THE PERCEIVED EFFECTIVENESS OF EXECUTIVES AS LEADERS IN THE BANKING SECTOR IN NAIROBI

BY

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UNITED STATES INTERNATIONAL UNIVERSITY
NAIROBI

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Fulfillment of the Requirement for the Degree of Masters
Management of Organizational Development.

UNITED STATES INTERNATIONAL UNIVERSITY
NAIROBI

SPRING 2004
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed:  Eunice Wambere Khimulu (ID 603049)  Date:  21st June 2004

This project has been presented for examination with my approval as the appointed supervisor.

Signed:  Ms. Ciru Getecha  Date:  14th July 2004

Signed:  Dean, School of Business  Date:  7-7-2004

Signed:  Deputy Vice Chancellor, Academic Affairs  Date:  14th August, 2004
ABSTRACT

This study was carried out in a bid to evaluate the effectiveness of managers as leaders in the Nairobi Banking Sector. The research questions used in the study were aimed at determining the extent to which, the bank managers possess core competency and the requisite skills necessary for effective leadership, as well as the perceptions of managers and employees on the calibre of management and leadership within their organisations. The study also aimed at evaluating the leadership styles adopted as well as the organisational culture, to determine if they foster effective leadership.

This is a descriptive study and data for the said study was collected from a sample of 54 respondents operating in 9 out of the 46 commercial banks located within Nairobi. Non-Probability sampling was used to select the respondents. The respondents included managing directors, middle-level managers and subordinate staff of each of the targeted banks. Instruments of data collection were self-administered questionnaires and interviews.

The major findings or results are that the managing directors and middle-level managers believe that their organizations have managers with the core competencies necessary for effective leadership. However, the middle-level managers were not in agreement with this conclusion, as it relates to their colleagues at the same hierarchical level. The leadership style and organizational culture present in these organizations is one of teamwork that fosters effective leadership.

The study contributed to knowledge on the extent to which managers in the banking sector in Nairobi, are perceived to be effective leaders required to sustain desired change in their banks. It also established that this particular sector is not affected by the global leadership crisis. The findings
of this study are beneficial to managers, employees, and researchers and are applicable to other industries operating within Nairobi.

It is recommended that the senior and middle-level managers of these banks need to place more effort in communicating with their subordinates and creating value congruence. In the future similar studies should be carried out on banks with a high market share and in other sectors within the country.
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CHAPTER 1

1.0 INTRODUCTION

1.1. Background of the Problem

Management scholars, practitioners and consultants around the world, concur that leadership is the single most critical factor needed to build successful organizations, and that there currently exists a leadership crisis (Kotter, 1999). Yet according to Burns (1998) leadership is one of the most observed and discussed but least understood phenomena on earth.

According to Bennis (2000), over 600 books were published in the United States alone in 1999. Consequently over 60% of executives surveyed said that they did not feel that their organizations had the calibre of leaders needed to sustain success and competitive advantage into the new millennium.

It has been argued that this leadership crisis has been brought about by several factors, the most important one being the changes in the business scene. Intense competition, constant technological changes, unpredictable macro-economic forces make the great manager with sophisticated management skills inadequate to steer businesses through turbulence. This is because these great managers maintain the current systems but are unable to adjust to the new business scenes. These changes demand dynamic, visionary and innovative leadership (Ogutu, 2002). There is, however, a common misconception that everyone occupying a leadership position provides the kind of influence that may be described as leadership.
It is impossible to develop a blueprint of the qualities that make a person an effective leader. However, it is possible to identify some core skills and competencies that every leader needs to develop to the greatest capacity possible. An effective leader must have conceptual skills, communication skills, technical skills and interpersonal skills. An effective leader must also have a vision, self-understanding, integrity, passion, courage, a capacity for self-reinvention, ability to generate value congruence, and be highly energetic, (Webber, 1998).

Leadership does not take place in a vacuum, but within a group of people. Therefore, four basic components must be present, the leader, the followers, the situation and the tasks to be performed. The underlying issues that need to be studied are the interplay between the components, the greater the match the more effective the leader is likely to be (Kotter, 1999).

There is a commonly held view by scholars that there is a leadership crisis globally as aforementioned by Kotter (1999), Burns (1998) and Bennis (2000). The cited manifestations of the global leadership crisis are the numerous businesses, which have collapsed, or are struggling to survive. This problem seems to be common among the banks in Kenya. Examples of these banks are Euro Bank Ltd., Trade Bank Ltd. and Bullion Bank Ltd. There have been studies conducted in the past on the banking industry in Nairobi, Kenya, but none has solely focussed on effective leadership. The studies done on the banking sector in Kenya have concentrated on the financial performance of commercial banks (Mutuota, 2000 and Batavia, 1999), the liberalization and effectiveness of bank supervision (D'Souza, 1999), and the roles of banks and other financial institutions in Kenya's economic development (Wainaina, 1981).
Many scholars in the management field have gone into deep research of various aspects of management, especially human resource management, motivational issues, consumer behaviour and customer service in search of creating a better understanding of managerial issues. Research done on leadership has been in relation to various other issues and to the knowledge of this researcher, no research has been specifically done on the concept of effective leadership in the banking sector of Kenya.

1.2. Statement of the Problem

The banking industry is an important sector in a country’s economy. In recent years, many banks and financial institutions in Kenya have been declared bankrupt, and others are known to be performing very poorly. Usually the success or failure of the banks would be attributed to the calibre of leadership. Effective management and leadership skills are crucial for the successful operation of the Kenyan banking industry.

Bennis (2000) and Kotter (1999) concur that there is a leadership crisis on a global basis. This contention arises from the findings of the research done in the West. There is almost no research done in the field of leadership in Kenya. The lack of research creates a knowledge gap with regards to the local situation. This knowledge gap comprises the problem.

The study sought to find out the perception of the employees of Kenyan banks on the leadership capacity in their organisations.

1.3. Purpose of the Study

This study was designed to investigate the extent to which executives operating in the banking sector in Nairobi, Kenya, are perceived to
possess the core competencies or skills necessary for effective leadership.

The skills required by leaders and based on John Kotter’s model are:

- Creating a clear and concise vision for change and eliciting understanding and interest from their subordinates. Employees need to know where they are going as they want a clear direction to a better future.
- Communicate the vision through the leaders own day-to-day actions. The best vision in the world has no value if it is a big secret.
- Empower employees to implement change by acting on the vision. Leaders must clear the way for employees to develop new ideas and approaches without being stymied all the way.
- Establishment of short-term goals, encouraging additional changes and reinforcing changes made as permanent.

1.4. Research Questions

The following are the key questions guiding the research:

1.4.1. Which are the perceived core competencies, skills and attributes that leaders should possess?

1.4.2. Which of the core competencies necessary for effective leadership are executives operating in the banking sector in Nairobi, Kenya, perceived to possess by senior management, middle-level management and subordinate staff?

1.4.3. What are the leadership styles adopted by executives in these organizations?

1.4.4. What is the organizational culture adopted by executives in these organizations?
1.5. Justification of the Study

The study will contribute to knowledge on whether executives in the banking sector in Nairobi have the calibre of effective leadership that is required to help create a desired change in their banks. It will also establish if this particular sector is affected by the global leadership crisis. The findings of this study would be applicable to other industries operating within Nairobi.

Beneficiaries of this study include:

a) Managers and employees - Managers and employees in banks and other industries will get a better understanding of the critical role of leadership to the success of a business.

b) Researchers - The leadership crisis is a commonly held view worldwide. The study therefore will contribute to a widespread understanding of the leadership situation in the banking sector in Nairobi, Kenya, and can be used for further research.

1.6. Scope of the Study

The study aimed to cover the banking sector as a representative sample of the service industry and all other industries. This is because the study is in regards to leadership capabilities and not financial capabilities of the banks and thus the findings can be generalised for other service industries in Kenya.

Nine commercial banks out of the existing 46 banks were targeted for the research. They were selected regardless of whether they are national banks or multi-nationals banks, the criteria for selection being that they have operations within Nairobi, Kenya. The banks selected have a lower market share in terms of net assets and capital as defined by the Central Bank of Kenya (2000).
The study was conducted within Nairobi, due to its geographical accessibility to the researcher and completed within four months.

1.7. Definition of Terms

a) Leadership – This is the ability to influence the members of the group, organization or nation, to voluntarily and enthusiastically pursue the goals of the organization in order to create the desired change in the organization (Burns, 1978).

b) Effective Leadership – This occurs when the leaders have the skill of unleashing and harnessing the total intellectual, technical, innovative and spiritual potential of the followers and channelling it towards the organization goals. The leaders nurture strong organization culture and passionately define the employee’s work behaviour. An effective leader possesses some core skills and competencies (Burns, 1978).

c) Leadership Crisis – This means a lack of the calibre of leadership needed to sustain success and competitive advantage within an organization. (Bennis, 2000).

d) The leader – This is the person who exercises influence over the subordinates or followers in order to help them achieve their objectives.

c) The follower – The follower is also referred to as the employees or subordinate staff within this study. This is the group of people with specific objectives that the leader is seeking to help them achieve. The follower or subordinate is under a leader but in some situations may also have other employees reporting to them and thus require leadership capabilities.

f) The task – The task to be performed in regard to its characteristics in terms of difficulty level, importance and urgency.
g) The situation – These are complex factors and variables existing in the environment through which leadership is to take place. Factors such as national and organizational culture, organizational climate, rules and regulations.

h) Visionary Leadership – This is the ability to continuously develop and redefine the vision of the group.

i) Innovative Leadership – This is the ability to think and introduce new thoughts, direction, practices and procedures into an organization.

j) Leadership Styles – This is the pattern of behaviour one uses when one is trying to influence the behaviour of others, as perceived by them. (Blanchard, 1995).

k) Organization Culture – This is the values and beliefs shared by the members of an organization in terms of approaches towards conducting business.

1.8. Chapter Summary

This study aimed at determining the extent to which executives in the banking sector in Nairobi are perceived to be effective as leaders, and ascertaining if the leadership crisis currently faced globally is present in this sector. The research questions aimed to determine if leaders in the banking sector in Nairobi are perceived to possess the core competencies necessary for effective leadership, as well as to determine the perceptions of the managers and employees on the calibre of leadership in their organization. The study also aimed at evaluating the appropriateness of the leadership styles and organizational culture adopted by executives towards fostering effective leadership.
The study was conducted within Nairobi and comprised of 54 respondents from 9 out of the 46 commercial banks, operating in Nairobi.¹

The findings of this study will assist in improving management practices and will be useful for further research. The concept of leadership and the global leadership crisis are reviewed in the next chapter.

¹ Number of banks operating in Nairobi as at April 2003
CHAPTER 2

2.0 LITERATURE REVIEW

2.1. Introduction

This chapter examines significant studies on the effectiveness of managers as leaders. The chapter examines studies regarding core competencies for effective leadership as well as the appropriateness of leadership styles and organizational culture adopted to create effective leadership. It is organized as follows:

- Section 2.2 examines the core competencies necessary for effective leadership;
- Section 2.3 examines the concept of management as compared to that of leadership;
- Section 2.4 examines leadership styles;
- Section 2.5 examines organizational culture in regard to effective leadership.
- Section 2.6 is a summary of the chapter.

2.2 Core Competencies For Effective Leadership

Handy (1996) examined the unique qualities required to lead organizations in the future and claimed that organizations were changing because of rapidly accelerating technology, global competition, and changing demographics.

Handy (1996) found that it was difficult to handle individuals when it involves earning authority and only few people can successfully do this, as it demands an unusual combination of attributes, namely a belief in oneself, a passion for the job and a love of people. He explained that a belief in oneself gives a person the self-confidence to take risks, but it
has to be combined with a degree of decent doubt in order for a person to accept their mistakes and also be able to listen to others. Leaders with a passion for the job drive organizations as these people provide energy and focus. However, they should not limit themselves solely to their own world. In order to gain the people's following and not only respect or fear, a person needs to love people. Like all the other attributes this “team-work” approach should only be applied to a certain extent as it is necessary for the leader to sometimes tackle issues alone.

Melendez (1996) found that leaders should have a clear vision, the ability to recognise talent and skills in diverse individuals in the workforce, and a passion for the cause they are promoting. Leaders should also have clarity of goals, perseverance, kindness, respect, honesty, integrity and awareness. It is important for leaders to have a sense of humour, be excellent communicators, as well as have the ability to engage in ongoing continuous renewal of themselves and their organization.

Napolitano and Henderson (1998) explored core values critical to becoming an effective manager cum leader. These are vision, courage, passion, integrity, confidence, optimism, discipline, focus, tenacity, flexibility, resourcefulness, balance, self-renewal, and humanity. They also identified certain perspectives or habits of mind necessary for effective leadership, these are embracing change, thinking holistically, testing assumptions, shifting paradigms, tolerating ambiguity and paradox, taking risks, trusting intuition, modelling values, and seeking synergy.

Kotter (1990) is further noted as stating that traits from heredity or early childhood can have an effect on leadership. High energy and inner
drive levels are necessary to produce change over a period of years. Sufficient intelligence is necessary to set the right direction in a complex environment. A minimum amount of mental and emotional health is needed for leadership to develop over time. People who are believed to have integrity are followed by large numbers of people and for long periods of time, and the course established by these intrinsic people avoids tragedies.

Kotter (1990) also argues that career experiences can promote or inhibit leadership. Career experiences that promote leadership are challenging assignments early in a career, visible leadership role models that are very good or very bad, and assignments that broaden a person's breadth of knowledge. Career experiences that inhibit leadership are a long series of narrow and tactical jobs, vertical career movement, rapid promotions, and measurement and rewards based on short-term results only.

A comprehensive empirical study to identify the characteristics and talents of leaders who make history was carried out by Murphy (1996) and he developed a Leadership IQ Self-Assessment. He found that leadership can be defined and measured as a form of intelligence and in successful organizations there is no separation between those who work and those who lead "...every leader works and every worker leads..." (p. 3). Effective leaders know how to "...say the right thing to the right people at the right time, to get the right work done well, on time, and within budget." (p. 4)

Murphy (1996) disputed the traditional notion that leaders are born and not made. He argued that leadership can be learnt by relying on specific tools to fulfil eight specific roles, these are selection of the right people, connecting them to the right cause, solving problems that arise,
and evaluating progress towards objectives. Other roles are negotiating resolutions to conflicts, healing the wounds inflicted by change, protecting their cultures from the perils of crisis, and synergizing all stakeholders in a way that enables them to achieve improvement together. He further argued that once leaders master these roles they achieve synergy in their organizations.

Murphy (1996) further more found that leaders follow seven guiding principles in everything they do and say i.e. they aim to be achievers, are pragmatic, practice strategic humility, are customer focused, are committed, are learned optimists, and are responsible.

According to Bennis (1998), leadership is a question of character. Key attributes of the leaders of the future are those with the ability to generate and sustain trust, have a vision and can articulate it to make others want to sign up. Future leaders require the ability to understand human nature and can inspire and enlist others; and those that have contagious optimism that can make employees feel that they can accomplish anything.

Weber (1998) also identified major skills essential for leaders to cope with the inevitable challenges and then, to effect the continuous change and improvement that will be needed in the future. Leaders will need both a superior level of education and the capacity to work in multiple languages. They will also require a broad experience in leading and managing a range of functions with increasing levels of responsibility, in areas such as serving vast numbers of people, administering complex budgets, and deploying diverse and large staff. The leader shall have to be clear sighted, accept accountability for their decisions, and make unpopular decisions if they involve sacrificing short-term considerations for the organization's long-term interests and goals.
Leaders of the future will have to be able to consider both the immediate and the long-term goals, vision, and decision-making. They will have to weigh the explicit matter on hand against the holistic view and trend of things.

Weber (1998), further found that leaders should have complete integrity, loyalty to principles, honesty, self-esteem and self-confidence, high energy levels, tenacity, and a resilience that enables the leader to uphold spiritual tranquillity amid a climate of pressures, focussed on high urgency and swift change. Future leaders will also need intuition and the ability to deal with non-verbal signs of communication, they must be tireless, observant, risk-takers, and constantly be builders and enablers of management and leadership teams.

According to Ogutu (2002) to become a world-class leader, the ability to master revolutionary change is required. He also identified various competencies of an effective leader such as having a strong drive for task completion and responsibility, exercising originality in problem solving, and driving to exercise initiatives in social situations. An effective leader should possess self-confidence and a sense of personal identity, be willing to accept consequences or decisions and actions, and ready to absorb interpersonal stress. "...Traits such as charisma, stature, knowledge, intelligence, "persona" have long been considered hallmarks of leadership.” (p. 4)

“They [leaders] tolerate frustration and delay, have the ability to influence other persons' behaviour, and capacity to structure social interaction systems for the purpose at hand. They are conceptually skilled, clever (intelligent), creative, diplomatic and tactful, fluent in speaking, knowledgeable about group tasks, organized, persuasive and socially skilled.” (Ogutu, 2002, p. 5)
Habecker (1996) defines leadership as either being positive or negative and relates it to the scriptures. He discusses leadership by focussing on the nine critical tasks of a leader as defined by Gardener, 1987, namely envisioning goals, affirming values, motivating, managing, achieving workable unity, explaining, serving as a symbol, representing the group, and renewing.

2.3 Management and Leadership

According to Kotter (1990) leadership is a process that helps mobilize and direct people and/or their ideas. He claims that not everyone in a leadership position actually provides leadership and that there is a difference between management and leadership. He describes a leadership position, as the formal position in an organization, where people are expected to mobilize and direct others.

"Good management brought about a degree of order and consistency to key dimensions like the quality and profitability of products. In the past century, literally thousands of managers, consultants, and management educators have developed and refined the processes which make up the core of modern management." (Kotter, 1990, p.4). These processes are planning, budgeting, organizing, staffing, controlling and problem solving.

Kotter (1990) further claims that leadership differs in that it produces movement and not consistency and order. Effective leadership occurs when there is constructive or adaptive change, this means that the people who depend on someone are better off, without the leader having trampled on the rights of others. The process of leadership entails establishing direction, aligning people, motivating and inspiring.
Kotter (1990) carried out a survey on how executives in a dozen successful U.S. firms rated the people in their managerial hierarchies. The respondents were given three choices of either: “too few”, “too many”, or “about right”. Majority of the respondents claimed that there were too few people with strong leadership and weak management, as well as too few with strong leadership and strong management. The majority of the respondents also claimed that there were too many people with weak leadership and weak management, as well as too many with weak leadership and strong management.

Kotter (1990) concurs that there are similarities between leadership and management but despite these similarities both practices are distinct. He claims that what is needed to cope with major change is both strong management and strong leadership.

According to Napolitano and Henderson (1998), there is a shift away from the traditional model of directing and controlling to an approach that facilitates and, supports individual and team performance. This is done by setting parameters, expanding access to information and new knowledge, re-presenting the organization, cultivating diverse resources, facilitating contribution, promoting continuous learning, and advocating feedback and recognition. The results of this is that a new paradigm is formed that creates a partnership with employees as a means of fostering professional and personal empowerment, therefore enabling higher levels of contribution.

Maxwell (1993) also concurs that leadership can be taught, and that there is a common misconception on leadership and management. He claims that there are very few books on leadership as compared to management books. Management is defined as the process of ascertaining that the programmes and objectives of the organization are
implemented, and leadership on the other hand deals with motivating people and casting vision. “Leadership development is vital – the key to success in any endeavour is the ability to lead others successfully” (Maxwell, 1993, p. 8)

“...After conducting fourteen formal studies and more than a thousand interviews, directly observing dozens of executives in action, and compiling innumerable surveys, I am completely convinced that most organizations today lack the leadership they need. And the shortfall is often large. I’m not talking about a deficit of 10% but of 200%, 400%, or more in positions up and down the hierarchy.” (Kotter, 1999, p. 2).

Kotter (1999) reasons that this is not because untalented and unenergetic people occupy managerial positions, but the problem is that far too few of these bright, experienced, and hardworking individuals, are providing the leadership that is increasingly needed in business and government. He concludes that a leadership gap exists and it is important to consider leadership in relation to change and that managerial work is now more about coping with dependence rather than wielding power.

“Leadership, therefore, may be defined in terms of acquisition of new skills with distinctive competencies that, enable leaders to lead in the face of the exponential change taking place in markets, products and emerging new technologies.” (Ogutu, 2002, p. 4).

Kamau (2001) tried to create an understanding of organizational leadership and highlighted the roles and skills of organizational leadership in the organizational development process. She found that organizational leadership is critical in the success of the organizational development programs and recommended that a study be undertaken
to ascertain the extent to which, the African culture impacts on the leadership and applicability of organizational development in Africa.

Otuliala (1995) carried out a study on leadership, internal policies and procedures. This was an attempt to investigate if the practices in the Kenya Posts and Telecommunications Corporation, with respect to these variables conformed to the principles of Total Quality Management. He found that they did, though the success of Total Quality Management Culture was found to be rather low.

2.4 Leadership Styles

Situational theories tell us that effective leadership depends on the situation at hand. They require us to interact with our employees. They encourage us to listen, to involve, to coach, to develop, to enrich, to motivate, to risk, to credit, to care, and to express concern for those that we manage. Situational theories include the contingency model, the path-goal theory, and the situational leadership theory.

Blanchard (1995) defined leadership style as the pattern of behaviours one uses when one is trying to influence the behaviour of others, as perceived by them. While the leaders perceptions, of his / her own behaviour and its impact on others is interesting and important, it tells the leader only how they, as an individual intend to act. Unless it matches the perceptions of those others they are trying to influence, it is not very helpful.

Blanchard (1995), found that prior to his development of the situational leadership model, management style assumed one best leadership style that was democratic and allowed subordinate freedom and participation in decision making. However, according to him leadership styles vary considerably from situation to situation. Leader behaviour is mainly
characterized as being directive (this means structured, controlled and supervisory in terms of task accomplishment), or supportive (this means facilitating, listening and awarding praise in order to provide socio-emotional support and build personal relationships between themselves and their followers).

Blanchard (1995) further defined four basic leadership styles as types of problem-solving and decision-making processes. He further matched the leadership styles to developmental level as a way of assisting managers to know when to use which style. Developmental level is defined as the competence and commitment of followers to perform a particular task without supervision. The four leadership styles that were identified are directing, coaching, supporting and delegating. Directing involves high directive/low supportive leader behaviour and is ideal for the low developmental level. Whereas, coaching involves high directive/ high supportive leader behaviour and is ideal for a low to moderate developmental level. Supporting on the other hand, involves high supportive/low directive behaviour and is ideal for a moderate to high developmental level. Finally delegating involves low supportive/ low directive leader behaviour and is ideal for persons at a high developmental level on a particular task.

The Fiedler's Contingency Model is based on the assumption that managers have one dominant leadership style that is resistant to change. Therefore, structural changes in the situation improve a manager's chances of success. The three dimensions of situational control identified by Fiedler are leader-member relations, task structure, and position power.

Through leader-member relation's, managers try to understand and alleviate problems, provide consultation and feedback, provide accurate
information, and hold regular meetings to keep people informed and involved. To increase task structure managers provide more structured tasks or detailed instructions. To reduce task structure managers assign new or unusual problems, involve the group in problem solving and decision-making, and involve people with different viewpoints. To increase position power, managers demonstrate authority by exercising their powers, quickly becoming an expert, and arranging for information to be channeled through them. To decrease position power managers become one of the gang, socialize, joke, self-disclose, play down trappings and rank, share decision making, give others access to their boss, delegate, and distribute power.

The path-goal theory is based on the expectancy theory, which proposes that the level of motivation necessary to increase effort will increase as the possibility of actual performance, and the probability of an expected outcome increase. The model states that leader behavior is acceptable when employees view it as a source of satisfaction.

The path-goal model is of the opinion that managers can exhibit more than one leadership style including directive, supportive, participative, and achievement-oriented leadership styles. With directive leadership managers provide guidance, schedule work, and maintain standards of performance. Supportive leaders show concern for the well being of employees, are friendly, approachable, and treat workers are equals. Participative leaders are consultative and seriously consider employee's ideas when making decision. Achievement-oriented leaders set challenging goals, emphasize excellence, and demonstrate confidence in their employees.

As regards situational theories, although each has a convincing argument for their various style, they have received criticism about their consistency and, as of yet, have not yet received strong empirical
support. These situational models have strong intuitive appeal for practicing managers because they provide specific yet flexible guidelines for dealing with employees in different situations. They allow managers to conceptualize and manipulate leadership styles according to the task or their position in the company, employee's abilities and expectations, or the readiness level of the employee.

For managers it is important to recognize that no one style of leadership is appropriate for every employee or situation. Each style is useful with specific types of people or during unique situations. By understanding each style's differences, one can begin to use these styles appropriately to handle the countless situations imposed on managers. Problems develop when leaders make their decisions based on some leadership style from a textbook instead of basing decisions on a person's needs, abilities, and desires. To be a good leader is to know your group, and where they are at all times in terms of their ability, knowledge, desire, and willingness.

A new leadership style is needed but is not the key issue or change argues Kotter (1999). Substance is more important, in terms of behaviour on the job, not surface detail and tactics. This core should change minimally over time across different cultures and industries. This view concurs with that of Oğutu (2002) who stated that, "...Leaders adjust their leadership style and align them with the stresses of the changes within their organizations." (Oğutu, 2002, p. 5).

Adam (1988) investigated the appropriateness of the leadership style of the Somali Central Rangelands Development Project. He described leadership effectiveness as something a manager produces from the situation by managing it appropriately. Since the concept of situation is broad he split it into components namely communication, delegation,
compensation, co-operation, pastoral commitment and commitment with other institutions. He concluded that the leadership variables measured were found mismatched by the style.

Blake and Mouton (1964) developed a leadership grid that provides a framework for understanding different types of leadership. The grid consists of two dimensions: concern for people and concern for production. They suggest the most effective leadership is characterized by the combination of high concern for people with high concern for production.

The theory of the grid takes leadership beyond mere trait analysis to examine behaviors of effective managers. The basic two-dimensional model however, fails to account for the endless combinations of organizational settings, situations, and leadership orientations that managers will encounter throughout their career.

McGregor’s X-Y theory is a salutary and simple reminder of the natural rules for managing people, which under the pressure of day-to-day business are all too easily forgotten. McGregor maintained that there are two fundamental approaches to managing people. Many managers tend towards theory X, and generally get poor results. Enlightened managers use theory Y, which produces better performance and results, and allows people to grow and develop.

Theory X is the ‘authoritarian management’ style that purports that the average person dislikes work and will avoid it he/she can. Therefore most people must be forced with the threat of punishment to work towards organizational objectives. The average person prefers to be directed, to avoid responsibility, is relatively un-ambitious, and wants security above all else.
Theory Y is the 'participative management' style that states that effort in work is as natural as work and play. People will apply self-control and self-direction in the pursuit of organisational objectives, without external control or the threat of punishment. Commitment to objectives is a function of rewards associated with their achievement. People usually accept and often seek responsibility. The capacity to use a high degree of imagination, ingenuity and creativity in solving organisational problems is widely, not narrowly, distributed in the population.

According to Robinson (2000), transactional theories of leadership focus on performance outcomes. It is about the real results that are produced to achieve business objectives. To that extent, transactional leaders guide or motivate individual contributors in the direction of established goals by clarifying role and task requirements. The major elements of this kind of leadership are control, measurement, administration and performance. The mechanics of transactional leadership range from controlling ideas such as values, goals and specific objectives to more concrete systems defined by policy, process, and procedure.

At the level of controlling ideas, transactional leaders manage performance by helping people interpret vision, values and strategy in a way that assures the success of the business initiative. These interpretations must lead to clearly defined tactics and actions that, generate incremental gains toward the achievement of performance goals and business objectives. Clear objectives must be established and to this end, processes need to be put in place to achieve those objectives. In many cases, these tactics and actions are codified as documented policy and procedure, to make certain that the winning processes are maintained and improved over time.

Robinson (2000) defined transformational leadership as a kind of leadership that enables the exploration of new and innovative ways to
drive value and deliver real results in an ever-changing business environment. This new leadership allows individuals and organizations to thrive at the edge of chaos, inspiring the innovation and creativity needed to develop new products and technologies, even new business models that can lead to sustainable competitive advantage in the new economy.

2.5 Organizational Culture and Effective Leadership

Schein (1996), found that historians, sociologists, and empirically oriented social psychologists considered leadership in regard to a particular situation, the task to be performed, and the characteristics of the followers, and that none specifically dealt with the leaders relationship to the organization. Organizations have different problems and needs at different stages in their evolution. At the early stages of organizational creation, an incredibly energetic leader is required to constantly try different approaches regardless of failures, as well as, transmit that energy to his subordinates. He referred to this unique leadership as an animator.

Schein (1996) also found that, while the organization is growing and seems to have the potential to live and survive, the entrepreneur’s values and beliefs are transferred to the subordinates. It is critical to ensure there are no conflicts in the entrepreneurs’ actions, as these will become embedded as part of the organizations culture.

Schein (1996) further claims that once a desirable culture has been created, leaders with judgement and wisdom are required to sustain it. However, with an increase in the rate of change in the economic, political, technological and socio-cultural environments leaders are required to act as change agents. They need to acquire new skills and concepts as well as, unlearn the old processes that are working against
organizational development. It is essential for them to understand the cultural dynamics and properties of their own organizations. Thus, the leader of the future needs to be a person who is constantly learning.

According to Kotter (1990), a strong organization culture is one where the majority of the people working in the organization share certain values and believe in similar approaches to conducting a business which, expresses those values. The quality of effective leadership in an organization can be influenced both by strong or weak cultures.

"The right kind of culture can foster both leadership and management, despite differences in function, process, and structure that create a potential for conflict. It can help hundreds of people to create the short-term results expected by an organization's constituencies and the long-term changes needed to adapt to a shifting environment." (Kotter, 1990, p. 137).

Kotter (1990) further explained that to develop a culture that creates strong management and leadership requires providing a vision for the kind of culture that is needed. It also requires being a visible role model of what is expected from others, helping people to understand what leadership is and its importance, distinction from management, and how it is created. Development of this desired culture means giving people the opportunity to lead and manage, supporting efforts with resources and enthusiasm, recognizing and rewarding successes, and basically providing leadership on the issue of culture.

"...Effective management and leadership encourage the enthusiasm, spirit, empowerment, creativity, and innovation that occur when people tap the energies and excitement within themselves. They become empowered to take risks, act as entrepreneurs and visionaries and
develop supportive, cooperative relationships with co-workers, customers, and clients." (Scott and Hughes, 1995, p. 159).

Ritvo, Litwin and Butler (1995), found that there is an increase in cultural diversity in the workforce in terms of race and gender. In order for organizations to remain competitive, the management is responsible to develop the awareness, skills, and knowledge that will help them manage the new multicultural workforce.

Napolitano and Henderson (1998) found that manager-leaders need to develop a culture that encourages others and allows them to do the right things. This means that manager-leaders need to ensure that employees share a set of beliefs about what the organization stands for and, can act in accordance with those beliefs. This is in addition to building a stronger sense of community within the work group and across functional boundaries. They explored the skills and attributes related to developing core values, taking a systems approach, and building community.

Napolitano and Henderson (1998), further found that the manager-leader is responsible to help create an organization that is responsive to external and internal changing forces and conditions, by staying current with emerging trends, inspiring pursuit of a shared vision, employing dynamic planning, thinking strategically, and enlarging his capacity for change.

According to Bennis (1998) the key to gaining competitive advantage in the future is held by the capacity of leadership to create the social architecture that generates intellectual capacity. He further found that, individuals have an inborn craving to be part of a community and it is
the leaders responsibility to turn individual workers into a cohesive, productive group.

"Leadership involves developing a shared sense of destiny and enrolling others to commit to the pursuit of the vision, as they align their individual hopes and dreams with that vision. Leadership involves communicating a shared vision through a dialogue with others". (Ogutu, 2002, p. 5).

Ogutu (2002) holds the view that a vision is truly shared when all involved have a similar picture and are committed to one another because of it. A leader needs to work at simplifying the organization by fostering a continuing dialogue among the organizations members.

2.6 Chapter Summary

The chapter reviewed literature in relation to recent or historically significant research studies on the effectiveness of executives as leaders. It examined the core competencies necessary for effective leadership and the difference between leadership and management. It also examined the relationship of leadership styles to the task to be performed and the organizational culture required in organizations to create effective leadership.

Studies of leadership in Kenya (Kamau, 2001) revealed that there is a lot of talk about leadership but little evidence of its presence. However, her research focussed more on the role of leadership in organizational development. Although Otulia (1995) carried out a study of leadership in Kenya, this was only in regard to Total Quality Management.

Studies of the banking sector in Kenya include Mutuota (2000), Batavia (1999), D'Souza (1999) and Wainaina (1981) who concentrated on the
financial performance of commercial banks, the liberalization and effectiveness of bank supervision, and the roles of banks and other financial institutions in Kenya's economic development.

This review shows that there is still further need to study the problem area involving the effectiveness of leadership and there has been no research done on effectiveness of the leaders of the banking sector of Nairobi, Kenya. The next chapter presents the methodology used for this research.
CHAPTER 3

3.0 RESEARCH METHODOLOGY

3.1. Introduction

This chapter examines the research methods that were used for the project. It includes a description of the population, sample and type of research design applied and specifies the instruments used for data collection. The data collection procedures, data processing and analysis shall also be described.

3.2. Research Design

The type of research design used was descriptive. According to Dr. Marion Joppe (www.ryerson.ca), descriptive research or statistical research provides data about the population or universe being studied, but it can only describe the "who, what, when, where and how" of a situation, not what caused it. Therefore, descriptive research is used when the objective is to provide a systematic description that is as factual and accurate as possible. It provides the number of times something occurs, or frequency, and lends itself to statistical calculations such as determining the average number of occurrences or central tendencies.

One of its major limitations is that it cannot help determine what causes a specific behaviour, motivation or occurrence. In other words, it cannot establish a causal research relationship between variables.

The two most commonly types of descriptive research designs are observation and surveys.
The merit of this type of research design is that because it is intensive and is the accumulation of a data base that is solely descriptive, it brings to light the important variables, processes, and interactions that deserve more extensive attention. This type of study pioneers new ground and often is the source of fruitful hypotheses for further study.

Descriptive research meets the needs of this study as it allows for collection of detailed factual information to describe existing phenomena, identification of problems or justification of current conditions and practices. This enables the researcher to make comparisons and evaluations, which is the basis of this study's research questions.

3.3. Population and Sample

3.3.1. Population

The relevant population was the 46 commercial banks currently operating within Nairobi, Kenya.

3.3.2. Sampling Frame and Sample Size

3.3.2.1. Sampling Frame

The targeted banks were selected through non-probability sampling and more particularly through purposive judgemental sampling.

Non-probability sampling was selected, as this study was not based on random selection. Purposive judgemental sampling was selected as the sample members conform to some criteria. Conformities in sample are that they are all banks and more specifically those banks whose market
share falls in the lowest quartile as defined by the Central Bank of Kenya (2000).

3.3.2.2 Sample Size

The sample size used was a minimum of 20% representation of the population (that is 9 out of the existing 46 banks). This sample is adequate as researchers concur that more than 10% representation of a given population is adequate to generalise findings of study.

The managing director, 2 middle level managers, and 3 members of the subordinate staff of each bank provided an adequate sample and information required. This means that there were 6 respondents from each of the 9 targeted banks resulting in a sample population of 54 respondents.

The 9 banks used as the sample were:
(i) K-Rep Bank Ltd.
(ii) Chase Bank Ltd.
(iii) Industrial Development Bank Ltd.
(iv) Fidelity Commercial Bank Ltd.
(v) Dubai Bank Ltd.
(vi) City Finance Bank Ltd.
(vii) Charterhouse Bank Ltd.
(viii) Transnational Bank Ltd.
(ix) Southern Credit Banking Corp. Ltd.

3.4. Data Collection

Interviews and questionnaires were used to collect data. Sample questionnaires and researcher’s guide to interview are found in the Appendix. The senior level management (managing directors) were
interviewed and answered a self-administered questionnaire. Some part of the questionnaire was adapted from the Blake & Mouton Managerial Grid. Another questionnaire was designed to target middle-level management and subordinate staff. This questionnaire was self-designed and personally delivered to and collected from respondents by the researcher.

The data collection tools aimed at acquiring data appropriate for answering all the research questions in regard to determining the core competencies of leadership present in the respondents, perceptions of managers and employees, leadership styles and organizational culture.

3.5. Research Procedures
The managing directors were interviewed and self-administered the questionnaire during the interview.

The questionnaires targeted to middle-level managers and subordinate staff were hand delivered to ensure they had been received. After an agreed period of time between the respondents and the researcher, the questionnaires were personally collected to ensure receipt of data.

3.6. Data Analysis Methods
Quantitative approaches in terms of descriptive statistics were used to analyse the data. These include frequencies, measures of central tendencies (mean, medium or mode) and measures of dispersion (standard deviation, range or variance). Computer packages such as excel were used to tabulate, summarise the findings and present them in graphic form.
Descriptive measures of tables, charts and graphs were used to compare the responses from the different groups. Tables show the responses and variables being measured, whereas charts and graphs were used to illustrate the summarised findings.

The Blake and Mouton Managerial Grid (1998) was used to analyse data received from the questionnaires designed for the managing directors. This is because elements of this questionnaire were adapted from the Blake and Mouton Managerial Grid.

3.7. **Chapter Summary**

This chapter reviewed the research methods to be carried out for the proposed project. The research design was descriptive with all the population of the 46 commercial banks operating within Nairobi. The sample size was 9 commercial banks that is 20% representation of the population. Non-probability sampling was used to select the banks and the parameter for selection of the sample is that the 9-targeted commercial banks have to have operations within Nairobi.

The instruments for data collection were interviews and questionnaires. The data was collected directly from the managing directors’ during the interview, and the questionnaires for the other respondents were personally delivered and collected. The data was analysed using the Blake and Mouton Managerial Grid (1998) and Microsoft excel and presented using tables, charts and graphs.

The next chapter presents the results and findings and a discussion on data collected.
CHAPTER 4

4.0 RESULTS, FINDINGS AND DISCUSSIONS

4.1. Introduction

The previous chapter reviewed the research methodology. This chapter reviews the results and findings attained based on the specified population and sample. The data and analysis of the findings in this chapter are based upon information received from personal interviews with 4 bank managing directors, questionnaires administered to 9 bank managing directors, 18 middle-level bank managers and 27 subordinate bank staff.

Tables, charts and graphs have been used to present quantitative data when appropriate. The data is presented and analysed according to how it relates to the research questions.

This chapter is organized as follows:

- Section 4.2 looks at the duration of respondents' employment in the bank;
- Section 4.3 presents the findings on the respondents' perceptions on the core competencies necessary for effective leadership;
- Section 4.4 presents the findings on the perception of management and employees on the calibre of leadership in their organizations;
- Section 4.5 presents the findings on the respondents’ perception of the leadership styles and organizational culture adopted in their work places.
• Section 4.6 presents the findings of the managing directors’ perceptions on leadership style and organizational culture.

4.2. Duration of Employment in the Bank

The respondents were required to specify the category they fall under, in terms of their duration of employment in the bank. The purpose of this was to justify whether results received are from people who have been within the organization long enough to be able to judge the leadership style. The underlying assumption is that the longer a person has been in an organization, the better placed they are to proffer a relatively accurate opinion on organizational issues.

The chart below graphically represents the duration of employment of the managing directors surveyed within their organizations.

Chart 1

![Duration of Employment (Managing Directors)](chart)

Chart 1 shows that majority of the managing directors within the sample surveyed had worked with their current banks for a period of 7 years or more. A minority of them had worked for a period of 4 to 6 years. This implies that they are in a position to provide a relatively accurate opinion on organizational issues.

Chart 2 represents the duration of employment of the middle level management surveyed within their organizations.
Chart 2 shows that majority of the middle level managers within the sample surveyed had worked with their current banks for a period of less than 3 years. This implies that although they have given their opinions on organizational issues they may not have a full understanding of all the organizational issues.

Chart 3 below graphically represents the duration of employment of the subordinates surveyed within their organizations.

Chart 3 shows that majority of the subordinates within the sample surveyed had worked with their current banks for a period of more than 4 years. This implies that they are in a position to proffer a relatively accurate opinion on organizational issues.
The issue of core competencies examined variables such as abilities of managers to establish group direction, galvanise, align and motivate followers.

4.3. Core Competencies necessary for Effective Leadership

The questionnaires required the respondents to indicate which core competencies and skills necessary for effective leadership, from a given selection, they felt most of their managers possessed.

The results were grouped under the 3 fundamental functions defined by Kotter (1990) in his functional definition towards leadership. These functions need to be fulfilled in order to create the desired change in the organizations. The 3 fundamental functions are:

- A leader needs to establish group direction by developing a vision, mission and strategic plan.
- Galvanising and aligning the followers towards achieving organization goals by inspiring, motivating, mobilising and communicating with them.
- Motivating the followers to keep them moving in the right direction by meeting their basic human needs and values.

4.3.1 Establishment of Group Direction

The table below lists the variables tested in respondents in order to attain results on their perceptions of managers in their organizations ability to establish group direction.
Table 1

**Variables tested in Managers**

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Have foresight and sense of direction / focuses on purpose.</td>
</tr>
<tr>
<td>A clearly defined vision.</td>
</tr>
<tr>
<td>Clearly communicated the vision to followers and elicited their support</td>
</tr>
<tr>
<td>towards the direction.</td>
</tr>
<tr>
<td>Development of clear strategic objectives which are specific,</td>
</tr>
<tr>
<td>measurable, achievable, realistic and bound within a time frame.</td>
</tr>
</tbody>
</table>

The subsequent charts explain the findings attained from testing the above variables. The chart below represents the managing directors’ perception on the number of managers present in their organization with the capability of establishing group direction.

**Chart 4**

![Pie chart](chart.png)

No. of Managers with capability of establishing group direction
(Managing Directors' Responses)

- none
- very few
- average
- many

Chart 4 above implies that the managing directors believe that their organizations have more than an average number of managers with the capability to establish group direction.
Chart 5 below represents the middle level managers' perceptions on the number of managers present in their organization with the capability of establishing group direction.

**Chart 5**

No. of Managers with capability of Establishing Group Direction (Middle - Level Managements' Responses)

Chart 5 above implies that majority of the middle level managers concur with their managing directors that their organizations have more than an average number of managers with the capability to establish group direction.

Chart 6 below represents the subordinates' perceptions on the number of managers present in their organization with the competence to establish group direction.

**Chart 6**

No. of Managers with the capability to Establish Group Direction (Subordinates' Responses)
Chart 6 above implies that majority of the subordinates concur with their managing directors and middle level managers that their organizations have more than an average number of managers with the capability to establish group direction.

The next core competency examined according to the Kotter (1990) Model was the ability of the managers to galvanise and align their followers.

### 4.3.2 Galvanising and Aligning Followers

Table 2 below lists the variables tested in managers by respondents in order to establish if the managers achieve organization goals by motivating, mobilising and communicating with their followers.

**Table 2**

<table>
<thead>
<tr>
<th>VARIABLES TESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers seek to enable others to translate into their minds and hearts the requirements of the bank.</td>
</tr>
<tr>
<td>The top management holds the view and realizes that human beings (staff) need to be appreciated, as they are the most important resources the bank has.</td>
</tr>
<tr>
<td>Top management in the bank have developed a healthy, positive self-image.</td>
</tr>
<tr>
<td>Managers identify the banks exceptionally talented people.</td>
</tr>
</tbody>
</table>

Chart 7 represents the managing directors’ responses to the number of managers in the organization with the capability to galvanise and align their followers.
Chart 7

No. of Managers who Galvanise and Align Followers (Managing Directors’ Response)

This representation above implies that the managing directors are of the opinion that their organizations are equipped with more than average number of managers with the capability to galvanise and align their followers.

Chart 8 represents the middle level managers’ perceptions of the number of managers present in the organization with the capability to galvanise and align their followers.

Chart 8

No. of Managers who Galvanise and Align Followers (Middle Level Managements’ Responses)

Chart 8 above implies that the middle level managers concur again with their managing directors and perceive their organizations to
possess more than an average number of managers with the capability to galvanise and align their followers.

Chart 9 represents the subordinates’ responses to the number of managers in the organization with the competence to galvanise and align them.

**Chart 9**

<table>
<thead>
<tr>
<th>No. of Managers who Galvanise and Align Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Subordinates' Responses)</td>
</tr>
</tbody>
</table>

This representation above implies that the subordinates differ with their middle level and senior management in regard to their capability to galvanise and align them. Majority of them are of the opinion that their organizations have very few managers with the ability to mobilise and communicate with them.

The third fundamental function as defined by Kotter (1990) is examined below.

**4.3.3 Motivate Followers**

The table below lists the variables tested in managers to determine if they are competent in meeting their followers basic human needs and values thus motivating them to keep moving in the right direction.
Table 3

<table>
<thead>
<tr>
<th>Variables tested in Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop employees’ potential for promotion.</td>
</tr>
<tr>
<td>Encourage employees’ personal growth.</td>
</tr>
<tr>
<td>Encourage employees’ professional growth.</td>
</tr>
<tr>
<td>Determine bank’s staff rewards and recognition.</td>
</tr>
<tr>
<td>Show passion, commitment, and enthusiasm about the vision.</td>
</tr>
</tbody>
</table>

The subsequent charts explain the findings attained from testing the above variables. The chart below represents the managing directors’ perception on the number of managers present in their organization with the capability to motivate their followers to move in the right direction.

**Chart 10**

![Pie Chart](image)

The above chart implies that nearly all the managing directors perceive their managers to be competent enough to motivate their followers in the right direction.

The chart below examines the middle level managers in regard to the motivational variables being tested.
Chart 11

No. of Managers who Motivate Followers
(Middle Level Managements' Responses)

The middle level managers had different opinions with majority of them concurring that their organizations have more than an average number of managers with the capability to motivate followers in the right direction.

Chart 12 below examines the subordinates' perceptions in regard to their managers' capabilities to motivate them to move towards the right direction.

Chart 12

No. of Managers who Motivate Followers
(Subordinates' Responses)

The responses of the subordinates were not in consensus with their superiors in terms of their perceptions of their managers on motivational issues.
The following section presents the findings of the research question that dealt with the management and employees’ perspectives on the calibre of leadership in their organization.

4.4. Perception of Management and Employees on calibre of leadership in organization

The questionnaires administered to middle-level management and subordinates required the respondents to choose a random sample of 9 people in their organizations equally spread from the following categories:

- Seniors / supervisors
- Colleagues (of same level / grade)
- Juniors / subordinates

The respondents were required to rate the contribution to the bank of the 9 people they had chosen, in the areas of their leadership skills.

The subsequent tables show summary of the responses. The numbers in the table indicate the number of respondents. Table 4 shows a summary of the responses from the 18 middle-level managers surveyed and Table 5 shows a summary of the responses from the 27 subordinates surveyed.

These results have been graphically represented in Graph 1 – 3. The use of column graphs for all 3 representations brings about uniformity that enhances comparability.
TABLE 4 - MIDDLE LEVEL MANAGEMENTS' RESPONSES

Rating scale:

6 = very strong contribution
5 = strong contribution
4 = contribution
3 = weak contribution
2 = very weak contribution
1 = no contribution

The numbers in the table represent the number of respondents.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seniors</strong></td>
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<tr>
<td>Leadership</td>
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<td>0</td>
<td>2</td>
<td>4</td>
<td>5</td>
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<td>2</td>
<td>5</td>
<td>7</td>
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<tr>
<td></td>
<td>3</td>
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<td>0</td>
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</tr>
<tr>
<td>Leadership</td>
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<tr>
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<td>0</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>
TABLE 5 - SUBORDINATE LEVEL MANAGEMENTS’ RESPONSES

Rating scale:

- 6 = very strong contribution
- 5 = strong contribution
- 4 = contribution
- 3 = weak contribution
- 2 = very weak contribution
- 1 = no contribution

The numbers in the table represent the number of respondents.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
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<tbody>
<tr>
<td><strong>Seniors</strong></td>
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<td></td>
</tr>
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<td>Leadership</td>
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<td>2</td>
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</tr>
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<tr>
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<td>3</td>
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<td></td>
<td>0</td>
<td>1</td>
<td>5</td>
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<tr>
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<td>2</td>
<td>10</td>
<td>2</td>
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</tr>
</tbody>
</table>
Graph 1 shows the perception of the middle level management on the leadership capability in their organizations.

Graph 1

Graph 1 above implies that the majority of the middle level managers rate their seniors as making strong contribution to leadership. The majority of employees in the middle level management also ranked their subordinates as having more leadership contribution than themselves.
Graph 2 below shows the perception of the subordinates on the leadership capability in their organizations.

Graph 2

Subordinates' Perception on Leadership

<table>
<thead>
<tr>
<th>Contribution Level</th>
<th>No. of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td>2</td>
</tr>
<tr>
<td>very weak</td>
<td>4</td>
</tr>
<tr>
<td>weak</td>
<td>5</td>
</tr>
<tr>
<td>average</td>
<td>6</td>
</tr>
<tr>
<td>strong</td>
<td>9</td>
</tr>
<tr>
<td>very strong</td>
<td>14</td>
</tr>
</tbody>
</table>

Graph 2 above implies that majority of the subordinates have a high rating for all groups present in their organization in regard to the leadership contribution levels. Their ranking of this, in descending order, is middle-level managers, seniors and colleagues.

All the respondents were evaluated on their perception of the team spirit within their individual organizations.
4.5. **Leadership style and organizational culture**

The questionnaires administered to the sample sought to determine the existence or lack of teamwork in the organizational culture amongst various groups. The results are presented in the graph below:

**Graph 3**

![Graph showing teamwork among different groups.](image-url)

Majority of the respondents were of the opinion that all sub groups, that is, top management, middle management and subordinates worked as a team within their group.

However, this differs from the findings in Section 4.4 above that tabulated the findings for the respondents' perceptions on the contribution levels of all sub groups. Majority of the subordinates and middle level managers felt that the least contribution in regard to leadership was by their colleagues at the same hierarchical level.
4.6 Managing Directors’ Perceptions on Leadership Style and Organizational Culture

The questionnaire for managing directors incorporated 18 questions from the Blake and Mouton Managerial grid. The grid provides a framework for understanding types of leadership. It consists of two dimensions: concern for people and concern for production. Blake and Mouton (1964) suggest that the most effective leadership is characterized by the combination of high concern for people with high concern for production.

The respondents are required to answer a series of questions by ranking them on a scale of 0 to 5 with zero being the lowest level of occurrence. The respondents’ answers were transferred to the score sheet below (Table 6).
### Table 6 – Score Sheet Blake and Mouton Managerial Grid

#### PEOPLE SCORE

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Respondents’ answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 5 4 4 4 5 5 5 3</td>
</tr>
<tr>
<td>4</td>
<td>4 5 4 3 3 4 4 5 5</td>
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<td>6</td>
<td>5 2 4 5 5 4 5 3 4</td>
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<tr>
<td>9</td>
<td>3 2 2 3 4 4 3 5 5</td>
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<tr>
<td>10</td>
<td>3 2 3 3 3 4 3 4 5</td>
</tr>
<tr>
<td>12</td>
<td>4 3 4 4 5 4 5 5 5</td>
</tr>
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<td>5 4 5 5 5 5 5 5 5</td>
</tr>
<tr>
<td>17</td>
<td>4 5 5 3 4 4 5 3 4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>38 32 35 35 36 39 39 40 41</strong></td>
</tr>
<tr>
<td><strong>X 0.2</strong></td>
<td><strong>7.6 6.4 7 7 7.2 7.8 7.8 8 8.2</strong></td>
</tr>
</tbody>
</table>

#### TASK SCORE

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Respondents’ answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2 3 3 4 4 5 5 2 3</td>
</tr>
<tr>
<td>3</td>
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<td>15</td>
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</tr>
<tr>
<td>18</td>
<td>2 3 2 4 3 3 4 4 4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>34 31 33 41 37 36 37 33 35</strong></td>
</tr>
<tr>
<td><strong>X 0.2</strong></td>
<td><strong>6.8 6.2 6.6 8.2 7.4 7.2 7.4 6.6 7.0</strong></td>
</tr>
</tbody>
</table>
The score sheet above tabulates the scores for concern for production and concern for people separately. The total summation of individual scores is multiplied by 0.2 on each axis.

The graph below is an explanation of the technique used to decipher an individuals particular leadership style. The two scores of each individual are plotted at the point of intersection and that is the leadership dimension that the respondents operate from.

Graph 4 – Matrix for Blake and Mouton Managerial Grid

<table>
<thead>
<tr>
<th>Task</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Country Club</td>
</tr>
<tr>
<td>2</td>
<td>Impoverished</td>
</tr>
<tr>
<td>6</td>
<td>Team Leader</td>
</tr>
<tr>
<td>9</td>
<td>Authoritarian</td>
</tr>
</tbody>
</table>

The Blake & Mouton Managerial Grid above is interpreted as follows:

- An impoverished leader has low concern for work to be done as well as for the people doing the work.
- A country club leader has high concern for the people doing the work and low concern for the actual work that needs to be undertaken.
- An authoritarian leader has a high concern for the work being done and a low concern for the people doing the work.
- A team leader has high concern for the work to be done as well as the people who are doing the work. This is the ideal leadership scenario.
- A middle ground leader shows moderate concern for both people and work.

The final scores were plotted on the graph below (Graph 5) and the area of intersection (noted with a dot) is the leadership dimension that the respondents operate from.

**Graph 5**

![Blake and Mouton Managerial Grid](image)

Graph 5 above implies that all the senior managers perceive themselves to be team leaders with high score on concern for people as well as the task required to be done.
However, it is important to note that this was a self-analysis and the perception of senior management being team leaders is based on their own responses to the managerial grid questions.

The following chapter reviews the conclusions and recommendations drawn based on the results and findings discussed in this chapter.
CHAPTER 5

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION
This chapter will begin with a summary of important elements of the study including its purpose, research questions, methodology used and major findings or results. There will be a discussion providing interpretation of the results as compared to the findings of previous studies or theoretical background presented in the literature review. The chapter shall include major conclusions drawn from the research findings presented and recommendations made for future research work based on the findings and conclusions generated from the study.

5.2 SUMMARY
The purpose of this study was to evaluate the perceived effectiveness of managers as leaders in the banking sector of Nairobi. The research questions aimed to determine the extent to which the bank managers were perceived to possess the core competencies and skills necessary for effective leadership, and the perceptions of managers and employees on the calibre of leadership in their organisations. Kotter's model of leadership was used to evaluate perceived leadership effectiveness. The study also aimed at evaluating the leadership styles adopted as well as the organisational culture, to determine if they foster effective leadership.

This was a descriptive study and data for the study was collected from a sample of 54 respondents operating in 9 out of the 46 commercial banks within Nairobi. Non-probability sampling was used to select the
respondents. The respondents included managing directors’, middle-level managers’ and subordinate staff of each of the targeted banks.

Instruments of data collection were self-administered questionnaires and interviews. The data was analysed using Microsoft excel and presented in tables, charts and graphs. The Blake and Mouton Managerial Grid (1998) was used to analyse some elements of the questionnaire targeted for managing directors.

The major findings or results are that the managing directors’ and middle-level managers’ believe their organizations have managers with the core competencies necessary for effective leadership. However, the subordinate level employees were not in agreement with this conclusion. The managers and employees surveyed perceived their organizations to have managers capable of leadership within their senior team. The leadership style and organizational culture present in these organizations was one of teamwork.

5.3 DISCUSSION

The responses from respondents were considered valid, as majority of them had been working in their organizations for at least four years. According to the managing directors, their organizations had managers with the core competencies necessary for effective leadership. There was a contradiction by the middle-level managers and subordinates in the perception of the number of executives present in their organizations with the core competencies necessary for effective leadership. The middle-level managers felt they had an average number of managers with these skills and the subordinates were of the opinion that they have very few managers that possessed the core competencies necessary for effective leadership.
This indicates that those in higher-ranking managerial positions believe they have the skills required to establish group direction, galvanise, align and motivate employees. However, from the findings it would appear that the leaders have not demonstrated their leadership capabilities to their followers. According to Kotter (1999) leadership does not take place in a vacuum but within a group of people. He argues that it is necessary to match the leadership styles to the followers, situation and the tasks to be performed. The lower the match between the leader and the follower as indicated in this study, the less effective the leader is likely to be.

The middle-level managers perceived their seniors to make very strong contributions to effective leadership and work performance. The majority even felt that the contribution levels of their subordinates in this regard were stronger than theirs.

On the other hand, the subordinates perceived everyone in their organizations to have very strong leadership capabilities.

All the managing directors interviewed, considered themselves team leaders in terms of their leadership style based on the Blake and Mouton Managerial Grid (1998). This means that the top management places high level of emphasis on the task to be performed as well as the people performing the task. The perception of the managing directors is confirmed by majority of all the respondents, who felt there was the existence of teamwork in their organizational culture amongst the various groups, namely subordinates, middle management and top management.

This concurs with the view of Bennis (1998) that individuals have an inborn craving to be part of a community and it is the leaders
responsibility to turn individual workers into a cohesive productive group.

5.4 CONCLUSIONS
Managers operating in the banking sector in Nairobi perceive that they have the core competencies necessary for effective leadership though the middle-level managers do not have this perception towards their own contributions to the leadership. The subordinates rated high all groups in regard to leadership. The leadership style and organizational culture present in these organizations is one of teamwork that fosters effective leadership.

5.5 RECOMMENDATIONS
Based on the findings of this study it is recommended that the middle-level and top management place more effort on communicating with the subordinates and creating value congruence. Value congruence is the establishment of a common understanding between management and employees. It also means that leaders are able to fulfil the needs of the employees, while at the same time meeting the goals of the organisation.

Efforts should be made to improve the leadership skills of middle-level managers. Such efforts may include coaching and mentoring programmes, as well as leadership training.

In future similar research should be carried out in:
   a) Banks with a high market share to determine if the responses would differ from those with a low market share.
   b) Other sectors of the countries economy to evaluate if the leadership capacity reflected in this study are experienced throughout the nation.
REFERENCES


