

# Leadership Change Implications on Employees Loyalty in Nigeria Banking Sector

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## Abstract

Employees Loyalty has become critical to the management-employees bonding across organisations especially in the banking sectors of global economy. The lack of loyalty on the part of employees has been traced to change in leadership, therefore, this study studies the implications that leadership change have on employees loyalty. The banking sector of Rivers State was covered in this study as 131 sampled employees of the selected banks were studied using a 4point lykert scale closed ended questionnaire. The data gathered were analysed using the Pearson Moment correlations coefficient and the findings from the results derived reveals significant relationships amongst the attributes of the predictor tested on the measures of the criterion variable and conclusion as well as recommendation were drawn from the resultant findings amongst which are: leadership change causes strategic, cultural, policy and attitudinal changes in the organisations and these changes reflects a shift in the loyalty status of the affected employees in the banking sector. Therefore, better management of leadership change is advocated as corporate loyalty is primarily critical for sustenance of successful banking not individual leader loyalty.

**Keywords:** Leadership, Change, Loyalty, Commitment, Task Accomplishment

## I. Introduction

The conflicts and grievances noticed most times in the banking sector are mostly not unconnected to leadership change at different times in the organisations. Because orientations of all leaders differ so are their approaches to leading people. It is these changes in leadership approaches that are of serious interest to this research effort. We all know that employee loyalty is important, but oftentimes we forget how beneficial it can be for the entire business. "Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers." (Daggernet al, 2011). There is a strong relationship between productivity, loyalty, employee satisfaction, customer loyalty, and profitability. So, what is the secret to fostering employee loyalty? Leadership. Leaders who genuinely care about their people, who are "plugged in" to their organizations, and who listen to their employees for relative suggestions to work improvement, develops corporate cultures that naturally support the concept of the Service-Profit Chain. By no surprise, employees who trust and respect the leadership of an organization often feel more empowered and motivated to do their best. This synergy also results in reduced employee turnover, which is a driving factor that impacts all service levels. Conversely, the costs associated with high employee turnover are not only substantial in terms of monetary value but also costly in terms of quality and service, which has a direct impact on customer retention and loyalty.

Unfortunately the dynamics between many employees and employers has changed significantly with employee loyalty now at a 3-year low. For some employees, the grind of a daily 9 to 5 job is now simply a means to an end; the end being a paycheck every two weeks or the distant possibility of retirement. As employers look to cut costs through lay-offs, wage reductions and elimination of benefits, employees are being asked to absorb heavier workloads, work longer hours and meet unrealistic expectations (Bumpus et al, 1998). Given the considerable changes between employees and employers in recent years, it's more important than ever for leaders to embrace and implement changes that result in employee loyalty. It is a general concern with the Nigeria banking sector where employees are forced to change their relations psyche to fit every new manager. The burden of these continues adjustments is conflicts prone because at each change levels, all the units of the organisation are forced to adjust not necessary to vision and mission but the new leadership personalities. For them, this is a new boss, therefore, all must understand his own approach. This change

consequence affects loyalty status and loyalty no longer skew to organization corporate base but individual leadership base. It is this loyalty swing and its effects on the work that stems the desire for this research.

### **II. Literature**

The outcome of leadership is about changing the behaviour of people. This perspective of leadership is focused on inspiring and motivating others, and in terms of relationship between leaders and followers, "Leadership is influence – nothing more, nothing less. (Degraaf, 2011). It is the incremental influence that a person has beyond his or her formal authority. Leadership requires using power to influence the thoughts and actions of other people. "Influencing people – by providing purpose, direction, and motivation – while operating to accomplish the mission and improving the organization." – US Army Manual. "Leadership is the capacity to influence others through inspiration motivated by passion, generated by vision, produced by a conviction, ignited by a purpose. Thies and Naddler (2014) think that too many leaders' most especially new leaders make the mistake of thinking that they can change employee's behavior in an organization by changing its culture. They suggest that for effective cultural change to occur there is the need for the active engagement of the CEO and executive team. Top leaders must ensure to be the chief architect of the change process if they want their employees to be loyal and committed to the change. Organizational culture refers to the beliefs and values that have existed in an organization for a long time, and to the beliefs of the staff and the foreseen value of their work that will influence their attitudes and behavior. Administrators usually adjust their leadership behavior to accomplish the mission of the organization, and this could influence the employees' job satisfaction. It is therefore essential to understand the relationship between organizational cultures, leadership behavior and job satisfaction of employees. Kur & Bunning (2002), argued that many cases that lead to employee grievances and poor expressions of work commitment or the failure to accomplish specified tasks are associated with poor communication in leadership and the implications associated with its change. This creates acrimony and distrust. Workers should not be denied information and management should not show lukewarm attitude towards information dissemination. The effective management change implications within the organization would facilitate a more trustworthy perception of management and thus enhance employee loyalty.

Organizational culture is described by Robbins & Coulter (2013) as the shared values, beliefs, or perceptions held by employees within an organization or organizational unit. Because organizational culture reflects the values, beliefs and behavioral norms that are used by employees in an organization to give meaning to the situations that they encounter, it can influence the attitudes and behavior of the staff. Understanding the organization's core values can prevent possible internal conflict, which is the main reason for this research into the consequences of new leader. The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating and promoting the organizational ethos to employees, their acknowledgement and acceptance of it can influence their work behavior and attitudes. When the interaction between the leadership and employees is good, the latter will make a greater contribution to team communication and collaboration, and will also be encouraged to accomplish the mission and objectives assigned by the organization, thereby enhancing job satisfaction but if otherwise will lead to some consequences. Implication of leadership change in an organization and employee's loyalty: it is popularly said that change is constant; every organization example banks wants to be at a competitive advantaged against their opposition on their chase for customers, effective service and profit making and many banks changes their branch managers without considering the implication or effect it can cause the organization in terms of the employee's loyalty and commitment under the new leader. Elegido (2013).

Change in business is good, but it's seldom easy and can often be expensive. Managers are often drawn to change by imagining the possibilities and positive impact it can have on the organization. Before launching an idea, however, spend a little time wrestling with the costs and disadvantages also because a part of change might not equal progress. Many companies emphasize a culture of continuous improvement. While never being satisfied with the status quo that can drive excellence in their organization, there is some wisdom in the old adage, "If it ain't broke, don't fix it." In other words if a leader is effective, don't change him. Mistaking change for more progress is similar to the common problem of mistaking activity for productivity. What am trying to say here is that changes in leadership, policy and style in the organization has an implication on the organization such as, it can alter or delay the effective pursuit of the organizational goal. (Rubin, Munz, & Bommer, 2005). Because new policy takes time for employees to adapt to it and new leaders in an organization slow down the organization's target because it will take time for employee's to be loyal and committed to the new change. But this does not necessarily mean that changes such as policy, style, ideas and leadership should not take place when there is need for it in the organization, but it should be properly thought about before implementing. Every organization want to be improved, no matter how well it is performing, but a manager should

always ask the question, "How is this proposed change going to improve my organization's ability to achieve our key goals?"

The reasons people resist change are lack of knowledge about coming changes and fear of the unknown. You can expect some level of resistance to any change, no matter how small or how much benefit it might promise. The key tools for managing this problem are complete, honest, and timely communication with your work force, clear communication of the value of the change, and patience with your team as they go through an inevitable adjustment phase. (Rubbin et al(2005). In that field, coughlan (2005) advocate that one of the strongest motivations and sources of power for leadership is internalization, meaning the acceptance of leadership influence that is congruent with the behavioral motives of followers, change that is executed by coercive power or calculated gain in certain roles is not likely to be followed. They believe that the fact that individuals resist change or employee’s fails to be loyal to change is partly as a result of the leader’s failure to grasp what motivate the employees to change their behavior. When you introduce a change to the organization, you are ultimately going to be impacting one or more of the following:

While there are numerous approaches and tools that can be used to improve the organization, all of them ultimately prescribe adjustments to one or more of the four parts of the organization. Change typically results as a reaction to specific problems or opportunities the organization is facing based on internal or external stimuli. While the notion of becoming “more competitive” or closer to the customer or more efficient or at the expiration of leaders tenure, can be the motivation to change, at some point these goals must be transformed into the specific impacts on processes, systems, organization structures or job roles. This is the process of defining the change. It is not enough to merely prescribe leadership change in an organization and expect employee’s to be loyal to the new leader. Creating change within an organization takes hard work and an understanding of what must actually take place to make the change work.

### III. Methods

This study was conducted in the banking sector in Rivers State particularly the banks within Port Harcourt metropolis and a cross sectional survey of 131 employees were drawn from the selected banks studied using Kretche and Morgan sample determination table. A 4point Lykert scale closed-ended questionnaire was constructed to gathered data for the study, and derived data were sorted and coded with the aid of SPSS. They were further analysed using the Pearson Product Moment correlation Coefficient statistical tool that is assumed to be efficient for our test of relationship in this study. The analysis on each variable is here presented; data analysis here is characterized based on average response rates and standard deviation values which are presented using contingency tables. The predictor variable; implications of leadership change is measured using policy change, attitudinal change, strategic change and cultural change; while the criterion variable is herein measured using commitment and task accomplishment. Data in this category are of interval scales as a result of summations through average responses thus allowing for the computation of mean scores and standard deviations. Transformations were carried out using the statistical software of choice; SPSS.

**Table 1: Leadership change Implications**

<i>Implications</i>	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Deviation</i>
Policy change	84	1.00	5.00	4.0873	.85042
Attitudinal change	84	1.00	5.00	4.1349	.81996
Strategic change	84	1.00	5.00	4.1350	.78493
Cultural change	84	1.00	5.00	4.2130	.85526
Valid N (listwise)	84				

Source: Data Output, 2017

Presented in table:1 above is the output for the analysis on the four dimensions of the predictor variable which is implications of leadership change. Policy change ( $x = 4.0873$ ;  $s = .85042$ ); Attitudinal change ( $x = 4.1349$ ;  $s = .81996$ ); Strategic change ( $x = 4.1349$ ;  $s = .78493$ ); and cultural change ( $x = 4.2130$ ;  $s = .85526$ ). The variables each carry mean scores higher than 3.0 which serve as the base for moderate agreement levels.  $X > 3.0$  represents a substantial agreement levels while  $x < 3.0$  represents poor or inadequate agreement levels. Therefore; the results as shown in the table:1 implies that a majority of the respondents affirmed to the nature of the variables as presented in the instruments within their respective organizations.

Table 2: Employee Loyalty Measures

	N	Min	Max	Mean	Std. Deviation
Commitment	84	1.00	5.00	4.1429	.83640
Task accomplishment	84	1.00	5.00	4.1667	.82546
Valid N (listwise)	84				

Source: Data Output, 2017

Presented in table: 2 is the output for the analysis on the two measures of the criterion variable which is employee loyalty. Commitment ( $x = 4.1429$ ;  $s = .83640$ ) and task accomplishment ( $x = 4.1667$ ;  $s = .82546$ ). Table 2 implies that a majority of the respondents affirmed to the nature of the variables as presented in the instruments within their respective organizations.

#### IV. Data Analysis

The hypotheses of the study are analyzed at a 95% confidence interval and using the Spearman correlation technique. The significance (0.05) is used as a criterion for the acceptance or rejection of each null hypothesis relative to the p-value.

Table 3: Tests of Policy Change for Commitment and Tasks accomplishment

			Policy change	Commitment	Task accomplishment
Spearman's rho	Policy change	Correlation Coefficient	1.000	.673**	.667**
		Sig. (2-tailed)	.	.000	.000
		N	84	84	84
	Commitment	Correlation Coefficient	.673**	1.000	.456**
		Sig. (2-tailed)	.000	.	.000
		N	84	84	84
	Task accomplishment	Correlation Coefficient	.667**	.456**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	84	84	84

Source: Data output, 2017

This table 3 above shows significant relationship between policy change and commitment as well as task accomplishment at rho: .673; p-value: .000 and rho: .667; p-value: .000 in both hypothetical instances, therefore we reject the null hypotheses and restate that there are significant relationships amongst policy change and commitment as well as policy change of and task accomplishment.

Table 4: Test of Attitudinal change for Commitment and Task Accomplishment

			Attitudinal change	Commitment	Task accomplishment
Spearman's rho	Attitudinal change	Correlation Coefficient	1.000	.596**	.573**
		Sig. (2-tailed)	.	.000	.000
		N	84	84	84

Commitment	Correlation Coefficient	.596**	1.000	.456**
	Sig. (2-tailed)	.000	.	.000
	N	84	84	84
Task accomplishment	Correlation Coefficient	.573**	.456**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	84	84	84

Source: Data Output, 2017

Table 4. show significant relationships between the attitudinal change and commitment (rho: .596; p-value: .000). as well as attitudinal change and task accomplishment (rho: .573; p-value: .000). In both hypothetical instances, results indicate significant associations between variables; therefore we reject the null hypotheses and restate that  
 There is a significant relationship between attitudinal change and commitment  
 There is a significant relationship between attitudinal change and task accomplishment

**Table 5. Tests of Strategic change for commitment and Tasks Accomplishment**

			Strategic Change	Commitment	Tasks accomplishment
Spearman's rho	Strategic change	Correlation Coefficient	1.000	.442**	.576**
		Sig. (2-tailed)	.	.000	.000
		N	84	84	84
Commitment	Commitment	Correlation Coefficient	.442**	1.000	.456**
		Sig. (2-tailed)	.000	.	.000
		N	84	84	84
Tasks accomplishment	Tasks accomplishment	Correlation Coefficient	.576**	.456**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	84	84	84

Source: Data Output, 2017

Table 5 illustrates the test for significant relationship between Strategic Change and Commitment at rho: .442; p-value: .000. as well as Strategic Change and Tasks accomplishment at rho: .576; p-value: .000. In both hypothetical instances, results indicate significant associations between variables; therefore we reject the null hypotheses and restate that:  
 There is a significant relationship between strategic change and commitment and that there is a significant relationship between strategic change and task accomplishment.

**Table 6. Tests of Cultural Change for Commitment and Tasks Accomplishment**

			Cultural change	Commitment	Task accomplishment
Spearman's rho	Cultural change	Correlation Coefficient	1.000	.541**	.636**
		Sig. (2-tailed)	.	.000	.000
		N	84	84	84

Commitment	Correlation Coefficient	.541**	1.000	.444**
	Sig. (2-tailed)	.000	.	.000
	N	84	84	84
Task accomplishment	Correlation Coefficient	.636**	.444**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	84	84	84

Source: Data Output, 2017

Table 6 above illustrates the test for significant relationships between cultural change and commitment at rho: .541; p-value: .000 as well as cultural change and task accomplishment at rho: .636; p-value: .000. In both hypothetical instances, results indicate significant associations between variables; therefore we reject the null hypotheses and restate that: There is a significant relationship between cultural change and commitment and that there is a significant relationship between cultural change and task accomplishment.

#### V. Conclusions

From the findings of this study there are evident significant correlations between both variables implying that changes in leadership with the implications of policy change, attitudinal change, strategic change, and cultural change impact on the loyalty levels of the employee and thus influence measures such as commitment and task accomplishment agreeing with the earlier works of Kur & Bunning(2002) and Conger & Fulmer(2003).

This study which; using empirical means; examined the association between the implications of leadership change and employee loyalty, finds that the effective management of leadership change helps to promote a more harmonious relationship between management and staff and is critical to the commitment and task accomplishment of subordinates especially as it applies to the target organizations. Management best achieves these objectives by effectively handling succession effects and implications such as changes in policy, attitude, strategy and the culture of the organization as these factors present management as being consistent and purposeful and thus brings management closer to the workers thereby smoothing the relationship between the two as well as ease easing the decision-making process.

#### VI. Recommendations

Based on the results of the study and the conclusions; the following recommendations are herein proffered:

That the effective handling of leadership change implications as well as the effective transition of leadership is one of the basic ingredients in the effective operation of an organization given the propensity for periodic leadership succession episodes; while open and productive communication sets the stage for employee loyalty and the realization of the organization's objectives; an effective leader succession system is thus central to maintaining healthy work relationships among personnel. In order to ensure that the post-leadership change effects, management remove unnecessary challenges, a good organizational structure should be put in place. All staff and management should be instructed in the existing links as they relate to their roles and expectations: who to report to, who to give instructions to, where to get what from and who is to be given what. Memos, emails, notice boards, telephone calls, circulars, and meetings all aid communication and the implementation of agreements in the organization.

Managers should encourage constant bottom-up communication, in addition to top down communications, in order to know the perspectives of employees and to be able present to them in clear terms the intent of management as regards leadership succession.

Management should foster good interpersonal relations through ethical and responsible actions which portray justice, equity and transparency especially as regards leadership change effects as this will not only discourage rumour, but create an atmosphere where the opinions and feedback from the subordinates are welcomed and encouraged.

Organizations must regularly communicate trust, justice and ethics through their practices especially as relates to leadership changes and succession within the organization. This is as such events are often characterized by uncertainty and complex administrative issues that render clear intent and purpose of action all the more important. Management

should also, through policies and other organizational cultural artifacts, encourage employee participation and involvement in the affairs of the organization.

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