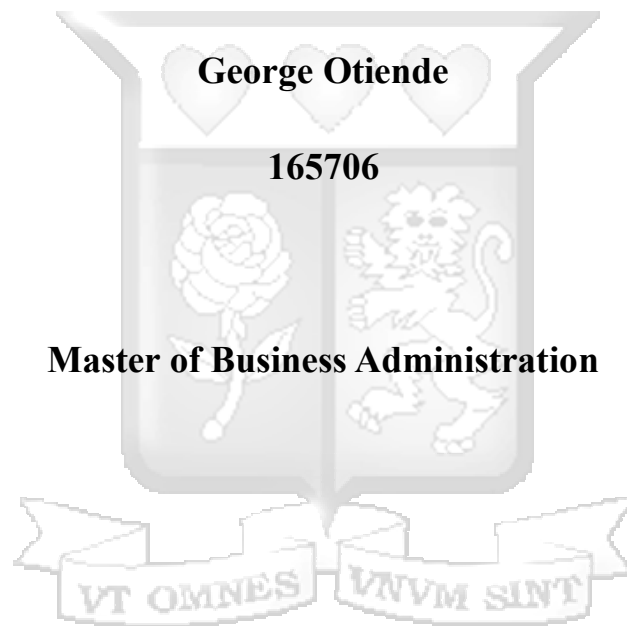


**Effect Of Emerging Leadership Styles of Branch Managers on
Performance of Commercial Banks in Nairobi County**



Master of Business Administration

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**Effect Of Emerging Leadership Styles of Branch Managers on
Performance of Commercial Banks in Nairobi County**

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**Submitted in partial fulfillment for the award of a Master of Business
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Strathmore Business School

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Approval

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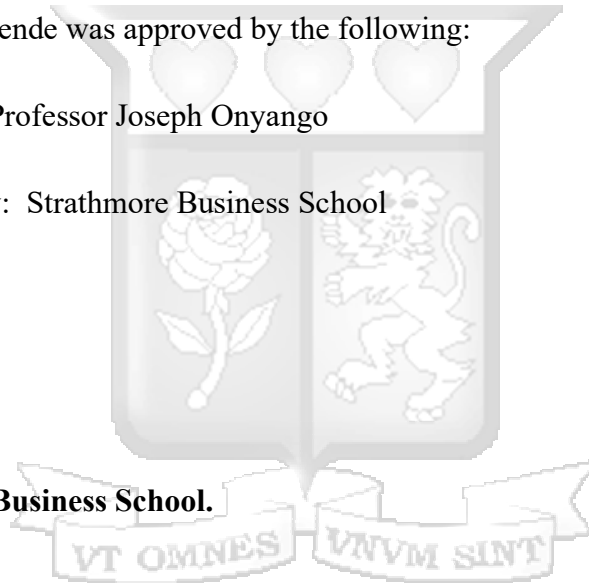
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ABSTRACT

The global banking sector is experiencing rapid transformation, driven by technological innovation, evolving customer expectations, and increasing regulatory demands. In Kenya, these changes are particularly evident among Tier 1 commercial banks, which dominate the sector in assets, deposits, and profitability. Branch managers are central to this transformation, as their leadership styles critically influence banks' ability to adapt, innovate, and achieve sustainable performance. This study investigates the effect of emerging leadership styles-digital, hybrid, agile, and ethical-on the performance of commercial banks in Nairobi County, Kenya. The research is motivated by the recognition that traditional leadership models may be inadequate for addressing the complex challenges of the modern banking industry, and that empirical evidence on the impact of new leadership paradigms in the Kenyan context remains limited.

The study addresses the gap in empirical research regarding the influence of contemporary leadership styles on bank branch performance in emerging economies. Digital leadership, characterized by the strategic use of technology to enhance efficiency and customer experience; hybrid leadership, which balances traditional management with modern innovations; agile leadership, emphasizing adaptability and rapid response to change; and ethical leadership, focusing on integrity and social responsibility, are all gaining traction globally. However, their specific effects on operational efficiency, customer satisfaction, staff engagement, and financial outcomes within Kenyan commercial banks had not been systematically examined prior to this study. The central research question is: How do digital, hybrid, agile, and ethical leadership styles adopted by branch managers affect the performance of commercial banks in Nairobi County?

A descriptive research design was adopted, targeting all 337 branches of the nine Tier 1 commercial banks in Nairobi County. Using stratified random sampling, a representative sample of 77 branches was selected to ensure coverage across different banks and locations. Data were collected through structured questionnaires administered to branch managers, capturing both self-reported leadership styles and objective branch performance indicators. The questionnaires were developed based on established leadership and performance measurement frameworks, with reliability confirmed through pilot testing and Cronbach's

alpha analysis. Data analysis was conducted using SPSS, employing both descriptive statistics and inferential techniques, including correlation and multiple regression, to assess the relationships between leadership styles and branch performance. Diagnostic tests for normality and multicollinearity were also performed to validate the models.

The findings reveal that digital leadership is a significant predictor of branch performance, with managers who champion digital tools, promote digital literacy, and foster innovation reporting higher operational efficiency, customer satisfaction, and revenue growth. Hybrid leadership also shows a strong positive association with performance, as managers who balance traditional customer service with digital solutions achieve superior staff morale, customer retention, and financial results. Agile leadership, while positively correlated with performance, has a more context-dependent impact, being less significant in highly regulated or rigid environments. Ethical leadership demonstrates a direct and significant effect on both financial and non-financial performance indicators, with branches led by ethical managers reporting greater employee engagement, customer trust, and reputational capital.

The study offers actionable recommendations for bank executives and policymakers, advocating for the institutionalization of digital and hybrid leadership training, context-specific application of agile practices, and reinforcement of ethical standards. It underscores the need for regulatory frameworks that support innovation while safeguarding ethical conduct and financial stability. In conclusion, this thesis contributes to the understanding of leadership in the Kenyan banking sector by empirically demonstrating the positive effects of emerging leadership styles on branch performance, and recommends further research on their long-term and cross-sectoral impacts.

Table of Contents

DECLARATION	ii
ABSTRACT	iii
LIST OF TABLES	x
LIST OF FIGURES	xi
ACKNOWLEDGMENTS	xii
DEDICATION	xiii
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction	1
1.1.1 Background of The Study.....	1
1.1.2 Commercial Banks in Kenya.....	1
1.1.3 Leadership and Organizational Performance	3
1.1.4 Emerging Leadership Styles.....	3
1.1.5 Global Perspective on Emerging Leadership Styles	5
1.1.6 Regional Perspective on Emerging Leadership Styles.....	9
1.1.7 Local Perspective on Emerging Leadership Styles.....	11
1.1.8 Performance Measurement in Banks.....	13
1.2 Statement of the Problem	14
1.3 Research Objectives	16
1.3.1 Broad Objective.....	16
1.3.2 Specific Objectives.....	16
1.4 Research Questions	16
1.5 Scope of the Study.....	16
1.6 Significance of the Study.....	18
1.6.1 Managers	18

1.6.2 Banking Institutions.....	18
1.6.3 Researchers.....	18
1.6.4 Government Organizations.....	18
1.6.5 Policy Makers.....	19
1.6.6 Academic Knowledge	19
1.7 Chapter Summary.....	19
CHAPTER TWO.....	21
LITERATURE REVIEW.....	21
2.1 Introduction.....	21
2.2 Theoretical Review.....	22
2.2.1 Transformational Leadership Theory.....	22
2.2.2 Situational Leadership Theory	24
2.3 Linkage between Theories and Study Variables.....	26
2.4 Leadership Styles of Branch Managers and Performance of Commercial Banks.....	28
2.4.1 Digital Leadership Style.....	28
2.4.2 Hybrid Leadership Style.....	30
2.4.3 Agile Leadership Style.....	31
2.4.4 Ethical Leadership Style.....	32
2.4.5 Commercial Banks Performance.....	33
2.5 Empirical Review	34
2.6 Critique of the Literature Review.....	36
2.6.1 Summary of Knowledge Gaps in the Literature.....	37
2.7 Research Gaps.....	38
2.8 Operationalization of the study variables.....	40
2.8.1 Conceptual Framework	41
2.8.2 Independent Variables: Emerging Leadership Styles.....	42

2.8.3 Dependent Variable: Performance of Commercial Banks	43
2.9 Chapter Summary	44
CHAPTER THREE.....	46
RESEARCH METHODOLOGY.....	46
3.1 Introduction	46
3.2 Research Philosophy	46
3.3 Research Design	47
3.4 Population of the Study	47
3.5 Sampling Design	49
3.5.1 Data Collection Procedures	49
3.6 Research Quality	51
3.6.1 Validity.....	51
3.6.2 Reliability	52
3.6.3 Piloting	52
3.7 Data Analysis.....	53
3.8 Ethics in Research	54
3.9 Summary.....	55
CHAPTER FOUR.....	56
PRESENTATION OF RESEARCH FINDINGS	56
4.1 Introduction	56
4.2 Response Rate	56
4.3 Demographic Information	57
4.3.1 Gender	57
4.3.2 Job Description.....	57
4.3.3 Level of Education	58
4.3.4 Work Experience	58

4.4 Reliability and Validity of the Instruments	59
4.5 Descriptive Statistics	60
4.5.1 Digital Leadership Style.....	60
4.5.2 Hybrid Leadership Style.....	62
4.5.3 Agile Leadership Style	63
4.5.4 Ethical Leadership Style.....	65
4.5.5 Commercial bank performance	66
4.6 Normality test	68
4.7 Correlation Analysis.....	69
4.8 Multivariate Regression Analysis.....	73
4.9 Chapter Summary	75
CHAPTER FIVE.....	77
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....	77
5.1 Introduction	77
5.2 Discussion of the Findings	77
5.2.1 Demographic information	78
5.3 Discussion on Leadership Styles.....	79
5.3.1 Digital Leadership Style.....	79
5.3.2 Hybrid Leadership Style.....	81
5.3.3 Agile Leadership Style	82
5.3.4 Ethical Leadership Style.....	83
5.4 Conclusion on Commercial Bank Performance	84
5.5 Overall Conclusion.....	85
5.6 Recommendations	87
5.7 Theoretical Contribution of the Study.....	88
5.8 Research Limitations.....	88

5.9 Suggestion for Further Research	89
REFERENCES	90
Appendix I Questionnaire.....	101
Appendix II Letter Of Introduction	106
Appendix III Ethical Approval	107
Appendix IV NACOSTI Approval	108
Appendix V List Of All Licensed Commercial Banks In Kenya	109



LIST OF TABLES

Table 1 of 3.4.1 Tier 1 Banks in Kenya	49
Table 1 of 4.2 response rate.....	56
Table 1 of 4.3 Gender.....	57
Table 2 of 4.3 Job description	58
Table 3 of 4.3 level of education.....	58
Table 4 of 4.3 Work experience	59
Table 4.4 Reliability of instruments	60
Table 6 of 4.5 Digital leadership style.....	60
Table 7 of 4.5 Hybrid leadership style	63
Table 8 of 4.5 Agile leadership style.....	64
Table 9 of 4.5 Ethical leadership style	66
Table 10 of 4.5 Commercial Bank performance	67
Table 1 of 4.6.1 Normality Test	68
Table 2 of 4.6.2 Kolmogorov-Smirnov and Shapiro-Wilk	68
Table 1 of 4.7 Correlation Coefficient	70
Table 1 of 4.7.1 Model summary for digital leadership style	70
Table 2 of 4.7.1 ANOVA-digital leadership style.....	71
Table 1 of 4.7.2 Model Summary for hybrid leadership style.....	71
Table 2 of 4.7.2 ANOVA Hybrid leadership style.....	72
Table 1 of 4.7.3 Model Summary for Agile leadership style	72
Table 2 of 4.7.3 ANOVA Agile leadership style	72
Table 1 of 4.7.4 Model Summary for Ethical leadership style.....	73
Table 2 of 4.7.4 ANOVA for Ethical leadership style	73
Table 1 of 4.8.1: Overall Model Fitness.....	74
Table 2 of 4.8.2: Analysis of variance (ANOVA).....	74
Table 3 of 4.8.3 Overall Regression Coefficients	75

LIST OF FIGURES

Figure 2.9 Conceptual Framework..... 44
Figure 1 of 4.6.3 Q-Q Plot of commercial bank performance..... 69



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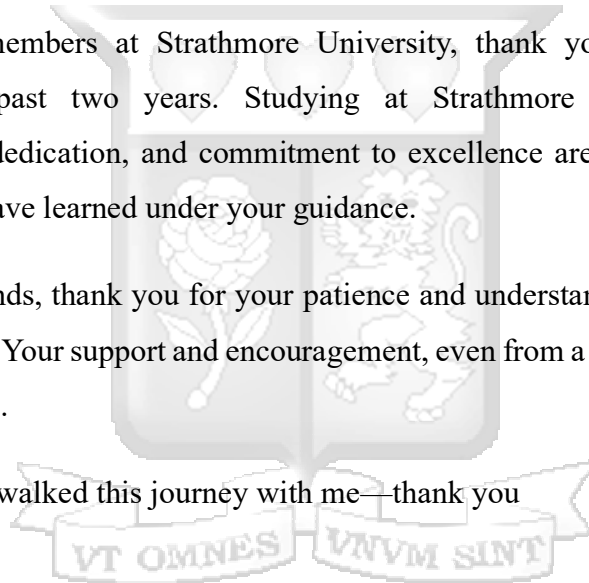
First and foremost, I extend my deepest gratitude to Professor Joseph Onyango, whose guidance, encouragement, and expertise have been instrumental throughout the course of this thesis. His insightful feedback, patience, and unwavering support helped shape the direction of my research and pushed me to strive for excellence.

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Lastly, to my friends, thank you for your patience and understanding as I stepped back to focus on this goal. Your support and encouragement, even from a distance, meant more than words can express.

To everyone who walked this journey with me—thank you



DEDICATION

This thesis is dedicated to my late father, Moses Otiende, whose unwavering belief in me especially when I doubted myself—laid the foundation for this journey. Though he is no longer here, his presence has remained my guiding star. May his soul rest in eternal peace.

I also dedicate this work to my dear wife and children, who have patiently endured two years of my absence. Thank you for your unwavering support, understanding, and encouragement. Your love, faith in me, and quiet strength kept me going and reminded me to finish the race. This achievement is as much yours as it is mine.



CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter highlights the background of the study, statement of problem, objective of study, research questions, significance of study, limitation of study and scope of study relevant to the effect of leadership styles of branch managers on performance of commercial banks in Nairobi County.

1.1.1 Background of The Study

The global banking industry is undergoing a paradigm shift characterized by digital innovation, customer-centric strategies, and regulatory adaptation. These changes are not only redefining traditional banking models but also setting the stage for a more agile and resilient financial ecosystem. (Hosseini et al., 2020). To navigate these challenges and remain competitive, commercial banks are increasingly adopting emerging leadership styles, including digital, hybrid, agile, and ethical leadership (Smith, 2021; Brown, 2021; Jones & Lee, 2021; Miller, 2021). This section provides a global, regional, and local perspective on these trends, highlighting their implications for organizational performance in the banking sector.

1.1.2 Commercial Banks in Kenya

The Central Bank of Kenya (CBK) serves as the principal regulatory authority for the Kenyan banking industry. One of main functions is to restore financial stability and integrity by offering a set of regulations that banks must abide by in order to in order to operate. Kenyan banking regulations are anchored on certain Acts, in summary of; the Central Bank of Kenya Act (2015), the Banking Act (2015), the Microfinance Act (2006), the National Payment System Act (2011), and the Kenya Deposit Insurance Act (2012). The primary objectives of these regulations are to ensure transparency, protect the interests of depositors, and maintain the overall integrity of the financial system.

Commercial banks in Kenya are classified into three tiers based on their net assets, customer deposits, and capital reserves. Tier 1 banks, the largest in the sector, control over 75% of the market share, followed by Tier 2 banks, which hold about 17% of the market share, and Tier 3 banks, which control approximately 8%. This classification helps in assessing market concentration and competition within the sector. As of December 2024, there were 39 commercial banks operating in Kenya. The banking sector demonstrated resilience, with total assets growing by 16.7% and profitability slowed down with an 8.8% decrease in pre-tax profits in 2023.

Kenya's commercial banking sector is a crucial pillar of the nation's economy, driving financial inclusion and supporting diverse economic activities (Central Bank of Kenya, 2023). While the sector has experienced significant growth and innovation, particularly with the advent of mobile banking solutions like M-Pesa, it confronts persistent challenges that necessitate strategic and adaptive leadership (Jack & Suri, 2016; World Bank, 2023). The dominance of Tier 1 banks underscores the sector's concentration, yet these institutions must navigate an increasingly complex operational landscape (Statista, 2024).

One of the foremost challenges is the management of non-performing loans (NPLs), which can erode profitability and threaten financial stability. Research by Beck et al. (2015) suggests that proactive credit risk management and diversified lending portfolios are essential for mitigating NPLs. In addition to financial risks, Kenyan banks face escalating cybersecurity threats, requiring robust investment in security infrastructure and employee training to protect sensitive customer data (Kshetri, 2016). The rise of fintech companies introduces another layer of competition, demanding that traditional banks embrace digital transformation to remain relevant and competitive (Frost & Sullivan, 2018).

Regulatory compliance adds further complexity, with stringent requirements related to anti-money laundering (AML) and know-your-customer (KYC) protocols. Effective leadership ensures adherence to these regulations, safeguarding the bank's reputation and avoiding punitive measures (Basel Committee on Banking Supervision, 2017). Given these challenges, Kenyan banks require leaders who can effectively leverage digital technologies, foster innovation, manage risk, and respond to changing market.

1.1.3 Leadership and Organizational Performance

Leadership is widely recognized as a critical determinant of organizational success. In the banking sector, effective leadership guides institutions through complex challenges and drives performance at all levels (Hosseini et al., 2020). Branch managers, in particular, are responsible for translating strategic objectives into operational outcomes, fostering customer engagement, and ensuring efficient service delivery (Omondi et al., 2023). Traditionally, research in Kenya has focused on transactional and transformational leadership styles, with evidence suggesting that these approaches significantly influence employee performance and organizational outcomes (Kabiru, 2020; Anyango & Ngatuni, 2018). However, as the banking environment evolves, there is a growing need to explore new leadership paradigms that are better suited to contemporary challenges (Kiprotich et al., 2022).

Emerging leadership styles, such as digital, hybrid, agile, and ethical leadership, offer promising approaches for navigating this complex landscape and driving sustainable growth in the Kenyan banking sector (Smith, 2021; Brown, 2021; Jones & Lee, 2021; Miller, 2021). Branch managers play a pivotal role in translating strategic goals into tangible results. They are at the forefront of implementing organizational changes, driving customer engagement, and ensuring operational efficiency at the local level (Hosseini et al., 2020). As such, their leadership styles are critical determinants of branch performance and overall bank success. The ability of branch managers to effectively adopt and implement digital, hybrid, agile, and ethical leadership approaches is essential for navigating the challenges and opportunities presented by the evolving banking landscape (Smith, 2021; Brown, 2021; Jones & Lee, 2021; Miller, 2021)

1.1.4 Emerging Leadership Styles

Emerging leadership styles-namely digital, hybrid, agile, and ethical leadership are increasingly relevant in today's banking sector. Digital Leadership involves leveraging technology to improve banking operations and customer satisfaction (Li et al., 2024; Smith, 2021). Core dimensions of digital leadership include digital strategic thinking, digital insight, digital change management, and digital talent development (Li et al., 2024). Effective digital leadership by branch managers is paramount for ensuring that the benefits of technological investments are fully realized. Research by Smith (2021) highlights that

digital leaders in banking must champion the adoption of digital tools and platforms, promote digital literacy among their staff, and create a culture of innovation that fosters the development of new digital solutions. Ultimately, their ability to lead the digital transformation at the branch level will determine the bank's ability to compete effectively and meet the growing needs of its customers (Hosseini et al., 2020).

Hybrid leadership, which blends traditional management practices with modern digital advancements, has become increasingly relevant in the evolving landscape of commercial banking. This leadership approach enables managers to balance in-person and remote work, effectively adapting to diverse customer and employee needs (Kiprotich et al., 2022; Mugambi & Kirimi, 2022). Recent research highlights that hybrid leadership not only incorporates elements of transformational and transactional leadership, but also leverages situational adaptability to respond to rapid technological change and shifting market dynamics (Wiechmann et al., 2022; Khan et al., 2024). Globally, major banks are restructuring their operations to foster more dynamic and agile organizations. For example, HSBC's recent strategic overhaul involved dividing its business between Eastern and Western markets, a move designed to better address regional customer needs and reduce operational costs amid ongoing geopolitical tensions (The Times, 2025). Similarly, studies in Europe and Asia have shown that hybrid leadership supports the integration of digital solutions with face-to-face services, enhancing customer experiences and employee engagement (Wiechmann et al., 2022; Khan et al., 2024). In the Kenyan context, Mugambi and Kirimi (2022) found that hybrid leadership among branch managers facilitated the seamless adoption of digital platforms while maintaining the personalized service valued by local customers. This dual focus positions banks to remain competitive, resilient, and responsive in a rapidly changing financial environment

Agile Leadership emphasizes flexibility and responsiveness to change (Muriithi et al., 2022). Bank branch managers employing this style encourage adaptive strategies and cross-functional collaboration to swiftly address market shifts and customer needs. This is particularly relevant in regions like Asia, where wealth managers are focusing on rapidly growing markets such as Hong Kong and Singapore to remain competitive in the global financial landscape (Financial Times, 2025).

Ethical leadership has increasingly gained recognition as a crucial leadership style that emphasizes integrity, accountability, and moral conduct within organizations (Omondi et al., 2023). Unlike traditional leadership approaches that often prioritize performance outcomes, ethical leadership focuses on leaders' commitment to ethical principles, transparency, and fairness in their decision-making processes and interactions with followers (Brown, Treviño, & Harrison, 2005). This leadership style has emerged in response to widespread organizational scandals and ethical breaches, which have underscored the need for leaders who can foster trust and ethical cultures (Ciulla, 2020). Ethical leaders serve as role models who influence followers to behave ethically, thereby promoting organizational justice and long-term sustainability (Northouse, 2021). As an evolving paradigm, ethical leadership not only enhances organizational reputation but also contributes to employee satisfaction and overall effectiveness, making it a vital area of study in contemporary leadership research (Resick, Hanges, Dickson, & Mitchelson, 2006).

1.1.5 Global Perspective on Emerging Leadership Styles

In Europe, emerging leadership styles-digital, hybrid, agile, and ethical-are reshaping the banking industry as managers adapt to technological advancements, evolving work environments, and growing ethical expectations (García-Sánchez et al., 2023; Müller & Kunisch, 2022). This trend is particularly evident in countries such as the Netherlands, the United Kingdom, Germany, and Switzerland, where banks are at the forefront of digital transformation and organizational innovation (Pillai et al., 2022). Dutch banks, for example, have been recognized as pioneers in digital banking, with ING Bank leading the way in adopting agile transformation models inspired by technology firms like Spotify (Nemashakwe, 2024; van der Meulen, 2021). ING reorganized its workforce into "squads" and "tribes" to enable faster decision-making and foster innovation, resulting in accelerated product development, enhanced digital banking services, and improved customer experience (Nemashakwe, 2024; van der Meulen, 2021). The Netherlands' robust fintech ecosystem further supports this shift, as digital banking increasingly replaces traditional branch-based services and demands new forms of leadership to sustain competitive advantage (Pillai et al., 2022; García-Sánchez et al., 2023).

Furthermore, in the United Kingdom (UK), the exploration of leadership styles and their effects on commercial bank performance has taken center stage, considering the impact of

financial protocols and fears like Brexit (Jallow, Masazing, & Basit, 2017). To tackle these complex situations, institutions such as Barclays and HSBC have embraced transformational and adaptive leadership, focusing on long-term goals, ethical standards, and innovation. On the other hand, Malaysia's competitive banking industry has seen Maybank and CIMB Group favoring a more collaborative and transformational style, leveraging employee engagement and continuous learning to promote innovation and stay ahead (Saleh, Mehmood, Khan & Jan, 2022). Moreover, hybrid leadership has gained prominence as banks navigate post-pandemic work environments in the UK. Lloyds Banking Group, for example, has tied senior executives' bonuses to office attendance, reinforcing the importance of in-person collaboration while maintaining remote work flexibility (Financial Times, 2025). This move is intended to balance operational efficiency with employee well-being, setting a precedent for integrating traditional and modern work styles in banking institutions across the UK. Germany's banking sector has increasingly adopted agile leadership to manage digital transformation and complex IT projects. The need for banks to respond swiftly to technological and regulatory changes has driven institutions such as Deutsche Bank and Commerzbank to implement agile methodologies. Research indicates that agile leadership in German banks improves cross-functional collaboration, speeds up software development cycles, and enhances responsiveness to market changes (Klein et al., 2024). These efforts align with Germany's broader emphasis on technological innovation in financial services.

Ethical leadership plays a crucial role in Switzerland, a country known for its strong banking regulations and emphasis on financial integrity. Swiss banks, including UBS and Credit Suisse (before its integration into UBS), have faced intense scrutiny over ethical and compliance issues. Ethical leadership has become a priority as these institutions strive to rebuild trust and strengthen corporate governance. The implementation of robust ethical frameworks at the branch level is heavily reliant on the leadership style of branch managers. Miller (2021) argues that by promoting transparency, accountability, and responsible financial practices, branch managers can build trust with customers, employees, and regulators, enhancing the bank's reputation and long-term sustainability. Ethical leadership is not merely a matter of compliance but a strategic imperative for ensuring the long-term success of the bank (Popa, 2012). Regulatory frameworks such as FINMA's banking guidelines emphasize transparency, customer protection, and responsible financial practices (Swiss Financial Market Supervisory Authority, 2024). This regulatory-driven

approach reflects Switzerland's commitment to maintaining ethical banking standards. By incorporating digital, hybrid, agile, and ethical leadership styles, bank managers across Europe are navigating the evolving financial landscape. These leadership approaches ensure that banks remain competitive, resilient, and trustworthy in an era of digital disruption and regulatory change.

Transformational leadership, which emphasizes inspiration, motivation, and vision, has been widely acknowledged for its impact on performance and success in commercial banks. A study by Bass and Avolio (2018) in the United States emphasizes that transformational leaders in banking environments create a motivating culture that fosters employee engagement and commitment, which are key drivers of overall performance. Transformational leadership has been linked to increased innovation within banks, as these leaders encourage employees to think creatively and adopt new approaches to problem-solving, thus enhancing the bank's ability to adapt to market changes in the United States (Avolio et al., 2020).

Focusing on Singapore, a prominent financial hub, these leadership approaches are exemplified by institutions such as DBS Bank. The bank's strategic investments in digital and AI capabilities have streamlined operations and enhanced customer experiences. Initiatives include extensive employee upskilling programs to ensure readiness for technological advancements (Reuters, 2025). The appointment of Tan Su Shan as the incoming CEO of DBS Bank in March 2025 underscores a commitment to hybrid leadership. Tan emphasizes a balanced approach, focusing on existing markets such as Singapore, Hong Kong, India, China, Taiwan, and Indonesia. She advocates for "bolt-on" acquisitions to bolster the bank's high-return operations in wealth and transaction banking, integrating traditional banking practices with innovative strategies (Reuters, 2025). DBS Bank's transformation into an agile organization is notable. The bank has reorganized teams into "squads" to expedite decision-making and innovation, drawing inspiration from tech companies like Spotify. This agile approach has reduced time-to-market for new products, improved customer satisfaction, and increased employee engagement (Asian Banking School, 2024). Ethical leadership is integral to DBS Bank's operations. The bank's focus on responsible banking practices and social responsibility initiatives reflects a commitment to ethical standards. This includes promoting financial inclusion and addressing societal needs within the communities it serves (Asian Banking School, 2024). By embracing these

emerging leadership styles, bank managers in Singapore, particularly at DBS Bank, are effectively navigating the complexities of the modern financial environment, ensuring resilience and competitiveness in a rapidly evolving market.

In the United States of America (USA), the banking sector is increasingly adopting emerging leadership styles—digital, hybrid, agile, and ethical—to navigate the evolving financial landscape. These approaches enable bank managers to effectively address technological advancements, changing work environments, and heightened ethical expectations. Digital leadership involves leveraging technology to enhance banking operations and customer experiences and JPMorgan Chase exemplifies this approach by transforming into a product-centric agile organization. The bank has initiated projects aimed at integrating advanced technologies to streamline services and improve customer engagement. Chad Ballard, head of global banking platform tech at JPMorgan, emphasized the importance of building a culture invested in agile methodologies to foster innovation and adaptability (The Financial Brand, 2024).

JPMorgan Chase's recent return-to-office (RTO) mandate highlights the challenges of implementing hybrid work models. CEO Jamie Dimon's firm stance on in-person collaboration has led to discontent among tech employees who value flexibility, with some considering leaving or advocating for unionization (Business Insider, 2025). This situation underscores the complexities bank managers face in balancing operational efficiency with employee preferences in hybrid work environments. U.S. banks are increasingly adopting agile methodologies to drive digital transformation and innovation. For instance, JPMorgan Chase has been implementing agile practices to enhance its technology projects, aiming for incremental delivery and continuous improvement (The Financial Brand, 2024). This approach enabled bank managers to respond promptly to market changes and customer needs.

In Canada, federally regulated financial institutions are now required to disclose the diversity of their boards and senior management under proposed rules aimed at increasing transparency and representation (Reuters, 2025). While this example pertains to Canada, it reflects a broader North American trend toward ethical leadership practices that prioritize diversity and inclusion

1.1.6 Regional Perspective on Emerging Leadership Styles

In the African banking sector, emerging leadership styles—digital, hybrid, agile, and ethical—are increasingly vital as managers navigate technological advancements, evolving work environments, and heightened ethical expectations. Focusing on South Africa, these leadership approaches are exemplified by recent studies and practices within the country's banking industry. Digital leadership involves leveraging technology to enhance banking operations and customer experiences. In South Africa, banks have increasingly adopted digital platforms to offer services such as online banking, mobile applications, and digital payment systems. This shift not only improves operational efficiency but also meets the growing demand for digital financial services among customers. The adoption of digital technologies necessitates that bank managers possess e-leadership skills, which involve effectively using electronic communication methods to lead and manage teams (Van Wart et al., 2019).

The COVID-19 pandemic fast-tracked the implementation of hybrid work models in South African banks, requiring leaders to adapt to managing teams both remotely and in-person. Yozi and Mbokota (2024) explored the competencies necessary for leading hybrid teams in the South African banking sector, emphasizing the need for adaptive leadership skills. These include effective communication, empathy, authenticity, humility, trust, and transparency to successfully navigate the complexities of hybrid work environments.

In Kenya, the Commercial Bank of Africa implemented an agile work model to enhance organizational performance. Research by Mathenge (2019) demonstrated that this approach positively influenced team cohesion, individual performance, and strategy execution. Although this study pertains to Kenya, it provides valuable insights into the benefits of agile leadership that can be applied within the South African banking context.

In South Africa, ethical leadership is crucial in maintaining trust and compliance within the highly regulated financial industry. Bank managers are expected to uphold ethical standards to foster customer trust and ensure long-term sustainability. While specific studies on ethical leadership in South African banks are limited, the broader emphasis on corporate governance and ethical practices within the country's financial sector underscores the importance of ethical leadership.

A study by Smit et al. (2021) in South Africa on transformational leadership styles and the impacting performance on banks indicated that when transformational leadership are put together with proper talent management techniques, there will be a significant improvement on talent practice management and overall organizational performance. The research has since proved that the influence of transformational leadership style on performance differs and maybe based on other factors, which may include organizational practices. Importantly, the results in the mentioned study also showed that transformational leadership style in isolation cannot demonstrate a meaningful work engagement. In a separate study inclined to examine the role of leadership styles on employee performance conducted in specific commercial banks in Botswana by Ushe and Gaone (2020), revealed that there exists a gap due to lack of research on the relationship between leadership style and organizational performance, this is directly attributed to the banking business industry. The evidence presented in this research conducted in Botswana motivates the intentions of this research study to bridge the knowledge gap.

Ushe and Gaone (2020) while performing analysis and reviewing a number of studies that would relate to the impact of leadership styles on the organizational performance realized that that organizations should consider implementing a robust leadership style to address these issues surrounding effective leadership in organizations. Consequently, the implications of various leadership styles in selected banks created a conflict of management and job execution between bank managers and the Officer they led. A section of managers argue that the use of specific leadership styles may be a threat to their authority, while certain employees exhibited a lack of receptiveness to these styles due to an insufficient understanding of their impact on performance. This study enhances the existing knowledge regarding leadership styles and employee performance within the banking sector in Botswana; however, it does not specifically address the influence of branch managers and their performance, which this research aims to explore.

Furthermore, leadership styles also influence the strategic direction of commercial banks, particularly in how they handle technological advancements. According to Mutsikiwa (2022) in Zimbabwe, banks with leaders who embrace a transformational style tend to lead the way in integrating digital banking solutions, improving customer experience, and achieving higher growth.

Recent research suggests that combining transformational and transactional leadership in the enhances employee productivity and organizational performance (Martínez-Moreno et al., 2023). The blending of visionary leadership with structured performance management allows for a balance of long-term strategic goals and immediate operational needs, fostering both innovation and accountability (Kouzes & Posner, 2017) in the United States. This hybrid approach has been shown to improve employee motivation and performance, leading to enhanced bank performance (Nyadzi et al., 2022) in Ghana.

1.1.7 Local Perspective on Emerging Leadership Styles

In Kenya, several laws and guidelines regulate the banking industry. They include the Companies, Banking, and Central Bank of Kenya Acts, and the prudential guidelines that banks should comply with. The banking business industry plays a crucial role in facilitating local and international trade and is a key driver of economic development. Banks play a fundamental role in the economy by providing credit to support households, businesses, and government. To ensure transformation and banking business performance in Kenya, the government has clearly outlined the Kenya's Vision 2030 that will guide the country going forward to maximize the revenue and profits that would see a growth in the industry in the coming years (Tayari & Mutinda, 2019). In Kenya's banking sector, the adoption of emerging leadership styles—digital, hybrid, agile, and ethical—is becoming increasingly critical as managers strive to enhance organizational performance, adapt to technological advancements, and uphold ethical standards.

Agile leadership, emphasizing adaptability and swift responsiveness to change, has been notably implemented by the Commercial Bank of Africa (CBA). Mathenge (2019) examined the effect of the agile work model on organizational performance at CBA, revealing that agile practices positively influenced team cohesion, individual performance, and strategy execution. These findings suggest that agile leadership can enhance employee productivity, job satisfaction, and commitment within Kenyan banks.

Research by Mbata et al. (2023) found a significant positive influence of authentic leadership on ethical behavior in Kenyan commercial banks. The study recommends that bank leadership promote authentic leadership to improve ethical behavior among employees, thereby enhancing organizational performance and trustworthiness.

While specific scholarly studies on digital and hybrid leadership within Kenyan banks are limited, the increasing integration of technology in banking operations necessitates digital leadership to guide digital transformation initiatives effectively. Similarly, the global shift towards flexible work arrangements underscores the importance of hybrid leadership in managing both remote and in-person teams. Additional research is required to explore the implementation and effect of these leadership styles.

Banks play a special role in financial system by ensuring a seamless flow of funds between the bank and the funds consumers (Manasseh et al., 2021). In Kenya, there has been a debate and mixed reactions over financial performance of commercial banks which has been blamed on the leadership styles and competencies of the bank managers, as this is considered key indicator to in financial performance (Ongongo & Mang'ana, 2022). Amidst a complex market landscape marked by new entrants and technological innovations, there is a pressing need for banks to revise their leadership strategies (Ichsan et al., 2021). Moreover, the Central Bank of Kenya's latest regulations, such as increased capital requirements, obligate banks to revamp their leadership and corporate governance approaches for conformity and enhanced performance (Wanyoike, Mugambi, & Joshua, 2022).

There has been extensive research on the link between leadership style and financial performance of financial institutions, with a range of results (Maina and Waithaka, 2018; Kasuni, Mandere and Njeru, 2022; Walela and Okwemba, 2015). However, these studies focused on particular types of financial institutions or limited regions in Kenya, creating room for further investigation. Given the importance of innovation and employee engagement to financial success, this study will examine the leadership styles that are most effective in improving financial performance in commercial banks in Kenya, contributing to the existing body of research

Transformational leadership is linked to increased job satisfaction and higher employee retention rates within commercial banks. Research by Kelloway et al. (2019) indicates that employees who work under transformational leaders in Canada tend to feel more empowered and connected with the objectives of their organization, resulting in improved job satisfaction and enhanced performance outcomes. In the realm of commercial banking,

this aspect is manifested in superior customer service, increased employee productivity, and improved financial performance, as noted by Mumengani et al. (2022) in Kenya.

1.1.8 Performance Measurement in Banks

To comprehensively assess the effect of emerging leadership styles on bank performance, this study adopts the balanced scorecard (BSC) framework as its dependent variable. The BSC provides a holistic view of organizational performance by considering four key dimensions: financial, customer, internal processes, and learning and growth (Kaplan & Norton, 1996). By linking leadership styles to these dimensions, we can gain insights into how different leadership approaches influence various aspects of bank performance (Alawamleh et al., 2022; Hasan et al., 2023).

Digital Leadership and Internal Processes: Digital leaders prioritize the integration of technology into banking operations, streamlining processes and enhancing efficiency. This translates into improvements in the internal processes dimension of the BSC. Key performance indicators (KPIs) such as transaction processing time, cost per transaction, and the number of digital service offerings can be used to measure the effect of digital leadership on internal process efficiency (Agyemang & Ansong, 2023; Chatterjee et al., 2022).

Hybrid Leadership and Customer Satisfaction: Hybrid leaders aim to balance traditional banking practices with modern innovations, catering to diverse customer preferences and needs. This approach is closely linked to the customer dimension of the BSC. KPIs such as customer satisfaction, retention rates, and the number of cross-selling opportunities can be used to assess the effect of hybrid leadership on customer relationships (Khan et al., 2024; Al-Abrow et al., 2022).

Agile Leadership and Learning and Growth: Agile leaders foster an environment of experimentation, creativity, and continuous learning, promoting employee development and knowledge sharing. This aligns with the learning and growth dimension of the BSC. KPIs such as employee training hours, employee satisfaction scores, and the number of new product or service innovations can be used to measure the effect of agile leadership on organizational learning and growth (Alrowwad et al., 2023; Khosravi et al., 2022).

Ethical Leadership and Financial Performance: Ethical leaders emphasize integrity, transparency, and social responsibility, promoting ethical decision-making and building stakeholder trust. This approach has a direct impact on the financial dimension of the BSC. KPIs such as profitability can be used to quantify the effect of ethical leadership on financial performance (Bediako et al., 2023; Yıldız & Şimşek, 2022).

By linking leadership styles to specific dimensions of the balanced scorecard, this study provides a nuanced understanding of how different leadership approaches contribute to overall bank performance. It moves beyond traditional financial metrics to consider the broader impact of leadership on customer relationships, internal processes, and organizational learning and growth (Hasan et al., 2023; Chatterjee et al., 2022).

1.2 Statement of the Problem

The Kenyan banking sector, particularly within Nairobi County, plays a pivotal role in the nation's economic development, accounting for roughly 40% of the country's GDP (Central Bank of Kenya, 2020). As the industry evolves amidst rapid advancements in technology and shifting customer expectations, old-style leadership models may no longer suffice to address emerging challenges (Muriithi et al., 2022; Mwaura & Ngugi, 2023). Existing studies have primarily concentrated on traditional leadership styles. For instance, research by Kabiru (2020) examined the influence of transactional, transformational, laissez-faire, and bureaucratic leadership styles on employee performance in selected commercial banks within Nairobi City County. The study concluded that these traditional leadership styles significantly impact employee performance, suggesting that effective leadership is paramount for organizational success. Similarly, Anyango and Ngatuni (2018) investigated the effects of different leadership styles on employee performance in a Kenyan commercial bank, finding that transformational leadership had a positive impact on employee performance, while transactional leadership had a negative effect. Recent reviews echo these findings, highlighting the continued reliance on conventional leadership approaches in Kenyan banks (Kiprotich et al., 2022).

Consequently, there is an increasing emphasis on adopting contemporary leadership styles—namely digital, hybrid, agile, and ethical leadership—to enhance organizational performance (Omondi et al., 2023; Mugambi & Kirimi, 2022). To succeed in this environment,

commercial banks require effective leadership at the branch level to drive performance and achieve strategic objectives (Hosseini et al., 2020; Muriithi et al., 2022). While the existing literature acknowledges the importance of leadership styles in shaping organizational results, there is a noteworthy gap in our understanding of how these emerging leadership styles-digital, hybrid, agile, and ethical-affect the performance of Kenyan commercial banks (Omondi et al., 2023; Kiprotich et al., 2022).

Despite the increasing adoption of digital technologies in the Kenyan banking sector, there is limited empirical evidence on the effectiveness of digital leadership in driving operational efficacy, enhancing customer service, and creativity at the branch level (Mwaura & Ngugi, 2023; Mugambi & Kirimi, 2022). Questions remain regarding how bank branch managers can effectively leverage digital tools and platforms to streamline processes, improve customer service, and promote financial inclusion in the Kenyan context (Omondi et al., 2023).

Furthermore, the rise of remote work and flexible work arrangements has created a need for hybrid leadership approaches that balance in-person collaboration with remote work autonomy. However, there is a lack of research on how bank branch managers can effectively implement hybrid leadership models that maintain team cohesion, ensure productivity, and deliver high-quality customer service (Kiprotich et al., 2022; Mugambi & Kirimi, 2022). Moreover, the increasing pace of change in the banking sector requires agile leadership approaches that promote adaptability, innovation, and customer-centricity. However, there is limited evidence on how bank branch managers can foster a culture of agility, empower employees to make decisions quickly, and respond effectively to market disruptions and regulatory changes (Muriithi et al., 2022).

Finally, growing concerns about ethical conduct and corporate citizenship have highlighted the importance of ethical leadership in the banking sector. However, there is a need for more research on how bank branch managers can promote ethical decision-making, build stakeholder trust, and ensure regulatory compliance in the Kenyan context (Omondi et al., 2023; Mugambi & Kirimi, 2022). Addressing these gaps is crucial for improving leadership practices and enhancing performance in Kenya's dynamic banking sector. This study aims to provide empirical evidence on the effect of digital, hybrid, agile, and ethical leadership styles on the performance of commercial banks in Kenya, thereby informing the

development of effective leadership strategies and policies that support the sustainable growth and success of the banking industry.

1.3 Research Objectives

1.3.1 Broad Objective

The main objective of the study is to investigate the effect of emerging leadership styles of branch managers on performance of commercial banks in Nairobi County

1.3.2 Specific Objectives

- i. To establish the effect of digital leadership style of branch managers on performance of commercial banks.
- ii. To determine the effect of hybrid leadership style of branch managers on performance of commercial banks.
- iii. To ascertain the effect of agile leadership style of branch managers on performance of commercial banks.
- iv. To establish the effect of ethical leadership style of branch managers on performance of commercial banks.

1.4 Research Questions

- i. What is the effect of digital leadership style of branch managers on performance of commercial banks?
- ii. What is the effect of hybrid leadership style of branch managers on performance of commercial banks?
- iii. What is the effect of agile leadership style of branch managers on performance of commercial banks?
- iv. What is the effect of ethical leadership style of branch managers on performance of commercial banks?

1.5 Scope of the Study

This research endeavours to examine the effect of emerging leadership styles enacted by branch managers on the performance outcomes of commercial banks operating within

Kenya. The study's parameters are defined across several key dimensions to ensure a focused and manageable investigation.

Geographically, the research was confined to Nairobi County, Kenya. This selection is strategic due to the high concentration of commercial bank branches within the county, representing a diverse mix of both local and international banking institutions. By concentrating on Nairobi County, the study can facilitate focused data collection and rigorous analysis, while still offering insights that are broadly relevant to the wider Kenyan banking sector.

Sectorally, the study is specifically concerned with Tier 1 commercial banks in Kenya. These banks are the predominant players in the Kenyan banking industry, possessing a significant share of the sector's assets, deposits, and overall market influence (Central Bank of Kenya, 2023; Statista, 2024). Focusing on Tier 1 banks allows the research to glean valuable insights into the leadership practices and resulting performance within the most strategically important institutions in the sector.

Thematically, the study will investigate the relationships between four distinct, emerging leadership styles—namely digital, hybrid, agile, and ethical leadership—and the performance of commercial bank branches. Digital leadership will be assessed by analysing the extent to which branch managers effectively leverage technology to improve operational efficiencies, elevate customer service experiences, and foster innovation within their branches. Hybrid leadership will be evaluated based on the ability of branch managers to strike a balance between traditional banking practices and modern digital solutions, creating a work environment that is both flexible and highly adaptable. Agile leadership will be gauged by measuring the degree to which branch managers promote collaboration, encourage employee empowerment, and enable rapid responses to the ever-changing dynamics of the market. Ethical leadership will be assessed through branch managers' demonstrated commitment to the principles of integrity, transparency, and social responsibility, as well as their adherence to regulatory standards and ethical banking practices.

1.6 Significance of the Study

This research has significant implications for improving bank performance through better leadership. It highlights the importance of managerial practices and provides valuable guidance for the banking sector to strengthen its competitiveness and resilience in the Kenyan context. This study is likely to benefit students, bank managers, banking institutions, scholars and the government.

1.6.1 Managers

The research highlights the effect of various branch manager leadership styles on important performance measures, including profitability, customer satisfaction, employee productivity, and operational efficiency. The study specifically concentrates on branch managers, recognizing the critical role they play in influencing both employees, customers and overall performance of the branch.

1.6.2 Banking Institutions

The banking sector in Kenya plays a vital role in the economy, serving as a financial intermediary and driving economic development. Understanding factors that enhance or hinder its performance is crucial. Given the competitive and dynamic nature of Kenya's banking industry, effective leadership is critical to navigating challenges such as digital transformation, regulatory changes, and customer expectations.

1.6.3 Researchers

The research is contextually relevant, addressing a gap in studies focused on leadership within the Kenyan commercial banking sector. Leadership studies often generalize findings from global or Western perspectives, which may not fully apply in Kenya's socio-economic and cultural environment. Insights from this study can help other researchers build a foundation for the future studies in the same area as it deals with realities and follows procedural research development approach.

1.6.4 Government Organizations

Effective leadership can boost employee motivation, engagement, and retention, which are critical for sustaining high performance in the service-oriented organizational sector. By

identifying leadership styles that positively affect branch operations, the research can provide actionable recommendations to improve teamwork, reduce conflicts, and enhance service delivery by the government state agencies.

1.6.5 Policy Makers

Findings from the research can inform policy decisions within commercial banks, especially regarding recruitment, training, and performance appraisal systems for branch managers. Banks can use the insights to align leadership styles with organizational goals, ensuring consistency in performance across branches.

1.6.6 Academic Knowledge

The study will add to the body of knowledge on leadership theories in the banking sector, this will provide additional empirical review and information from the Kenyan banking business sector. This will shape the understanding on leadership styles and their relevance in markets trends, more profoundly in Africa.

1.7 Chapter Summary

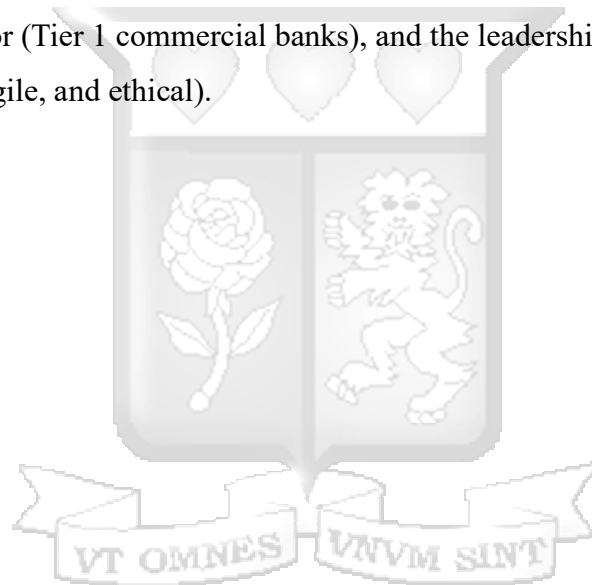
Chapter 1 served as the foundational framework for this research, providing essential context and outlining the study's scope and objectives. The chapter began by introducing the global evolution of management practices in the banking sector and highlighted the emergence of digital, hybrid, agile, and ethical leadership styles. It emphasized the importance of these leadership styles in navigating the challenges and opportunities presented by technological advancements, evolving customer expectations, and increasing regulatory pressures.

The background of the study provided a global, regional, and local perspective on the banking sector, illustrating how different leadership approaches were being adopted in various regions to address unique challenges and enhance performance. It identified several key challenges facing the Kenyan banking sector, including non-performing loans, cybersecurity threats, competition from fintech companies, regulatory compliance, and evolving customer expectations. These challenges underscored the need for effective leadership at the branch level to drive performance and achieve strategic objectives. The chapter clearly stated the problem that, while the existing literature provided valuable

insights into leadership styles and their impact on organizational outcomes, there was a notable gap in understanding how emerging leadership styles affected the performance of Kenyan commercial banks. The specific issues related to each leadership style, such as the effectiveness of digital leadership in driving operational efficiency and enhancing customer experiences, were highlighted.

To address these gaps, the study set out specific research objectives, which aimed to investigate the effect of digital, hybrid, agile, and ethical leadership styles on the performance of commercial banks in Kenya. The research sought to determine how these leadership styles affected key performance indicators, such as financial performance, customer satisfaction, internal processes, and learning and growth.

The chapter defined the scope of the study, specifying the geographic location (Nairobi County), the sector (Tier 1 commercial banks), and the leadership styles to be investigated (digital, hybrid, agile, and ethical).



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review provides a foundation for understanding the intricate relationships between emerging leadership styles and the performance of commercial banks, particularly within the context of Kenya. Drawing upon global insights and specific examples from innovative institutions such as ING in the Netherlands and DBS Bank in Singapore, the review underscores the increasing importance of digital, hybrid, agile, and ethical leadership in navigating today's dynamic banking landscape. Key challenges facing the Kenyan banking sector—including non-performing loans (NPLs), cybersecurity threats, and competition from fintech companies—further emphasize the need for adaptive and strategic leadership approaches at the branch level. The literature reveals a crucial gap in understanding how these emerging leadership styles directly influence the performance metrics of Kenyan commercial banks, particularly concerning the alignment of these strategies with a broader understanding of organizational performance.

To address this gap, the conceptual framework will serve as a roadmap for examining the hypothesized relationships between the identified variables. Grounded in Transformational and Situational Leadership Theories, the framework outlines the potential effects of digital leadership on operational efficiency, hybrid leadership on customer satisfaction and adaptability, agile leadership on innovation and responsiveness, and ethical leadership on stakeholder trust and regulatory compliance. The framework provides a lens through which to view relationships among independent and dependent variables.

This study will bridge the gap between theory and practice by empirically testing these proposed relationships within the specific context of Kenyan commercial banks. This framework will assess interrelations using the balance scorecard lens.

The section is organized into five parts: a review of existing theories, an examination of past studies, the presentation of a conceptual framework, a critique of previous literature, and a summary of key findings.

2.2 Theoretical Review

This part of the study details the pertinent theories related to the research, which are explained below. As outlined by Labaree (2023), theories are designed to clarify, anticipate, and comprehend events, often pushing and expanding established knowledge within the constraints of critical assumptions. A theoretical framework serves as the backbone for research, providing an explanation for the study's relevant problem. Le Roux (2020) explains that the theoretical framework establishes the reasoning behind the study, enabling readers to logically understand the connections between variables and the proposed relationship between them. This study is anchored by two primary theories: Transformational Leadership Theory and Situational Leadership Theory.

2.2.1 Transformational Leadership Theory

Transformational Leadership Theory, first articulated by Burns (1978) and later refined by Bass (1985), posits that effective leaders inspire and motivate followers to exceed their own self-interests for the sake of the organization. Transformational leaders achieve this by articulating a compelling vision, fostering intellectual stimulation, providing individualized consideration, and serving as role models (Bass & Riggio, 2006). In the context of banking, transformational leadership has been linked to higher employee engagement, innovation, and organizational adaptability-qualities that are increasingly vital as banks confront rapid technological change and shifting customer expectations (Alrowwad et al., 2023; Omondi et al., 2023).

Recent studies affirm the relevance of transformational leadership in the digital era. For example, Choi et al. (2022) found that transformational leadership significantly enhances digital transformation readiness and organizational learning in financial institutions. Similarly, Alawamleh et al. (2022) reported that transformational leadership positively influences the adoption of innovative banking practices and improves branch performance through increased employee motivation and commitment. In Kenya, research by Kabiru (2020) and Anyango & Ngatuni (2018) demonstrated that transformational leadership correlates with improved employee performance and customer satisfaction in commercial banks. For bank branch managers, transformational leadership can significantly improve performance by creating a motivated and high-performing team. By acting as role models and communicating a compelling vision, managers can align employees with

organizational goals. Encouraging innovation (intellectual stimulation) and providing personalized support can further enhance team effectiveness, job satisfaction, and customer service. A study by Oroh and Ariyadi (2024) also found that transformational leadership positively impacts employee motivation and performance in the banking sector, highlighting its importance in improving both individual and organizational outcomes.

Digital leadership within banking necessitates a visionary approach that aligns with transformational leadership principles. Bank branch managers adopting this style articulated a compelling vision for the institution's digital future, guided employees through technological transitions, and encouraged the adoption of new technologies and processes. This approach is consistent with findings by Li et al. (2024), who emphasized that digital leaders in banking must inspire and motivate employees to embrace digital change, much like transformational leaders. Similarly, Choi et al. (2022) found that transformational leadership behaviors such as articulating a clear digital vision and fostering employee commitment are critical for successful digital transformation in financial institutions. Smith (2021) further noted that branch managers who combine digital acumen with transformational leadership qualities are better positioned to drive innovation and ensure the successful implementation of digital initiatives. This approach fosters an environment that values experimentation and creativity, essential for successful digital transformation (Kochei & Awuor, 2024). By empowering staff to embrace digital tools and platforms, transformational leaders enhance customer experiences and operational efficiency.

Agile leadership, characterized by adaptability and swift decision-making, has been closely associated with transformational leadership principles in recent literature (Alrowwad et al., 2023; Khosravi et al., 2022). In the banking sector, where market dynamics and customer expectations are continually evolving, branch managers who employ transformational leadership principles are more likely to foster organizational agility. Such leaders encourage innovation, empower employees to respond rapidly to change, and create an environment that supports continuous improvement—key elements for maintaining competitiveness and resilience in a volatile industry (Muriithi et al., 2022; Choi et al., 2022). Empirical studies have shown that transformational leadership behaviors, such as inspiring a shared vision and supporting team autonomy, are instrumental in promoting agile practices and enhancing overall bank performance (Alrowwad et al., 2023; Khosravi et al., 2022).

Hybrid leadership, which integrates traditional banking practices with modern digital advancements, is significantly enhanced by transformational leadership principles. Branch managers who embody this approach effectively balance face-to-face customer interactions with the implementation of digital solutions, ensuring that both conventional and innovative services are seamlessly delivered (Wiechmann et al., 2022; Mugambi & Kirimi, 2022). These leaders inspire employees to uphold the institution's core values while simultaneously embracing change and fostering a culture of innovation, thereby facilitating the integration of digital technologies into everyday banking operations (Khan et al., 2024). This strategic balance not only enhances customer satisfaction but also positions the bank as both reliable and forward-thinking in a rapidly evolving financial landscape (Wiechmann et al., 2022; Khan et al., 2024).

Ethical leadership is deeply rooted in transformational leadership's emphasis on moral responsibility and integrity. In the banking sector, where trust and transparency are paramount, branch managers who practice transformational leadership serve as ethical role models, shaping the ethical climate of their organizations (Miller, 2021; Yıldız & Şimşek, 2022). They promote a culture of accountability and ethical behavior, ensuring that employees adhere to regulatory standards and prioritize customers' best interests. This approach not only mitigates risks associated with ethical misconduct but also enhances the institution's reputation and fosters long-term customer loyalty (Bibi, 2018).

In summary, transformational leadership serves as a foundational approach for bank branch managers, enabling them to effectively lead in digital, agile, hybrid, and ethical contexts. By inspiring and motivating their teams, these leaders drive innovation, adaptability, and integrity, ensuring the bank's success in a dynamic and competitive environment.

2.2.2 Situational Leadership Theory

Situational Leadership Theory (SLT), developed by Hersey and Blanchard (1969), suggests that effective leaders adapt their leadership style based on the competence and commitment levels of their employees. This means there is no one "best" leadership style. This theory is particularly relevant to hybrid leadership. A hybrid leader must adapt their approach based on the unique requirements of their team, the task at hand, and the broader organizational context. This flexibility is crucial in banking environments, where managers must handle a diverse workforce, changing market conditions, and evolving customer expectations.

Bank branch managers operate in dynamic environments where they oversee financial operations, ensure regulatory compliance, and lead teams to achieve customer service excellence. The application of SLT allows these managers to shift between four leadership styles i.e. directing, coaching, supporting, and delegating depending on the needs of their employees and the demands of the banking sector (Thompson & Glasø, 2022).

In the context of the Kenyan banking sector, situational leadership is particularly relevant given the diversity of branch environments, staff capabilities, and customer needs. The dynamic and sometimes volatile nature of the financial sector-marked by regulatory changes, technological disruptions, and evolving market conditions-demands that branch managers be adept at shifting their leadership style to fit the context (Muriithi et al., 2022; Mugambi & Kirimi, 2022).

Recent research supports the effectiveness of situational leadership in banking. Kiprotich et al. (2022) found that branch managers who adapt their leadership style to the specific needs of their teams and operational challenges achieve better performance outcomes. Moreover, the adoption of hybrid leadership-blending traditional and modern approaches-reflects the situational leadership model by allowing managers to balance remote and in-person work, address diverse customer expectations, and respond to changing branch realities (Mugambi & Kirimi, 2022; Omondi et al., 2023).

When employees reach a moderate to high level of competence but still need reassurance, managers shift to a supporting leadership style. At this stage, branch managers involve employees in decision-making and encourage collaboration. This is particularly relevant in cross-functional teamwork between tellers, loan officers, and financial advisors, where cooperation enhances the overall customer experience (Goleman, Boyatzis, & McKee, 2013). A supportive leadership approach also fosters a positive workplace culture, which improves employee retention and performance.

Finally, for highly experienced and self-motivated employees, a delegating leadership style is most effective. Seasoned professionals, such as senior loan officers or investment advisors, require minimal supervision and thrive when given autonomy to make financial decisions within policy guidelines (Yukl, 2020). Delegation allows employees and managers to focus strategic goals, such as market expansion and regulatory compliance initiatives. In modern banking, SLT enables branch managers to respond to shifting

employee needs, regulatory changes, and evolving customer expectations. By adopting a flexible leadership approach, managers enhance team productivity, employee satisfaction, and overall branch performance. This adaptability ensures that banks remain competitive in an increasingly digital and customer-centric financial landscape (Bass, 2019).

2.3 Linkage between Theories and Study Variables

This study is grounded in two primary leadership theories: Transformational Leadership Theory and Situational Leadership Theory. These theories provide a theoretical framework for understanding the relationships between the emerging leadership styles under investigation (digital, hybrid, agile, and ethical) and bank performance, as measured by financial, customer, internal process, and learning and growth outcomes.

Transformational leadership, as proposed by Bass and Avolio (1994), emphasizes visionary leadership, motivation, and the development of employees to strive for better performance. It has four key components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Northouse, 2022). Situational leadership, on the other hand, as developed by Hersey and Blanchard (1969), suggests that effective leadership depends on the readiness and maturity of followers, requiring leaders to adapt their styles to specific situations (Thompson & Glasø, 2018). Both theories are crucial in shaping emerging leadership styles—digital, hybrid, agile, and ethical leadership—which are increasingly relevant in modern banking environments.

Digital leadership aligns closely with transformational leadership, as it requires bank branch managers to inspire teams through technological innovations, promote digital literacy, and drive change within organizations. Leaders must act as visionaries, guiding employees in adopting digital banking solutions and data-driven decision-making to enhance customer satisfaction and operational efficiency (Sousa & Rocha, 2019). However, digital leadership also requires situational adaptability, as leaders must assess the technological competency of employees and provide necessary training and support (Ghasabeh & Provitera, 2017). In commercial banks, digital leadership enhances performance by improving service delivery, reducing operational costs, and fostering innovation.

Hybrid leadership, which integrates multiple leadership approaches to manage both in-office and remote employees, embodies both transformational and situational leadership elements. Transformational leaders in hybrid work environments motivate employees through shared vision and goal alignment, while situational leadership allows managers to tailor their approach based on employees' adaptability to hybrid models (Dirani et al., 2020). In commercial banks, hybrid leadership improves employee engagement, enhances collaboration, and maintains productivity despite geographical flexibility. It also ensures that branch operations run seamlessly while employees maintain a healthy work-life balance.

Agile leadership, characterized by responsiveness, adaptability, and decentralized decision-making, strongly correlates with both transformational and situational leadership theories. Transformational leaders encourage innovation and proactive problem-solving, while situational leadership enables bank managers to assess rapidly changing market conditions and adjust their strategies accordingly (Rigby, Sutherland, & Takeuchi, 2020). In the banking sector, agile leadership supports faster decision-making, enhances customer responsiveness, and facilitates the adoption of new financial technologies, thereby improving the overall performance of commercial banks.

Ethical leadership, which focuses on integrity, fairness, and accountability, is closely linked to transformational leadership as it promotes trust and values-driven decision-making (Brown & Treviño, 2006). Transformational leaders serve as ethical role models, ensuring that corporate governance and ethical banking practices are upheld. Situational leadership also plays a role in ethical decision-making, as bank managers must evaluate unique ethical dilemmas and respond appropriately (Resick et al., 2011). In commercial banks, ethical leadership enhances employee morale, strengthens regulatory compliance, and builds customer trust, all of which contribute to improved financial performance and long-term sustainability.

Overall, transformational leadership theory provides the visionary and motivational foundation necessary for bank branch managers to drive change, while situational leadership theory ensures adaptability to the unique demands of digital, hybrid, agile, and ethical leadership styles. These emerging leadership approaches significantly impact commercial banks by fostering innovation, improving operational efficiency, enhancing

customer service, and ensuring compliance with ethical and regulatory standards. Consequently, the integration of transformational and situational leadership principles enables bank branch managers to effectively navigate the evolving financial landscape and drive sustainable performance improvements.

2.4 Leadership Styles of Branch Managers and Performance of Commercial Banks

Performance in commercial banks is increasingly recognized as a multidimensional construct, encompassing not only financial results but also customer satisfaction, operational efficiency, and organizational learning (Kaplan & Norton, 1996; Hasan et al., 2023). The leadership styles adopted by branch managers-particularly digital, hybrid, agile, and ethical leadership play a pivotal role in shaping these performance outcomes, as they influence how banks respond to technological change, regulatory demands, and evolving customer expectations (Omondi et al., 2023; Chatterjee et al., 2022). This section reviews the conceptualization and measurement of performance in commercial banks, emphasizing its centrality to understanding the effectiveness of emerging leadership styles at the branch level.

2.4.1 Digital Leadership Style

Digital leadership has become a critical factor in the performance of commercial banks, as it encompasses the strategic use of digital technologies to drive creativity, enhance customer satisfaction, and improve operational efficacy. The evolution of digital leadership style is propelled by the integration of digital tools, which have transformed communication, collaboration, and decision-making processes within organizations (Savall & Sunesson, 2024). Leaders are increasingly adopting agile, adaptable, and data-driven approaches, moving away from traditional micromanagement to empowering team members and fostering autonomy (Savall & Sunesson, 2024). Digital leadership often incorporates elements from transformational, empowering, and authentic leadership styles, emphasizing the importance of managing digital transformation processes and maintaining a competitive advantage (Li et al., 2024). As organizations adapt to digitalization, effective digital leadership is seen as crucial for sustaining innovation, enhancing employee performance, and achieving strategic success in the digital era (Khan et al., 2023; Savall & Sunesson, 2024; Li et al., 2024). This leadership style involves the implementation of new technologies and encouraging of a culture that embraces change and continuous learning.

Transformational leadership principles are often integral to digital leadership, as they emphasize vision, inspiration, and the empowerment of employees to navigate the complexities of digital transformation (Kamau, 2020).

In the context of commercial banks, digital leadership has been linked to significant improvements in performance metrics. For instance, the Commonwealth Bank of Australia (CBA) has substantially increased its investment in technology, focusing on artificial intelligence and digital infrastructure to enhance customer experiences and maintain a competitive edge. In the last six months alone, CBA's technology investment reached nearly \$1.1 billion, reflecting a strategic commitment to leveraging digital capabilities for long-term benefits (The Australian, 2025).

Similarly, Bankwest has launched a campaign to double its customer base by emphasizing simplicity and promoting its new banking app. This initiative aims to attract customers seeking uncomplicated banking solutions, highlighting the role of digital leadership in driving customer acquisition and satisfaction (The Australian, 2025). However, the pursuit of digital transformation also presents challenges. ING Australia reported a strategic profit decline attributed to significant investments in its core banking platform and retail banking app. Despite a \$122 million decrease in profit, the bank views these investments as essential for future scalable and sustainable growth, demonstrating the long-term perspective inherent in effective digital leadership (The Australian, 2025). In the Kenyan banking sector, the adoption of digital leadership practices has been associated with enhanced organizational performance. Kamau (2020) found a strong positive relationship between transformational leadership strategies, which are central to digital leadership, and the performance of commercial banks in Kenya. The study concluded that embracing transformational leadership approaches, such as idealized influence and intellectual stimulation, enables banks to encourage creativity and improve service delivery.

Overall, digital leadership plays a pivotal role in shaping the performance of commercial banks by driving technological innovation, improving customer engagement, and enhancing operational efficiency. While the transition to digital platforms requires substantial investment and may impact short-term profitability, the long-term benefits position banks for sustained growth and competitiveness in an increasingly digital landscape.

2.4.2 Hybrid Leadership Style

Hybrid leadership, which integrates various leadership styles to address diverse organizational needs, has become increasingly relevant in the dynamic environment of commercial banking (Wiechmann et al., 2022; Mugambi & Kirimi, 2022). This approach combines elements of transformational, transactional, and situational leadership, enabling leaders to adapt their strategies based on specific circumstances and challenges (Khan et al., 2024). By fostering flexibility, hybrid leadership allows bank managers to effectively navigate the complexities of the modern financial landscape, characterized by rapid technological advancements and shifting market conditions (Wiechmann et al., 2022). One significant advantage of hybrid leadership is enhanced adaptability. Recent research demonstrates that hybrid leadership enables managers to swiftly adjust their approaches in response to evolving challenges, thereby maintaining organizational resilience (Wiechmann et al., 2022; Njenga & Mugambi, 2023). This adaptability is crucial in the banking sector, where leaders must respond to technological disruptions, regulatory changes, and fluctuating customer expectations (Khan et al., 2024).

Hybrid leadership also contributes to improved employee performance and engagement. Mishra (2023), in a study of Nepalese commercial banks, found that leadership styles encompassing both transformational and transactional elements positively influenced employee motivation and job satisfaction, leading to enhanced overall performance. This suggests that a hybrid approach, which balances inspirational vision with structured rewards and clear expectations, can effectively drive employee engagement and productivity in banking environments. Moreover, hybrid leadership plays a pivotal role in change management. Njenga and Mugambi (2023) highlight that adaptable leadership is instrumental in steering banks through organizational transitions, significantly impacting performance outcomes in Kenyan commercial banks. This underscores the importance of hybrid leadership in facilitating successful change initiatives and maintaining a competitive edge. However, implementing hybrid leadership also presents challenges. Integrating diverse leadership styles requires a high level of skill and self-awareness from managers, as well as a supportive organizational culture that values flexibility and continuous learning (Wiechmann et al., 2022). Without deliberate efforts to cultivate these conditions, the benefits of hybrid leadership may not be fully realized.

In summary, hybrid leadership, through its amalgamation of various leadership styles, offers a strategic advantage in enhancing the performance of commercial banks. By promoting adaptability, improving employee engagement, and effectively managing change, hybrid leadership equips banks to navigate the complexities of the modern financial environment. Nevertheless, its successful implementation depends on the deliberate development of relevant skills and the fostering of an organizational culture that supports flexibility and innovation (Khan et al., 2024; Wiechmann et al., 2022).

2.4.3 Agile Leadership Style

Agile leadership has emerged as a pivotal approach in the commercial banking sector, emphasizing adaptability, collaboration, and swift decision-making to navigate the complexities of a rapidly evolving financial landscape. This leadership style fosters an environment where innovation thrives, enabling banks to respond effectively to market dynamics and technological advancements. Research indicates that agile leadership significantly enhances organizational outcomes. A comprehensive meta-analysis by Kowalski and Kowalski (2024) revealed that agile leadership practices lead to improved innovation efficiency, heightened employee performance, and increased team effectiveness. These findings accentuate the critical role of agile leaders in creating a culture that supports continuous improvement and responsiveness to change. In the context of commercial banks, the adoption of agile leadership practices has been linked to enhanced employee performance. A study conducted in the Kingdom of Bahrain demonstrated that managers employing agile strategies positively influenced their employees' success, particularly during crises such as the COVID-19 pandemic. This research highlights the importance of managerial agility in maintaining operational continuity and employee morale during periods of uncertainty (Elali, 2021). Furthermore, agile leadership is instrumental in driving successful digital transformations within banks. Leaders who embrace agility facilitate fast decision loops and actively participate in digital initiatives, thereby accelerating the adoption of new technologies and processes. This proactive involvement ensures that technological change efforts are in line with organizational goals and effectively integrated into existing operations (Winkler & Kuklinski, 2024).

In the Kenyan banking sector, the implementation of agile strategies has been shown to positively impact performance. A study by Barno and Rotich (2018) found that strategic

agility components, including strategic sensitivity, leadership unity, resource fluidity, and strategic linkages, collectively accounted for 68.7% of the variations in performance among commercial banks in Kenya. This suggests that agile leadership practices are integral to achieving competitive advantage and operational excellence in this context. However, the transition to agile leadership is not without challenges. It requires a fundamental shift from traditional hierarchical structures to more collaborative and flexible frameworks. Leaders must cultivate trust, empower employees, and promote a culture of continuous learning to successfully implement agile methodologies. As noted by Van Eer (2018), moving from an authority-based model to a partnership-oriented approach is essential for fostering agility within banking organizations.

In conclusion, agile leadership plays a critical role in enhancing the performance of commercial banks by promoting adaptability, innovation, and effective change management. Empirical evidence from various contexts, including Kenya, supports the positive correlation between agile leadership practices and improved organizational outcomes.

2.4.4 Ethical Leadership Style

Ethical leadership, characterized by integrity, fairness, and transparency, plays a pivotal role in shaping the performance and reputation of commercial banks. Leaders who prioritize ethical standards not only foster trust among stakeholders but also create a positive organizational ethos that enhances employee morale and productivity. Research indicates that ethical leadership significantly influences corporate governance within commercial banks. Organizations led by ethical leaders are more likely to exhibit robust governance structures, leading to improved decision-making processes and heightened accountability (Muriithi & Orwa, 2022). This alignment with ethical principles enhances the bank's credibility and can result in increased customer loyalty and investor confidence.

Furthermore, ethical leadership has a direct impact on employee behavior and performance. A study by Malik et al. (2021) found that ethical leadership reduces knowledge-hiding behaviors among employees in the financial services sector, promoting a culture of openness and collaboration. Such an atmosphere enhances individual performance and also contributes to general effectiveness and innovation within the organization. In terms of financial performance, banks that adhere to ethical practices tend to experience more stable

returns (Cornée & Szafarz, 2016). This stability is crucial in the banking sector, where fluctuations can have far-reaching consequences.

Organizations with a strong ethical culture have a positive effect on employees, which in turn enhances customer satisfaction and loyalty (Wiley, 2020). By prioritizing ethical considerations, banks can build long-term relationships with clients, leading to sustained business growth. However, the absence of ethical leadership can lead to detrimental outcomes. Companies lacking ethical guidance often face lower productivity and higher turnover rates, negatively impacting the organization's bottom line (Harvard Professional Development, 2022). In the banking industry, such challenges can erode customer trust and result in financial losses. Ethical leadership therefore, is integral to the success of commercial banks. By promoting a culture of ethical behaviors, leaders enhance corporate governance, employee performance, and financial stability. As the banking sector continues to evolve, prioritizing ethical leadership will be essential in navigating challenges and achieving sustainable growth.

2.4.5 Commercial Banks Performance

The performance of commercial banks is multifaceted and critical for economic stability and growth. It is influenced by a number of factors within and outside the bank, including profitability, efficiency, and risk management (Athanasoglou et al., 2005). Evaluating bank performance involves assessing how effectively banks deliver services and products to clients, with financial performance and market competition being key determinants of success (Mbella & Magloire, 2017). To comprehensively assess bank performance, the Balanced Scorecard (BSC) framework is often employed. The BSC provides a holistic view by examining performance across four dimensions: financial, customer, internal processes, and learning and growth (Kaplan & Norton, 1992).

Financial Performance focuses on profitability, revenue growth, and return on assets. Key indicators include net profit margin, loan growth, and efficiency ratio (Athanasoglou et al., 2005). Customer Satisfaction measures the bank's ability to meet customer needs and expectations. Key indicators include customer satisfaction scores, customer retention rates, and Net Promoter Score (NPS) (Masood et al., 2012). Internal Processes assesses the efficiency and effectiveness of the bank's internal operations. Key indicators include transaction processing time, cost per transaction, and error rates (Dhodary & Rajbanshi,

2024). Learning and Growth measures the bank's ability to innovate, adapt, and improve over time. Key indicators include employee training hours, employee satisfaction scores, and the number of new product or service innovations (Mishra & Ranjan, 2020).

2.5 Empirical Review

Extensive research has explored the intricate relationship between leadership styles and organizational performance across various sectors, including banking. Recent empirical evidence underscores the multifaceted impact of digital, hybrid, agile, and ethical leadership on key performance indicators within commercial banks. A consistent theme emerging from these studies is the pivotal role of adaptive leadership in navigating the complexities of technological advancements, evolving customer expectations, and regulatory pressures (Li et al., 2024; Khan et al., 2024).

Studies examining the effectiveness of bank branch managers have found that management practices such as strategic benchmarking, efficiency assessment, and managerial competencies significantly influence branch performance (Rombaut & Guerry, 2020; Ghoddousi et al., 2014). Chen and Cao (2023) further highlight that managers' ability to manage stress and adapt to digital transformations directly impacts branch efficiency and productivity. These findings collectively emphasize the critical role of effective and adaptive management in boosting branch success.

Recent studies highlight a strong positive correlation between digital leadership and operational efficiency, customer satisfaction, and innovation. Smith (2021) found that commercial banks with robust digital leadership strategies experienced significant increases in process automation and reductions in operational costs. Additionally, digital leadership enhances customer engagement by enabling personalized online experiences and streamlined digital banking services (Avolio et al., 2020; Li et al., 2024). Digital literacy among bank leaders fosters a culture of innovation, encouraging employees to embrace new technologies and digital solutions (Avolio et al., 2020). In the Kenyan context, the Central Bank of Kenya (CBK, 2023) has noted that digitalization brings both opportunities and risks, highlighting the need for effective digital leadership to navigate these challenges and capitalize on technological advancements.

Hybrid leadership, which combines traditional and modern leadership approaches, has gained prominence as banks adapt to changing work environments. Brown (2021) reported that banks adopting hybrid leadership models saw improved employee morale and retention, attributed to increased work-life balance and flexible arrangements. Hybrid leaders facilitate collaboration and communication between remote and in-office teams, ensuring seamless workflow and knowledge sharing (Gupta & Pathak, 2021). Recent studies in Europe and Africa confirm that hybrid leadership enhances customer service quality by integrating digital channels with personalized, face-to-face interactions (Wiechmann et al., 2022; Mugambi & Kirimi, 2022). In Kenya, Mugambi and Kirimi (2022) found that hybrid leadership among branch managers facilitated the adoption of digital platforms while maintaining high standards of customer service.

Agile leadership emphasizes adaptability, collaboration, and rapid decision-making. Jones and Lee (2021) demonstrated that agile leadership practices in commercial banks facilitated swift decision-making and efficient project management, enabling banks to adapt quickly to market and regulatory changes. Agile leaders foster a culture of continuous improvement and experimentation, encouraging employees to identify and implement innovative solutions (Alrowwad et al., 2023). In Kenya, Muriithi et al. (2022) found that agile leadership was associated with enhanced organizational adaptability and responsiveness, particularly in times of regulatory or market disruption. Although direct studies on agile leadership in Kenyan banks are limited, the concept of ambidextrous leadership, which balances exploration and exploitation, is increasingly relevant (Khosravi et al., 2022).

Ethical leadership, rooted in integrity, transparency, and fairness, is essential for building trust and ensuring regulatory compliance in banking. Muriithi and Orwa (2022) found that ethical leadership positively influenced corporate governance and accountability in Kenyan commercial banks. Malik et al. (2021) observed that ethical leadership reduces knowledge-hiding behaviors, fostering a culture of openness and collaboration. Bediako et al. (2023) demonstrated that ethical leadership enhances both financial performance and stakeholder trust, while Yıldız and Şimşek (2022) linked ethical leadership to higher employee engagement and customer loyalty in the banking sector.

2.6 Critique of the Literature Review

The extant literature provides a comprehensive overview of the impact of leadership styles on organizational performance in the banking sector. Studies such as those by Bass and Avolio (2018) and Verma et al. (2020) offer important understanding into the effectiveness of transformational, transactional, and participative leadership styles across different cultural contexts. The literature also highlights the increasing relevance of digital, hybrid, agile, and ethical leadership in navigating the challenges of technological advancements, evolving work environments, and heightened ethical expectations (Smith, 2021; Brown, 2021; Jones & Lee, 2021; Miller, 2021).

However, several limitations and inconsistencies emerge upon closer examination. Firstly, much of the existing research focuses on traditional leadership styles (e.g., transformational, transactional) and provides limited empirical evidence on the impact of emerging leadership styles, particularly in the context of developing economies like Kenya. While studies have explored digital transformation in banking (McKinsey, 2025), the specific role of digital leadership in driving this transformation remains underexplored. Similarly, the literature on hybrid leadership often lacks clarity on how to effectively balance remote work flexibility with in-person collaboration in the banking sector, where customer interaction and team cohesion are critical (Financial Times, 2025).

Agile leadership focuses on flexibility, collaboration, and rapid decision-making. Studies on agile leadership tend to focus on software development and IT projects, with limited attention given to its application in core banking operations and customer service (Nemashakwe 2024). Mathenge (2019) examined the effect of the agile work model on organizational performance at Commercial Bank of Africa, finding positive associations with team cohesion, individual performance, and strategy execution. While these results are promising, the study's limitation to a single institution raises questions about the generalizability of its findings across the broader Kenyan banking industry. Expanding research to include multiple banks would provide a more comprehensive understanding of agile leadership's impact.

Lastly, ethical leadership, characterized by integrity and transparency, has been linked to positive organizational outcomes. Research on ethical leadership often focuses on regulatory compliance and risk management, neglecting the broader implications for

stakeholder trust and corporate social responsibility (Swiss Financial Market Supervisory Authority, 2024). Studies by Mbata et al. (2023) and Musyimi (2016) suggest that authentic and ethical leadership correlates with improved employee behaviour and performance in Kenyan commercial banks.

2.6.1 Summary of Knowledge Gaps in the Literature

Area/Theme	What Existing Literature Covers	Identified Knowledge Gap	How This Study Addresses the Gap
Digital Leadership	Focus on digital transformation and technology adoption in banks globally and in Kenya (Li et al., 2024; Smith, 2021; Mwaura & Ngugi, 2023).	Limited empirical evidence on how digital leadership by branch managers specifically affects multidimensional bank performance at the branch level in Kenya.	Examines the direct effect of digital leadership at branch level using BSC metrics.
Hybrid Leadership	Recent studies highlight hybrid work and leadership in global banking (Khan et al., 2024; Mugambi & Kiriimi, 2022).	Lack of research on the operationalization and impact of hybrid leadership among branch managers in Kenyan commercial banks.	Empirically investigates hybrid leadership's influence on branch performance in Nairobi.
Agile Leadership	Agile leadership linked to adaptability and innovation in banking (Muriithi et al., 2022; Alrowwad et al., 2023).	Few studies explore how agile leadership is practiced by branch managers and its specific impact on bank performance in Kenya.	Assesses the relationship between agile leadership and BSC performance at the branch level.
Ethical Leadership	Ethical leadership shown to enhance trust and compliance in banking (Omondi et al., 2023; Bediako et al., 2023).	Insufficient empirical studies on how ethical leadership by branch managers translates to financial and non-financial performance outcomes in Kenyan banks.	Evaluates the effect of ethical leadership on both financial and non-financial BSC outcomes.

Area/Theme	What Existing Literature Covers	Identified Knowledge Gap	How This Study Addresses the Gap
Performance Measurement	Use of Balanced Scorecard (BSC) in banking performance assessment (Kaplan & Norton, 1996; Hasan et al., 2023).	Most studies focus on organizational or head office level, not the branch level or the role of branch manager leadership styles.	Applies BSC framework to assess branch-level performance linked to leadership styles.
Context: Kenyan Commercial Banks	Existing research often focuses on traditional leadership styles (Kabiru, 2020; Anyango & Ngatuni, 2018).	Limited empirical studies examining emerging leadership styles (digital, hybrid, agile, ethical) in Kenyan commercial banks, especially at the branch level.	Provides empirical evidence on emerging leadership styles in Nairobi County branches.

2.7 Research Gaps

Despite growing interest in leadership styles and their impact on organizational performance, several research gaps remain concerning the effect of emerging leadership styles of branch managers on the performance of commercial banks. Much of the existing research focuses on the organizational level, neglecting the unique challenges and opportunities faced by branch managers. This study will conduct a branch-level analysis to examine how leadership styles influence the performance of individual branches

Digital leadership is increasingly recognized as a critical factor in the banking sector, particularly as financial institutions embrace digital transformation (El Sawy et al., 2021). However, there is limited empirical research examining how digital leadership among branch managers influences overall bank performance, particularly in developing economies. Most studies focus on digital leadership at the corporate level rather than its impact on branch operations (Avolio et al., 2022).

Hybrid leadership, which combines traditional and digital leadership approaches, has been acknowledged as a viable leadership style in modern banking (Northouse, 2021). However,

existing research does not sufficiently explore how branch managers implement hybrid leadership to enhance bank performance. Additionally, there is a lack of consensus on the best practices for balancing physical and digital engagement with employees and customers (Gandolfi & Stone, 2020).

While Agile leadership has been extensively studied in technology firms and project management (Denning, 2018), there is a paucity of research examining its effect on commercial bank performance. Banking institutions increasingly require adaptability due to rapid technological advancements and regulatory changes, yet the role of agile leadership in fostering such adaptability at the branch level remains underexplored (Rigby et al., 2022).

Ethical leadership has been linked to enhanced employee morale and trust within organizations (Brown & Treviño, 2019). However, few studies have directly assessed its effect on branch performance metrics, such as customer retention, profitability, and risk management. Furthermore, the interaction between ethical leadership and other emerging leadership styles (e.g. digital or agile leadership) remains an underexplored area in banking research (Resick et al., 2020).

The literature on leadership styles and bank performance often relies on traditional financial metrics, such as profitability and return on assets. This study will adopt a more holistic approach by incorporating non-financial metrics, such as customer satisfaction, internal processes and learning and growth

Most studies on leadership styles focus on Western economies, leaving a gap in understanding how these emerging leadership styles operate in diverse economic and cultural contexts (Hofstede, 2021). Research specific to commercial banks in developing countries, where digital infrastructure, regulatory frameworks, and customer expectations differ significantly, is still insufficient (Mughal et al., 2023).

Addressing these research gaps will contribute to a better comprehension of how emerging leadership styles influence commercial bank performance.

2.8 Operationalization of the study variables

Objective	Variable	Constructs	Scale of Measurement	Supporting Literature
To establish the effect of digital leadership style of branch managers	Digital leadership style-independent variable	<ul style="list-style-type: none"> • Technology adoption • Virtual communication • Digital transformation • Data driven decision making • Cybersecurity awareness 	Likert scale (1-5)	(Lin, 2024), Chen & Cao, (2023).
To determine the effect of hybrid leadership style of branch managers	Hybrid leadership style-independent variable	<ul style="list-style-type: none"> • Balance between traditional and digital leadership • Workplace Flexibility • Multi-channel communication • Adaptability to organizational change • Personalized employee engagement 	Likert Scale (1-5)	(Yozi and Mbokota (2024), Wang et al., 2022).
To ascertain the effect of agile leadership style of branch managers	Agile leadership style - Independent variable	<ul style="list-style-type: none"> • Decision-making Speed • Collaboration & team empowerment • Continuous learning & innovation • Customer-centric approach • Risk management & responsiveness 	Likert Scale (1-5)	(Porkodi, 2024)

Objective	Variable	Constructs	Scale of Measurement	Supporting Literature
To establish the effect of Ethical leadership style of branch managers	Ethical leadership style - Independent Variables	<ul style="list-style-type: none"> • Integrity & Transparency • Corporate Social Responsibility • Fairness & Justice • Accountability & Compliance • Trust & Relationship Building 	Likert Scale (1-5)	(Resick et. et al. (2020)
Investigate the effect of emerging leadership styles of branch managers on performance of commercial banks in Kenya	Commercial bank performance	<ul style="list-style-type: none"> • Financial Performance • Customer Satisfaction • Internal Processes • Learning and Growth 	Likert Scale (1-5)	Okosun (2023)

2.8.1 Conceptual Framework

A conceptual framework draws from the theoretical perspective and puts the link represented therein into a diagrammatic format. It illustrates what the study expects to find and maps out the conceptualized connection between the variables of the study (Potschin-Young et al., 2018). This study focuses on four key emerging leadership styles exhibited by branch managers in commercial banks: digital, hybrid, agile, and ethical leadership.

Each of these styles is characterized by distinct behaviors and approaches to managing teams, operations, and customer relationships.

2.8.2 Independent Variables: Emerging Leadership Styles

Digital Leadership: Digital leadership involves leveraging technology to enhance banking operations and customer experiences. Bank branch managers adopting this style focus on integrating digital tools and platforms to streamline services and meet the growing demand for online banking (McKinsey, 2025). According to McKinsey (2025), Equity Bank's CEO, James Mwangi, spearheaded the introduction of mobile banking units and the Equitel mobile application, significantly increasing financial inclusion and transaction efficiency. This style requires leaders to be technologically savvy, data-driven, and able to inspire their teams to embrace digital transformation.

Hybrid Leadership: Hybrid leadership combines traditional banking practices with modern innovations, allowing managers to balance in-person customer service with digital solutions. This approach is evident in the restructuring efforts of global banks aiming to create more dynamic and agile organizations (The Times, 2025). For example, HSBC's recent overhaul includes dividing operations between Eastern and Western markets to better address regional needs and reduce costs amid geopolitical tensions. Hybrid leaders need to be adaptable, communicative, and able to foster collaboration between remote and in-person teams.

Agile Leadership: Agile leadership emphasizes flexibility and responsiveness to change. Bank branch managers employing this style encourage adaptive strategies and cross-functional collaboration to swiftly address market shifts and customer needs (Financial Times, 2025). This is particularly relevant in regions like Asia, where wealth managers are focusing on rapidly growing markets such as Hong Kong and Singapore to remain competitive in the global financial landscape. Agile leaders must be empowering, collaborative, and able to facilitate rapid decision-making.

Ethical Leadership: Ethical leadership focuses on leaders' commitment to ethical principles, transparency, and fairness in their decision-making processes and interactions with followers (Brown, Treviño, & Harrison, 2005). This leadership style has emerged in response to widespread organizational scandals and ethical breaches, which have

underscored the need for leaders who can foster trust and ethical cultures (Ciulla, 2020). Ethical leaders serve as role models who influence followers to behave ethically, thereby promoting organizational justice, prioritize stakeholder interests, and ensure compliance with regulatory standards for long-term sustainability.

These leadership styles are not mutually exclusive; in practice, branch managers may adopt a combination of these approaches to effectively lead their teams and achieve their objectives.

2.8.3 Dependent Variable: Performance of Commercial Banks

The dependent variable in this study is the performance of commercial banks, measured at the branch level. Performance will be assessed using a balanced scorecard approach, considering financial, customer, internal processes, and learning and growth perspectives.

- **Financial Performance:** This dimension reflects the branch's profitability, revenue growth, and return on assets. Key indicators may include net profit margin, loan growth, and efficiency ratio.
- **Customer Satisfaction:** This dimension measures the branch's ability to meet customer needs and expectations. Key indicators may include customer satisfaction scores, customer retention rates, and Net Promoter Score (NPS).
- **Internal Processes:** This dimension assesses the efficiency and effectiveness of the branch's internal operations. Key indicators may include transaction processing time, cost per transaction, and error rates.
- **Learning and Growth:** This dimension measures the branch's ability to innovate, adapt, and improve over time. Key indicators may include employee training hours, employee satisfaction scores, and the number of new product or service innovations.

By assessing performance across these four dimensions, this study aims to provide a holistic view of the effect of emerging leadership styles on the overall success of commercial banks in Kenya. The balanced scorecard approach recognizes that financial performance is not the only indicator of success and that customer satisfaction, internal processes, and learning and growth are also critical drivers of long-term sustainability and competitiveness.

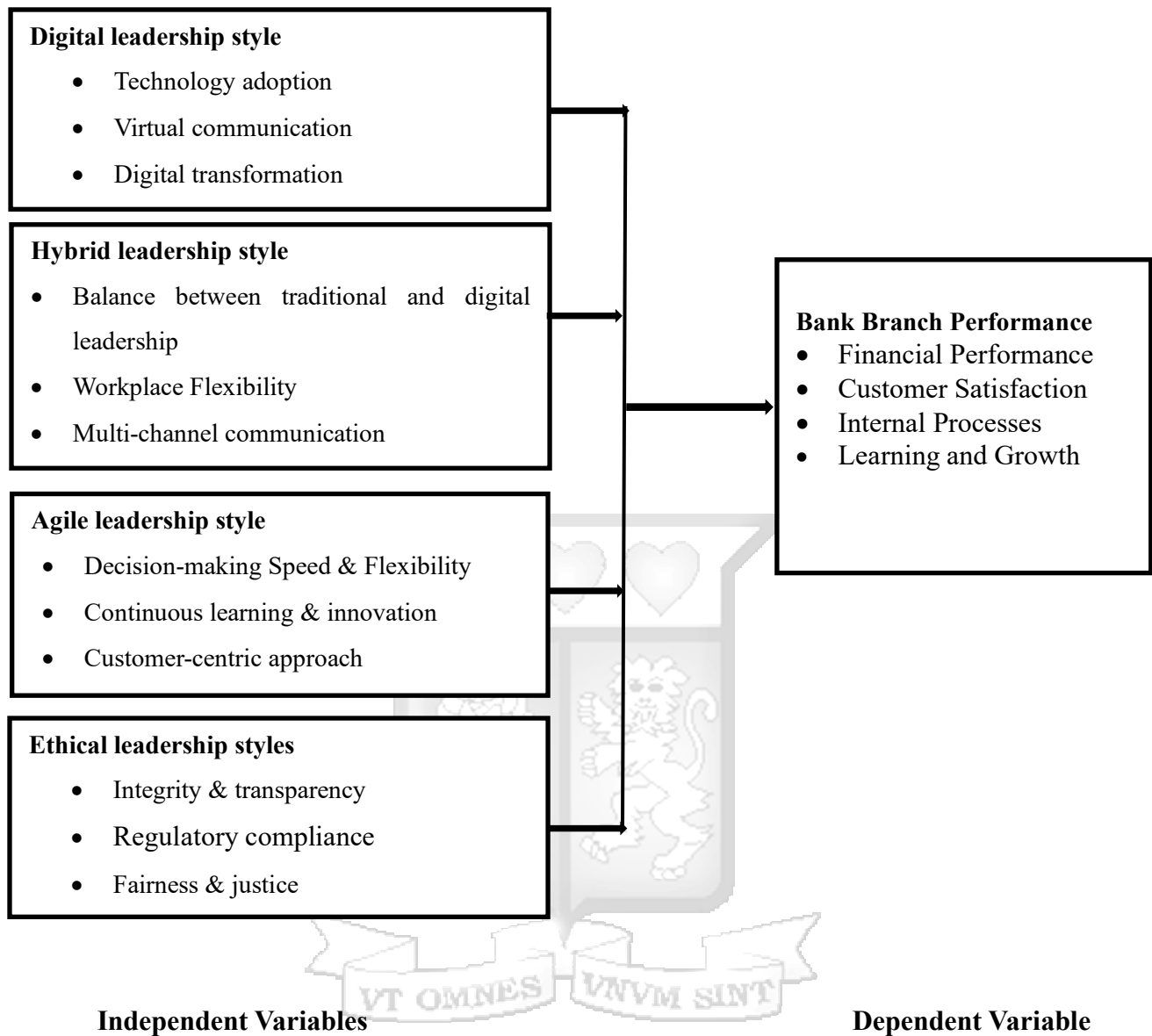


Figure 2.8 Conceptual Framework

2.9 Chapter Summary

Chapter Two provided a comprehensive review of literature on the influence of emerging leadership styles-digital, hybrid, agile, and ethical-on the performance of commercial banks in Nairobi County. The chapter began by outlining foundational and contemporary leadership theories, establishing the relevance of adaptive and innovative leadership in the evolving banking sector. It examined how digital leadership leverages technology for operational efficiency, hybrid leadership balances traditional and modern management

approaches, agile leadership emphasizes adaptability in dynamic environments, and ethical leadership prioritizes integrity and trust. The review also highlighted empirical studies from global and Kenyan contexts, revealing a research gap regarding the specific effects of these leadership styles on bank branch performance in Kenya.

The chapter concluded by developing a conceptual framework that illustrated the hypothesized relationships between the four leadership styles and key performance indicators, such as operational efficiency, customer satisfaction, staff engagement, and financial outcomes. This framework underscored the need for empirical investigation into how branch managers' adoption of these emerging leadership styles impacts commercial bank performance. Ultimately, Chapter Two established the scholarly context and rationale for the study, justifying its focus on the Kenyan banking sector and setting the stage for the research methodology and analysis presented in subsequent chapters.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter explains the methodology that formed the basis for the execution of the study. It offers a comprehensive look at the data collection techniques for the data used in the research. Furthermore, the chapter discusses the research design, the population size, along with the data analysis strategy. Additionally, it addresses measures undertaken to ensure research quality and discusses the ethical considerations pertinent to the study.

3.2 Research Philosophy

Research philosophy refers to the framework of beliefs and assumptions about how knowledge regarding a phenomenon is developed, gathered, analyzed, and applied (Emma & Brian, 2023). It encompasses the source, nature, and evolution of knowledge. In scientific research, two dominant philosophies have emerged: positivism and phenomenology. Positivism is grounded in the belief that reality is objective, consistent, and can be studied systematically. Positivist researchers aim to isolate phenomena and conduct repeated observations to uncover patterns and relationships within the social world. This often involves focusing on a single independent variable to identify regularities and establish connections between elements (Mwita, 2025).

Through the analysis of observed realities and their interconnections, positivism allows for predictions based on empirical evidence. Historically, positivism has played a significant role in shaping scientific thought and methodology, becoming deeply embedded in academic culture. As a result, knowledge claims that deviate from positivist principles are often marginalized or overlooked (Mwita, 2025).

This study adopted a positivist approach as its philosophical foundation. Positivism emphasizes the use of scientific methods as the most reliable way to uncover truth by integrating existing knowledge with new findings. In this context, the research focused on collecting factual data from commercial banks in Kenya to objectively interpret findings. The positivist paradigm assumes a deterministic relationship where certain conditions (X)

lead to specific outcomes (Y), providing a systematic framework for understanding cause-and-effect dynamics. By adhering to a positivist philosophy, this study ensured that data collection and analysis were conducted through an objective lens, yielding insights grounded in empirical evidence.

3.3 Research Design

Research design refers to the systematic planning of methodologies for gathering pertinent data, as well as the analytical techniques that are employed, all while considering the research objectives and the constraints of available personnel, time, and financial resources (Cooper & Schindler, 2011). The study considered descriptive cross sectional research design; this is because the researcher's interest on the effect of leadership styles of branch managers on performance of commercial banks in Kenya where there was no control over the variables. The researcher sought to make observations of phenomenon under study without any manipulation but present the report as per observations.

3.4 Population of the Study

Kenya's banking industry consists of 39 commercial banks, with Tier 1 banks being the biggest and most dependable, each possessing at least a 5% market share. The selection of Tier 1 banks was deliberate, given their significant market share, extensive branch networks, and influence on the overall banking landscape in Kenya (Statista, 2024). Confining the study to Nairobi County enabled a focused examination of leadership practices within a concentrated economic hub, thereby enhancing the manageability and depth of data collection efforts (Mugenda & Mugenda, 2003).

The study targeted all Tier 1 commercial banks operating in Nairobi County, which, as of the latest Central Bank of Kenya (CBK 2023) report, comprised nine banks with a total of 337 branches. Given the large population of branches, it was not feasible to survey every branch manager due to time, resource, and logistical constraints.

To ensure the sample was both representative and manageable, the study employed stratified random sampling. Each Tier 1 bank was treated as a stratum to ensure proportional representation across all banks. The sample size was determined using the Yamane (1967) formula for sample size calculation for finite populations.

That is:

$$n = \frac{N}{1+Ne^2}$$

Where, n = sample size, N = target Population, and e^2 = probability error (derived from the confidence interval, 10% = 0.01).

$$n = \frac{337}{1+337(0.1)^2}$$

$$n = \frac{337}{1+337(0.01)}$$

$$n = \frac{337}{1+3.37} = \frac{337}{4.37} = 77 \text{ branches}$$

Thus, a sample of 77 branches was selected from the total population of 337 branches. The sample was then proportionally allocated to each bank based on the number of branches it operates in Nairobi County as shown in table 1 of 3.4. This approach ensured that the sample reflected the actual distribution of branches across all Tier 1 banks, thereby enhancing the representativeness and generalizability of the findings. Given the need to capture a range of perspectives on each branch manager's leadership style, managers, assistant managers, supervisors, tellers, and Officers branch were surveyed. This approach aimed to achieve a robust and representative assessment of each manager's leadership effectiveness (Bryman, 2012).

Reportees were uniquely positioned to observe and evaluate their branch manager's leadership style on a daily basis, making them ideal candidates to provide valuable insights into the effectiveness of digital, hybrid, agile, and ethical leadership practices (Yukl, 2010). By capturing the perspectives of multiple reportees per branch manager, this study aimed to minimize individual biases and obtain a more comprehensive understanding of leadership impact.

By targeting Officers within Tier 1 banks in Nairobi County, this study aims to generate findings that are both representative of the broader Kenyan banking sector and practically relevant for industry stakeholders seeking to optimize leadership effectiveness and drive sustainable performance improvements.

Table 1 of 3.4.1 Tier 1 Banks in Kenya

Bank	Number of Branches	Sample size
Kenya Commercial Bank	42	10
Equity Bank group	52	12
Cooperative Bank of Kenya	54	12
NCBA Group	53	12
ABSA Bank Kenya	29	7
Standard Chartered Bank Kenya	22	5
Diamond Trust Bank Kenya	41	9
I&M	30	7
Stanbic Bank	14	3
Totals	337	77

Source- CBK 2023 Banking supervision report

3.5 Sampling Design

Sampling helps the researcher understand the traits of the population. Two primary sampling methods are probability-based, also known as representative sampling, and non-probability-based, or judgmental sampling (Saunders et al., 2012; Kothari, 2004). In random sampling, each item from the population has an equal chance of being selected, as stated by Saunders et al. (2012). This study used stratified random sampling. This approach is important in research because it ensures all subgroups in the population have representation. It reduces sampling bias and makes the results more accurate by including key segments of the population (Creswell 2014) and improves data accuracy and reliability by minimizing variability within the sample (Fowler, 2014). Additionally, stratified sampling enhances the quality of data by allowing for detailed analysis of specific subgroups, which is particularly beneficial in heterogeneous populations (Neuman, 2017). Finally, it can be more cost-effective when compared to simple random sampling, as it focuses efforts on critical subgroups (Sekaran & Bougie, 2016).

3.5.1 Data Collection Procedures

This study employed a survey methodology to collect primary data from individuals reporting directly to branch managers of Tier 1 commercial banks in Nairobi County. The survey instrument consisted of a structured questionnaire designed to gather quantitative data on the leadership styles (digital, hybrid, agile, and ethical) and performance outcomes

of the banks. The questionnaire was divided into multiple sections, each focusing on a specific aspect of the research:

Section 1: Demographic Information: This section collected data on the respondents' background, including their age, gender, education level, years of experience in the banking sector, and current position. This information was used to provide a descriptive profile of the sample and to assess potential relationships between demographic variables and leadership styles.

Section 2: Digital Leadership: This section assessed the extent to which branch managers exhibited digital leadership behaviours. Questions focused on their ability to leverage technology to enhance banking operations, improve customer service, and foster innovation.

Section 3: Hybrid Leadership: This section measured the degree to which branch managers adopted a hybrid leadership approach, balancing traditional banking practices with modern innovations. Questions focused on their ability to manage remote work arrangements, promote collaboration between in-person and remote teams, and adapt to changing customer preferences.

Section 4: Agile Leadership: This section assessed the extent to which branch managers promoted agility and responsiveness to change within their branches. Questions focused on their ability to empower employees, encourage experimentation, and adapt quickly to market disruptions.

Section 5: Ethical Leadership: This section measured the degree to which branch managers demonstrate ethical leadership behaviours. Questions focused on their commitment to integrity, transparency, social responsibility, and compliance with regulatory standards.

Section 6: Performance Outcomes: This section collected data on the performance outcomes of the bank branches. Questions focused on financial performance (e.g., profitability, revenue growth), customer satisfaction (e.g., customer retention rates, Net Promoter Score), internal processes (e.g., transaction processing time, cost per transaction), and learning and growth (e.g., employee training hours, employee satisfaction scores).

The questionnaire utilized a Likert scale format for most questions, allowing respondents to indicate their level of agreement or disagreement with a series of statements. The Likert scale will typically range from 1 (Strongly Disagree) to 5 (Strongly Agree), providing a quantitative measure of the respondents' perceptions and behaviours.

Before administering the questionnaire, a pilot test was conducted with a small sample of branch managers to assess the clarity, validity, and reliability of the instrument. The results of the pilot test were then used to refine the questionnaire and ensured that it accurately measured the intended constructs.

Data was collected through a combination of online surveys and paper-based questionnaires, depending on the preferences and accessibility of the respondents. Branch staff were contacted via email and invited to participate in the study. The purpose of the study, the confidentiality of their responses, and the voluntary nature of their participation was clearly explained.

Completed questionnaires were reviewed for completeness and accuracy. Data was then entered into a statistical software package for analysis. The data collection process was carefully managed to ensure the integrity and reliability of the data.

3.6 Research Quality

To ensure the research quality and trustworthiness of the data collected, rigorous measures were implemented to establish the validity and reliability of the survey instrument.

3.6.1 Validity

Validity refers to the extent to which the instrument accurately measures the concepts it is intended to measure (Bryman, 2012). To ensure validity, the following steps were taken:

Content Validity: Content validity was assessed by conducting a comprehensive review of the literature on leadership and banking. The questionnaire items were designed to align with established definitions and dimensions of the emerging leadership styles (digital, hybrid, agile, and ethical) and performance outcomes.

Construct Validity: Construct validity was assessed using statistical techniques such as factor analysis to examine the underlying structure of the questionnaire and to confirm that the items load onto the intended constructs.

3.6.2 Reliability

Reliability refers to the consistency and stability of the instrument (Bryman, 2012). To ensure reliability, the following steps will be taken:

Internal Consistency: Internal consistency was assessed using Cronbach's alpha coefficient. Cronbach's alpha measures the extent to which the items within a scale are intercorrelated and measuring the same construct. A Cronbach's alpha coefficient of 0.70 or higher was considered acceptable, indicating good internal consistency (Hair et al., 2010).

Cronbach's alpha	Reliability Level
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source-Datatab. (2025). Cronbach's Alpha: A Comprehensive Tutorial for Beginners.

3.6.3 Piloting

A pilot test was conducted with a small sample of branch staff (n=10) who were representative of the target population. The pilot was used to assess the clarity, comprehensibility, and feasibility of the questionnaire. Questions that were interpreted differently during pre-testing were revised to ensure all participants understood them in the same way. Feedback from pre-testers was used to refine the questionnaires, which was then finalized and sent to the relevant respondents.

3.7 Data Analysis

To rigorously examine the relationships between emerging leadership styles and the performance of commercial banks in Kenya, the following analytical techniques were employed:

Descriptive statistics was used to summarize and describe the characteristics of the sample and the distribution of the variables. This included calculating means, standard deviations, frequencies, and percentages for demographic variables, leadership style variables, and performance outcome variables. Descriptive statistics provided a basic understanding of the data, allowing for an assessment of the central tendencies and variability of the variables. This was essential for identifying any potential outliers or data quality issues and for providing a context for interpreting the results of more advanced analyses.

Correlation analysis was used to examine the relationships between the emerging leadership styles (digital, hybrid, agile, and ethical) and the performance outcomes (financial performance, customer satisfaction, internal processes, and learning and growth). Pearson's correlation coefficient (r) was calculated to assess the strength and direction of the linear relationships between the variables. Correlation analysis provided an initial assessment of the relationships between the variables. It helped identify which leadership styles were positively or negatively associated with different performance outcomes, providing insights for further investigation. This provided an initial basis for identifying key relationships.

Regression analysis allows for a more sophisticated examination of the relationships between leadership styles and performance outcomes. It can determine the relative importance of each leadership style in predicting performance and can assess the overall explanatory power of the model. Multiple regression analysis was conducted to examine the predictive power of the emerging leadership styles on bank performance. This technique allowed for the simultaneous examination of the effects of multiple independent variables (leadership styles) on a single dependent variable (performance outcome), while controlling for the influence of other factors. This provided insights into specific effects of leadership while controlling other possible influences.

Regression Model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$$

Where: Y = dependent variable (commercial bank performance)

$\beta_0, \beta_1 \beta_2 \beta_3 \beta_4 =$ constants

X1 = independent variable (Digital leadership styles)

X2 = independent variable (Hybrid leadership styles)

X3 = independent variable (Agile leadership styles)

X4 = independent variable (Ethical leadership styles)

ANOVA was used to compare the mean scores of different groups. By identifying where significant differences lie, ANOVA can provide insights into which groups are driving the differences in performance, which is valuable for targeted improvement efforts.

Data was gathered and sorted for analysis using the SPSS computer package. Quantitative methods were applied to analyze the data. The data was then broken down into various sub-samples based on shared characteristics and coded for basic statistical analysis. The F-test was employed to examine the general suitability of the model. ANOVA is a useful technique for identifying significant differences between multiple data sets (Pattern, 2002). Lastly, linear regression model was used to determine how each independent variable influences performance.

3.8 Ethics in Research

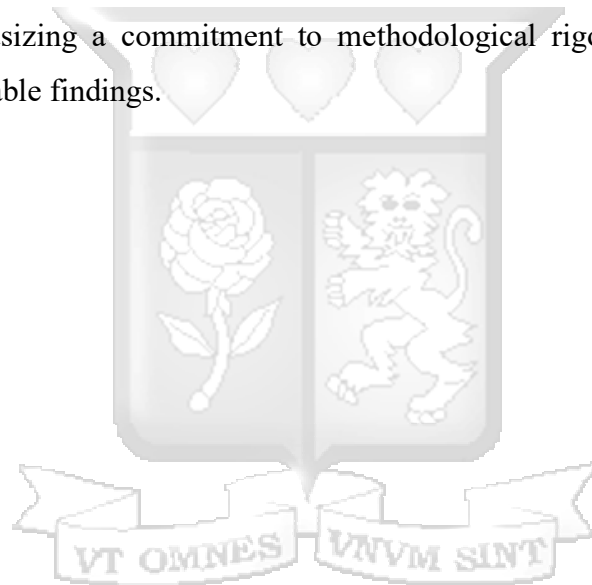
Before starting the study, ethical approval (Appendix III) was secured from Strathmore University Institutional Ethics Review Committee (SU-IERC) and a research permit (Appendix IV) from the National Commission for Science, Technology, and Innovation (NACOSTI) was also obtained. Before participating in the study, respondents were given details about its purpose, duration, and methods and they were assured that participation was voluntary, with no benefits or repercussions tied to their decision.

Respondents were informed about their ability to withdraw from the study and were required to sign an informed consent form. Anonymity and confidentiality were maintained

by not including names or identifying information on any materials and aggregating questionnaire responses.

3.9 Summary

Chapter 3 outlined the research design and data collection strategies employed to investigate the effect of emerging leadership styles on the performance of commercial banks in Kenya. It established the philosophical underpinnings of the research and detailed the choice of a research design to facilitate testing interrelations. Emphasis was placed on the selection process in identifying the branches from the Tier 1 commercial banks within Nairobi County, using stratified random sampling to ensure equal opportunity. The chapter explained how various factors such as content, construct, reliability and validity were used in gathering data and ultimately, provided a transparent and thorough plan for the study's execution, emphasizing a commitment to methodological rigor and the production of credible and valuable findings.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The chapter presents the data findings collected from 77 Tier 1 commercial bank branches within Nairobi County and the analysis of the data to ascertain the effect of emerging leadership styles of branch managers on performance of commercial banks in Kenya, under the key objectives of Digital leadership style, Hybrid leadership style, Agile leadership style, and Ethical leadership style. This section submits empirical findings and results using the techniques provided before in chapter three.

4.2 Response Rate

From a total seventy-seven questionnaires (77) presented in the field to the respondent, seventy-four questionnaires (74) were filled and returned for analysis. The response rate was 96.10% whereas a nonresponse rate was 3.90%. The outcome from the response rate can be considered to confer with other scholars for instance, Kothari (2004) stated that in social science research, a response rate exceeding 60% is considered sufficient. According to Makokha (2021) and Chebet (2023) a good response rate for research is considered significant since it reflects the suitability of the research procedure. Therefore, a response of 96.10% was considered better and reliable for further analysis and interpretations.

Table 1 of 4.2 response rate

Response Rate	Sample Size	Percentage (%)
Responded	74	96.1
Did not respond	3	3.9
Total	77	100

Source- Primary data 2025

4.3 Demographic Information

4.3.1 Gender

The findings indicate that male respondents comprised 54.10% of the sample, while females accounted for 45.9% respondents, this may be translated as a marginal gender disparity on equal opportunities in banking institutions in the country, it could also mean that female employees were not involved in most decision making or management issues, simply because they are underrepresented going by these findings. This information could help the banks to institute procedures to ensure equal gender representation in various roles within their branches. See table 1 of 4.3.

Table 1 of 4.3 Gender

Gender	Frequency	Percentage (%)
Male	40	54.1
Female	34	45.9
Total	74	100

Source- Primary data 2025

4.3.2 Job Description

The research intended to get information from employees in the various categories in the bank branch which was achieved by the 74 respondents as follows; out of 74 respondents 33.8% were found to be managers and assistant managers respectively, another 8.1% response came from bank branch supervisors, which had the least response rate in this category and finally Officer staff had a response score of 24.1%. The response rate in respect to the ranking position in the organization enabled the researcher to capture the views of all the relevant participants in the banking branch institution which provides for better and understanding of the information for the study. See table 2 of 4.3.

Table 2 of 4.3 Job description

Job Description	Frequency	Percentage (%)
Manager	25	33.8
Assistant Manager	25	33.8
Supervisor	6	8.1
Officer	18	24.3
Total	74	100

Source- Primary data 2025

4.3.3 Level of Education

In the all successfully administered Seventy-seven (77) questionnaires, the information from the respondents in regard to the education level showed that, 12.2% of the respondents had acquired diploma education, 60.8% had bachelor degrees, 24.3% had master's degree qualifications and only 2.7% had doctorate level qualification. Based on the education data, it can be inferred that the majority of respondents possessed the necessary knowledge to understand the questionnaire and its purpose. Furthermore, most organizations typically mandate at least a bachelor's degree for employees in management positions. Table 3 of 4.3 shows the details of the findings.

Table 3 of 4.3 Level of education

Level of education	Frequency	Percentage (%)
Diploma	9	12.2
Bachelors	45	60.8
Masters	18	24.3
Doctorate	2	2.7
Total	74	100

Source- Primary data 2025

4.3.4 Work Experience

The work experience was tailored to how long the employee had served in his or her current position in that same branch institution. From the information gathered about the work experiences in this study, out of 77 respondents 12.2% had served in the organization for less than 1 year, 54.1% have been in the organization serving in their capacity for a period

between 1-3 years, 16.2% have been serving in the same branch for a period between 4-6 years and at least 17.6% have more than 6 years of service experience. The finding that 54.1% of respondents have been with their organization for one to three years suggests a relatively short tenure. While this may indicate factors such as job rotation, job-hopping, or staff turnover, the proportion is sufficient to provide reliable insights for drawing conclusions from the study's findings. Refer to table 4 of 4.3 work experience.

Table 4 of 4.3 Work experience

Work Experience	Frequency	Percentage (%)
Less than 1 year	9	12.2
1-3 years	40	54.1
4-6years	12	16.2
More than 6 years	13	17.6
Total	74	100

Source- Primary data 2025

4.4 Reliability and Validity of the Instruments

Reliability refers to the extent by which results are consistent over time and an accurately represents the total population under study and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Reliability of the instrument had been performed using Cronbach's alpha constant which is a measure of internal consistency and the average correlation. According Zinbarg *et al.*, (2005), Kumar (2024) and Mbogo (2022) an alpha coefficient of 0.70 or higher is considered reliable hence can be used to interpret and generalize the opinions of all respondents in the target population. Higher alpha coefficient values mean there is consistency among items in measuring the concept of interest.

Findings showed that the variable digital leadership style had 5 factors with Cronbach constant 0.720 which was above 0.700 indicating the variable was reliable. Items on variable Hybrid leadership style did not require any adjustment since the alpha constant was 0.812. For agile leadership style alpha constant was 0.762. However, after removing one factor the reliability increased to 0.821. Ethical leadership style had an alpha constant of 0.742 which rose to 0.814 after removing factor six. Lastly the dependent (Commercial bank performance) variable had alpha constant 0.816 so no factor was removed. Table 4.4

shows the summary of the finding based on the reliability of the research instrument and the overall Cronbach's constant was 0.797 hence the instrument was reliable.

Table 4.4 Reliability of instruments

Variables	Cronbach's Alpha before removing some items	Cronbach's Alpha after removing Some items	No of Items before removing some factors	No of Items after removing some factors
Digital leadership style	0.674	0.72	6	5
Hybrid leadership style	0.812	0.812	5	5
Agile leadership style	0.762	0.821	6	5
Ethical leadership style	0.742	0.814	6	5
Commercial bank performance	0.816	0.816	9	9
Average	0.761	0.797		

Source- Primary data 2025

4.5 Descriptive Statistics

The liker scale was used to collect data on the opinion of the respondents regarding various statements for the study variables. A scale of 1 – 5 was used to classify responses by the extent of agreement, where 5=Strongly agree, 4=Agree, 3=Neutral, 2= Disagree and 1=Strongly disagree. The percentages for the results were generated and presented in form of tables.

4.5.1 Digital Leadership Style

The first objective of this study was to examine the effect of digital leadership style on the performance of commercial bank branches. Specifically, the research sought to determine how branch managers' use of technology influences operational effectiveness and customer service delivery.

Respondents were asked whether their branch managers leveraged technology to enhance customer service delivery. The results indicate that a significant majority perceive a strong emphasis on digital leadership: 31.1% agreed and 64.9% strongly agreed that branch managers utilize technology to improve customer service, while only 4.1% remained neutral. The mean response was 4.61, signifying broad consensus among participants regarding the positive role of digital leadership in service enhancement.

Similarly, when questioned about the encouragement of digital tools and platforms to improve operational processes, 37.8% agreed and 58.1% strongly agreed, with a mean score of 4.54. Only 4.1% of respondents were neutral on this item. These consistent trends across multiple survey items underscore the widespread perception that digital leadership is integral to branch performance.

The findings of this study align with existing literature that underscores the critical role of digital leadership in enhancing bank performance. Accenture's (2020) analysis of 161 retail and commercial banks across 20 countries revealed that banks with high digital maturity—driven by effective digital leadership—demonstrated superior market valuation and higher returns on capital. Moreover, Pillay (2020) also emphasizes that digital leadership competencies such as digital management, adaptability, and a forward-looking vision are essential for fostering collaboration and gaining competitive advantage in banks undergoing digital transformation.

Further research supports that digital leadership, combined with a strong digital culture and competence, significantly improves employee performance and overall organizational outcomes in the banking sector (Kang, 2024). Digital transformation, enabled by visionary leadership, is increasingly recognized as a key driver of operational efficiency and customer satisfaction. Collectively, these studies affirm that digital leadership is not merely about adopting technology but about fostering a culture that leverages digital tools to meet evolving customer demands and improve operational performance in commercial banks.

Table 5 of 4.5 Digital Leadership Style

Statement	SD	D	N	A	SA	Mean
My branch manager leverages technology to enhance customer service delivery.			4.10%	31.10%	64.90%	4.61
My branch manager encourages the use of digital tools and platforms to improve operations			4.10%	37.80%	58.10%	4.54
My branch manager promotes digital literacy and skills development among staff		4.10%	4.10%	43.20%	48.60%	4.36
My branch manager inspires innovation through the adoption of new technologies		4.10%	9.50%	33.80%	52.70%	4.35
My branch manager leverage data analytics for strategic decision-making	1.40%	4.10%	10.80%	47.30%	36.50%	4.14

Source- Primary data 2025

4.5.2 Hybrid Leadership Style

The second objective of this study was to examine the effect of hybrid leadership style on the performance of commercial bank branches. Specifically, the study aimed to evaluate how branch managers manage teams that operate both remotely and in-person, and whether they effectively blend traditional banking methods with modern technological innovations to enhance branch performance

The analysis revealed that a majority of respondents perceive their branch managers as effective in managing hybrid teams. When asked whether branch managers effectively manage both remote and in-person teams, 50% of respondents agreed and 43.2% strongly agreed, with only 2.7% disagreeing and 4.1% remaining neutral. This yielded a mean score of 4.34, indicating strong agreement on the positive effect of hybrid team management.

Regarding the integration of traditional banking methods with modern innovations, 40.5% of respondents agreed and 39.2% strongly agreed that their branch managers foster collaboration between these approaches. Only a small proportion disagreed or were neutral, resulting in a mean score of 4.09. These results demonstrate that branch managers are actively blending legacy banking practices with digital advancements to improve operational performance.

The findings align with broader trends in the banking industry, where hybrid leadership has become increasingly essential. Leading financial institutions, such as Lloyds Banking Group and Deutsche Bank, have embraced hybrid work models to balance flexibility and operational efficiency, responding to evolving employee preferences and market demands (Global Banking & Finance Review, 2022). This is further supported by Sufian et al (2024) who found that blending technology with normal operation will improve efficiency and ensure transparency which in turn leads to improved performance. The trend alongside other questions under this variable remains clear that hybrid leadership style affects bank performance.

Table 6 of 4.5 Hybrid leadership style

Statement	SD	D	N	A	SA	Mean
My branch manager effectively manages remote and in-person teams.		2.70%	4.10%	50.00%	43.20%	4.34
My branch manager adapts quickly to changing customer preferences and market trends.		1.40%	4.10%	55.40%	39.20%	4.32
My branch manager's hybrid leadership style enhances teamwork and productivity.		1.40%	6.80%	41.90%	50.00%	4.41
My branch manager fosters collaboration between traditional banking methods and modern innovations.	1.40%	6.80%	12.20%	40.50%	39.20%	4.09
My branch manager uses virtual meetings and digital collaboration tools to engage employees.		1.40%	1.40%	47.30%	50.00%	4.46

Source- Primary data 2025

4.5.3 Agile Leadership Style

The third objective of this study was to evaluate the effect of agile leadership style on the performance of commercial bank branches. Agile leadership, characterized by adaptability, rapid decision-making, and a focus on team collaboration, has become increasingly relevant in the banking sector as institutions face rapidly changing market conditions and technological advancements. This objective sought to determine how the adoption of agile principles by branch managers influences operational efficiency and overall branch performance.

The data indicate strong support for the positive effect of agile leadership on bank performance. When respondents were asked whether branch managers employ quick decision-making strategies to address branch challenges, 31.1% agreed and 55.4% strongly agreed, while only 1.4% disagreed or strongly disagreed, and 10.8% were neutral. The mean score for this item was 4.38, suggesting a high level of consensus on the effectiveness of agile decision-making.

Regarding adaptability, none of the respondents disagreed that their branch managers encourage adaptability to market changes; 32.4% agreed and 64.9% strongly agreed, with only 2.7% remaining neutral. This question yielded a mean score of 4.62, reflecting widespread recognition of the importance of adaptability in leadership. These findings underscore that agile leadership, marked by responsiveness and flexibility, plays a significant role in enhancing branch performance.

These findings are consistent with Noercahya, Darusman, and Perdhana (2025), who identified market adaptability as a critical factor in the banking sector, empowering branch leaders to respond effectively to evolving market conditions and thereby enhancing financial efficiency. Agile leadership, shaped by these adaptive capabilities, has been shown to positively influence bank performance when implemented appropriately (Noercahya, Darusman, & Perdhana, 2025). See table 7 of 4.5. below for more information.

Table 7 of 4.5 Agile leadership style

Statement	SD	D	N	A	SA	Mean
My branch manager encourages quick decision-making strategies to address branch challenges.	1.40%	1.40%	10.80%	31.10%	55.40%	4.38
My branch manager empowers employees to make decisions independently when appropriate.	1.40%	8.10%	8.10%	36.50%	45.90%	4.18
My branch manager encourages experimentation and learning from mistakes.		2.70%	14.90%	43.20%	39.20%	4.19
My branch manager empowers employees to make decisions independently when appropriate.		1.40%	4.10%	40.50%	54.10%	4.47
My branch manager encourage adaptability to market changes			2.70%	32.40%	64.90%	4.62

Source- Primary data 2025

4.5.4 Ethical Leadership Style

The fourth objective of this study was to determine the effect of ethical leadership style on the performance of commercial bank branches. Ethical leadership in banking is characterized by integrity, transparency, and adherence to regulatory standards, all of which are increasingly recognized as foundational to sustainable organizational success. This section evaluated how key attributes of ethical leadership—specifically integrity in decision-making and compliance with ethical guidelines—contribute to branch performance.

The study found that integrity in decision-making is highly valued among bank managers, with 25.7% of respondents agreeing and 70.3% strongly agreeing that their branch managers demonstrate integrity, while only 4.1% were neutral. This item recorded a high mean score of 4.66, indicating widespread consensus that integrity is a core leadership trait within the organization. Similarly, compliance with regulatory standards and ethical guidelines received strong support: 36.5% of respondents agreed and 58.1% strongly agreed that their branch managers consistently adhere to these standards, with 5.4% neutral and no disagreement recorded. The mean score for this item was 4.53. These findings suggest that ethical leadership is not only prevalent but also perceived as a significant driver of improved branch performance.

Ethics is a strong background of the organizational success (Perlman, Reddick, Demir, 2023). The results of this study reinforce the view that ethical leadership significantly influences bank performance, as ethical practices not only help manage risks and ensure regulatory compliance but also enhance stakeholder trust and long-term financial stability. The results can be seen in table 8 of 4.5 as shown below.

Table 8 of 4.5 Ethical leadership style

Statement	SD	D	N	A	SA	Mean
My branch manager demonstrates integrity in decision-making processes.			4.10%	25.70%	70.30%	4.66
My branch manager promotes transparency and accountability within the team.			4.10%	28.40%	67.60%	4.64
My branch manager prioritizes compliance with regulatory standards and Ethical guidelines.			5.40%	36.50%	58.10%	4.53
My branch manager addresses Ethical concerns raised by employees or customers quickly.			8.10%	39.20%	52.70%	4.45
My branch manager believes Ethical leadership improves customer trust and satisfaction		1.40%	8.10%	31.10%	59.50%	4.49

Source- Primary data 2025

4.5.5 Commercial bank performance

Commercial bank performance was the dependent variable in this study, serving as the benchmark for evaluating the effect of digital, hybrid, agile, and ethical leadership styles. The analysis focused on how these emerging leadership styles influence key performance indicators such as profitability, revenue growth, customer satisfaction, cost efficiency, market share, innovation, process improvement, risk management, and staff development.

Regarding profitability, the results indicated that 40.5% of respondents agreed and 44.6% strongly agreed that leadership styles positively influenced profitability, yielding a high mean score of 4.50. This aligns with Boulhaga (2023), who emphasizes profitability as a central measure of bank performance. Similarly, cost efficiency received strong support, with 43.2% agreeing and 52.7% strongly agreeing, and a mean score of 4.49. This affirms Mwangi, W., Awuor, E., & Kithae, P. (2022) findings that effective cost management is recognized as essential for operational efficiency and profitability in banking.

Customer satisfaction, particularly in addressing complaints, also scored highly, with 54.1% agreeing and 44.6% strongly agreeing (mean = 4.43). This aligns with Mwangi et al. (2022) who emphasize that service delivery is a critical determinant of competitive advantage and business continuity in the banking sector and consistent with studies that link leadership style to improved customer satisfaction and organizational outcomes.

Innovation as a driver of performance was affirmed by a mean score of 4.50, with 36.5% agreeing and 56.8% strongly agreeing. Faridah (2022) notes that innovation is a key mechanism for gaining competitive advantage, and these findings reinforce the importance of fostering innovative practices within banks.

Risk management strategies were also highly rated, with 40.9% agreeing and 59.5% strongly agreeing (mean = 4.49). Effective risk management is vital in banking due to the sector's exposure to credit, operational, and market risks, and strong leadership in this area has been shown to enhance overall performance (Alsaid & Ambilichu, 2024). Overall, these results demonstrate that emerging leadership styles have a significant and positive effect on commercial bank performance across multiple dimensions. See table 9 of 4.5 below.

Table 9 of 4.5 Commercial Bank performance

Statement	SD	D	N	A	SA	Mean
The branch consistently achieves strong profitability, contributing to the overall financial success of the bank.		1.40%	2.70%	40.50%	44.60%	4.5
Revenue growth at the branch has been steady due to effective leadership and management.		1.40%	1.40%	29.70%	67.60%	4.64
The branch maintains a high level of cost efficiency in its operations.			4.10%	43.20%	52.70%	4.49
The branch manager prioritizes resolving customer complaints promptly.			1.40%	54.10%	44.60%	4.43
The branch manager plays a critical role in increasing the branch's market share.			4.10%	51.40%	44.60%	4.41
The branch manager promotes process improvement initiatives within the team.			2.70%	43.20%	54.60%	4.51
The branch manager encourages a culture of innovation to improve the branch's performance.			6.80%	36.50%	56.80%	4.5
The branch has effective risk management strategies in place to minimize financial and operational risks.			2.70%	39.20%	58.10%	4.55
The branch manager encourages staff training and development.				40.50%	59.50%	4.49

Source- Primary data 2025

4.6 Normality test

Skewness and kurtosis techniques were adapted to test and affirm the normality of the results in the study as suggested by Keter (2021). Furthermore, as expressed by Myoung (2008), a variable is rationally close to normal only if its skewness and kurtosis lies between -1.0 and + 1.0. The results presented in table 1 of 4.6 shows that digital leadership style had a skewness coefficient of -0.770 and its kurtosis coefficient being 0.874. Based on these it was concluded that digital leadership style, hybrid leadership style, agile leadership style, ethical leadership style and commercial bank performance were normally distributed.

Table 1 of 4.6. Normality Test

Variables	Skewness		Kurtosis	
		Std. Error		Std. Error
Digital leadership style	-0.77	0.279	0.874	0.552
Hybrid leadership style	-0.437	0.279	-0.29	0.552
Agile leadership style	-0.794	0.279	0.624	0.552
Ethical leadership style	-0.642	0.279	-0.064	0.552
Bank performance	-0.019	0.279	0.177	0.552

Source- Primary data 2025

To ensure the relevance and accuracy of the results Kolmogorov Smirnov and Shapiro Wilk statistics were also used to test normality. Going with the findings in table 2 of 4.6, which clearly shows the normal distribution on the variables since p-values were greater than 0.05 for both Shapiro Wilk and Kolmogorov test. These results can provide better explanation of the normally distributed data against the skewness and kurtosis test.

Table 2 of 4.6 Kolmogorov-Smirnov and Shapiro-Wilk

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Digital leadership style	0.128	74	0.004	0.936	74	0.001
Hybrid leadership style	0.155	74	0	0.952	74	0.007
Agile leadership style	0.158	74	0	0.928	74	0
Ethical leadership style	0.185	74	0	0.922	74	0
Bank performance	0.162	74	0	0.962	74	0.025

a. Lilliefors Significance Correction

Source- Primary data 2025

4.6.3 Normality Test using Q-Q plot

Shapiro wilk may not be accurate in all situations, it may be biased depending on the sample size; the test could be of great significance from a normal distribution view and in whichever scenarios of large samples. To ensure consistency and accuracy in the results, a Q-Q plot was considered for clarification. Q-Q Plot is a graphical representation showing the observed values on the X-axis and the expected values on the Y-axis. For a normal distribution the points should fall on a straight line. From figure 1 of 4.6.3 below we can deduce that data was normally distributed.

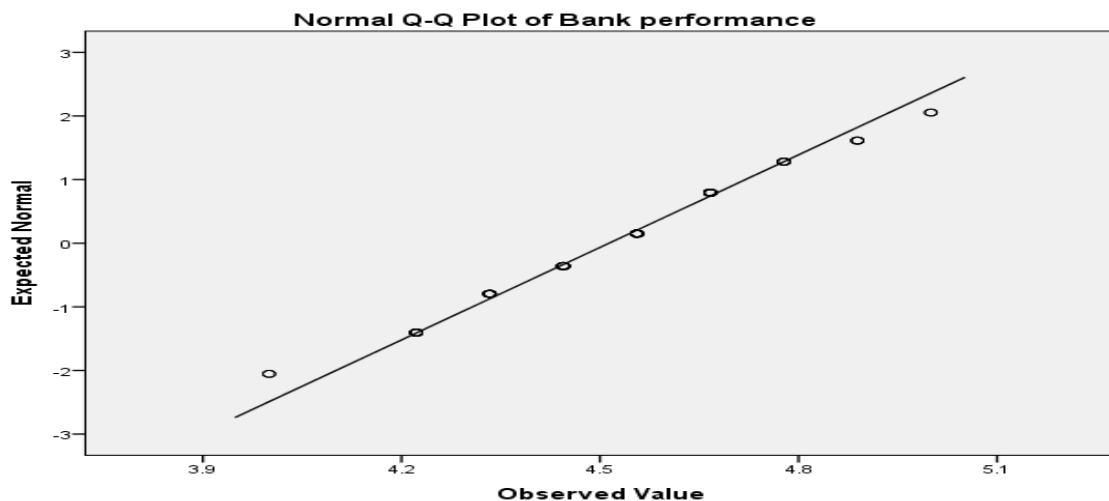


Figure 1 of 4.6.3 Q-Q Plot of commercial bank performance

4.7 Correlation Analysis

Correlation coefficient refers to a measure of linearity between two variables. In this study correlation analysis between the variables was carried out using Pearson product-moment correlation coefficient. The findings show that all the independent variables had no significant correlation with each other. Correlation between Hybrid leadership style and Ethical leadership style was $r = -.010$, $p\text{-value} = 0.936$; Correlation between Agile leadership style and Digital leadership style was $r = -.188$, $p\text{-value} = 0.108$. More findings could be found in table 1 of 4.7. From the finding it was also concluded that there was no relationship among the independent variables which further suggest that there was no problem of multicollinearity.

Table 1 of 4.7 Correlation coefficients

Variables		Digital leadership style	Hybrid leadership style	Agile leadership style	Ethical leadership style	Bank performance
Digital leadership style	Pearson Correlation	1	0.155	0.188	0.021	0.098
	Sig. (2-tailed)		0.188	0.108	0.856	0.407
	N	74	74	74	74	74
Hybrid leadership style	Pearson Correlation	0.155	1	0.113	-0.01	0.006
	Sig. (2-tailed)	0.188		0.336	0.936	0.959
	N	74	74	74	74	74
Agile leadership style	Pearson Correlation	0.188	0.113	1	0.111	-0.118
	Sig. (2-tailed)	0.108	0.336		0.344	0.318
	N	74	74	74	74	74
Ethical leadership style	Pearson Correlation	0.021	-0.01	0.111	1	0.006
	Sig. (2-tailed)	0.856	0.936	0.344		0.961
	N	74	74	74	74	74
Bank performance	Pearson Correlation	0.098	0.006	-0.118	0.006	1
	Sig. (2-tailed)	0.407	0.959	0.318	0.961	-
	N	74	74	74	74	74

Source-Primary data 2025

4.7.1 Regression Analysis for Digital Leadership Style

The model for the regression between Digital leadership style and Commercial bank performance has been summarized as shown in table 1 of 4.7.1 below. An R squared of 0.248 indicates that 24.8% of Commercial bank performance is explained by changes in digital leadership style.

Table 1 of 4.7.1 Model summary for Digital leadership style

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.498 ^a	0.248	0.004	0.20663

a. Predictors: (Constant), Digital leadership style
 b. Dependent Variable: Bank performance

Source- Primary data 2025

The ANOVA table 2 of 4.7.1 shows that the regression model between digital leadership style and Commercial bank performance was considerable since indicated the conformance for the regression model found between dependent variable and independent variable. F statistic of 12.95 indicated that the overall model was significant.

Table 2 of 4.7.1 ANOVA-Digital leadership style

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.03	1	0.03	12.95	.007 ^b
	Residual	3.074	72	0.043		
	Total	3.104	73			

a. Dependent Variable: Bank performance

b. Predictors: (Constant), Digital leadership style

Source- Primary data 2025

4.7.2 Hybrid Leadership Style Regression Analysis

From the regression analysis performed to ascertain the relationship between Hybrid leadership style and Commercial bank performance shows that an R- square value of .191 was recorded implying that 19.1% of Commercial bank performance was affected by hybrid leadership style. Findings are shown on table 1 of 4.7.2.

Table 1 of 4.7.2 Model Summary for Hybrid leadership style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.438 ^a	0.191	0.147	0.20723

a. Predictors: (Constant), Hybrid leadership style

Source- Primary data 2025

The F-statistics of 8. 282.p.value of $0.003 < 0.05$ presented in table 2 of 4.7.2 indicates that the overall model was significant, and that the variables (hybrid leadership style and commercial bank performance) were mutually of great significance.

Table 2 of 4.7.2 ANOVA Hybrid leadership style

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.242	1	1.242	8.282	.003 ^b
	Residual	3.104	72	0.043		
	Total	3.104	73			

a. Dependent Variable: Commercial bank performance

b. Predictors: (Constant), Hybrid leadership style

Source- Primary data 2025

4.7.3 Agile Leadership Style Regression Analysis

A regression analysis conducted to explore on the relationship between the independent variable Agile leadership style and dependent variable commercial bank performance reveals that: An R- square test indicates 0.174 which translates into 17.4% of Commercial bank performance affected significantly by agile leadership style.

Table 1 of 4.7.3 Model Summary for Agile leadership style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.418 ^a	0.174	0.2	0.2018

a. Predictors: (Constant), Agile leadership style

b. Dependent Variable: Bank performance

Source- Primary data 2025

The F-statistic presented in table 2 of 4.7.3 indicates that the model was significant with p-value being less than 0.05. The F-statistics was recorded at 11.0% variance explained by agile leadership style on performance.

Table 2 of 4.7.3 ANOVA Agile leadership style

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.043	1	0.043	11.011	.002 ^b
	Residual	3.061	72	0.043		
	Total	3.104	73			

a. Dependent Variable: Bank performance

b. Predictors: (Constant), Agile leadership style

Source- Primary data 2025

4.7.4 Ethical Leadership Style Regression Analysis

Regression analysis was performed to establish the relationship between the ethical leadership style and commercial bank performance. An R- square value of 0.261 indicated that 26.1% of commercial bank performance could be affected by ethical leadership style.

Table 1 of 4.7.4 Model Summary for Ethical leadership style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.511 ^a	0.261	0.014	0.2062

a. Predictors: (Constant), Ethical leadership style

b. Dependent Variable: Bank performance

Source- Primary data 2025

The F-statistic presented in table 2 of 4.7.4 indicates that the model was significant with p-value being less than 0.05.

Table 2 of 4.7.4 ANOVA for Ethical leadership style

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.126	1	1.126	9.175	.001 ^b
	Residual	3.104	72	0.043		
	Total	3.104	73			

a. Dependent Variable: Commercial bank performance

b. Predictors: (Constant), Ethical leadership style

Source- Primary data 2025

4.8 Multivariate Regression Analysis

Multivariate regression analysis expands and presents the results on the joint role of all the independent variables on the dependent variable. The independent variables are; digital leadership style, hybrid leadership style, agile leadership style, ethical leadership style and the dependent variable which is commercial bank performance. To compute the results a multiple linear regression model was adopted to test the significance of the role of the independent variables on the dependent variable. Therefore, the overall model for the study was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Commercial bank performance

X₁ = Digital leadership style

X₂ = Hybrid leadership style

X₃ = Agile leadership style

X₄ = Ethical leadership style

Table 1 of 4.8.1 provides the results and the analysis of the significance of the model used in this research. The results show that the overall model was efficient since it conformed to the coefficient of determination 0.801. This means that while holding other factors constant all the independent variables played an 80.1% role on the variations in the dependent variable.

Table 1 of 4.8.1: Overall Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.895 ^a	0.801	0.001	0.002	.213 ^a

a. Predictors: (Constant), digital leadership style, hybrid leadership style, agile leadership style, and ethical leadership style.

b. Dependent Variable: Commercial bank performance

Source- Primary data 2025

The analysis of the variance (ANOVA) shown on table 2 of 4.8.2. Indicate that the overall model was significant. The F statistic of 28.125 and the p value (0.000) <0.05 presented suggest that the independent variables are good predictors of commercial bank performance.

Table 2 of 4.8.2: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.451	4	0.023	28.125	.000 ^b
	Residual	3.103	69	0.041		
	Total	3.104	73			

a. Dependent Variable: Commercial bank performance

b. Predictors: (Constant), Digital leadership style, hybrid leadership style, agile leadership style, and ethical leadership style.

Source- Primary data 2025

The findings on the Regression coefficients performed and presented in Table 3 of 4.8.3 reveals that there exists a significant relationship between the dependent variable commercial bank performance and the independent variables: digital leadership style, hybrid leadership style, agile leadership style and ethical leadership style, From the study, the overall model is computed as:- $Y=4.54+0.06X_1+ 0.002X_2+0.08X_3+ .013X_4$

Beta coefficients of 0.06, 0.002, 0.08 and 0.013 respectively justify the relevance of the model findings. The results indicate that a change in either of the variables will certainly lead to a positive change in commercial bank performance.

Table 3 of 4.8.3 Overall Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.54	0.557		8.154	0		
Digital leadership style	0.06	0.059	0.124	1.016	0.313	0.947	1.056
Hybrid leadership style	0.002	0.072	0.003	0.028	0.978	0.968	1.033
Agile leadership style	0.083	0.07	-0.143	-1.176	0.244	0.945	1.058
Ethical leadership style	0.013	0.081	0.019	0.161	0.873	0.987	1.013

a. Dependent Variable: Bank performance

Source- Primary data 2025

4.9 Chapter Summary

Chapter 4 presented the analysis and interpretation of the study’s findings, focusing on the effect of emerging leadership styles—digital, hybrid, agile, and ethical—on commercial bank performance and analysis of data collected from 74 out of 77 Tier 1 commercial bank branches in Nairobi County,.

The core of the chapter examined how different leadership styles affect key performance indicators such as profitability, cost efficiency, customer satisfaction, innovation, and risk management. The results revealed strong positive correlations between these leadership

approaches and improved bank performance metrics. A majority of respondents agreed that leadership styles significantly enhance profitability and cost management, which are critical for organizational sustainability. Customer satisfaction and innovation were also highlighted as essential areas positively affected by effective leadership, reinforcing the importance of adaptive and forward-thinking management practices in the banking sector.

Risk management emerged as another crucial factor, with findings indicating that leadership styles that emphasize accountability and strategic oversight contribute to better handling of banking risks, thereby safeguarding institutional stability. Throughout the chapter, findings were supported by relevant literature, confirming that ethical and agile leadership, in particular, play pivotal roles in driving financial and operational success.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter serves as the culminating section of this research, providing a comprehensive interpretation and synthesis of the findings presented in Chapter 4. The primary objective of this chapter is to derive meaning from the study results, evaluate the extent to which the research objectives have been achieved, and draw conclusions that address the core research questions. This chapter also situates the study's findings within the broader context of existing literature, highlighting both consistencies and divergences with prior research.

Specifically, this chapter examines the effect of emerging leadership styles—digital, hybrid, agile, and ethical—on the performance of commercial bank branch managers. By systematically analyzing the data and relating the outcomes to the original problem statement and research objectives, this chapter not only summarizes the main findings but also discusses their practical and theoretical implications. Furthermore, it outlines actionable recommendations for practitioners and policymakers, and identifies areas for future research that could further illuminate the dynamics between leadership styles and organizational performance in the banking sector.

5.2 Discussion of the Findings

The general objective of this study was to establish the effect of emerging leadership styles on the performance of bank branch managers in Nairobi County Kenya. The geographical scope of the study was performed within Nairobi County in Tier 1 commercial banks with a target population of 337. Through the use of questionnaire, the descriptive research design sought to establish the effect of digital leadership style, hybrid leadership style, agile leadership style and ethical leadership style in commercial bank performance. Stratified random sampling technique was used to obtain a sample size of 77 respondents. However, the number narrowed down to 74 respondents since 3 respondents did not return the questionnaires. The researcher used questionnaires to collect data which was analyzed using descriptive statistics. The results were presented in tables and figures.

5.2.1 Demographic information

The study received a total of 74 completed questionnaires out of 77 distributed, representing a 96.10% response rate that provides a reliable and valid basis for analysis. This response rate is sufficient to support credible conclusions and judgments within the scope of the research. Demographic data revealed that the majority of respondents held at least a bachelor's degree, indicating that they possessed the requisite knowledge and comprehension to accurately interpret and respond to the questionnaire items. Consequently, the data collected can be considered both reliable and relevant for the study's objectives.

Furthermore, the respondents' work experience, measured by years of service, significantly contributed to the quality of the information provided. The largest group of employees had served between one and three years, followed by those with more than six years of tenure. This distribution suggests that the majority of respondents had sufficient organizational familiarity to offer informed and insightful responses. The study also captured perspectives from various staff categories, including managers, assistant managers, supervisors, and Officer staff. Notably, the majority of responses came from managers and assistant managers, who are directly involved in decision-making processes that affect branch performance. This enhances the validity of the findings, as the information originates from individuals with relevant authority and operational insight.

Gender representation showed a higher response rate among males compared to females, reflecting a potential gender imbalance within the workforce and leadership roles in Nairobi's commercial banking sector. Despite this disparity, the overall participation from commercial bank branches in Nairobi County was robust, providing comprehensive and valuable data. Therefore, the findings of this study are trustworthy and can be confidently used to inform decision-making and draw conclusions in related areas of research

5.3 Discussion on Leadership Styles

5.3.1 Digital Leadership Style

The first objective of this study was to examine the effect of digital leadership style on the performance of commercial bank branches. Specifically, the research aimed to assess how branch managers' use of technology influenced operational effectiveness and customer service delivery. The survey results revealed a strong consensus among respondents regarding the positive role of digital leadership. Notably, 31.1% of participants agreed and 64.9% strongly agreed that their branch managers leveraged technology to enhance customer service, while only 4.1% remained neutral. This was reflected in a high mean score of 4.61, indicating widespread recognition of digital leadership's contribution to service improvement.

Similarly, when respondents were asked whether their branch managers encouraged the use of digital tools and platforms to improve operational processes, 37.8% agreed and 58.1% strongly agreed, with a mean score of 4.54; only 4.1% were neutral. These consistent responses across multiple indicators highlighted the integral role of digital leadership in driving branch performance.

These findings suggested that branch managers who embraced technology and championed digital transformation were more likely to drive positive outcomes for their banks. The ability to lead digital initiatives became increasingly important in the Kenyan banking sector, where digital tools such as mobile banking solutions and applications (McKinsey, 2025) were central to financial inclusion. These results aligned with Hosseini et al. (2020), who highlighted the transformative potential of digital solutions in banking, and also supported Smith's (2021) conclusion that a digital leader must champion the adoption of digital tools and platforms and promote digital literacy.

The findings of this study demonstrated a strong consensus among respondents regarding the positive effect of digital leadership on the performance of commercial bank branches. This was evident in the high levels of agreement that branch managers' use of technology enhanced both operational effectiveness and customer service delivery. These results were strongly supported by the theoretical framework underpinning this research, specifically transformational and situational leadership theories..

Transformational leadership theory posits that leaders inspire and motivate followers to embrace change, innovate, and exceed performance expectations. In the context of digital leadership, transformational leaders articulate a compelling vision for digital transformation, foster a culture of innovation, and act as role models in adopting new technologies (Forbes Coaches Council, 2024); (Khandelwal, 2023). The high mean scores observed in this study—such as 4.61 for leveraging technology to improve customer service—reflect the ability of digital leaders to inspire their teams and drive organizational change, consistent with transformational leadership principles. Research affirms that transformational leadership is crucial in guiding financial institutions through technological adoption and innovation, enabling banks to remain competitive in a rapidly evolving environment (Forbes Coaches Council, 2024); (McKenna, 2024).

Situational leadership theory further reinforces these findings by emphasizing the importance of leaders adapting their style to the needs of their team and the demands of the situation. In the dynamic landscape of digital banking, effective leaders assess the digital readiness of their teams and adjust their approach—providing direction, support, or delegation as appropriate—to facilitate successful technology adoption (Khatib, 2023). The positive responses regarding branch managers' encouragement of digital tools and platforms (mean score of 4.54) illustrate the situational leader's capacity to respond flexibly to varying levels of employee expertise and organizational challenges, thereby optimizing performance outcomes (Khatib, 2023)

While the findings strongly supported the positive effect of digital leadership on bank performance through the lenses of transformational and situational leadership theories, it was important to acknowledge divergent perspectives that added nuance to this discussion. Some scholars argue that transformational leadership, while effective in inspiring innovation and change, may not fully address the practical challenges of digital adoption in highly regulated and risk-averse environments such as banking (Avolio & Bass, 2004; Northouse, 2021). For instance, the pressure to comply with strict regulatory frameworks can limit the extent to which leaders can experiment or innovate freely, potentially constraining the transformational leader's ability to drive rapid digital change (Besson & Rowe, 2012). This suggests that digital leadership in banking may require a more complex

interplay of leadership styles, including transactional elements that focus on rule enforcement and risk mitigation, which are less emphasized in transformational theory.

Situational leadership's emphasis on adaptability assumes that leaders can accurately diagnose follower readiness and adjust their style accordingly. However, recent research highlight that in fast-paced digital transformations, the rapid evolution of technology can outpace leaders' ability to assess and respond to team competencies, making the application of situational leadership more challenging (Smith & Lee, 2025). This can result in inconsistent leadership approaches that may confuse employees or slow adoption processes, particularly in large organizations with diverse skill levels.

5.3.2 Hybrid Leadership Style

The findings of this study revealed that the hybrid leadership style significantly affected the performance of commercial bank branches. A substantial majority of respondents (93.2%) agreed or strongly agreed that branch managers effectively managed both remote and in-person teams, as reflected by a mean score of 4.34. This high level of agreement indicated that managers possessed the adaptability necessary to oversee diverse work environments successfully. Furthermore, 79.7% of participants acknowledged that their managers swiftly responded to changing customer preferences and market trends, which enabled more prompt and effective resolution of customer complaints. The study also found that 79.7% of respondents agreed or strongly agreed that branch managers fostered collaboration between traditional banking methods and modern technological innovations, supported by a mean score of 4.09. Although hybrid leadership is a relatively new concept and could have been confusing to some respondents, the findings demonstrated that it strongly impacted the performance of commercial banks. Respondents indicated that managers who balanced remote work with in-person collaboration were better able to navigate the changing work environment and address both employee and customer needs effectively.

These findings are well supported by the theoretical framework of this study. Transformational leadership theory postulates that leaders who inspire, motivate, and foster innovation are more likely to achieve high organizational performance. Hybrid leaders, by integrating digital tools and traditional practices, exemplify transformational qualities by encouraging adaptability, teamwork, and creative problem-solving (Jones & Lee, 2021;

Miller, 2021). Similarly, situational leadership theory holds that effective leaders adjust their style to fit the needs of their team and the specific circumstances they face. The hybrid approach aligns with this theory, as it requires leaders to be flexible and responsive to both the demands of remote work and the nuances of in-person management (Saeed & Daud, 2023)

While hybrid leadership is praised for its adaptability and inclusivity, some scholars caution that it may also introduce complexity and ambiguity, potentially leading to confusion among employees regarding expectations and communication channels (Leparleen, 2014). Managing a hybrid team requires a delicate balance between autonomy and oversight, and not all leaders or organizations are equally prepared to navigate this shift. There is also a risk that hybrid leadership could dilute accountability or create inconsistencies in performance management, especially in environments with limited resources or insufficient training for leaders (Effactory, 2024). Furthermore, some research suggests that the success of hybrid leadership may be contingent on organizational culture and the readiness of both leaders and employees to embrace new ways of working (GoodHabitZ, 2024)

5.3.3 Agile Leadership Style

The data provided compelling evidence of the positive effect of agile leadership on the performance of commercial bank branches. A substantial majority of respondents-31.1% who agreed and 55.4% who strongly agreed-affirmed that branch managers utilized quick decision-making strategies to effectively address operational challenges, as reflected in a high mean score of 4.38. Importantly, respondents overwhelmingly concurred that managers fostered adaptability to market changes, which is a critical component of agile leadership. Specifically, 32.4% agreed and 64.9% strongly agreed that managers actively encouraged responsiveness to market changes, yielding an even higher mean score of 4.62. However, the data also revealed a relative shortfall in empowering employees to make independent decisions, despite managers encouraging experimentation and learning from mistakes.

The study's results aligned closely with transformational leadership theory, which suggested that leaders inspired and motivated their teams to embrace change, innovate, and exceed expectations. Agile leaders in banking, by championing rapid adaptation and fostering a culture of experimentation, embodied transformational qualities that drove

organizational responsiveness and innovation (Brown, 2021; Jones & Lee, 2021). Similarly, situational leadership theory supported these findings, as it highlighted the need for leaders to adjust their approach based on the specific challenges and readiness of their teams. The ability of agile leaders to tailor their strategies to dynamic market conditions and diverse team needs was a direct reflection of situational leadership in action (Info-Tech, 2024).

However, the data also revealed a relative shortfall in empowering employees to make independent decisions, despite managers encouraging experimentation and learning from mistakes. This limitation echoes divergent views in the literature, which caution that while agile leadership can drive innovation and efficiency, its effectiveness is often constrained by entrenched hierarchical cultures common in banking. Such cultures may hinder the full realization of agile principles, particularly employee empowerment and decentralized decision-making (PremierAgile, 2023); Additionally, successful agile transformation requires a significant cultural shift towards collaboration and trust, which can be challenging to implement in traditionally structured organizations (Korn Ferry, 2021). Moreover, some scholars argue that agile leadership's focus on speed and adaptability may inadvertently lead to inconsistencies in decision-making or a lack of clear accountability if not carefully managed (Intellias, 2024)

5.3.4 Ethical Leadership Style

The final objective of this study was to examine the effect of ethical leadership style on the performance of commercial bank branches. To assess this, respondents were presented with questions addressing key dimensions of ethical leadership, including integrity in decision-making, transparency and accountability within teams, compliance with regulatory standards and ethical guidelines, and the role of ethical leadership in enhancing customer trust and satisfaction. The responses consistently reflected a strong positive perception of ethical leadership's influence on bank performance. Notably, 25.7% of respondents agreed and 70.3% strongly agreed that their branch managers demonstrated integrity in decision-making processes, with only 4.1% remaining neutral. This resulted in a high mean score of 4.66, underscoring integrity as a fundamental leadership attribute within these organizations.

Similarly, adherence to regulatory standards and ethical guidelines received robust support, as 36.5% of respondents agreed and 58.1% strongly agreed that their managers consistently complied with these requirements. No respondents disagreed, and 5.4% were neutral, producing a mean score of 4.53. The study's findings strongly aligned with transformational leadership theory, which emphasized leaders' ability to inspire ethical behavior, foster trust, and promote a shared vision (Bass & Riggio, 2006). The high mean scores for integrity in decision-making (4.66) and regulatory compliance (4.53) reflected transformational leadership's focus on idealized influence—a dimension where leaders acted as ethical role models who prioritized transparency and accountability (Brown & Treviño, 2006). For instance, the respondents' emphasis on managers' integrity aligned with transformational leaders' capacity to elevate followers' ethical standards and commitment to organizational goals (Bass & Steidlmeier, 1999).

Additionally, the results affirmed the findings of Smith (2021), Miller (2021), and Popa (2012) on ethical leadership, emphasizing its critical role in fostering trust, transparency, accountability, and long-term sustainability within organizations, particularly in the banking sector. Their research highlighted that ethical leadership not only ensured compliance with regulatory standards but also built strong relationships with customers, employees, and other stakeholders by promoting integrity and fairness. Moreover, ethical leadership shaped employee behavior and customer service quality, serving as a foundational pillar for sustainable organizational success.

5.4 Conclusion on Commercial Bank Performance

The feedback from respondents clearly indicated that the commercial bank branches under study demonstrated strong overall performance, driven significantly by effective leadership and management practices. The data revealed consistently high scores across key performance indicators, reflecting both operational excellence and strategic growth.

Profitability remained a cornerstone of branch success, with 85.1% of respondents agreeing or strongly agreeing that their branches consistently achieved strong profitability, contributing substantially to the bank's financial health (mean = 4.50). This profitability was complemented by steady revenue growth, which 97.3% of respondents attributed to effective leadership, underscoring the critical role of branch managers in driving financial expansion (mean = 4.64). Cost efficiency also emerged as an area of strength, with 95.9%

of respondents acknowledging that their branches maintained high operational efficiency (mean = 4.49). This efficiency likely supported profitability and resource optimization, enabling branches to operate competitively in a challenging market.

Customer service remained a priority, as evidenced by 98.7% of respondents agreeing that branch managers promptly addressed customer complaints (mean = 4.43), highlighting a strong commitment to customer satisfaction and retention. Furthermore, the branch managers' influence extended to market share growth, with 96% of respondents recognizing their critical role in expanding the branch's competitive position (mean = 4.41). Process improvement and innovation were actively promoted within branches, with over 98% of respondents affirming the encouragement of continuous improvement initiatives (mean = 4.51) and a culture of innovation (mean = 4.50). This focus on innovation was essential for adapting to evolving market demands and sustaining long-term performance.

Risk management was also robust, with 97.3% of respondents agreeing that effective strategies were in place to mitigate financial and operational risks (mean = 4.55). This emphasis on risk controls ensured the stability and resilience of branch operations. Lastly, staff training and development received strong support, with 100% of respondents agreeing or strongly agreeing that branch managers encouraged ongoing employee growth (mean = 4.49), which was vital for maintaining a skilled and motivated workforce.

These findings affirmed that effective branch management was instrumental in achieving sustainable growth and competitive advantage in the banking sector. The integrated analysis of these leadership styles, supported by the overall model fitness presented in Chapter Four, confirmed that their combined influence significantly enhanced commercial bank performance. This holistic perspective highlighted the necessity for banks to adopt a multifaceted leadership approach that balanced technological innovation, flexible team management, adaptive decision-making, and unwavering ethical standards.

5.5 Overall Conclusion

This study set out to explore the effect of four emerging leadership styles—digital, hybrid, agile, and ethical—on the performance of commercial bank branches in Nairobi County, Kenya. The findings revealed that these leadership styles collectively exerted a significant and positive influence on multiple dimensions of bank performance, including profitability,

operational efficiency, customer satisfaction, innovation, risk management, and staff development.

The data on commercial bank performance, derived from respondent feedback, further affirmed the critical role of effective branch management in driving these outcomes. Respondents agreed that their branches consistently achieved strong profitability and steady revenue growth. This financial success was supported by high levels of cost efficiency demonstrating that leadership not only drives growth but also ensures prudent resource management.

Customer satisfaction is prioritized through prompt resolution of complaints which directly contributes to enhanced market share. Branch managers actively promote process improvements and foster a culture of innovation enabling branches to adapt to evolving market demands and sustain competitive advantage. Additionally, robust risk management strategies safeguard branch operations against financial and operational uncertainties, while ongoing staff training and development ensure a skilled and motivated workforce.

The findings demonstrate that digital leadership is pivotal in driving technological adoption and operational transformation, enabling banks to meet evolving customer expectations and maintain competitive advantage in a rapidly digitizing financial sector. Hybrid leadership effectively bridges traditional and modern work environments, fostering collaboration and adaptability that are essential for managing diverse teams and responding to dynamic market conditions. Agile leadership enhances organizational responsiveness by promoting swift decision-making and a culture of continuous learning and experimentation, which are vital for navigating the uncertainties of the banking industry. Importantly, ethical leadership underpins all these efforts by instilling integrity, transparency, and accountability, thereby building trust among customers, employees, and regulators and ensuring sustainable organizational success.

The study's robust empirical evidence, supported by existing literature, confirms that these leadership styles are not only relevant but indispensable for commercial banks aiming to excel in an increasingly complex and competitive environment. By integrating these leadership approaches, banks can optimize performance across multiple dimensions, from financial metrics to customer experience and risk mitigation. This research contributes valuable insights to academic discourse by expanding understanding of how emerging

leadership paradigms affect banking performance in the Kenyan context. Practically, it offers actionable guidance for bank executives and policymakers seeking to strengthen leadership capabilities and enhance organizational outcomes.

The strategic adoption and development of digital, hybrid, agile, and ethical leadership styles represent a critical pathway for commercial banks to achieve sustained growth, innovation, and resilience. This study affirms that leadership is a dynamic, multifaceted force that shapes not only the internal functioning of banks but also their ability to thrive amid the challenges and opportunities of the modern financial landscape

5.6 Recommendations

Based on the study's findings, the following recommendations are proposed to enhance commercial bank performance through effective leadership:

Strengthen Digital Leadership Capabilities:-Banks should invest in continuous digital skills development for managers and staff, ensuring they remain proficient in emerging technologies. Emphasizing digital literacy will enable branches to fully leverage digital platforms for improved customer service and operational efficiency.

Promote Hybrid Leadership Practices: -Banks should develop policies and training programs that support hybrid work environments, equipping managers with the tools and skills necessary to effectively lead both remote and in-person teams. Encouraging collaboration between traditional banking methods and innovative technologies will foster agility and responsiveness.

Enhance Agile Leadership and Employee Empowerment:-Banks should encourage managers to delegate decision-making authority where appropriate, fostering a culture of autonomy and experimentation. Agile leadership training can help managers balance rapid decision-making with employee empowerment, driving innovation and adaptability.

Embed Ethical Leadership as a Core Organizational Value:-Institutions must prioritize ethical leadership by reinforcing integrity, transparency, and compliance through regular training and clear communication of organizational values. Ethical leadership should be integrated into performance management systems to ensure accountability at all levels.

Integrate Leadership Styles into Strategic Planning:-Bank executives should adopt a holistic leadership development framework that combines digital, hybrid, agile, and ethical leadership principles. This integrated approach will better prepare organizations to navigate the complexities of the modern banking landscape and sustain competitive advantage.

5.7 Theoretical Contribution of the Study

This research advances leadership theory by integrating contemporary styles-digital, hybrid, agile, and ethical-into the discussion of organizational performance in emerging economies. Notably, it extends transformational leadership theory by demonstrating how digital and hybrid leadership styles operationalize transformational principles such as vision-sharing and individualized support within technologically driven environments, effectively bridging the gap between traditional leadership concepts and the demands of the modern digital workplace. Furthermore, the study challenges the universal applicability of agile leadership by revealing its non-significance in certain contexts, such as highly regulated banking sectors, thereby suggesting that situational leadership theory must consider sector-specific stability rather than assuming blanket agility. Additionally, by validating the direct impact of ethical leadership on both financial and non-financial organizational outcomes, the research reinforces stakeholder theory and highlights ethical governance as a strategic asset, rather than merely a compliance requirement.

These insights enrich leadership literature by contextualizing global theories within Kenya's banking sector, offering a model for similar economies navigating digital transition and ethical complexities.

5.8 Research Limitations

This study faced several limitations throughout its completion and recognizing these constraints provides context for interpreting the results and highlights areas for future inquiry.

Firstly, the study was geographically limited to Tier 1 commercial banks within Nairobi County, Kenya. While this focus allowed for an in-depth examination of leadership styles in a major financial hub, the findings may not be fully generalizable to other regions, banking tiers, or countries with differing economic and regulatory environments. Secondly, the sample size of 74 respondents, though sufficient for descriptive analysis, may not

comprehensively represent the broader population of banking professionals. The predominance of managerial-level participants may also have introduced perspective bias, potentially underrepresenting frontline staff experiences.

Thirdly, the cross-sectional design captures data at a single point in time, limiting the ability to infer causality or observe changes in leadership effect over longer periods. Future longitudinal studies would be valuable to track how leadership styles influence performance dynamically. Additionally, reliance on self-reported questionnaire data introduces the possibility of response biases, such as social desirability, which may have influenced the positive assessments of leadership effectiveness.

Finally, the study concentrated on four emerging leadership styles—digital, hybrid, agile, and ethical—without exploring other relevant leadership approaches or contextual organizational factors such as culture and employee engagement. This focus, while deliberate, suggests that additional variables may also play significant roles in shaping bank performance. By acknowledging these limitations, this study maintains transparency and provides a foundation for further research to build upon and refine the understanding of leadership in the banking sector.

5.9 Suggestion for Further Research

Leadership encompasses a broad spectrum of activities and styles, many of which have been extensively studied. However, the field of emerging leadership styles remains underexplored, with significant gaps in the literature. In particular, hybrid and agile leadership styles have received limited attention regarding their influence on bank performance, and there is a clear need for further research to deepen our understanding of their impact in the competitive business environment.

This study sought to examine the effect of emerging leadership styles on the performance of commercial banks in Kenya, focusing specifically on Tier 1 banks. While the findings contribute valuable insights for academic reference, the research is limited in scope. Future studies should consider a wider range of organizations and employ diverse methodologies to build a more comprehensive understanding of how hybrid and agile leadership styles shape organizational performance. Additionally, distinguishing the unique characteristics and effects of these styles presents a promising area for further investigation.

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Appendix I Questionnaire

EFFECT OF EMERGING LEADERSHIP STYLES OF BRANCH MANAGERS ON PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI COUNTY

PLEASE READ INSTRUCTIONS CAREFULLY AND TICK WHERE APPROPRIATE

PART A: Demographic Information

(Please tick in the boxes provided where necessary)

- Your gender
Male Female
- What is your job description?
Manager Assistant manager Supervisor Officer
- Highest level of education
Diploma Bachelor's degree Masters Doctorate
- How long have you worked under your current branch manager?
Less than 1 year 1-3 years 4-6 years More than 6 years

PART B: Digital leadership Styles

This section assesses staff's perceptions of their branch manager's leadership style across four dimensions: digital, hybrid, agile, and Ethical leadership

Please indicate your agreement or otherwise with the following statements using the following scale. On a scale of 5-1 where 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly disagree, please indicate by putting a circle on the number to show the extent of your agreement with each statement below.

Statement	1	2	3	4	5
	SD	D	N	A	SA
My branch manager leverages technology to enhance customer service delivery.					

My branch manager encourages the use of digital tools and platforms to improve operations					
My branch manager promotes digital literacy and skills development among staff					
My branch manager inspires innovation through the adoption of new technologies					
My branch manager leverage data analytics for strategic decision-making					

PART C: Hybrid leadership style

Please indicate your agreement or otherwise with the following statements using the following scale. On a scale of 5-1 where 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly disagree, please indicate by putting a circle on the number to show the extent of your agreement with each statement below.

Statement	1	2	3	4	5
	SD	D	N	A	SA
My branch manager effectively manages remote and in-person teams.					
My branch manager adapts quickly to changing customer preferences and market trends.					
My branch manager's hybrid leadership style enhances teamwork and productivity.					
My branch manager fosters collaboration between traditional banking methods and modern innovations.					
My branch manager uses virtual meetings and digital collaboration tools to engage employees.					

PART D: Agile leadership style

Please indicate your agreement or otherwise with the following statements using the following scale. On a scale of 5-1 where 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly disagree, please indicate by putting a circle on the number to show the extent of your agreement with each statement below.

Statement	1	2	3	4	5
	SD	D	N	A	SA
My branch manager encourages quick decision-making strategies to address branch challenges.					
My branch manager empowers employees to make decisions independently when appropriate.					
My branch manager encourages experimentation and learning from mistakes.					
My branch manager empowers employees to make decisions independently when appropriate.					
My branch manager encourage adaptability to market changes					

PART E: Ethical leadership style

Please indicate your agreement or otherwise with the following statements using the following scale. On a scale of 5-1 where 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly disagree, please indicate by putting a circle on the number to show the extent of your agreement with each statement below.

Statement	1	2	3	4	5
	SD	D	N	A	SA
My branch manager demonstrates integrity in decision-making processes.					
My branch manager promotes transparency and accountability within the team.					

My branch manager prioritizes compliance with regulatory standards and ethical guidelines.					
My branch manager addresses ethical concerns raised by employees or customers quickly.					
My branch manager believes ethical leadership improves customer trust and satisfaction					

PART F. Branch Performance

Please indicate your agreement or otherwise with the following statements using the following scale. On a scale of 5-1 where 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree and 1=Strongly disagree, please indicate by putting a circle on the number to show the extent of your agreement with each statement below.

Statement	1	2	3	4	5
	SD	D	N	A	SA
The branch consistently achieves strong profitability, contributing to the overall financial success of the bank.					
Revenue growth at the branch has been steady due to effective leadership and management.					
The branch maintains a high level of cost efficiency in its operations.					
The branch manager prioritizes resolving customer complaints promptly.					
The branch manager plays a critical role in increasing the branch's market share.					
The branch manager promotes process improvement initiatives within the team.					
The branch manager encourages a culture of innovation to improve the branch's performance.					

The branch has effective risk management strategies in place to minimize financial and operational risks.					
The branch manager encourages staff training and development.					

Thank you for your cooperation.



Appendix II Letter Of Introduction

Principal Investigator

George Otiende

School of Business, Strathmore University,
Ole Sangale Road, P.O. Box 59857 – 00200,
City Square, Nairobi, Kenya

RE: Request for participating in data collection

I am a student at Strathmore University pursuing a Master of Business Administration at the Strathmore Business School. In partial fulfillment for the award of this degree, I am undertaking a research project titled “**EFFECT OF EMERGING LEADERSHIP STYLES OF BRANCH MANAGERS ON PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI COUNTY**”

In doing so, you and your organization have been selected as one of the commercial banks operating in Nairobi County to participate in this survey. It is my hope that you will take time to respond to the attached questionnaire that will take approximately 15-20 minutes to complete. The information given is strictly for use for this academic research and will therefore not be shared with others in and out of the organization. Your anonymity and confidentiality are guaranteed and therefore no personal identifying information is needed.

Thank You in Advance

Yours faithfully,

George Otiende

Phone Number: +254 705049797

Email: George.Otiende@strathmore.edu

Appendix III Ethical Approval



16th April 2025

Mr Otiende George,
george.otiende@strathmore.edu

Dear Mr Otiende,

RE: Effect of Emerging Leadership Styles of Branch Managers on Performance of Commercial Banks in Nairobi County

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters proposal. Your application reference number is SU-ISERC2890/25. The approval period is from 16th April 2025 to 15th April 2026.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ambrose Rachier".


Mr Ambrose Rachier,
Chairperson; SU-ISERC

Appendix IV NACOSTI Approval

REPUBLIC OF KENYA
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

RefNo: 459206
Date of Issue: 15/April/2025

RESEARCH LICENSE




This is to Certify that Mr.. GEORGE OTIENDE of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Effect of Emerging Leadership Styles of Branch Managers on Performance of Commercial Banks in Nairobi County for the period ending : 15/April/2026.

License No: NACOSTI/P/25/4172759

Applicant Identification Number
459206

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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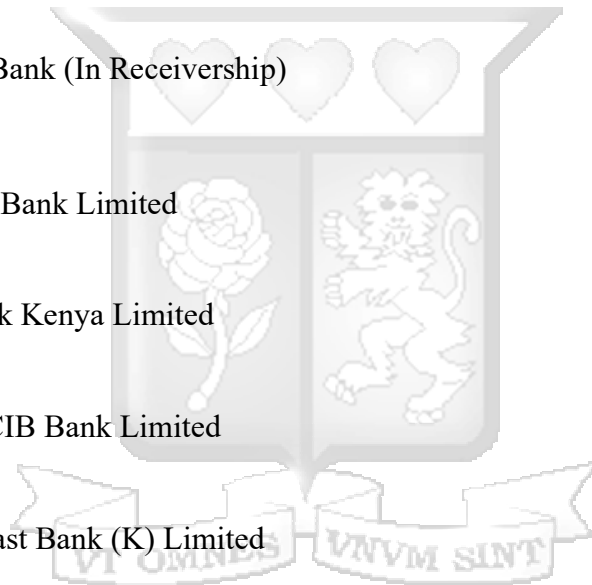
See overleaf for conditions

Appendix V List Of All Licensed Commercial Banks In Kenya

- 1 ABSA Bank Kenya
- 2 Access Bank Kenya
- 3 African Banking Corporation Limited
- 4 Bank of Africa Kenya Limited
- 5 Bank of Baroda (K) Limited
- 6 Bank of India
- 7 Citibank N.A Kenya
- 8 Consolidated Bank of Kenya Limited
- 9 Co-operative Bank of Kenya Limited
- 10 Credit Bank Limited
- 11 Development Bank of Kenya Limited
- 12 Diamond Trust Bank Kenya Limited
- 13 DIB Bank Kenya Limited
- 14 Ecobank Kenya Limited
- 15 Equity Bank Kenya Limited



- 16 Family Bank Limited
- 17 Guaranty Trust Bank (K) Ltd
- 18 Guardian Bank Limited
- 19 Gulf African Bank Limited
- 20 Habib Bank A.G Zurich
- 21 I&M Bank Limited
- 22 Imperial Bank (In Receivership)
- 23 Kingdom Bank Limited
- 24 KCB Bank Kenya Limited
- 25 Mayfair CIB Bank Limited
- 26 Middle East Bank (K) Limited
- 27 M-Oriental Bank Limited
- 28 National Bank of Kenya Limited
- 29 NCBA Bank Kenya PLC
- 30 Paramount Bank Limited



- 31 Premier Bank Limited (formerly First Community Bank)
- 32 Prime Bank Limited
- 33 SBM Bank Kenya Limited
- 34 Sidian Bank Limited
- 35 Spire Bank Ltd
- 36 Stanbic Bank Kenya Limited
- 37 Standard Chartered Bank Kenya Limited
- 38 UBA Kenya Bank Limited
- 39 Victoria Commercial Bank Limited

