

Determinants of Effective Leadership in Banks: A Case Study of Diamond Trust Bank - Kenya

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Abstract

Leadership is described as "a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task". For example, some understand a leader simply as somebody whom people follow, or as somebody who guides or directs others, while others define leadership as "organizing a group of people to achieve a common goal". However, effective leadership refers to systematic approach to improving results through evidence-based decision making, continuous organizational learning, and focus on accountability for performance. Accordingly, effective leaders are considered to be more successful and efficient in performing their duties towards achievement of organizational goals, building collective vision, mission, and set of values that help people focus on their contributions to bring out their best. Furthermore, effective leaders increase productivity, outcomes and also instill a sense of belonging within the entire workforce. In this connection, there are several determinants that influence effectiveness in leadership including, leadership skills, education levels and delegation culture et cetera. These factors also influence how leaders respond to challenges in mobilizing others to do extraordinary things for their organizations and to achieve company's objectives. There are variety of leadership challenges facing organizations, ranging from lack of skilled manpower, human resource management, competition from peer Organizations, change resistance, adoption of new technology, deployment of capital, balance sheet structuring, customer demands et cetera. In fact, the hallmark of management is characterized by disruption in all spheres. Leaders are tasked to lead their respective teams towards resolving the above challenges and achievement of the overall company's objectives within prescribed budgets and given timeframe thereby enhancing efficiency, profitability and productivity. However, often, leaders face challenges in achievement of their objectives due to the disruptive environment and the inherent leadership gaps thereof. As a result, leaders make wrong decisions, which end up costing their organizations dearly. This study sought to explore the factors influencing effective leadership in organizations. A case study of Diamond Trust Bank, Kenya was used. The study was guided by three specific objectives namely: to determine the influence of leadership skills on effective leadership in Diamond Trust Bank, to assess the effects of educational background on effective leadership in DTB and to determine the influence of delegation of duties on effective leadership in DTB. Data was collected using questionnaires and face to face interviews. A target population of 800 staff members of DTB was sampled by way of stratified sampling technique to obtain a representative sample. Data was analyzed using chi-square tests, correlations and descriptive statistics using SPSS version 20.

Keywords: leadership skills, educational background, delegation of duties, effective leadership in Banks.

1. Introduction

Effective leadership is the process of directing the behavior of others towards the accomplishment of some common objectives. According Brian O'Neil, (2000), "leadership is influencing people to get things done to a standard and quality above their norm". Leadership is also described as "a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task" Abernethy, M.A Bouwens, J Van Lent (2010). For example, some understand a leader simply as somebody whom people follow, or as somebody who guides or directs others, while others define leadership as "organizing a group of people to achieve a common goal" Cleveland H (2005). Effective leadership refers to systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for performance.

Effective Leadership is imperative for molding a group of people into a team, shaping them into a force that serves as a sustainable business advantage. Effective leaders have an inspiring vision, foresight and change anticipation is their hallmark. Leaders know how to make people function in a collaborative fashion, and how to motivate them to excel their performance. Leaders also know how to balance the individual team member's quest with the goal of producing synergy; an outcome that exceeds the sum of individual inputs. Leaders require that their team members forego the quest for personal best in concert with the team effort. Effective leaders supply a shared vision; and inspire people to achieve more than they may ever have dreamed possible. People change when they are emotionally engaged and committed. To inspire, you must both create resonance and move people with a compelling vision (Banks, R. J & Ledbetter; 2004). You must embody what you ask of others, and be able to articulate a shared vision in a way that inspires others to act. You must offer a sense of common purpose beyond the day-to-day tasks, making work exciting. To be more proficient in pursuing

and achieving objectives, you should be open to new ideas, insights, and revelations that can lead to better ways to accomplishing goals. This continuous learning process can be exercised, in particular, through engaging yourself in a constant dialogue with your peers, advisers, consultants, team members, suppliers, customers, and competitors.

Leadership challenge in organizations is about how leaders mobilize others to do extraordinary things in their departments so as to achieve company's objectives. It is about practices leaders use to transform values into actions, visions into realities, obstacles into innovations, separateness into solidarity, and risks into rewards and to improve the shareholders' value. It is about these leadership skills that create the climate in which people turn challenging opportunities into remarkable success (Valentine & Prater, 2011; Willey *et. al* 2002). Organizations face constant leadership challenges and business disruptions including lack of suitable, skilled and qualified manpower, uncertain investment environment, unfavorable legal structure, mix of capital structure and finance & risk management which requires steadfast leadership to achieve optimum results. In a global economy, banks operate in fast-moving financial market environments, competitive conditions with huge volumes of transactions. Getting the right people to be accountable and to take responsibility for performing the hundreds, and often thousands of leadership roles within the bank is critical; but equally important is building the right culture within which they operate. It has to be a culture that is honest about the reality of the situation, where people are encouraged and rewarded for raising issues and surfacing potential problems early; where doing the right thing for customers is highly valued, and where everyone is encouraged to use their initiative to generate the best ideas. Culture has to do with how things are done, the value system within the company, how people get ahead, and what people do, as well as what they say. Douglas Flint (2014), Group Chairman of HSBC, the world's third biggest bank by assets, in a speech at the British Bankers Association's annual conference last year warned that although the "acute phase of the recent financial crisis appeared to be over, we are now entering a new phase with even more complex actors and stresses".

Extensive research has been undertaken on leadership behavior in commercial banks since the 1950s; results of which has divided leadership into three areas: task-oriented, relation-oriented and participative leadership. The studies have given rise to a number of taxonomies which Yukl (2009), proposes might be refined into the three jointly inter-reacting categories of task, relations and change-oriented behaviors which are all relevant to the banking sector leadership styles.

This study explored the determinants of effective leadership in organizations; including the impact of leadership skills on affective leadership in DTB. A question often asked by researchers and practitioners is "How can we develop people skills to ensure effective leadership?" When one considers skills-based theories, a broader set of theoretical questions comes to mind; is there reason to suspect that skills develop as a function of experience? If skills improve as a function of experience, exactly what kinds of experiences contribute to skill increases at different points in leaders' careers? The researcher will examine how leadership skills influence effective leadership in organizations as proposed by Mumford, Zaccaro, Harding, Jacobs, and Fleishman (2010) and how they differ across organizational levels. Leaders, no matter how gifted, initially enter organizations as novices. Thus, they lack basic concepts that provide them with an understanding of the work, organizational contexts, and leadership roles. As a result, the kinds of problems with which they are presented are typically highly structured, and the activities of these neophyte leaders are likely to be closely supervised. Performance in these structured, well-defined roles are necessarily situational-contingent and often rely on technical and social skills that transfer from prior educational or work-related experiences (Podsakoff, MacKenzie, & Bommer, 1996). After novice leaders have acquired some understanding of the organization and their place in it, the key issues at hand are two-fold. First, leaders must begin to elaborate their initial knowledge structures, integrating "real-world" experience into base concepts. Second, they must begin to organize the knowledge by independently tackling leadership problems, albeit relatively well-structured ones. Assignments where the leader has primary supervisory responsibilities and some limited discretion are likely to prove valuable in skill development. Commitment to organizational goals, the evaluation of others, and commitment to others are all likely to prove particularly important developmentally, along with an active ongoing involvement in developing others and oneself (Schmeck, 2008).

Most scholars agree that for effective management, the primary skills are technical, interpersonal, conceptual and diagnostic (Lussier & Achua, 2012; Müller & Turner, 2010). Technical are the skills needed to perform specialized tasks, important especially for first line managers as they are the ones in the real operations of the bank. Interpersonal skills are the skills needed to enable one to work with, understand and motivate others, either as individuals or as groups and conceptual skills are relate to the managers mental ability to coordinate and integrate all the organization's interests and activities that is, to be able to think in the abstract, to see relationships between forces that others cannot see and to take a global perspective of the organization and its environment (Mumford, M. D. & Connelly M S, 2000). Diagnostic skills are used to define and understand situations and events. They are mainly directed at problem solving. In this study, the researcher will also explore the importance of having the right skill profile in DTB and how it contributes to effective leadership.

One of the most robust findings in empirical research is the importance of education in explaining economic outcomes of organizations. There is overwhelming evidence that education affects earnings in business (Card 2007). It has also been shown that education has an impact on charitable giving and other measures of citizenship; Dee (2004) and Milligan, Moretti and Oreopoulos (2004) which examines how the educational level of a political leader affects aggregate economic growth in the country during his time in office. In this study, the researcher will also investigate how education background has led to effective leadership in DTB. The hypothesis that educated leaders may be more publicly-spirited and more productive than less educated ones will be tested. In this context, Dee (2004), finds that educational attainment has a large and statistically significant effect on collective participation and support for clear communication channels. It has been observed that, leaders with specialized training in their line of trade tend to be more productive than others who have no training at all (Dreher et al 2009). Viewing leadership as an expression of responsible citizenship goes back to Plato and Aristotle. For Plato, a major concern is the possibility that leadership could degenerate if the leader does not separate his personal interests from the welfare of those he governs. In addition, intelligence is central to the Platonic view of leadership; where educated citizens are considered better leaders. Dreher et al. (2009) studied the impact of education and profession on implementation of market-liberalizing reforms and found that entrepreneurs, professional scientists, and trained economists are significantly more reform oriented. Congleton and Zhang (2009) use a similar approach and analyzed the influence of U.S. presidents on economic growth. Their results indicate that higher levels of education and specific professional experiences of a president substantially increase economic growth.

Delegation is the act of assigning formal authority and responsibility for completion of specific activities to subordinates. Managers are forced to clarify organizational roles and structure so as to clearly show areas of delegation of authority in order to achieve the results (Abernethy, Bouwens & Van Lent 2010; Dubrin, 2012). Delegation is necessary since no superior can personally accomplish and supervise all the tasks in the organization. The extent to which managers delegate authority and accountability is influenced by such factors as the culture of the organization, the specific situation involved and the relationships, personalities and capabilities of the people in that situation (Valentine & Prater, 2011). In this study, the researcher will examine the extent by which authority is delegated in DTB and how it has led to effective leadership. Webster's dictionary defines the verb "to delegate" as "to entrust to another authority" and "to assign responsibility or authority". According to LaCour and Tissington (2010), leadership decision making can occur by either delegation or empowerment. They define delegation as "an expression of authority which determines which tasks will be completed by which employees" and empowerment as "followers having the freedom to complete tasks for the purpose of achieving the goals and visions of the institution". Thus, empowerment shares the decision making process between the leader and the followers. This is sometimes referred to as shared leadership.

In DTB, delegation of duty to the right people to facilitate optimum execution is another aspect of leadership that influences effective leadership in organizations. It enables the bank to identify and develop strong bench strength of high caliber performers who are ready to be deployed at any time to execute an activity. The more diverse the bench strength the better for the leadership and the better prepared the organization is to the change environment. Delegation is also a means to motivate staff and to attain optimal results. However, some leaders tend not to delegate some of their responsibilities, either out of fear or in the belief that only they can perform such activity perfectly (Katz R L, 2006). Such leaders are often unsuccessful and tend to lead a demotivated team; since such leadership style narrows the room for personal initiative and growth. Delegation is a very helpful tool for succession planning, personal development and promotion. It's how people grow in the job; it enables experience to take on higher responsibilities and is vital for effective leadership (Volpe B Bloom P J, 2011). Effective delegation is crucial for management and leadership succession. For the successor and for the manager or leader, the main task of a manager in a growing thriving organization is ultimately to develop a successor. When this happens everyone can move on to higher things. When it fails to happen, the succession and progression becomes dependent on bringing in new people from outside.

According to Banks R J & Ledbetter (2004), leadership effectiveness is "the successful exercise of personal influence by one or more people that results in accomplishing shared objectives in a way that is personally satisfying to those involved". Leadership effectiveness involves building a collective vision, mission, and set of values that help people focus on their contributions and bring out their best, establishing a fearless communication environment that encourages accurate, honest feedback, trust, respect and self-disclosure. It is inclusive and creates an environment that stimulates extraordinary performance (Cleveland H, 2005). Accordingly, effective leaders improve on profitability of the company and productivity of employees.

2. Theoretical Review

Over the last 10 years, there has been crisis in the banking sector arising out of leadership gaps, disruptive business environment and ethical considerations hence need for effective leadership in banks. The stream of bank failures experienced in the USA during the great depression of the 1940s prompted considerable attention

to the banking sector performance and their leadership (Heffernan, 2005). The recent global financial crisis of 2007/2009 also demonstrated the importance of leadership in the banking sector and the need to keep it under surveillance at all times. In fact, Kenya has since put in place guidelines and vetting procedure to be followed when recruiting senior bank officers under the “fit and proper” (CBK Prudential Guidelines 2012) in an effort to improve the leadership caliber in banks. Arun and Turner (2004), argued that the importance of banks is more pronounced in developing countries because financial markets are usually underdeveloped, and banks are typically the only major source of finance for the majority of firms and are usually the main depository of economic savings (Athanasoglou *et al*, 2006).

2.1 Transformational Leadership Theory

According to Bernard Bass (2000), transformational leadership occurs when a leader transforms, or changes, his or her followers in three important ways that together result in followers trusting the leader, performing behaviors that contribute to the achievement of organizational goals, and being motivated to perform at a high level. Transformational leaders increase subordinates’ awareness of the importance of their tasks and the importance of performing well; make subordinates aware of their needs for personal growth, development, and accomplishment; motivate their subordinates to work for the good of the organization rather than exclusively for their own personal gain or benefit. Building on Bass’s contributions, Tichy and Devanna (1986) identified the characteristics of transformational leaders as follows: They identify themselves as change agents; they are courageous individuals; they believe in people; they are value-driven; they are lifelong learners, they have the ability to deal with complexity and; they are visionaries. Accordingly, Transformational leaders are effective leaders who are change agents and are relevant to this study.

2.2 Functional Theory

Functional leadership theory (Hackman & Walton, 1986; McGrath, 1962; Adair, 1988; Kouzes & Posner, 1995) is a particularly useful theory for addressing specific leader behaviors expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is taken care of; thus, a leader can be said to have done their job well when they have contributed to group effectiveness and cohesion (Fleishman *et al.*, 1991; Hackman & Wageman, 2005; Hackman & Walton, 1986). While functional leadership theory has most often been applied to team leadership (Zaccaro, Rittman, & Marks, 2001), it has also been effectively applied to broader organizational leadership as well (Zaccaro, 2001). In summarizing literature on functional leadership (Kozlowski *et al.* (1996), Zaccaro *et al.* (2001), Hackman and Walton (1986), Hackman & Wageman (2005), Morgeson (2005)), Klein, Zeigert, Knight, and Xiao (2006) observed five broad functions a leader performs when promoting organization's effectiveness that is, environmental monitoring, organizing subordinate activities, teaching and coaching subordinates, motivating others, and intervening actively in the group's work

2.3 Positive Reinforcement Theory

B.F. Skinner (2006) is the father of behavior modification and developed the concept of positive reinforcement. Positive reinforcement occurs when a positive stimulus is presented in response to a behavior, increasing the likelihood of that behavior in the future. The following is an example of how positive reinforcement can be used in a business setting: Assume praise is a positive reinforcer for a particular employee. This employee does not show up to work on time every day. The manager of this employee decides to praise the employee for showing up on time every day the employee actually shows up to work on time. As a result, the employee comes to work on time more often because the employee likes to be praised. In this example, praise (the stimulus) is a positive reinforcer for this employee because the employee arrives at work on time (the behavior) more frequently after being praised for showing up to work on time. Empirical research covering the last 20 years suggests that reinforcement theory has a 17 percent increase in performance. Additionally, many reinforcement techniques such as the use of praise are inexpensive, providing higher performance for lower costs.

3. Research Methodology

The study adopted descriptive survey research design. Research design is defined by O’Leary (2004) as the plan for conducting a study that includes methodology, methods and tools involved in quantitative or qualitative research. A research design is plan for collecting and utilizing data such that the desired information can be obtained with sufficient precision or so that a hypothesis can be tested properly. A mixed approach of qualitative and quantitative designs was used to offer different perspectives and to complement each other. Quantitative research is conclusive in its purpose as it tries to quantify the problem and understand how prevalent it is by looking for projectable results to a larger population. The quantitative research was designed such that questionnaires formed the main research instrument. The formats incorporated open-ended and close-ended questionnaires. Furthermore, the research study ensured that data was collected from a large sample base of

employees. The qualitative method investigates the *why* and *how* of decision making, not just *what*, *where*, *when*, or *who*", and has a strong basis in the field of sociology (Yin, 2010). Qualitative research is by definition exploratory, and it is used when we don't know what to expect, to define the problem or develop an approach to the problem. It's also used to go deeper into issues of interest and explore nuances related to the problem at hand.

Target population comprised of 800 members of staff of Diamond Trust Bank at the Head Office in Nairobi, at different line of managerial levels that were selected by way of Stratified Random sampling. This is in consonance with Tuckmans (2008) assertion and representation method for reliable information, free from bias, provided that consideration is made on the distinct characteristics of the population. The breakdown of target population (per department) is as follows:

Table 3.1 Target population

No	Department	No of staff
1	Operations & Branches	500
2	Finance & procurement	30
3	Human resource	10
4	Treasury	20
5.	Corporate	20
6	Asset Finance	22
7	Retail	26
8	Credit Risk	18
9	Audit & Compliance	27
10	Sales & Marketing	6
11	Legal	14
12	Support staff	107
TOTAL		800

The study adopted Stratified technique of sampling since it is the most accurate, simple and the best way to obtain representative sample. According to Anderson, Paul H Ann. Math (2012), Stratified sampling is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata. It is important to note that the strata must be non-overlapping. Having overlapping subgroups grants some individuals higher chances of being selected as subject. This study used age, gender and management position as the main consideration for sampling. Gay (2005) reports that stratified sampling is the best single way to obtain a representative sample. No technique, not even random sampling, guarantees a representative sample, but the probability is higher for this procedure than for any other. According to Mugenda & Mugenda (2003), stratification is the process of dividing members of the population into homogeneous subgroups before sampling. Stratified sampling is a method of polling that separates the population into groups with commonalities and then polls members of each group. As a result of separating the groups; it is then possible to obtain a more accurate poll and to identify specific target groups for leadership training. This sampling technique is often more accurate than other methods and ensures the presence of the key subgroup within the sample. With stratified sampling, the researcher can representatively sample even the smallest and most inaccessible subgroups in the population. This allows the researcher to sample the rare extremes of the given population. Leary (2005) indicates that a stratified random sample typically reflects the characteristics of the population as a whole. The size of the sample was arrived at by using Fisher's formula as below:

$$Nf = \frac{n}{1+n/N}$$

Where Nf-sample size

N-sample frame; n - Working sample

A sample size of 80 staff members were selected for the study as per Table 3.2 below:

Table 3.2 Sampling frame

No	Department	No of staff	Sample size (10%)
1	Operations & Branches	500	50
2	Finance & procurement	30	3
3	Human resource	10	1
4	Treasury	20	2
5.	Corporate	20	2
6	Asset Finance	22	2
7	Retail	26	3
8	Credit Risk	18	1
9	Audit & Compliance	27	3
10	Sales & Marketing	6	1
11	Legal	14	1
12	Support staff	107	11
TOTAL		800	80

The researcher chose a 10% random sample of the population consistent with recommendations by Mugenda and Mugenda (2003) who justified the sample of 10% where the sample frame is large (and exceeding a minimum sample size of 30 respondents). Sampling is the process of selecting units (e.g., people) from a population of interest so that by studying the sample, we may fairly generalize our results back to the population from which they were chosen. Mouton (2006) defines a sample as elements selected with the intention of finding out something about the total population from which they are taken.

Determining sample size is very important because samples that are too large may waste time, resources and money, while samples that are too small may lead to inaccurate results. In many cases, we can easily determine the minimum sample size needed to estimate a process parameter, such as the population mean μ .

When sample data is collected and the sample mean \bar{x} is calculated, that sample mean is typically different from the population mean μ . This difference between the sample and population means can be thought of as an error. The margin of error E is the maximum difference between the observed sample mean \bar{x} and the true value of the population mean μ :

Mugenda and Mugenda (2003) explains a simplified formula for calculating sample size of a population that is less than 10,000 by using Fisher's formula as below:

$$Nf = \frac{n}{1 + n/N}$$

Where Nf-sample size

N-sample frame

n- Working sample {10% * sample frame (800)}

$$0.010 * 800 = 80$$

$$\frac{80}{1 + \frac{80}{800}} =$$

80 respondents

Some of the factors the researcher took into consideration whilst choosing the "right" sample size for this study includes; cost considerations (e.g., maximum budget, desire to minimize cost), administrative concerns (e.g., complexity of the design, research deadlines), minimum acceptable level of precision, confidence level, variability within the population or subpopulation (e.g., stratum, cluster) of interest, time and sampling method. Accordingly, to Mugenda and Mugenda (2003), a sample size of 10-30% is good enough if well-chosen and the elements in the sample are more than 30. Accordingly, the researcher is confident that the sample size of 80 respondents gives a good representation of the target population

Questionnaires were used as the primary data collection instrument. The questionnaires were self-administered through drop and pick method to the respondents. This method ensures accuracy, relevance and specificity of the data to the research topic. Open and closed ended questionnaires were created and administered to the selected respondents after notifying them in pilot study. According to Leary (2005), there are distinct advantages in using a questionnaire vs. an interview methodology; questionnaires are less costly and easier to administer than personal interviews; they lend themselves to group administration; and, confidentiality is assured. Primary data collection methods will employ deductive logic, where the researcher starts with a hypothesis, and then collects data to confirm or refute the hypothesis (Burns and Grove 2006). Questionnaires are generally fast and inexpensive with a wide assortment of statistical techniques available to the researcher. Computer software is readily available to provide both basic and advanced multivariate analysis. According to Sekaran (2010), questionnaires can be used for both descriptive and explanatory research. Since this is a descriptive research, it

helps to identify and describe the variability in different phenomena through attitude, opinion and questionnaire of organizational practices.

For this research study to succeed, the researcher obtained written consent and endorsement from the management of DTB; which consent was attached to each questionnaire for comfort of the respondents. Further, the questionnaire was accompanied by cover letter. The data collected was tested for accuracy before further analysis.

Polit and Hungler (2006) refer to reliability as the degree of consistency with which an instrument measures the attribute it is designed to measure. To ensure validity and reliability of the research instrument to be used, the degree to which a research instrument can yield consistent results after repeated trials is important, Mugenda and Mugenda (2003). Reliability of the questionnaire was tested through a pilot study in which five questionnaires were pretested to a sample group similar to the actual sample. This is important in finding out any deficiencies in the questionnaire and rectifying them before the actual questionnaire is issued. Cronbach's Alpha test was used to increase accuracy as the inter-correlations among test items, and for internal consistency estimate in collecting data. The researcher ensured that the questionnaires are submitted to the supervisor to check for validity and assess the relevance of the questions and content to the study. Because inter-correlations among test items are maximized when all items measure the same construct, Cronbach's Alpha is widely believed to indirectly indicate the degree to which a set of items measures a single uni-dimensional latent construct. It is easy to show, however, that tests with the same test length and variance, but different underlying factorial structures can result in the same values of Cronbach's Alpha. Indeed, several investigators have shown that alpha can take on quite high values even when the set of items measures several unrelated latent constructs. According to Suskie (1996), a perfectly reliable questionnaire elicits consistent responses. Before conducting data analysis of data, the raw data was cleaned to remove all missing responses using box plots and tested for normality using scatter diagrams and split plots. Data analysis is the process of developing answers to questions through examination and interpretation of data (Chambers and Skinner 2003). Data was then coded to enable responses to be grouped into various categories, thereafter, measurement of the dependent variables using five-point Likert scale to determine three dimensions on employees' voice and subjected to factor analysis. The approach helped to underline the pattern of relationship among investigated items.

3.1 Model specification

The study applied multiple regression analysis to determine the determinants of effective leadership in Diamond Trust Bank. The SPSS analytical software was used for this purpose. The multivariate regression equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \quad (1)$$

Whereby Y = Effective leadership
 X_1 = Influence of Leadership Skills
 X_2 = Effect of Education Background
 X_3 = Influence of Delegation of Duties
 ϵ = Error term/Erroneous variables

3.2 Regression Analysis

Regression analysis was also used to predict the value of the dependent variable on the basis of independent variables. Regression analysis is concerned with the study of the dependence of one variable, the dependent variable, on one or more variables, with the view to estimating and or predicting the population mean. Scale reliability analysis for the dependent variable was done using Cronbach's Alpha to test the internal consistency of the scale items. The standardized alpha for the total effective leadership scale with four items was 0.74. The four items were used to compute an effective leadership scale using SPSS. Linear regression analysis was used to predict the influence of the three independent variables on the effective leadership. The independent variables used in the regression models were leadership skills, education background, and delegation of duties. The dependent variable was effective leadership. The regression model used in this study is as shown:

Effective Leadership = f (Leadership Skills, Education Background, Delegation of duties)

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Whereby

Y = Effective leadership
 X_1 = Influence of Leadership Skills
 X_2 = Effect of Education Background
 X_3 = Influence of Delegation of Duties
 ϵ = Error term/Erroneous variables

A regression model uses a multivariate statistical analysis to isolate the variables that appear to be

most significant. The R Square statistic reports the proportion of explained variance in the dependent variable that is accounted for by the independent variables. The results of the regression indicated that all three predictors explained 74 % of the variance ($R^2 = .74$) which indicates that the independent variables included in this model accounted for 74% of the explained variance in effective leadership.

From Table 4. 12 below, the F-statistic for this model was 62.107 and was significant at the .05 level. This indicates that at least one independent variable in the model was statistically significant in predicting effective leadership within DTB.

Table 3.3: Test of significance for overall model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.521	3	8.507	62.107	.000 ^b
	Residual	9.040	66	.137		
	Total	34.562	69			

a. Dependent Variable: Effective Leadership

b. Predictors: (Constant), Leadership Skills, Academic Background, Delegation

The above findings of the model used to examine the effects of individual determinants on effective leadership. From the table, academic background, delegation and leadership skills were all significant in predicting effective leadership. The slope indicates the average change in the dependent variable with a one-unit change in the independent variable when controlling for the influence of the remaining independent variables included in the model. The slope for “academic background” was 0.37. Thus, a one unit increase in academic background corresponded with a 0.37 increase in the dependent variable “effective leadership.” Similarly, the slope for “leadership skills” was 0.37 thus, a one unit increase in leadership corresponded with 0.37 increase in effective leadership. This suggests that higher and more relevant the education background, the more likely a leader will be effective in their work. This also suggests that higher leadership skills are associated with more effective leadership.

Table 3.4: Test of significance for individual dependent variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.004	.297		.013	.990
Academic Background	.373	.078	.364	4.806	.000
Delegation	.247	.069	.295	3.586	.001
Leadership Skills	.368	.087	.373	4.245	.000

a. Dependent Variable: Effective Leadership

The results arising from running an ordered probit on SPSS analysis software are presented in table 4.14

Table 3.5: Ordered Probit Results for Leadership Skills, Education Background and Delegation of duties

Effective leadership	Coefficient	Standard Error	P value
Leadership Skills	0.4	0.7	0.02
Education Background	0.36	0.4	0.05
Delegation of Duties	0.7	0.2	0.01

Composite Mean 3.8

Composite Standard Deviation 0.4

$r = 0.37$

The calculated correlation efficient shows that $r = 0.37$. According to Shirley et al (2005), the strength of the relationship will be considered weak for $0.1 \leq r \leq 0.29$, moderate for $0.3 \leq r \leq 0.59$ and strong if $0.6 \leq r \leq 0.9$. It can, therefore, be concluded that there is a moderate positive correlation between leadership skills, education background and delegation of duties. The p- value indicates the statistical significance of the relationship. A p-value of less than 0.05 is recommended as it signifies a high degree of confidence. With all the independent variables having $p < 0.05$; this indicates that there is a significant relationship among all the three variables with regards to effective leadership. From the results, a unit % in leadership skills would result in 40% increase effective leadership. Additionally, a unit % increase in education levels would result in 35% increase in effective leadership. A unit % increase in delegation would result in 70% increase in effective leadership. Having the composite mean as 3.8 and standard deviation of 0.4 meant that the respondents agreed that, leadership skills, educational background and delegation of duties are important determinants in effective leadership in DTB. This, therefore, underscores that findings of the study that all the above independent variables are important factors in effective leadership in DTB.

4. Research Findings

4.1 Leadership skills and its influence on effective leadership in banks

80% of the respondents agreed that leadership skills is an important factor for promotion in DTB. Furthermore, a majority (84%) of the respondents agreed that leadership skills is an important determinant in effective leadership. However, a paltry 6% of the respondents did not agree. The study also revealed that majority (63%) of the respondents agree that leadership skills helps leaders to galvanize followers around a common purpose hence improvement in performances, outcomes and effectiveness of the leader. These findings agree with conclusions by McKinsey Quarterly 2007 who opines that effective leadership depends on the so called “soft skills” that a leader possesses over his followers. Additionally, the study also found that majority (63%) of the respondents agree that leadership skills helps in resolving conflicts in organizations.

4.2 Education and its influence on effective leadership in banks

The research revealed that majority (88%) of the respondents were university graduates and postgraduates. Nonetheless, only 70% of the respondents indicated that education is an important determinant for effective leadership especially where such leadership demands for strategic, business and technical skills. However, when asked, if given a choice, whether they preferred to be led by an educated or non- educated leader; an overwhelming 93% of the respondents preferred an educated leader. This observation concurs with the findings of Dreher et al (2009), who stressed that better educated leaders improve outcomes for their organizations. In addition, Dreher (2009) studied the impact of education in professions and reforms and found that more educated persons are more reform oriented. However, the opinions were varied on the type or level of education required for leadership in general.

4.3 Delegation and its influence on effective leadership in banks

The research findings revealed that 85% of the respondents agreed that leaders who delegate are more effective than those who don't delegate. Furthermore, 87% of the respondents agreed that delegation is an important determinant of effective leadership. Additionally, 94% of the respondents agreed that delegation is means of inculcating leadership culture and developing succession planning. This is in line with Volpe B Bloom P J (2011); who opines that delegation enables experience to take on higher responsibility which itself is vital for effective leadership. The respondents further agree that delegation is also a means to motivate staff to achieve optimal results. Katz RL (2006), adds that leaders who tend to delegate are more successful than those who don't delegate as they often lead a demotivated team; since such leadership styles narrows the room for personal initiative and growth.

Overall, 75% of the respondents agree that effective leadership facilitates improved productivity, profitability and sense of belonging in organization. Further, the findings also confirmed that leadership skills, education background and delegation are important determinants of effective leadership such that a unit % increase in any of the variables will have a significant 74% increase in effective leadership ($R^2 = 0.74$).

5. Conclusion and Recommendations

From the regression analysis, it can be observed that whilst all the three independent factors are important determinants of effective leadership, leadership skills and delegation are more statistically significant than education background (F-test of 62). The study also concluded that leadership skills is essential for effective leadership as it galvanizes followers behind the leadership. Furthermore, the respondents agreed that education is a key factor in effective leadership as it enhances productivity and efficiency; as evidenced by the respondents who were themselves 88% graduates. It was also observed that delegation promotes leadership at all levels and forms a basis of succession planning, personal development and shared leadership. From the findings, it can be concluded that effective leadership is dependent on leadership skills, education background and delegation. In this connection, organizations need to focus on these variables in order to increase productivity, sense of belonging, efficiency and profitability of organizations.

Research findings revealed that leadership skills variable was of high statistical significance (0.001) as a determinant of effective leadership. Accordingly, leadership skills is considered an important skillset that helps leaders galvanize followers around a common purpose. The researcher's recommendation is to incorporate this variable into DTB's training programs, in order to train leaders on its relevant aspects before taking on higher responsibilities. By doing so, DTB, will increase its productivity and develop internal mechanism of conflict resolution. According to Banks R J & Ledbetter (2004), leadership skills involves building collective vision, mission and set of values to achieve a common purpose, which in turn help people focus and galvanize around a leader. In this connection, leaders are expected to have good leadership skills in order to willingly make people follow them. This is probably the most important factor in leadership and DTB should make deliberate effort to train its employees on this skillset so as to optimize on opportunities.

The impact of education background cannot be gainsaid in leadership. However, the research findings

revealed that this variable had the least statistical significance as a factor of effective leadership amongst the three independent variables. Nonetheless, the research also observed that 93% of the respondents prefer to be led by educated leaders. This finding is in concurrence with Dreher et al (2009), who studied the impact of education and found out that trained professionals are more productive than uneducated ones. Accordingly, the researcher recommends that a prescribed minimum level of education should be made mandatory to ensure effectiveness in leadership.

Amongst the three variables of effective leadership, delegation was found to have the highest statistical significance as a factor of effective leadership with 87% of the respondents. Accordingly, the researcher recommends that DTB should institutionalize a leadership culture that encourages delegation with clear guidelines on responsibilities. Under the new delegation culture, leaders will be expected to delegate a percentage of their responsibilities to their subordinates as part of succession planning program and as a mechanism where fresh leadership style is allowed to flourish. According to Volpe B Bloom P J (2011), delegation involves shared decision making process between leaders and followers. It is a great source of collective participation. In this connection, DTB should develop a formalized delegation culture and system which rewards delegation at all levels so as to encourage ownership and succession planning.

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