of leadership style in which leaders are hands-off and allow group members to make the decisions.

Researchers have found that this is generally the leadership style that leads to the lowest productivity among group members. The laissez-faire leadership is the extreme loose principle which includes non-interference policy that allows complete freedom to all the employees and has no particular way of attaining goals (Cummings, 2010). This style of leadership is people centered and the leaders leave the group to make its own decision without participating or even setting a deadline for the decision.

In this style leader hopes that the group will make the right decision the main advantage of this style is that it lets the team members to bond and can lead to successful decisions if group members take ownership and responsibility of the task. However, the main disadvantage is that employees will often perceive the leader as indifferent to the organization and they might make the wrong decision without even realizing it. Since there is absolutely no control or guidance in this style of leadership wrong decisions can impose devastating effects on organizations (Stafford, 2010). Laissez-faire can also be considered as a destructive leadership behavior because in the absence of the leader's control some individuals can dominate group decisions and bully other members in the group.

Laissez-faire leadership can be effective in situations where group members are highly skilled, motivated and capable of working on their own. While the conventional term for this style is 'laissez-faire' and implies a completely hands-off approach, many leaders still remain open and available to group members for consultation and feedback. Laissez-faire leadership is not ideal in situations where group members lack the knowledge or experience they need to complete tasks and make decisions (Egri, 2011). Some people are not good at setting their own deadlines, managing their own projects and solving problems on their own. In such situations, projects can go off-track and deadlines can be missed when team members do not get enough guidance or feedback from leaders.

2.3.4 Bureaucratic Leadership Style

Bureaucratic leadership is where the manager manages “by the book” everything must be done according to procedure or policy. If it isn't covered by the book, the manager refers to the next level above him or her (Blanchard, 2008). This manager is really more of a

police officer than a leader. He or she enforces the rules. This style of leadership follows a close set of standards. Everything is done in an exact, specific way to ensure safety and/or accuracy.

This style can be effective when employees are performing routine tasks over and over, employees need to understand certain standards or procedures; employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate, safety or security training is being conducted and when employees are performing tasks that require handling cash. This style is ineffective when employees form work habits that are hard to break, if especially the managers are no longer useful, employees lose their interest in their jobs and in their fellow workers and when employees do only what is expected of them and no more (Gastil, 2012).

In the working world bureaucratic leadership skills would be best utilized in jobs such as construction work, chemistry-related jobs that involve working with hazardous material, or jobs that involve working with large amounts of money. A natural bureaucratic leader will tend to create detailed instructions for other members of a group. This type of leader would also be very successful working in student government roles (Sosik, 2009).

2.4 Measures of Leadership

The Multifactor Leadership Questionnaire (MLQ-5X) is the standard instrument for assessing transformational and transactional leadership behavior (Bass & Avolio, 2007). It has been translated into many languages and used successfully by both researchers and practitioners around the world. It measures a broad range of leadership types from passive leaders, to leaders who give contingent rewards to followers, to leaders who transform their followers into becoming leaders themselves. The MLQ identifies the characteristics of a transformational leader and helps individuals discover how they measure up in their own eyes and in the eyes of those with whom they work. Success can be measured through a retesting program to track changes in leadership style. The program described in the MLQ Trainer's Guide provides a solid base for leadership training.

In detail, five transformational, three transactional, one laissez-faire, and three outcome scales are included in the MLQ-5X. The first of the transformational scales is Inspirational Motivation. Central to this subscale of transformational leadership is the articulation and representation of a vision by the leader (Bass & Avolio, 2007). Consequently, by viewing the future with a positive attitude, followers are motivated. Idealized Influence (attributed) refers to the attribution of charisma to the leader. Because of the leaders' positive attributes (e. g. perceived power, focusing on higher-order ideals and values), followers built close emotional ties to the leader. Trust and confidence is likely to be built in followers. Idealized Influence (behavior) emphasizes a collective sense of mission and values, as well as acting upon these values. Next, Intellectual Stimulation includes challenging the assumptions of followers' beliefs, their analysis of problems they face and solutions they generate. Individualized Consideration is defined by considering individual needs of followers and developing their individual strengths. On the side of the transactional leadership scales, Contingent Reward is a leadership behavior by which the leader focuses on clear defined tasks, while providing followers with rewards (material or psychological) on the fulfillment of these tasks (Bass & Avolio, 2007). In Active Management-by-Exception, the leader watches and searches actively for deviations from rules and standards in order to avoid these deviations; if necessary, corrective actions are taken. In contrast, in Management-by-Exception passive intervening only occurs after errors have been detected or if standards have not been met. An even more passive approach is Laissez-Faire, which is basically defined as the absence of leadership. As such, Laissez-faire is used as a non-leadership contrast to the more active forms of transformational and transactional leadership approaches.

The three outcome criteria which are included in the MLQ are followers' Extra Effort (EEF), the Effectiveness of leader's behavior (EFF), and followers' Satisfaction (SAT) with their respective leader. In combination, these scales form the Full Range of Leadership, a comprehensive model developed by Avolio and Bass (2007). In addition, the Full Range of Leadership Development Program (FRLD) has proven its effectiveness (Bass & Avolio, 2007). Leaders in profit and non-profit organizations around the world

enhance their leadership skills by means of the FRLD and thus apply successfully the transformational - transactional leadership paradigm.

2.5 Measures of Productivity

Productivity is commonly defined as a ratio of a volume measure of output to a volume measure of input use. While there is no disagreement on this general notion, a look at the productivity literature and its various applications reveals very quickly that there is neither a unique purpose for, nor a single measure of productivity (Eagly, 2012). The need to improve productivity measurement is apparent in both manufacturing and service industries. Many organizations have used productivity measurement as a primary tool for communicating future directions, establishing functional and project accountability, defining the roles and responsibilities, allocating the limited resources, monitoring and evaluating the activities, linking among key organizational processes, establishing the targets and benchmarks, and initiating necessary changes to ensure continuous improvement.

Productivity measurement is used to refer to performance appraisal, management information systems, production capability assessment, quality control measurement, and the engineering throughput of a system (Aronson, 2011). From a practical perspective, the measures should be as cost-effective as possible; they should make use of existing sources of data insofar as these are reliable and valid. Additionally, the value to the organisation provided by the measurement should meet or exceed the cost of the measurement. Productivity measures should be valid and also be perceived as valid by organisational members in order to gain increased acceptance (Leban, 2014).

There are many different productivity measures. The choice between them depends on the purpose of productivity measurement and, in many instances, on the availability of data. Broadly, productivity measures can be classified as single factor productivity measures (relating a measure of output to a single measure of input) or multifactor productivity measures (relating a measure of output to a bundle of inputs). Another distinction, of particular relevance at the industry or firm level is between productivity

measures that relate some measure of gross output to one or several inputs and those which use a value-added concept to capture movements of output (Graen, 2013).

The complexity that characterizes the labour environment requires productivity improvement in order to influence the quality of life of all human resources (Men, 2013). This is equally true for the success of most organisations. Deciding how to improve productivity in the current environment is a great challenge that is only possible to comprehend within the context of dependency between the various elements. The manager, in order to be able to decide and act in this context, needs to have the right tools and understand that the organisation is not a perfectly controllable machine or a lifeless object, but a thinking, acting being.

Indicators of productivity should be intelligible to the people who must take action on the measurement (Kendrick, 2004). Finally, productivity indices should span the range of productivity levels that could be achieved by the person or team. This is usually achieved by having multiple sub-indices of productivity as components of the measurement system. Another criterion related to the comprehensiveness of the system is the presence of an overall index of productivity (David, 2003). The overall index allows the sub-indices to be captured by a single figure on a common metric, which can then be used to gauge improvements or decrements in productivity across time. This overall index also allows better evaluation of the effects of an organisational intervention on productivity. The overall index should be comparable across teams and organisations. If the measurement system can quantify the progress towards the organization's goals, it can be far more successful.

2.6 Leadership and Employee Productivity

Hurduzeu (2015) researched on the impact of leadership on organizational performance. The main objectives of the study were to find out the concepts and types of leadership behaviors and investigate the impact of leadership behavior on organizational performance in the case company D&R Cambric Communication. Both the qualitative and quantitative research method was used in the study. There were 29 respondents out of a total 54 employees in the company. The results driven from the research showed that

there was a strong impact of leadership behaviors on organizational performance. The leadership behaviors were found out to be very important key factors for the growth of the companies in the service sectors.

Leng (2014) studied on the impact of leadership styles on employee productivity in retail industry. Questionnaires were used as the research instrument. A total of 384 sampling size were chosen for the survey. The 400 questionnaires were distributed to collect the responses from the employees in the retail industry. The questionnaires were distributed to the retail employees from three states of Malaysia, including Perak, Johor, and Penang. The results of the research showed that there was a significant relationship between the leadership styles and employee productivity, which means there was a significant impact of leadership styles towards the employee productivity in the retail industry.

Kerario (2013) studied on the impact of transactional leadership on the performance of employees in Kenya: the case of Mumias Sugar Company. The study aimed at showing the impacts that this form of leadership had on the employees of an organization in terms of their performance rate. It was a representative study in design with a cross sectional component whereby all relevant parties were involved. The study population was specific employees of Mumias Sugar Company selected for the study. Questionnaires were used to collect relevant data. The findings indicated that there was a positive relationship between transactional leadership and subordinate job satisfaction which intern yields performance.

Bushra (2011) examined the different leadership styles on employees' performance in Pakistan. The primary focus of the study was to investigate the impact of leadership style on employees' performance. The study used quantitative approach to measure the impacts of leadership on performance. Data was collected through structured questionnaire in which respondents were issued with close-ended questionnaires. The study found out that the relationship between employees' performance with democratic style was statistically significant. It concluded that if the leader involves the employees in decision making process, having friendly relationship with them and decrease their stress at work place, he can maximize their productivity.

Mukui (2011) did a research on the effect of transformational leadership on employee performance: a survey of five selected faith-based nongovernmental organizations in Nairobi County. Stratified Random sampling technique was used to draw the sample. A questionnaire and an interview guide were used for data collection with closed ended questions designed for the employees while an open ended interview guide was designed for leaders. A descriptive survey design was used whereby leaders practicing transformational leadership as well as their subordinates subjected to this type of leadership formed the population of the study. Findings of this study indicated that transformational leadership in faith based non-governmental organizations led to employee performance to some degree.

Rita (2010) measured the impact of leadership style and employee empowerment on perceived organizational reputation. A quantitative survey method was used in the present study because it provides a cost-effective and efficient way of collecting data from large populations (Stacks, 2010). The on-line questionnaire was adopted as the technique for data collection. An on-line survey was conducted with 700 randomly selected employees from diverse work units of a Fortune 500 company in the United States. A total of 166 employees completed the on-line survey with a response rate of 23.7%. The results showed that transformational leadership positively influences employees' perception of organizational reputation, not only directly but also indirectly, through empowering employees. Transactional leadership represented by contingent reward behavior has a significant negative direct effect on employees' perception of organizational reputation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, data collection methods and comes to a conclusion with the data analysis and data presentation methods that was used in this study.

3.2 Research Design

The function of a research design is to ensure that the data obtained during the data collection was adequate in answering the initial question(s) as unambiguously as possible (Mugenda, 2010). According to Kothari (2004) a good research design must yield maximum information and provide an opportunity for considering many different aspects of the problem. The study employed a descriptive survey research design. A descriptive survey enabled the researcher to describe the characteristics of the variables of interest.

3.3 Population of the Study

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran, 2005). According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. Target population in statistics is the specific population about which information is desired. This definition ensures that population of interest is homogeneous. The population was derived from all the managers and employees of KCB Bank Kenya Ltd.

3.4 Sampling

Sampling refers to the process of obtaining information about an entire population by examining only a part of it. A sample is the segment of the population that is selected for investigation (Bryman & Bell, 2003). In quantitative research, the need to sample is one that is almost invariably encountered. Because the research is studied from both the

managers and employees' point of view, the population involved all managers of KCB Bank Kenya Ltd in all the 50 branches in Nairobi Region.

From the population frame the required number of employees were selected in order to make a sample. The data was obtained from the ratings awarded on the Balance score card (BSC) as an average for each group of employees under the categories namely; Managers, Business focus team, Operations and compliance, Tellers and Customers service team as at 31st December 2015. Stratified proportionate random sampling technique was used to select the sample from 800 employees in KCB Bank Ltd in Nairobi Region branches. According to Deming (1990) stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Where there are no estimates available for the proposition in the target population, Mugenda and Mugenda (2003) proposes that 50% of the total population should be used.

Table 3.1: Sampling Frame

Level	Frequency	Percentage	Sample size
Managers	50	50	25
Business Focus Team	60	50	30
Operations and Compliance Team	100	50	50
Tellers	150	50	75
Customer Service Team	90	50	45
Total	450		225

Source: Author, (2016)

3.5 Data Collection

Primary data was collected by means of a semi- structured questionnaire. The questionnaires was self-administered via the use of email, drop and pick later method to the managers in the organization. According to Cooper and Schindler (2006) the use of structured questions on the questionnaire allows for uniformity of responses to questions. The questionnaire was in 3 sections. Section A contained demographic information;

Section B was a series of statements to capture perception of managers on the leadership style, and Section C will be for capturing leaders' self-rated performance. The key variables include the independent variables, which are leadership styles namely, transformational, transactional, and laissez faire. The scale used for leadership styles in order to measure them was the Multi factor Leadership Questionnaire developed by Avolio and Bass (1995) modified to fit the context of the study. The second variable measured was the dependent variable which is employee productivity based on a scale of Yousef (2000).

3.6 Data Analysis

Data analysis according to Kothari (1990) involves a number of closely related operations which are performed with the purpose of summarizing the collected data and organizing them in such a manner that they answer the research questions. Before the actual analysis of data using SPSS, data was cleaned, edited, checked for accuracy and coded. The completed questionnaires was edited for completeness and consistency; data was checked for errors and omissions. Quantitative data collected using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies.

A regression model was used to test the influence of leadership on employee productivity. This helped to evaluate and understand the relationships between the dependent and independent variables of the study. The two basic types of regression are linear regression and multiple regressions. Linear regression uses one independent variable to explain and/or predict the outcome of Y, while multiple regressions use two or more independent variables to predict the outcome. The general form of each type of regression is:

$$\text{Linear Regression: } Y = \beta_0 + \beta X + \varepsilon \quad (1)$$

$$\text{Multiple Regression: } Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y = Employee productivity

X₁ = Transformational leadership style

X₂ = transactional leadership style

X_3 = Laissez-faire leadership style

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ = Beta coefficients;

ε = Error Term.

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION DISCUSSION AND
INTERPRETATION

4.1 Introduction

This chapter presents the research findings and interpretes them. The chapter presents the background information of the respondents, findings from the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study.

4.1.1 Response Rate

The study targeted a sample of 225 respondents from which 177 filled in and returned the questionnaires, making a response rate of 78.67%. This response rate was satisfactory to make conclusions for the study as is representative of the population. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate for this study was excellent.

4.2 Demographic Information

This sub-section investigates on respondents' background information; mainly it includes gender of the respondent, age, education level and period worked with the bank.

4.2.1 Gender

The study sought to establish the gender composition of the respondents. Results are shown in table 4.2

Table 4.2 gender composition of the respondents

Gender	Frequency	Percentage Frequency
Male	91	51.4
Female	86	48.6
Total	177	100.0

From the results, it is noted that majority of the respondents as shown by 51.4% were males whereas 48.6% were females. This shows that the respondents of this study were mainly dominated by male gender.

4.2.2 Age Distribution

Different age groups are perceived to hold diverse opinions on different issues. In this essence the study requested the respondents to indicate their age category. Results on age distribution are shown in table 4.3 below.

Table 4.3 Age Distribution

Age Distribution	Frequency	Percentage
15-20 years	24	13.6
21-30 years	45	25.4
31-40 years	65	36.7
41-50 years	43	24.3
Total	177	100.0

From the results in table 4.3, most of the respondents as shown by 36.7% were aged between 31 to 40 years, 25.4% of the respondents were aged between 21-30 years, 24.3% were 41 to 50 years old whereas 13.6% of the respondents were between 15-20 years. This implies that respondents were fairly distributed in terms of their age.

4.2.3 Educational Level of Respondents

The respondent were asked to indicate their level of education. The table 4.4 below summarizes the responses.

Table 4.4 Level of Education

Level of Education	Frequency	Percentage
College Diploma	16	9.1
Undergraduate level	51	28.8
Master	110	62.1
Total	177	100.0

As shown in table 4.4, the study revealed that majority of the respondents, 62.1% had attained a masters degree whereas, 28.8% of the respondents had attained undergraduate degrees and 9.1 % of the respondents had attained college diplomas. This implies that respondents were well educated and therefore were in position to respond to the research questions with ease.

4.2.4 Period of Service in the bank

This study sought to find out the duration of time that an individual had worked in the bank. The findings are shown in Table 4.5 below.

Table 4.5 Length of Service in the Bank

Period of Service	Frequency	Percentage
Below 2 Years	22	12.4
3 – 5 Years	29	16.4
6 – 8 Years	73	41.3
9 years and above	53	29.9
Total	177	100.0

As indicated in table 4.5, majority of the respondents as shown by 41.3% had served in the bank for 6 to 8 years, 29.9% had served in the bank for 9 years and above, 16.4% had served in the bank for a period of 3 to 5 years while 12.4% indicated they had served in the bank for a period of less than 2 years. These results imply that majority of the respondents had served for a good considerable period of time in the hospital which implied that they were in a position to give credible information relating to this study.

4.3 Leadership Styles

The researcher sought to establish predominant leadership style (s) in the bank. The respondents were requested to indicate their views. 87.0 % of the respondents indicated that KCB bank has specific leadership style. Further the respondents were asked to indicate those specific leadership style. From the findings majority of the respondents indicated that the leadership style KCB bank have a general democratic leadership style,

leadership is people driven for purposes of enabling all to realize their dreams. Leaders lead by example, they are up to date on current business affairs. There are open and clear lines of communication both horizontally and vertically. Open forums during meetings/all are given a chance by leaders to express themselves

Table 4.6 Leadership Styles

Statements	Mean	Std. deviation
Idealized Attributes		
I instill pride in others for being associated with me	4.11	0.51
I display a sense of power and confidence	3.89	0.81
I go beyond self-interest for the good of the group	3.97	0.73
I act in ways that build others' respect for me	4.13	0.72
Idealized Behaviors		
I specify the importance of having a strong sense of purpose	4.23	0.96
I consider the moral and ethical consequences of decisions	4.13	0.35
I emphasize the importance of having a collective sense of mission	4.12	0.65
I talk about my most important values and beliefs	3.96	0.56
Inspirational Motivation		
I express confidence that goals will be achieved	3.69	0.75
I talk optimistically about the future	3.79	0.76
I talk enthusiastically about what needs to be accomplished	3.98	0.58
I articulate a compelling vision of the future	4.05	0.22
Intellectual Stimulation		
I re-examine critical assumptions to question whether they are appropriate	4.23	0.21
I get others to look at problems from many different angles	4.26	0.61
I suggest new ways of looking at how to complete assignments	4.09	0.26
I seek differing perspectives when solving problems	4.07	0.19
Individual Consideration		
I spend time teaching and coaching	3.96	0.44
I treat others as individuals rather than just as a member of a group	3.88	0.56
I consider an individual as having different needs, abilities, and aspirations from others	3.65	0.43
I help others to develop their strengths	4.03	0.37

From the findings in the table 4.6, majority of the respondent agreed that, they instill pride in others for being associated with them (M=4.11, SD=0.51), display a sense of power and confidence (M=3.89, SD=0.81), go beyond self-interest for the good of the

group (M=3.97, SD=0.73) and act in ways that build others' respect (M=4.13, SD=0.72). Further the respondent agreed that, they; specify the importance of having a strong sense of purpose (M=4.23, SD=0.96), consider the moral and ethical consequences of decisions (M=4.13, SD=0.35), emphasize the importance of having a collective sense of mission (M=4.12, SD=0.65) and talk about my most important values and beliefs (M=3.96, SD=0.56). This finding is in line with (Muller, 2007) that autocratic leaders use their position to pursue aggressive and visionary goals and their power through organization culture, press and media to praise their own initial success.

Further the respondents were confident that goals will be achieved (M=3.69, SD=0.75), talked optimistically about the future (M=3.79, SD=0.76), talked enthusiastically about what needs to be accomplished (M=3.98, SD=0.58) and articulate a compelling vision of the future (M=4.05, SD=0.22). They further agreed that they re-examine critical assumptions to question whether they are appropriate (M=4.23, SD=0.21), get others to look at problems from many different angles (M=4.26, SD=0.61), suggest new ways of looking at how to complete assignments (M=4.09, SD=0.26) and seek differing perspectives when solving problems (M=4.07, SD=0.19). The respondents also agreed that they spend time teaching and coaching (M=3.96, SD=0.44), treat others as individuals rather than just as a member of a group (M=3.88, SD=0.56), consider an individual as having different needs, abilities, and aspirations from others (M=3.65, SD=0.43) and help others to develop their strengths (M=4.03, SD=0.37). This finding concurs with that of (Gastil, 2012) that democratic manager keeps his or her employees informed about everything that affects their work and shares decision making and problem solving responsibilities.

Further, the respondents were requested to rate the statements in table 4.7 using a scale of 1-5, where 5= strongly agree; 4=Agree; 3=Neutral; 2= Disagree; 1=strongly Disagree. The average mean and standard deviations are shown in Table 4.7 below.

Table 4.7 working style/relationship with Subordinates

Statements	Mean	Std. deviation
Contingent Reward (CR)		
I express satisfaction when others meet expectations	4.08	0.81
I discuss in specific terms who is responsible for achieving performance targets	3.93	0.14
I make clear what one can expect to receive when performance goals are achieved	3.68	0.21
I provide others with assistance in exchange for their efforts	4.06	0.65
Management-by-Exception: Active (MBEA)		
I direct my attention toward failures to meet standards	3.98	0.56
I keep track of all mistakes	3.95	0.35
I focus attention on irregularities, mistakes, exceptions, and deviations from standards	4.21	0.28
I concentrate my full attention on dealing with mistakes, complaints, and failures	4.02	0.69
Management-by-Exception: Passive (MBEP)		
I fail to interfere until problems become serious	2.00	0.11
I wait for things to go wrong before taking action	1.61	0.62
I show that I am a firm believer in “If it ain’t broke, don’t fix it.”	2.31	0.20
I demonstrate that problems must become chronic before I take action	1.98	0.63
I avoid getting involved when important issues arise	1.96	0.26
I am absent when needed	2.01	0.39
I avoid making decisions	1.02	0.32
I delay responding to urgent questions	1.12	1.03

The findings in table 4.7 indicated that most of the respondents agreed that they express satisfaction when others meet expectations (M=4.08, SD=0.81), they discuss in specific terms who is responsible for achieving performance targets (M=3.93, SD=0.14), make clear what one can expect to receive when performance goals are achieved (M=3.68, SD=0.21) and they provide others with assistance in exchange for their efforts (M=4.06, SD=0.65). They further agreed that; they direct their attention toward failures to meet standards (M=3.98, SD=0.56), they keep track of all mistakes (M=3.95, SD=0.35), focus attention on irregularities, mistakes, exceptions, and deviations from standards (M=4.21, SD=0.28) and they concentrate my full attention on dealing with mistakes, complaints, and failures (M=4.02, SD=0.69). This finding is in line with Cummings (2010) that demonstration of a problem comes before chronic action.

Further majority of the respondent disagreed that; they fail to interfere until problems become serious (M=2.00, SD=0.11), wait for things to go wrong before taking action (M=1.61, SD=0.62), show that I am a firm believer in “If it ain’t broke, don’t fix it (M=2.31, SD=0.20) and they demonstrate that problems must become chronic before I take action (M=1.98, SD=0.63). They further disagreed that they avoid getting involved when important issues arise (M=1.96, SD=0.26), they are absent when needed (M=2.01, SD=0.39), they avoid making decisions (M=1.02, SD=0.32) and they delay responding to urgent questions (M=1.12, SD=1.03). This finding is in line with Aronson,(2011) productivity measures should be valid and also be perceived as valid by organisational members in order to gain increased acceptance.

4.4 Balance Score Card Rating

Table 4.8 shows the data obtained from the average weighting / ratings awarded on the Balance score card (BSC) as an average for each group of employees under the categories namely; Managers, Business focus team, Operations and compliance, Tellers and Customers service team as at 31st December 2015,for KCB Bank K Ltd-Nairobi Region Branches.

Table 4.8 Balance Score Card Rating

Group of Employees	Average Overall BSC Rating Per Each Group as at 31st Dec 2015
Business Focus Team (Personal/business/Micro Bankers)	3.34
Operations and Compliance Team	3.77
Tellers	4.10
Customer Service Team	3.41

From Table 4.8. The results indicated that Business Focus Team Met Performance Targets of KCB bank of Kenya (M=3.34). This is in line with Gastil, (2012) who stated that the customer perspective enables companies to align their core customer outcome measures-satisfaction, loyalty, retention, acquisition, and profitability-to targeted customers and market segments. Further the data shows that Operations and Compliance team Exceed Targets of KCB bank of Kenya (M=3.77), Tellers also generally Exceeds Targets of KCB bank of Kenya (M=4.10). Whereas Customer Service Team meet Performance Targets of KCB bank of Kenya (M=3.41). This concurs with Aronson, (2011) that The BSC (Balanced Scorecard) provide reliable feedback for purposes of management control and performance evaluation.

4.5 Analysis of data on Leadership and Employee Productivity

A regression analysis was applied to find out the influence of leadership on employee productivity at KCB Bank, Nairobi Region Branches. The study adopted the following regression equation to establish the relationship between variables $Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \epsilon$; where Y = Employee productivity, β_0 =the constant of regression, β_1 , β_2 and β_3 = are the regression coefficients/weights of the following respective independent variables: x_1 = Transformational leadership style, x_2 = transactional leadership style, x_3 = Laissez-faire leadership style and ϵ = error term. All the three independent variables were

measured using the responses on each of the variables obtained from the respondents. The results are discussed below.

Table 4.9 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.881 ^a	0.776	0.756	0.000

The three independent variables that were studied explains 77.6% of the influence of leadership on employee productivity at KCB Bank Kenya Ltd, Nairobi Branches as represented by R Squared (Coefficient of determinant). This therefore means that other factors not studied in this research contribute 22.4%. The results of this study concur with Eagly, (2012) who noted that transactional leadership style is important for Employee productivity.

Table 4.10 Anova ^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	241.89	3	80.63	71.99	.000 ^a
Residual	193.76	173	1.12		
Total	435.65	176			

The study used ANOVA to establish the significance of the regression model from which an f-significance value of p less than 0.05 was established ($p=0.000 < 0.05$). The model is statistically significant in predicting how Transformational leadership style, transactional leadership style and Laissez-faire leadership style influence employee productivity. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence the results of high reliability. Using the F-test statistic, the sample F had a value of 71.99 which implies that the regression model is statistically significant ($F= 71.99, P < 0.05$). This model can therefore be used for estimating purposes.

Table 4.11 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.212	.083		2.6	.001
Transformational leadership style	.303	.067	.296	4.5	.020
transactional leadership style	.281	.077	.273	3.6	.000
Laissez-faire leadership style	.196	.059	.186	3.3	.009

- a) Predictors: (Constant), Transformational leadership style, transactional leadership style, Laissez-faire leadership style.
- b) Dependent Variable: Employees productivity.

The established regression equation was $Y = 0.212 + 0.303X_1 + 0.281X_2 + 0.196X_3$

The regression equation above indicates that holding all the independent variable (Transformational leadership style, transactional leadership style and Laissez-faire leadership style) constant, other factors influencing employee productivity account for 0.212 or 21.2% of productivity ($p = 0.001 < 0.05$). The findings also show that taking all other independent variables at zero, a unit increase in transformational leadership style will lead to a 0.303 or 30.3% ($p = 0.020 < 0.05$) increase in the employee productivity. A unit increase in transactional leadership style will lead to a 0.281 or 28.1% ($p = 0.000 < 0.05$) increase in employee productivity and a unit increase in Laissez-faire leadership style will lead to a 0.196 or 19.6% ($p = 0.009 < 0.05$) increase in employee productivity. This shows that transformational leadership style influences employee productivity most followed by transactional leadership style and Laissez-faire leadership style. The study also established a significant relationship between the employee productivity and the independent variables; transformational leadership ($p = 0.020 < 0.05$), transactional leadership style ($p = 0.000 < 0.05$) and Laissez-faire leadership style ($p = 0.009 < 0.05$). The

regression coefficients were tested for significance at $\alpha = 0.05$. Significance occurs at p-values less than 0.05. From the above results, all the predictors are good predictors for the employee productivity. These findings are consistent with that of Men, (2013) who found that transformational leadership has a relationship with employee productivity.

4.6 Discussion of the Findings

From prediction by regression model, the study established that a unit increase in transformational leadership style leads to a 0.303 or 30.3% ($p = 0.020 < 0.05$) increase in the employee productivity, unit increase in transactional leadership style leads to a 0.281 or 28.1% ($p = 0.000 < 0.05$) increase in employee productivity and a unit increase in Laissez-faire leadership style leads to a 0.196 or 19.6% ($p = 0.009 < 0.05$) increase in employee productivity. This finding is in line with Hurduzeu (2015) who established a significant relationship between the leadership styles and employee productivity, which meant that there was a significant impact of leadership styles towards the employee productivity in the retail industry.

The study established that employees act in a ways that build each other, display a sense of power and confidence and they go beyond self-interest for the good of the group ($M=3.97$, $SD=0.73$). The study further established that employees specified the importance of having a strong sense of purpose, consider the moral and ethical consequences of decisions and talk most about important values and beliefs. The study further revealed that most of employees expresses confidence that goals will be achieved ($M=3.69$, $SD=0.75$). This findings concurs to that of Sorenson (2010) who found that there was a strong impact of leadership behaviors on organizational performance. The study also noted that employees talk optimistically about the future and articulate a compelling vision of the future. Most of the employees talk enthusiastically about needs to be accomplished ($M=3.98$, $SD=0.58$).

The study further established that employees re-examined critical assumptions to question whether they are appropriate and gets others to look at problems from many different angles. Most of employees suggest new ways of looking at how to complete

assignments and seeks differing perspectives when solving problems (M=4.07, SD=0.19). Further the study noted that employees at KCB bank spend their time teaching and coaching (M=3.96, SD=0.44) and they consider other people as having different needs, abilities, and aspirations. They also help others to develop their strengths. This find was in line with Kerario (2013) who found a positive relationship between transactional leadership and subordinate job satisfaction which in turn yields performance.

The study further established that most of employees at KCB bank express satisfaction when others meet expectations (M=4.08, SD=0.81). They discuss in specific terms who is responsible for achieving performance targets, they make clear what one expects to receive when performance goals are achieved and they provide others with assistance in exchange for their efforts. The study further revealed that employees direct their attention toward failures to meet standards, they keep track of all mistakes and focus attention on irregularities, mistakes, exceptions, and deviations from standards. Employees also concentrate their full attention on dealing with mistakes, complaints, and failures (M=4.02, SD=0.69). This finding is in line with (Aronson, 2011) productivity measures should be valid and also be perceived as valid by organisational members in order to gain increased acceptance.

Further the study established that employees do not fail to interfere until problems become serious (M=2.00, SD=0.11), they do not wait for things to go wrong before taking action (M=1.61, SD=0.62) and they do not show that they are a firm believer in “If it ain’t broke, don’t fix it.” Further the study revealed that most of employees at KCB bank do not demonstrate that problems must become chronic before I take action, avoid getting involved when important issues arise and avoid making decisions. It was also established that they are present when needed they do not delay responding to urgent questions. This finding conforms to that of Sorenson, (2010) who found leadership behaviors to be very important key factors for the growth of the companies in the service sectors.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on the analysis of the influence of leadership on employee productivity at KCB Bank Kenya Ltd, conclusions and recommendations are drawn there to. The chapter is structured into summary of findings, conclusions, recommendations, limitation of the study and areas of further studies.

5.2 Summary of findings

This section presents the key findings as considered under each objective in the study. The findings on the demographic information of the respondents greatly enhanced the reliability of the research findings. The study findings indicate that majority of the respondents had worked with the bank for more than six years, coupled with the relevant education level needed to enhance the reliability of the information that they provided.

The study revealed that a unit increase in transformational leadership style leads to an increase in the employee productivity, unit increase in transactional leadership style leads to an increase in employee productivity and a unit increase in Laissez-faire leadership style leads to an increase in employee productivity. The independent variables explained 77.6% of the influence of leadership on employee productivity at KCB Bank Kenya Ltd. The model was found statistically significant in predicting how Transformational leadership style, transactional leadership style and Laissez-faire leadership style have influence on employee productivity.

The study has also established that employees at KCB bank act in a way that builds each other, display a sense of power and confidence and they go beyond self-interest for the good of the group. Employees also specify the importance of having a strong sense of purpose, consider the moral and ethical consequences of decisions and they talk most about important values and beliefs. The study further revealed that most of employees

expresses confidence that goals will be achieved and they talk optimistically about the future and articulate a compelling vision of the future.

The study has also revealed that employees re-examine critical assumptions to question whether they are appropriate and gets others to look at problems from many different angles. Most of employees suggest new ways of looking at how to complete assignments and seeks differing perspectives when solving problems. Further the study noted has that employees at KCB bank spend their time teaching and coaching. They also consider other people as having different needs, abilities, and aspirations and help others to develop their strengths.

Further the study has established that employees at KCB bank express satisfaction when others meet expectations and they discuss in specific terms who is responsible for achieving performance targets, they make clear what one expect to receive when performance goals are achieved and they provide others with assistance in exchange for their efforts. The study further revealed that employees direct their attention toward failures to meet standards, they keep track of all mistakes and focus attention on irregularities, mistakes, exceptions, and deviations from standards. Employees also concentrate their full attention on dealing with mistakes, complaints, and failures.

Finally the study revealed that employees do not fail to interfere until problems become serious and they do not wait for things to go wrong before taking action. Further the study revealed that most of employees at KCB bank do not; demonstrate that problems must become chronic before they take action, avoid getting involved when important issues arise and avoid making decisions. It was also established that they are present when needed they do not delay responding to urgent questions.

5.3 Conclusion

This study has provided a comprehensive study of the influence of leadership on employee productivity at KCB Bank Kenya Ltd within Nairobi Branches. Based on the findings of this study, it is concluded that a unit increase in transformational leadership style, transactional leadership style and Laissez-faire leadership style leads to increase in

employee productivity. The model was found statistically significant in predicting how the independent variable influence employee productivity.

Further the study concludes that employees at KCB bank act in ways that build each other, display a sense of power and confidence and they go beyond self-interest for the good of the group. They specify the importance of having a strong sense of purpose, consider the moral and ethical consequences of decisions and they talk most about important values and corresponding behaviors. Most of employees express confidence that goals will be achieved and they talk optimistically about the future and articulate a compelling vision of the future. Employees also re-examine critical assumptions to question whether they are appropriate and gets others to look at problems from many different angles. They suggest new ways of looking at how to complete assignments and seeks differing perspectives when solving problems. Supervisors at KCB bank spend their time teaching and coaching and consider other people as having different needs, abilities, and aspirations and help them to develop their strengths.

The study also concludes that employees at KCB bank express satisfaction when others meet expectations and they discuss in specific terms who is responsible for achieving performance targets, they make clear what one expect to receive when performance goals are achieved and they provide others with assistance in exchange for their efforts. Employees direct their attention toward challenges to meet standards, they keep track of all mistakes and focus attention on irregularities, mistakes, exceptions, and deviations from standards. Further, the study concludes that employees do not fail to interfere until problems become serious and they do not wait for things to go wrong before taking action. Managers at KCB bank do not; demonstrate that problems must become chronic before taking action, avoid getting involved when important issues arise and avoid making decisions. They are present when needed and do not delay responding to urgent questions.

5.4 Policy Recommendations

The study recommends that KCB managements pay more attention to improving supervisors' management and leadership skills and to monitoring the relationship between

managers and employees. Some strategies and managerial plans need to be developed in KCB bank in order to attain extra ordinary employee productivity.

The leaders should be aware of what is important for the subordinates and the organizations as a whole and encourage the employees to see the opportunities and challenges around them creatively. The supervisors should also have their own visions and development plans for followers, working in groups and champion team work spirit

The supervisors should have sense of innovation and also encourage followers to seek more opportunities and possibilities, not just achieve performance within expectations.

Supervisors should understand the values of the followers and try to build their departmental/ unit's business strategies, plans, processes and practices that will likely to improve the wellbeing of staff. Respect for individual is also very key in building a cohesive relationship between leaders and employees.

5.5 Limitations of the Study

One of the major limitation was confidentiality of the KCB bank information. There was unwillingness of informants from KCB bank staff to give information and fill questionnaire. Some respondents feared that the information obtained would be used against them; this scared away respondents from filling them thus the researcher had to assure them that the information provided would be confidential to minimize the fear. Inadequate time and finances also posed challenges in this study.

5.6 Recommendation for Further Research

The study recommends that further studies can be done to determine the relationship between leadership on employee productivity and performance of KCB Bank Kenya Ltd.

The case study focused on the influence of leadership on employee productivity at KCB Bank Kenya Ltd, Nairobi Region Branches. It is therefore recommended that a similar study be replicated in other 5 Regions of KCB bank Kenya Ltd.

Indeed, further research should also be done involving all the employees at commercial banks.

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APPENDICES

APPENDIX I: Questionnaire for Managers

Section A: Demographic Information

1. Gender (Tick as applicable)

Male female

2. Age group of respondents (Tick as applicable)

15-20 21-30 31-40 41-50

3. Please indicate the highest level of education attained? (Tick as applicable)

College Diploma

Undergraduate

Master

Others (specify)

4. Indicate your period of service in this bank (Tick as applicable)

Below 2 years 3 to 5 years

6 to 8 years 9 years and above

Section B: Leadership Styles

5. Does your organization have a specific leadership style (s)

Yes

No

If yes would you please indicate them?

.....
.....
.....

6. Please indicate your level of agreement with the following statements relating your working style/relationship with your subordinates. (Key 1= strongly disagree, 2= disagree 3 = moderately agree, 4 Agree and 5 = strongly Agree)

Statements	1	2	3	4	5
Idealized Attributes					
I instill pride in others for being associated with me					
I display a sense of power and confidence					
I go beyond self-interest for the good of the group					
I act in ways that build others' respect for me					
Idealized Behaviors					
I specify the importance of having a strong sense of purpose					
I consider the moral and ethical consequences of decisions					
I emphasize the importance of having a collective sense of mission					
I talk about my most important values and beliefs					
Inspirational Motivation					
I express confidence that goals will be achieved					
I talk optimistically about the future					
I talk enthusiastically about what needs to be accomplished					
I articulate a compelling vision of the future					

Intellectual Stimulation					
I re-examine critical assumptions to question whether they are appropriate					
I get others to look at problems from many different angles					
I suggest new ways of looking at how to complete assignments					
I seek differing perspectives when solving problems					
Individual Consideration					
I spend time teaching and coaching					
I treat others as individuals rather than just as a member of a group					
I consider an individual as having different needs, abilities, and aspirations from others					
I help others to develop their strengths					
Total					

7. Please indicate your level of agreement with the following statements relating your working style/relationship with your subordinates. (Key 1= strongly disagree, 2= disagree 3 = moderately agree, 4 Agree and 5 = strongly Agree)

Statements	1	2	3	4	5
Contingent Reward (CR)					
I express satisfaction when others meet expectations					
I discuss in specific terms who is responsible for achieving performance targets					
I make clear what one can expect to receive when performance goals are achieved					
I provide others with assistance in exchange for their efforts					

Management-by-Exception: Active (MBEA)					
I direct my attention toward failures to meet standards					
I keep track of all mistakes					
I focus attention on irregularities, mistakes, exceptions, and deviations from standards					
I concentrate my full attention on dealing with mistakes, complaints, and failures					
Total					

8. Indicate your level of agreement with the following statements relating your working style/relationship with your subordinates. (Key 1= strongly disagree, 2= disagree 3 = moderately agree, 4 Agree and 5 = strongly Agree)

Statements	1	2	3	4	5
Management-by-Exception: Passive (MBEP)					
I fail to interfere until problems become serious					
I wait for things to go wrong before taking action					
I show that I am a firm believer in "If it ain't broke, don't fix it."					
I demonstrate that problems must become chronic before I take action					
I avoid getting involved when important issues arise					
I am absent when needed					
I avoid making decisions					
I delay responding to urgent questions					
Total					

APPENDIX II: SECONDARY DATA FOR EMPLOYEES PRODUCTIVITY (Key result areas)

Group of Employees	Financial- Business profitability Driving efficiency Leave management	Customer – Customer Numbers growth Business growth Alternative business growth
Business Focus Team		
Operations and Compliance Team		
Tellers		
Customer Service Team		

Group of Employees	Internal Business processes- Enterprise wide risk Customer satisfaction Operational efficiency Green agenda/CSR	Learning and Growth- Manage employee performance Develop skills
Business Focus Team		
Operations and Compliance Team		
Tellers		
Customer Service Team		

Group of Employees	Average Overall BSC Rating Per Each Group as at 31st Dec 2015
Business Focus Team (Personal/business/Micro Bankers)	
Operations and Compliance Team	
Tellers	
Customer Service Team	