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**Effect of Organizational Changes during Receivership on Employee
Engagement:
A Case of Imperial Bank Ltd-in Receivership, Kenya**

Catherine Jerusha Githatu

MBA/76891

**A Thesis submitted in partial fulfilment of the requirements for the award of
Degree of Master of Business Administration at Strathmore University.**



Nairobi, Kenya

May, 2018

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Catherine Jerusha Githatu

August 2017

Approval

The dissertation of Catherine Jerusha Githatu was reviewed and approved by:

Prof. Hazel Gachunga (Supervisor)

Strathmore Business School

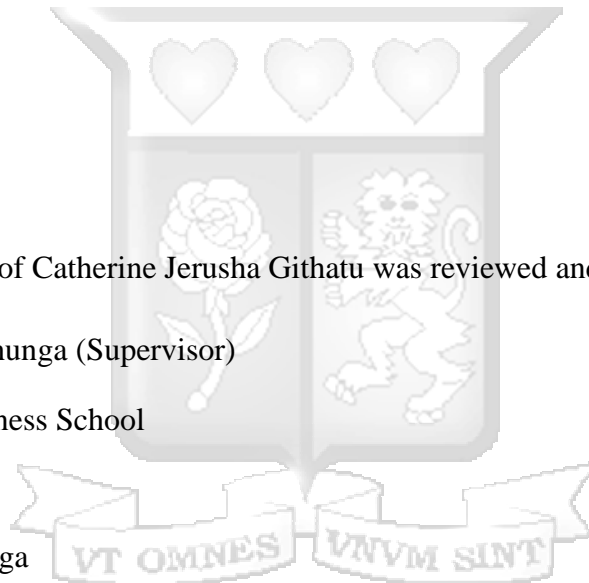
Dr. George Njenga

Dean, Strathmore Business School

Prof. Ruth Kiraka

Dean, School of Graduate Studies

Strathmore University



ABSTRACT

Change is bound to happen in any organization. Yet, nothing causes such anxiety and uncertainty in the workplace as hearing that "change is coming". The main objective of this study was to determine the effect of organizational change during receivership on employee engagement at Imperial Bank Ltd in Receivership (IBLIR). Specifically, the study sought to: determine the effect of structural changes on employee engagement at IBLIR; assess the effect of leadership changes on employee engagement at IBLIR; and assess the effect of system changes on employee engagement at IBLIR. A descriptive case study design was adopted. The study was based on Lewin's theory and 3-step model of organizational change. A total of 145 respondents recruited through stratified systematic random sampling from all IBLIR branches in Nairobi, Kenya participated. Primary data was obtained through the administration of pretested structured questionnaires comprising of Likert scales, multiple and closed ended questions on the perceptions of organizational change and employee engagement as well as questions establishing the demographics of the employees. Data entry and analysis was done by SPSS version 23. Descriptive and inferential statistics were performed and results presented using tables, charts and graphs. Multivariable regression analysis was used to predict the dependent variable (employee engagement) using the predictor variables (Structural, systems and leadership changes) at p value < 0.05. The findings of this study are expected to inform future action plans for maintaining employee engagement on banks placed under receivership in Kenya

Keywords: Change, Employee engagement, Receivership, Imperial Bank Ltd In Receivership.

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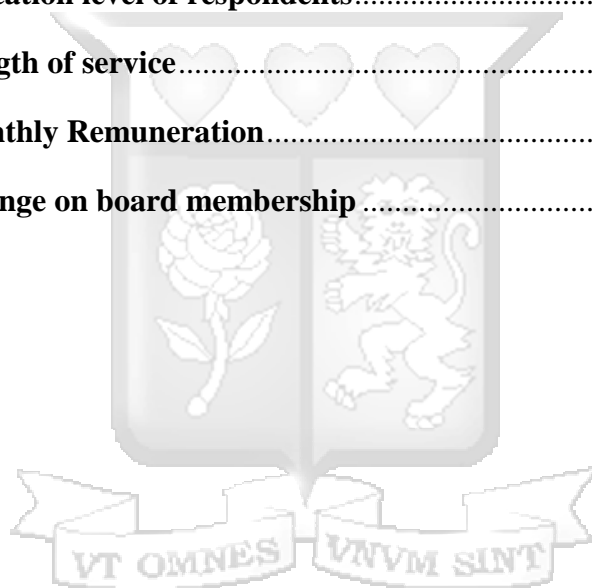
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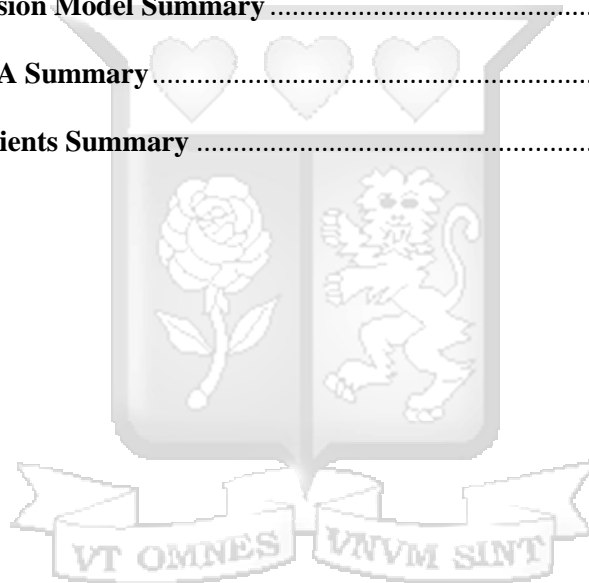
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ACRONYMS AND ABBREVIATIONS

CBK	Central Bank of Kenya
ICT	Information Communication Technology
IBLIR	Imperial Bank Limited- In Receivership
KDIC	Kenya Deposit Insurance Corporation
SPSS	Statistical Package for Social Sciences
USD	U.S.dollar
UWES	Utrecht Work Engagement Scale

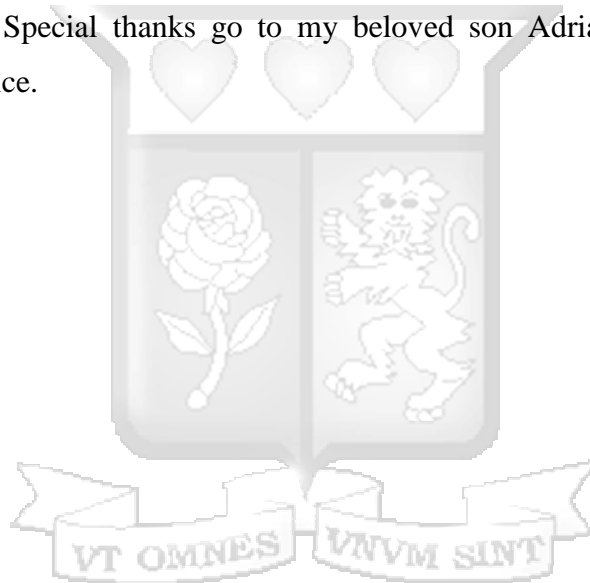


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Finally I would like to thank my family and friends for their support and encouragement in this process. Special thanks go to my beloved son Adrian, for his understanding exercising patience.



DEDICATION

It is with gratitude that I dedicate this dissertation to my mother who has been there for me in the most tumultuous moments of life. She made sure I made it through my academic process irrespective of the difficult moments she was faced with. She has constantly inspired me and taught me that even the arduous task can be accomplished if it is done progressively one step at a time.



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Change constitutes an essential component of the banking sector environment. Yet, nothing causes such anxiety and uncertainties in the workplace as hearing that "change is coming" (Lane, 2007). According to the *Business Dictionary* (2016), organizational change occurs when business strategies or major sections of an organization are altered. Also known as reorganization, restructuring and turnaround, this process can be a very expensive undertaking, not only in monetary terms but also traumatic for employees.

Kenya has forty-one commercial banks, twelve micro-finance banks, eighty six foreign exchange bureau, one mortgage finance company, eight representative offices for foreign banks, three credit reference bureau and fourteen money remittance providers (Gukuyu, 2016). In recent years, industry leaders have adopted and implemented system-wide measures designed to preserve the integrity of banking institutions (Gukuyu, 2016; Ngugi, 2016). These regulatory and technological changes have brought in turbulent post-crisis experiences of uncertainty across different banks (Agoya, 2016; Ngugi & Ngugi, 2015). Whereas some financial institutions were forced to close, three banks had to be placed under receivership in a span of just nine months, with 22 others having faced the risk of merger (Gukuyu, 2016; Ngugi & Ngugi, 2015) before last minute amendments to the act of Parliament came to their rescue. Banks with core capital of Sh934 million to Sh4.6 billion, as of December 2014, had to consider merger, selling stakes or making shareholder cash calls in order to keep with the requirements of the law (Gukuyu, 2016). Defined in business terms as, 'a state of being under the administration and control of a receiver,' the process removes the property or business from the control of its owners (stock/shareholders), an arrangement that makes the firm's directors lose their powers to the receiver including dividend and interest payments (BusinessDictionary.com, 2017).

Imperial Bank Limited is one of the banks to have undergone receivership, with effect from, October, 2015 (Ngigi & Ngugi, 2015) following tight scrutiny by the regulator. To date, IBLIR has gone through several structural, leadership, cultural and system changes following its placement under the regulator, the Kenya Deposit Insurance Corporation (KDIC). KDIC has assumed exclusive management of the bank including her assets for the benefit of the bank's creditors. Under these arrangements, however, shareholders, depositors, creditors and other stakeholders maintain legal rights which are fully protected by the Constitution (Sejpal, 2016).

1.1.1 Organisational Changes

This study investigated systems, leadership, structural, and cultural changes that could affect an organization undergoing receivership and how these impact on employee engagement. System change is an alteration in the way an organization makes decisions on programs, policies, with regard to allocation of its resources as well as the manner services are delivered to its citizens (Foster-Fishman, Nowell, & Yang, 2007). To undertake systems change, an organization must build bridges for collaboration among multiple players including other stakeholders. The process and procedures are likely to change following the placement of Imperial Bank Limited under receivership.

Leadership Change is the ability to influence and inspire others through advocacy, drive and vision in a bid to access resources to build a strong platform to bring about change (Higgs & Rowland, 2000).

Structural changes refer to changes made to the organization's structure emanating from external or internal factors with ability to affect how the organization is run. Structural changes include things such as the organization's chain of command, hierarchy, job structure, administrative procedures and management systems. As leaders seek to address the changes in an organization, it is imperative for companies to consider employee engagement. While there are clearly leadership qualities that play an important role in realizing organizational change, it is equally important for leaders to engage with staff and ensure they are onboard with the transition to a new business model.

1.1.2 Employee Engagement

As the structural, leadership, cultural and systems changes described above continue, much remains unknown about the short-term and long-term effects of these changes on employee engagement at IBLIR. Defined as ‘the process of positively motivating employees cognitively, emotionally, and behaviourally toward fulfilling organizational outcomes’(Shuck & Wollard 2010), employee engagement is considered the yardstick of promoting competitive advantage within multiple levels of organizations (Christian, Garza, & Slaughter, 2011) in today’s competitive business world. Robinson, Perryman, and Hayday (2004) on the other hand define employee engagement as “a positive attitude held by the employee towards the organization and its value. An engaged worker works with co-workers to enhance job performance and is aware of job context. Engagement requires a two-way relationship on the part of worker and his employer”. Employee engagement significantly contributes to promoting organizational citizenship behavior, productivity and ultimately job performance (Christian et al., 2011; Rich, LePine, & Crawford, 2010). In other words, organizations that are keen in promoting high levels of engaged employees benefit their organizations in every way.

Notwithstanding, while employee engagement is regarded as a panacea for business shortcomings (Ketter, 2008; Robinson et al., 2004), emerging evidence suggest that engagement levels among employees is dwindling (Martin & Schmidt, 2010); with millions who report to work each day feeling demotivated and less engaged with the work they do (Wagner & Harter, 2006). Disengagement is “defined as the mental, emotional and physical disconnection of employees from their immediate job responsibilities ” (Wollard, 2011). Recent studies indicate that employee disengagement is characterised by perceptions of poor work conditions including lack of support from leaders, lack of co-worker relations, less meaningful work and environmental or personal factors outside work such as financial meltdown or major life events (Fairle, 2011; Wollard, 2011). Nevertheless, while employee disengagement affects millions of working class citizens across the globe, organizations and their leaders are beginning to appreciate that this problem cannot continue to be overlooked anymore(Shuck & Herd, 2012).

Whereas the changes occasioned by receivership at IBLIR have good intensions, these changes present opportunities as well as threats, and if not properly managed, they may result in dysfunctional and dire organizational consequences at the end of the receivership period. The disparity between the supposed significance of employee engagement and the extend of employee engagement in many organizations today is apparent (Czarnowsky, 2008). This gap presents an opportunity for stakeholders charged with the development of organizational initiatives including employee engagement especially in an environment where organizational stability is shaken through receivership to act. Moreover, a deeper understanding of the multidimensional processes of employee engagement during organizational change could lead to more successful change strategies and techniques to mitigate resistance to organizational change (Gilley, Gilley, & McMillan, 2009). This study thus seeks to analyse the effect of organizational change during receivership on employee engagement based on a case study of IBLIR in Kenya.

1.1.3 The History of Banking Industry and its crisis in Kenya

The Kenyan banking sector is regulated by Central Bank of Kenya (CBK) and is composed of 44 Banks, comprising of 43 commercial banks and one mortgage finance institution. According to the Fusion Investment Management report, 2015, Kenyan banks held total assets worth USD 32 Billion and had outstanding loans and advances worth USD 15 billion (Fusion Investment Management, 2015). The banking sector has rapidly grown since more than 4 decades ago when it had to confront rampant problems of non-performing loans, weak corporate governance, inadequate competition and under-capitalization (Fusion Investment Management, 2015).

After the banking crisis experienced in Kenya in mid 1980s, the government set up a Deposit Protection Fund Board whose mandate was to manage the deposit insurance fund and carry out the liquidation of insolvent financial institutions including banks once they were closed by the regulator (Fusion Investment Management, 2015). The Board currently exists as an independent entity, the Kenya Deposit Insurance Corporation (KDIC), through an Act of Parliament. Suffice to say the reforms undertaken by the corporation in the past years, have greatly enhanced the outlook of the

banking system in the Country. Today, Kenyan banks enjoy an impressive capital adequacy ratio of 20% as of December 2014 above the 12% set by the regulator (Fusion Investment Management, 2015).

However, after many years of some stability, the banking sector in Kenya has in the recent past experienced major developments following change of leadership at the Central Bank of Kenya (Fusion Investment Management, 2015). The past three years have seen the collapse and liquidation of Dubai Bank Kenya Limited in 2015 and the placement under statutory management of two other financial institutions, including Imperial Bank Ltd in October 2015 and Chase Bank, in August 2016 (Ngigi & Ngugi, 2015). The closure of Dubai bank was occasioned by its failure to pay its debtors and for failing to adhere to rules set by the regulator. The collapse of Dubai Bank did not however have a big impact on the banking sector largely because of its small size with a net asset of KS 3.5 Billion (USD 34 Million) and a market share below 0.2 % (Fusion Investment Management, 2015).

The placement of Imperial Bank Ltd under statutory management by the CBK however caught many by surprise (Fusion Investment Management, 2015; Ngigi & Ngugi, 2015). This action was taken following serious lending malpractices at the Institution which according to the regulator undermined the bank's capital position, its depositors as well as presented systemic risks to the banking sector in general. This action impacted the market where it created a serious confidence crisis especially among the Tier II and Tier III banks which triggered some panic withdrawals. IBLIR which had a presence in Kenya and Uganda was the 17th largest in the Tier II category as at H1 2015 with total risk-weighted assets of USD 506mn and accounted for 1.7%, 1.8% and 2.0% of total industry risk-weighted assets, total assets and total customer deposits respectively, as at H1 2015 (Fusion Investment Management, 2015).

Chase Bank on the other hand was put under receivership after a run on deposits of \$80 million caused by the restatement of the company's accounts for 2015 to reflect the actual bad debt and insider lending position. This move increased fears of structural weaknesses among banks in Kenya with serious speculation on which other banks was under the eye of the regulator. For example, National Bank was forced to restate its bad

debt position and provisioning, a move that also saw it send on compulsory leave five of its top managers (Gukuyu, 2016). The situation experienced in the last three years was synonymous to that experienced 1980s and 1990s that saw the closure of about 50 financial institutions popularly known as "political banks" (Allan O., and James A., 2016).

1.2 The Problem Statement

The Central Bank of Kenya announced that IBLIR had been put under administration for a period of 12 months with effect from October, 2015 (Ngigi & Ngugi, 2015). This move has definitely changed the face of IBLIR for ever. Whereas shareholders, depositors, creditors and other stakeholders, particularly employees maintain certain legal rights under the Constitution, (Sejpal, 2016) they remain uncertain about their future engagement with IBLIR. Paltry employee population is involved in the management of the investigation process which is being conducted in conjunction with a UK based FTI forensic audit firm (Herbling, 2016). The silence maintained by the regulator, the Central Bank of Kenya, even with the coming to an end of the audit period on June 30, 2016 (Herbling, 2016), only serves to heighten the employees' anxiety even further. As the planned changes continue, little is known about the effect of receivership on employee engagement. Also unknown is how organizational culture, systems, structural, and leadership change during receivership impacts employee engagement. Although change is constant in organizations, deciding how to successfully implement both planned and unplanned change presents an enduring challenge for organizational heads. Many change efforts fail due to several factors such as lack of commitment, style of leadership, emotional distress and poor employee engagement (Nordin, 2012). The present study therefore seeks to determine the influence of organizational change during receivership on employee engagement at IBLIR, which is currently implementing massive systemic, leadership and structural organizational changes.

1.3 Broad Objectives

To determine the influence of organizational changes during receivership on employee engagement at IBLIR

1.3.1 Specific Objectives

- i. To determine the effect of structural changes on employee engagement at IBLIR
- ii. To assess the effect of leadership changes on employee engagement at IBLIR
- iii. To assess the effect of system changes on employee engagement at IBLIR

1.4 Research Questions

- i. How does structural change affect employee engagement at IBLIR?
- ii. What is the effect of leadership changes on employee engagement at IBLIR?
- iii. What is the effect of system changes on employee engagement at IBLIR?

1.5 Significance of the Study

The findings of this study are expected to inform part of the action plans that will help other banks placed under receivership in Kenya to enhance employee engagement. These results could also be used to influence policies, practices and strategies that KDIC can use when a bank has been placed under receivership. Moreover, researchers and students interested in this field will find the study useful since it provides literature that can guide future research and studies.

1.6 Scope

This study was done in a time frame of three months and adopted a descriptive case study of IBLIR. IBLIR was implementing major structural, systems and leadership changes at the time of the study following its receivership in 2015. The sample included all employees from human resources, ICT, operations and finance departments in top level, middle level and lower level cadres from all IBLIR branches in Nairobi.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this literature review is to provide a broad understanding of organizational change as an antecedent and context for research into the influence of organizational change on employee engagement. The review begins with a theoretical and conceptual background as a prelude for identifying the research gaps. The chapter ends with a conceptual framework as a guidepost for the study.

2.2 Theoretical Review of Literature

2.2.1 Kurt Lewin's Change Theory and three step model

This change model was theorized by social psychologist Kurt Lewin (J.K, 1994, p. 584). It includes three steps namely Unfreezing, Changing, and Refreezing. See Figure 1 below.

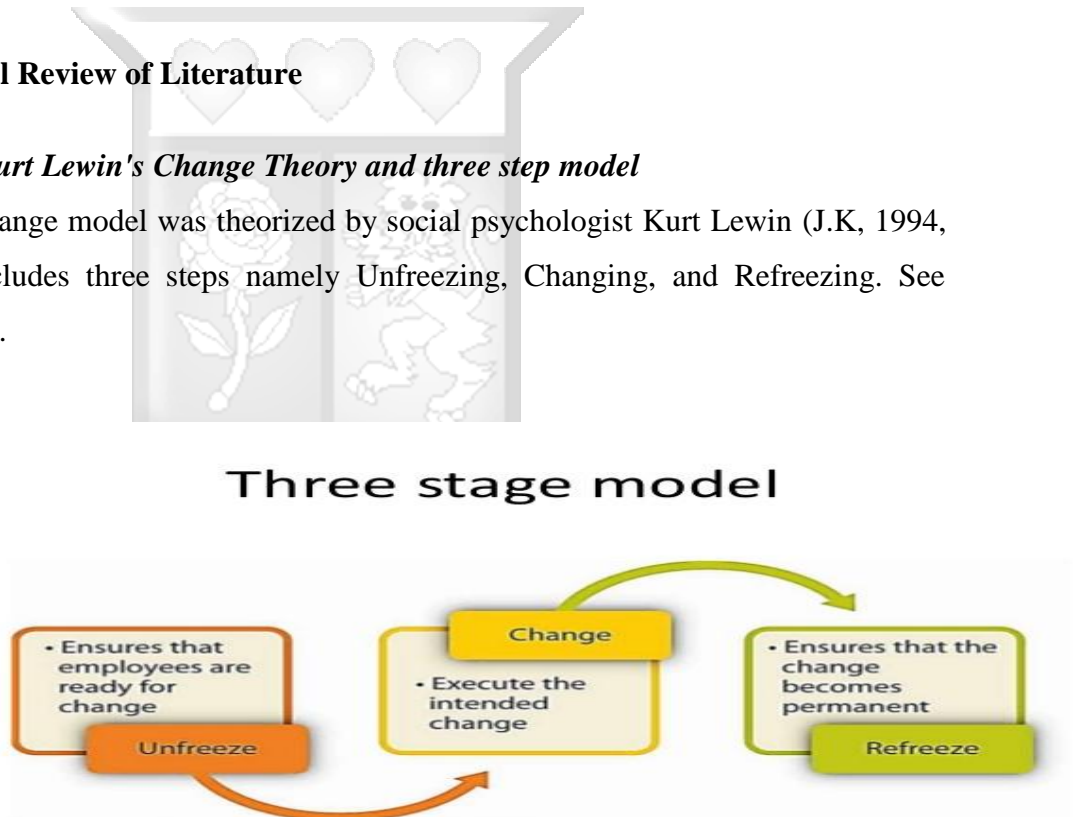


Figure 2.1: Lewin's theoretical model of organizational change. Adapted from organization development of leaders, 2013

The model posits that 'change is planned' while emphasizing that no matter the kind of change being implemented (i.e. structural, system or behavior-related), people are always at the center of change. The model places an emphasis on deflating barriers

to change by examining two forces in an organization including, driving forces and restraining forces. Driving forces encourage employees to change. Restraining forces on the other hand discourage employees from changing. The following is a description of stages of Lewin's Change Model as depicted in Figure 1 above.

Unfreezing-This is the preparatory stage. For change to materialize, driving forces must overcome restraining forces. Employees are more motivated than hesitant to change. People make preparation to undertake the required change. However, to get to this point, a lot of resistance, including, breaking old habits, as well as fear of the unknown must be overcome. The following tactics may be used to reduce resistance with regard to the banking field.

First, there ought to be communication. There is a need to keep employees updated about the anticipated change and how they will be impacted by change.

Next, there is need for training. Employees must be enlightened on how to reach expectations. Third, there must be employee involvement. This involves including certain employees in decisions regarding the change and allowing cross-pollination of ideas.

Third, there must be Stress management. This involves giving employees opportunities to discuss with someone their concerns regarding the change. You then must encourage negotiation by giving employees something they request for to persuade them to opt for the change. This should be followed by coercion where you give employees an "ultimatum" to choose the change or be let go.

The second last stage is changing and this occurs when the change finally takes place and people learn the new behaviors, systems, structures, etc.

Finally, there is refreezing and this is where change is reinforced. This is achieved through feedback and organizational rewards for demonstrating the desired behavior. In the present study however, attempts have been made to examine how structural, leadership and systems changes effects employee engagement in an organization undergoing receivership.

2.2.2 Transformational, Transactional and Laissez-Faire Leadership Models

The term transformational leadership was first coined by Downton (1973). The genesis of transformational leadership however began with the works of James

MacGregor Burns (Burns, 1978). In his writings, Burns set out to show the relationships in the roles of leadership and followership. He wrote of leaders as ‘people who tap the motives of followers to better reach the goals of leaders and followers (Northouse, 2013, pp. 186-210). According to Burns, leadership differs from power since it cannot be separated from subordinates’ needs. Burns differentiated between transactional and transformational leadership. Transactional leadership is practiced when leaders offer reward to their subjects for surpassing their goals. For example, an employer who give rewards in the form of promotions to an employee achieving their targets and goals. In the same way leaders and managers who promote employees for surpassing their goals are practicing transactional leadership (Northouse, 2013, p. 186). Conversely transformational leadership is about engaging with your followers in a manner that enhances the level of connection, morality and motivation between the two of you. The main aim however is to allow those in followership to reach full potential (Northouse, 2013).

Burns’ work received a major boost and was extended by Bass (1985) who suggested that both transactional and transformational forms of leadership occurs in a single continuum and were not mutually independent events. He also studied deeply the emotional elements and emergence of charisma by examining more closely the needs of followers contrary to the leaders where he concluded that although charisma was necessary, it was insufficient to explain transformational leadership (Yammarino, 1993). According to Bass, transformational leadership mobilizes and encourages those being led to surpass the norm as it raises their awareness on the value of set goals while encouraging them to forego their interests for the bigger picture of the organization (Northouse, 2013, p. 190). The present study is an attempt to examine how structural, systems and leadership changes effects employee engagement in an organization undergoing receivership.

2.2.2.1 Transformational Leadership Factors

The aim of transformational leadership is to develop the subordinates to realize their potential by focusing on their needs (Bass & Avolio, 1990).Transformational leadership is focused on collaboration, team building and motivation based on a set of

ideals and internal values that places the interests of an organization beyond an individual (Kuhnert, 1994). Transformational leadership is explained by four factors including Charisma (idealized influence), inspiration motivation, intellectual stimulation and individual consideration (Northouse, 2013). Charismatic leaders provide a good example to their followers who in turn follow them without question because of their high moral standing and example in a society (Antonakis, 2012). Inspirational motivation refers to leaders who motivate and encourage team spirit through emotional appeal and symbols to encourage subordinates achieve extra-ordinary results. (Northouse, 2013). Intellectual Stimulation is about leadership which supports and encourages creativity and innovation on the part of the subordinates (Northouse, 2013). Finally, Individualized Consideration is a type of leadership with systems and structures that addresses the specific needs of subordinates through coaching and advice geared to assisting employees to become actualized (Northouse, 2013).

2.2.2.2 Transactional Leadership Factors

Transactional leadership strives to ensure just the normal flow of things within an organization. It uses incentives and power to motivate employees to perform optimally. There is less emphasis on the development of subordinates. A transactional leader is not forward thinking with regard to positioning the organization for market dominance but rather managers are consumed with ensuring smooth flow of things today (Kuhnert, 1994). Transactional leadership is characterized by two factors namely Contingent Reward and management by exception (Northouse, 2013). Contingent Reward is where subordinates are rewarded for their efforts. For example, a university management that negotiates with a college professor about the quality and number of publications he/she needs to have written for them to receive tenure and promotion (Northouse, 2013). Management-by-Exception is leadership that is characterized by negative feedback/ reinforcement and corrective criticism. Management-by-exception can be active or passive. The active form of management-by-exception is where leaders observe subordinates for rule violations or mistakes and then institute corrective measures. Passive form on the other hand is where a leader intervenes only after subordinates fail to meet or keep the standards (Northouse, 2013).

2.2.2.3 Laissez-Faire (Nonleadership Factor)

Another factor is Laissez-Faire or non-leadership factor which represents behaviors that are non-transactional. This leadership falls on the extreme side of the transactional–transformational leadership continuum and it basically means the lack of leadership with the leader avoiding to take responsibility or helping subordinates to grow (Northouse, 2013). For example, a leader of a company with a lack of a clear long-term plan for the organization and meets less often with employees (Northouse, 2013).

2.2.3 Kahn’s Employee Engagement Model

The first usage of the phrase ‘employee engagement’ is attributable to the works of Kahn as reported in the Academy of Management Journal (Kahn, 1990). In his article, Kahn defined personal engagement as “the concurrent employment and expression of a person’s “preferred self” in a work norm that enhanced personal presence, active optimal work performance and connection to work and to co-workers (p.700)”.

Kahn (1990) argued that employee engagement could be emotional, cognitively or physically: and that these levels were significantly impacted by three psychological domains namely: safety, availability and meaningfulness. The three domains influenced employee perception of work and ultimately work output. Kahn defined meaningfulness as a self-positive return on investment in work performance. He also described psychological meaningfulness as a state workers undergo in exchange for cognitive, emotional and psychological energy expended in work. Moreover, employees report meaningfulness in work when they experience a sense of usefulness and value in their work. Meaningfulness in work is a pointer that workers were more dedicated thus showing engagement. Kahn (1990) also defined safety as capability to portray self with no fear for negative outcomes to one’s image or rank at the workplace.

The consistent and stable work-front enhanced the feeling of safety for employees thus enhancing their levels of engagement. Kahn defined availability as the ability to have physical, psychological and emotional resources” (Kahn, 1990) appropriate to perform work in this very moment. Availability was thus a measure of readiness by employees at work when distractions they experienced at work are also taken into account.

May, Gilson, and Harter (2004) in a bid to advance Kahn's works showed that all three of Kahn's (1990) psychological conditions were positively associated with work engagement. Moreover, they demonstrated that meaningfulness was correlated with role fit and job enrichment; supportive supervisor relations, rewarding co-worker enhanced employees' safety, while sticking to co-worker behavior and self-consciousness had opposite effects. Further findings by Shuck and Wollard (2010) demonstrated that earlier framework developed by Kahn (1990) provided a base for future understanding of employee engagement.

2.3 Empirical Review of Literature

2.3.1 Leadership change and employee engagement

Leadership is by far the most studied subject in management studies. Board structures and leadership styles are key elements of leadership. Board structure has to do with board size, their independence and gender diversity in banks or any other organization (Pathan & Faff, 2013). The term leadership style can be understood simply as a way to manage an organisation (Nie, 2008). It is the philosophy or set of principles by which the leader capitalises on the abilities of his people. Leadership style in essence is a leadership framework for doing not a procedure on how to do things (Nie, 2008). Xu and Thomas (2011) have demonstrated that leadership is a key precursor of employee engagement. Past studies demonstrate that certain leadership traits are correlated with engagement constructs including job satisfaction, organizational citizenship behavior, organizational commitment, motivation, and proactive behaviours. A trustworthy and supportive leader who strives to create a 'blame-free environment' enhances psychological safety, as observed by Kahn, hence leading to employee engagement (Xu & Thomas, 2011). Papalexandris and Galanaki (2009), identify two factors which are positively associated with engagement, namely, management and mentoring behaviours including power sharing, communication, assuring confidence to followers, articulation of vision characterized as inspirational, visionary, decisive and team-oriented. Interestingly, their study demonstrated that only certain leader behaviours are correlated with engagement, especially those that promote follower performance and which allowed subordinates to relate with organizational goals. Several other studies

undertaken in the last decade provide evidence for association between positive leader behaviours and follower attitude and behaviours related to engagement (Lee, 2005); (Judge & Piccolo, 2004); Griffin, Parker, and Mason (2010). Other studies have provided direct evidence of the correlation between leadership and employee engagement (Xu & Thomas, 2011). Yet, in another study, Atwater and Brett (2006) highlights three leadership behaviours, namely, performance-orientation, employee development and consideration. The first behaviour is coined task oriented where the last two are referred to as relationship-oriented. They further argue that 'employee engagement includes dimensions of work on which those in leadership can take action'. Alban-Metcalfe and Alimo-Metcalfe (2008) provide positive association between leadership and engagement variables such as organizational and job commitment, motivation and job satisfaction.

Studies analysing the effect of different leadership models on work and employee outcomes have shown that transformational leadership produce greater impact than transactional leadership. A meta-analysis involving 39 studies by Lowe, Kroeck, and Sivasubramaniam (1996) found that people who exhibited transformational leadership were more effective in leadership coupled with better work outcomes as opposed to those who practised transactional leadership. These findings were true for high and low cadre employee and for employees in both private and public sector. Transformational leadership encouraged followers to go beyond the norm. They were motivated to forego their own interests for the sake of the organization (Bass & Avolio, 1990). In another study involving 220 employees of a large public transport company in Germany, Rowold and Heinitz (2007) demonstrated that transformational leadership enhanced the influence of transactional leadership on employees' performance and company profit. Moreover they found that transformational leadership together with charismatic leadership qualities had unique constructs that showed some overlapping, though different from transactional leadership. Similarly, Nemanich and Keller (2007) studied the influence of transformational leadership among 447 workers from a large international firm undergoing a merger to form a new organization. Their study showed that transformational leadership behaviors including inspirational motivation, idealized influence, intellectual stimulation and individualized consideration were positively

correlated with acquisition success, performance and job satisfaction. Yet in another study by Tims, Bakker, and Xanthopoulou (2011) examining the association that exists between transformational leadership and work engagement involving 42 workers and their immediate supervisors in two different organizations in the Netherlands, it was revealed that employees became more engaged in their work when their supervisors increased subordinates' optimism by using transformational leadership style. These study results thus uphold the important role played by personal characteristics including optimism in the transformational leadership-performance process.

2.3.2 Structural change and employee engagement

According to Hunt (1970), every organization can be construed as having a function in society; a pattern of input; a pattern of output; a set of procedures (administrative, reporting lines and management processes) for converting inputs into outputs; and a pattern according to which it is put together. The concept of organization thus has a structural sense which expresses the anatomy of an organization or set of pre-planned relationships within an organization. Reporting lines is the way people in a company, organization are organized, with particular people managing other people (Armstrong, 2012). Management processes refers to the art and science of how work should be performed in an organization so as to ensure consistent outputs while noting improvement opportunities including reducing costs, execution times or error rates. It is about 'managing entire chains of events, activities and decisions that ultimately produce added value for an organization and its customers' (Dumas, La Rosa, Mendling, & Reijers, 2013). Administrative procedures on the other hand refer to a set or system of rules that govern the procedures for managing an organization in order to ensure efficiency, consistency, responsibility, and accountability.

Whereas the structural sense of organization is among the oldest and most thoroughly studied area in management (Drucker, 1974/1999), employee engagement is a fairly new concept, and no study has so far addressed the direct relationship between organizational structural change and employee engagement. However, a few studies have demonstrated the relationship between organizational structures and few employee engagements constructs.

Communication is one structural issue directly associated with employee engagement (MacLeod & Clarke, 2009; Wiley, Kowske, & Herman, 2010) Kahn 1992;Indeed, MacLeod and Clarke (2009) place a strong emphasize on clear communication from superiors to employees in order to relate their role with leadership vision. In a study investigating the association between Organizational Structure and Job Involvement in a technology-intensive, labour industrial enterprises, the results demonstrated significant differences in the organizational structure between labour and technology-intensive enterprises; with employees in a mechanistic structure tending to have low job involvement; whereas employees in an organic structure tend to have high job involvement (Celal, 2012). There was also a significant difference in job involvement between labour and technology-intensive enterprises; mechanistic structure was positively related to low job involvement; whereas organic structure was positively related to high job involvement (Celal, 2012). In another study investigating organizational structure and employee engagement related constructs including individual adaptive performance and job embeddedness; involving 216 employees of hotel establishments, the results indicated that organic organization structure had no direct effect on individual adaptive performance and job embeddedness (Pelin, Selahattin, & Mert, 2015). Moreover, mechanistic organization structure affected job embeddedness positively, while it had no effect on individual adaptive performance (Pelin et al., 2015).

2.3.3 Systems change and employee engagement

A system is a collection of parts which interact to function as a unit (Ackoff & Rovin, 2003). Systems change is concerned with how an organization makes decisions about programs, policies and resources in way that affects how it delivers services to its citizens (Foster-Fishman et al., 2007). The study examined innovation, policy and control changes as well as business process changes. Organizational innovation is the invention and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals (Birkinshaw, Hamel, & Mol, 2008). Business process change has to do with improvements companies put in place in the way they do business, producing goods and services more efficiently in order to increase profits (Harmon, 2007).Banks are

particularly concerned with efficiency, productivity, and with achieving the goals set for themselves with every employee understanding that achieving these goals is part of his or her job. Policy change on the other hand, “requires difficult changes in stakeholder coalitions, shifts in the structures and rules of implementing agencies, and new patterns of interaction” with many policy reform failures resulting from lack of attention to how reform implementation is organized (Crosby, 1996). Studies that show a direct relationship between systems change and employee engagement are scanty. Nevertheless, a past study has demonstrated that organizational systemic contradictions may bring about repetitive cycles involving employees. For example, “conflicting organizational demands for top-down and bottom-up management may challenge managers to engage and disengage in their teams” efforts (Luscher & Lewis, 2008). Engagement is also strongly affected by organizational characteristics related to organizational systems including, a culture of innovation and good internal communication (Council, 2004).

In order to promote an environment of engagement, organizational policies should ensure strong systems and strategies that promote and support engagement (Wellins, Bernthal, & Phelps 2015). These should be incorporated in selection and hiring systems, leadership training, coaching, skills training as well as influencing others, managing change, performance management and accountability systems that provide direction, support, and objective assessments (Wellins et al., 2015).

2.3.5 Employee engagement and organizational change

The present study conceptualises engagement as a role (Kahn, 1990; Rothbard, 2001) from which two levels are examined including, organisational engagement and work engagement. The most important and domineering roles for most employees are their work role and their role as members of a given organization. This is also based on the premise that people have multiple roles and research ought to examine engagement in multiple roles within organizations (May, Gilson, & Harter, 2004; Rothbard, 2001).

Organizational engagement is the extent to which employees identify with their organisation: its people, values, purpose, and culture (Kahn, 1990.). It is about the level of emotional connection employees feel toward their organisation; the passion and

enthusiasm they feel, and their motivation towards supporting the company's goals. Work engagement however refers to a positive, fulfilling work-related state of mind characterized by dedication, absorption and vigour (Schaufeli, Salanova, Gonzalez-Romá, & Bakker, 2002). Vigour is characterized by high levels of mental resilience as well as energy while on work, the ability add effort in one's work and persistence even when faced with difficulties. Dedication has to do with being 'strongly engaged in one's work while experiencing a sense of enthusiasm, significance, pride, challenge and inspiration' Absorption is however exemplified by being fully absorbed in one's work, with difficulties in detaching oneself from the said work even as time passes.

Past studies have demonstrated that engagement is influenced by all forms of organizational change, including merger and acquisition, receivership, strategy transformation and restructuring; with the most engaged employees remaining resilient during change process (Rubin , Oehler, & Adair, 2013). The proportion of actively disengaged employees however increases rapidly during these change times. According to Rubin et al. (2013), within a group of employees going through Merger and acquisition such as that experienced during receivership with significant impact on their job, the proportion of actively disengaged employees increases similarly to the other transformation categories, but the percentage of highly engaged employees is cut in half during those events (Rubin et al., 2013). More importantly, individual reactions to organizational changes fluctuate at various stages of the acquisition process. Immediately after receivership, merger or acquisition, more employees are engaged by the prospect of a new direction. However, the reality of these changes may cause employees to begin to disengage (Van Yperen & Hagedoorn, 2003). Decreased control and Increased job demands in the period following acquisition or merger were seen to increase fatigue and stress on the part of the employees (Van Yperen & Hagedoorn, 2003). However, as employees got controls of the job and became used to job demands, their engagement levels were seen to recover gradually. However, regardless of the type of change, the extent to which workers could see a clear future, identify with their organization, as well as strive toward organizational objectives seemed to be most significantly affected during change events (Rubin et al., 2013).

2.4 Review of Literature

2.4.1 Concept of Organizational Change

Organizational change elicit anxiety across the corporate hierarchy in even the best of times (Paulsen et al., 2005; Terry & Jimmieson, 2003). Even though change is implemented for positive reasons, employees often respond negatively toward change and resist change efforts. Change involves careful planning and a sensitive implementation phase coupled with consultation with, and involvement of the people affected by the changes. Management of change is a process that involves techniques and tools to manage people during business change period with a view of achieving the required business outcomes (Jeff, 2007). However according to Nickols (2006) the process of change as well as change management is one and the same thing. The similarity of change processes across organizations in different regions globally makes change management a unique process as well as an area requiring professionalism.

Organizational change is socially constructed with negotiated meaning whose outcomes is power relationships and supremacy (Grant, 2005). Managers in senior positions for example could be aware that jumpstarting strategic change process can, increase their credibility and influence within the organization (Staw and Epstein, 2000). Several studies have demonstrated problem areas for staff during organizational change (Covin & Kilmann, 1990; Lewis, 2000): Leader behavior is key since leaders provide support to employees as well as vision of the change besides modelling appropriate behavior. These steps aid in building stability during the change period and enhance employees' commitment to the process (Schweiger et al., 1987; Covin & Kilmann, 1990). Uncertainty about careers and roles (Ashford, 1988), fear or anxiety (Terry, Carey, & Callan, 2001), communication (Lewis, 2000), and new roles, relationships and skills (Rubenstein et al., 1996) are also important issues for employees. During this process some workers may have problems adapting to the new organization as some experience a sense of loss when they have to forget the old valued structures (Amiot, Terry, Jimmieson, & Callan, 2006). This holds true if a particular organizational culture exists.

In a systematic approach to identifying key issues during organizational change, Oreg (2006) proposed a model improving on that advanced by (Piderit, 2000). He

described change as a multi-dimensional process made of cognitive, affective and behavioral components. The cognitive part showed how one thinks about the change process; the affective part was about feelings on the change process whereas the behavioural component was about intentions to act in response to the change. In the context of a merger of two organizations Oreg (2006) model showed that when change outcomes were anticipated, this was associated with cognitive and affective dimensions of resistance. Perception of the change process was however associated with the behavioral dimension but sometimes cognitive as well as affective resistance. The resistance dimensions were found to be significantly linked to organizational outcomes including intention to quit, continued commitment and job satisfaction.

In an effort to identify effective management of organizational change, latest studies are now focusing on the processes underlying employee resistance with emerging evidence indicating that workplaces need to address employees' subjective experiences of change' (Oreg, 2006). Examining the subjective experience of employees during change may show that they are not necessarily 'resisting the change itself, but rather perceived undesirable outcomes of change' (Dent & Goldberg, 1999) or even the process of implementing the change. Thus, the current study aims to examine the effect of this change on employee engagement with IBLIR as a case study.

2.4.2 The Concept of receivership

Receivership refers to a situation in which an institution or organization is held by a receiver during periods of failing businesses when an institution cannot meet its financial obligations (Bubala & Melch, 2013; Sejpal, 2016).

Receivership when ordered by the courts enables change of management from the existing to new managers who take responsibility for the day to day operations of the organization. This could involve selling off assets on behalf of the shareholders or creditors. Court appointed receivers have been known to turn dying companies around as they ensure assets are protected as well as the integrity of the enterprise (Bubala & Melch, 2013). A receivership presents creditors or minority owners with a unique opportunity to take control of the future of the business.

Receivership should be differentiated from Reorganization or liquidation. The latter are known to occurs on bankruptcy which majorly depends on the choice of

management and agreement of shareholders. When management does not agree to bankruptcy, the organization continues operating even if it means it is making losses as the creditors and shareholders are helpless. However receivership allows creditors and shareholders to initiate a court process which in most cases culminates with the appointment of a receiver whose aim is to reorganize or liquidate the business (Bubala & Melch, 2013).

Receivership is thus a process of limiting the organization's liability. In some instances, it has even been utilized to initiate sale of property which could pose an environmental hazard as it gives a creditors power to initiate a court process aimed at selling off the property to repay the debt (Bubala & Melch, 2013).

2.4.3 Employee Engagement

Employees are the most treasurable asset for the organizations as well as the foundation stone of a workplace (Benhabib & Spiegel, 1994). They perform daily activities related to decision making, customer care, operating machines etc. They are indeed the yardstick of workplaces as they have the power to make them successful (Kreiger *et al.*, 1993) or bring them down if not satisfied with the status quo (Moorman, 1991).

Past studies have showed that engaged employees outperform those who are not engaged, with Kahn (1990) observing in his theory that “employee engagement is the harnessing organizations members’ selves to their work roles; in engagement, people express themselves cognitively, physically and emotionally during role performances”. From this theory, other views have been proposed on the subject: Cook (2008) has defined employee engagement is the willingness and ability of the worker to give sustained voluntary effort in order to assist his/her organization succeed. Armstrong (2012) describes employee engagement as that willingness and ability to go an extra mile. Robbins, Judge, and Campbell (2010) have defined employee engagement as one’s involvement, satisfaction as well as enthusiasm with the work they do.

Different meanings, interpretations and applications have been made with regard to the subject of employee engagement in literature: According to Gennard and Judge (2014), when engagement extends to the heart of the workplace relations, it becomes key to preventing obstacles experienced in workplaces. Macleod and Brady (2008) observe

that “engagement is a tool to engage to make your organization function better, without necessarily making your employees feel better”. They emphasize that engagement is key to a successful working environment and not a mechanism used to merely create a more satisfied workforce. Truss et al. (2006) have given a clearer definition on employee engagement; saying that it involves feeling positive about your job. Moreover, engaged workers are passionate, energetic, committed, immersed and dedicated in their work (Truss et al., 2006).

Engagement is not a binary outcome rather; engagement levels comprise a spectrum of behavior. There are several factors that lead to passive and active disengagement, Gatenby *et al.* (2008, p5) have developed a list of potential barriers to employee engagement: unpredictable management style which is largely based on the managers’ attitude leading to perception of sense of unfairness; poor work life balance due to long hours; poor communication and idea sharing linked to rigid channels of communication as well as a low perception of senior management. Incoherence in communication often leads to lack of clarity in the message and a poor time execution of the message; job positions with less or no skill required tend to contribute to high turnover. Employees in these positions have low levels of engagement and there is no consideration as to how to retain them. It is important that leadership styles are clarified in these moments in order to maintain engagement; attention should be paid to junior manager development in order for them to advance through the organization.

Macey, Schneider, Barbera, and Young (2009) have described engagement in two different forms. The first is when individuals are deprived of enough support to be engaged such as communication, trust and no challenge to their work. The second type of engagement is in the form of having too much support (Macey et al., 2009). Disengagement can affect an organization through various ways including absenteeism and employee turnover. Pech and Slade (2006) have emphasized that disengagement must be treated so as to prevent any implications on productivity.

2.4.3.1 Employee Engagement in the context of Leadership, banking Industry

Dale Carnegie Training teamed with MSW Research to study the functional and emotional elements that affected employees in banking Industry. A representative national sample of 150 banking workers showed that over one-third of those surveyed were "Fully Engaged" while about 1 in every 7 were "Disengaged". Moreover, the "Disengaged" and "Partially Disengaged" groups were 65% of the workforce. Employees in the technical area of Banking were the most engaged, followed by the Vice President level. Likewise, those with a salary of \$50,000 were also among the most engaged (Dale Carnegie & Associates, 2013).

The direction of the company and the confidence employees had in management were noted key for future success. Thirty-five percent of those sampled held the view that leadership was steering their companies on the right path, and nearly two-thirds of these people were engaged, whereas only one in five of those who disagreed were engaged. Increasing the number of employees who held that management was moving the organization in the right direction was seen to enhance employee engagement (Dale Carnegie & Associates, 2013). The belief that management was moving the organization in the right direction was the most important construct contributing to satisfaction with senior management, and in turn had the greatest influence on Employee Engagement. Satisfaction with top management leading to employee engagement also impacted favourably when banks provided opportunities for career growth, personal development as well as supported the idea of trying of new things.

Overall Satisfaction with the organization was the next important thing influencing employee Engagement. The five most important variables impacting overall satisfaction were, Satisfaction with senior management, pride in the organization worked for, corporation had strong ethics, Corporate philosophy reflected own values, and pride in the contribution organization made to the community. The last three items all contributed to pride in the company. The company could improve pride with strong ethics and contributions to the community laid out by senior management. Immediate

supervisors performed key roles; as were the link between the employees and the organization.

Employees who reported that their immediate supervisors provided a good example were found to be engaged. Unfortunately, only 32% of the sampled banking employees reported that they were provided with good by their immediate supervisors. The requirement for supervisors to provide a good example was thus found to boost engagement (Dale Carnegie & Associates, 2013).

2.5 Research Gaps

In the preceding chapter, we have reviewed literature and provided context for research on the influence of organizational change on employee engagement. The theoretical basis for the study were also presented and discussed as a prelude for understanding factors underpinning structural, leadership and systems changes within an organization. Although there is a clear theoretical and empirical grounding for the present study, none of the literature reviewed has examined the direct effect of organizational change on employee engagement. In a situation where research on employee engagement is present, the setting is in western countries with none existing for African Countries. Although a few empirical studies have examined the relationship between employee engagement related constructs such as job involvement and organizational structure, none have attempted to analyse this relationship in the context of organizations during receivership. Moreover, existing research remains limited on the relationship between organizational change and employee engagement for organizations placed under receivership. No known employee engagement research has been conducted within the Kenyan banking sector; as a result, there exists a gap in knowledge regarding the study of employee engagement within the industry. Moreover, there is a clear missing link between structural, leadership, and systems changes during organizational change and employee engagement. Yet a deeper understanding of the multidimensional processes of employee engagement during organizational change could lead to more successful change strategies and techniques to mitigate resistance to organizational change (Gilley et al., 2009). The present study thus attempts to bridge this

apparent gap. Building on the proposed model (see figure 2), structural, systems, and leadership changes are hypothesized to have both a direct and indirect relationship with employee engagement.

2.6 Conceptual Framework

Under the proposed study, organizational structural, leadership and systems changes (independent variables) were conceptualized to have an effect on employee engagement (dependent variables). See Figure 2.2

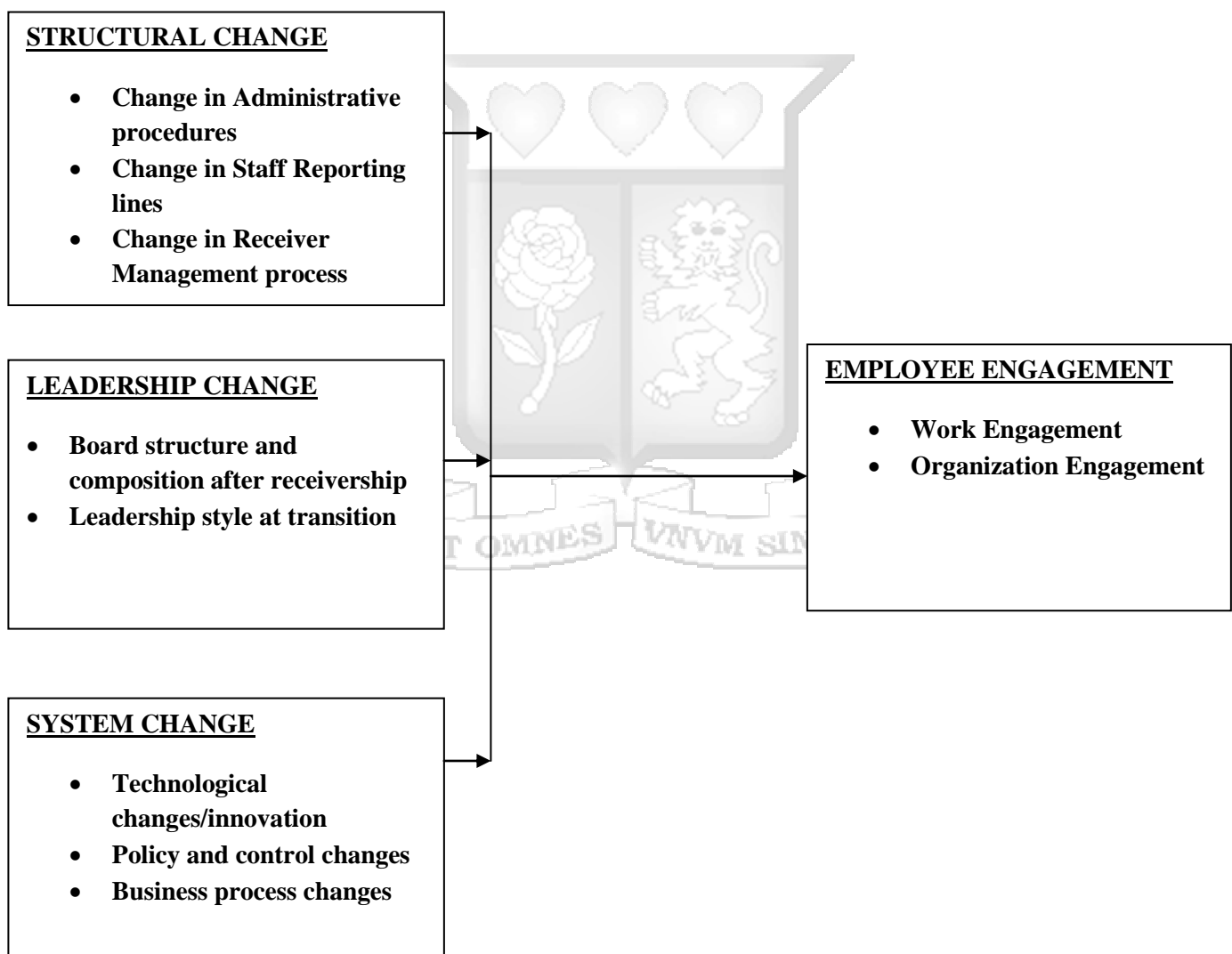


Figure 2.2: Conceptual Model, Researcher, 2017

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the study design and methods that were used as well as the research variables. It provides a broad view of the research instruments, the data collection techniques and data analysis procedures adopted in the study.

3.2 The Research Design

This study adopted a descriptive case study design since the unit of analysis was one organization, namely IBLIR. The case study design allows for in-depth exploration of issues under investigation (Yin, 2014). In this case, it allowed for in-depth investigation of organizational changes and restructuring practises and how it influenced employee engagement at IBLIR. According to Yin (2014), a case study offers a powerful form of investigation where a complete observation of social units is involved. A descriptive design allowed the researcher to gather numerical and descriptive data to assess the relationship between variables.

3.3 Population and sampling and sample size determination

The target population was 235 employees of IBLIR based on the 2017 internal register. The sample population involved top-level, middle-level, and low-level managers and employees of IBLIR drawn from this population across IBLIR branches in Nairobi, Kenya. A stratified systematic random sampling technique was adopted. Stratification was based on the three levels of management including: top-managers, middle-level and low-level managers. The sample population was stratified by the above job cadres to ensure equal representation after which random sampling was used to draw samples from each stratum. The sample size of 145 was used. This was arrived at by using the formula suggested by Fisher, Laing and Stoeckel (1985) as follows:

$$n = n_{z_{\alpha/2}}^2 pq/d^2 ; n = \frac{(1.96)^2 (0.50) \times (0.50)}{(0.50)^2} = 384$$

$$nf = \frac{n}{1+n/N} ; nf = \frac{384}{1+384/235} = 145$$

Where: nf = desired sample size (based on the population of less than 10,000).

N= the Population (in this case 235 members).

n = desired sample size (if target population is greater than 10,000)

z = the degree of confidence (in this case 95% confidence interval, $\alpha=1.96$)

p = the proportion in the target population estimated to have characteristics being measured. 50% chosen as recommended by Fisher et al., (1985)

d = the level of statistical significance (set at 5%).

Therefore, the sample population was 145 respondents drawn from IBLIR branches in Nairobi, Kenya.

3.4 Data Collection Methods

Primary data measuring organizational change variables (leadership, structural and systems) were collected through a self-administered semi structured questionnaire (Appendix I) which was developed in consultation with supervisors and also as guided by the literature. The research instrument enabled the researcher to gather large amounts of data within a shorter period of time. The questionnaire was divided into three main parts as follows: 1) Background information of the respondents" including demographic characteristics such as age, gender, level of education, bank branch; 2) Perception of organizational change during receivership and 3) The influence of organizational change on employee engagement. Employee engagement was assessed using the Utrecht Work Engagement Scale (UWES) questionnaire. Since almost all employees had emails an online questionnaire was sent to the respondents in consultation with branch receiver manager. Follow-up emails and SMS were used to ensure maximum responses from the respondents are achieved.

3.5 Data analysis

Quantitative data were entered, cleaned and analysed using Statistical Package for Social Sciences (SPSS) version 23.0. Descriptive statistics were performed for first-line exploration of the data and results presented using tables, charts and graphs. Pearson's Product Moment Correlation (r) was used to show the direction and strength of the relationship between the variables involved. Multivariable regression was adopted to predict the dependent variable (employee engagement) using the predictor variables (Structural, systems and leadership changes) using a model based on the equation $Y' = b_0 + b_1X_1 + b_2X_2 + b_3X_3$ where Y is employee engagement, b_0 is the y-intercept, X_1 , X_2 and X_3 are the 3 explanatory variables (structural, systems and leadership change) and b_1 , b_2 and b_3 are their corresponding slopes at $p < 0.005$.

3.6 Research Quality

3.6.1 Objectivity of the Study

The study research assistants underwent some training on objective data collection procedures. A pilot study was done to ascertain the appropriateness of data collection instruments, identify any issue that could affect their administration besides correcting areas where ambiguity and weaknesses were identified. This allowed room to the research assistants to acquaint themselves with the research instruments. The pilot study was conducted at one IBLIR bank branch in Nairobi, where each of the enumerators administered the questionnaires to four employees randomly picked. These very employees were marked to prevent them from a repeat participation in the study.

3.6.2 Reliability of the Study

Reliability refers to the degree to which a measuring procedure, test or experimental procedure produces similar results when repeatedly done. Reliability in internal consistency of the study instruments was assessed using Cronbach's Alpha. All the variables were reliable as they had an Alpha coefficient of above 0.7 (George & Mallery, 2003).

3.6.3 Validity of the Study

Validity is the extent to which a study accurately assesses the exact concept that the researcher was attempting to measure. Validity was concerned with the study's ability to measure what the researcher was trying to measure. In this study construct validity was determined through convergent validity tests. Convergent validity is the degree to which the scale correlates in the same direction with other measure of the same construct; in practice, items exhibit homogeneity within the same construct. Items were presumed valid only when they demonstrate high item to total correlations and high loadings on the intended factors (above 0.60).

3.7 Ethical Considerations

There is agreement among researchers that studies involving human participants should be performed with the participants' informed consent (Nachmias & Nachmias, 1996). Ethical considerations were found pertinent to this study based on the nature of the problem, and the type of persons serving as research participants for example employees possibly disengaged with IBLIR as a preferred work station. Hence the study took cognizance of the sensitivity of the issues it was investigating that could lead to concealment of the real data required from the participants. Study participants were required to give informed consent. Participants were informed of the nature of the study and allowed to choose whether to take part or not. Permission to undertake the study was obtained from the IBLIR management and the Receiver Manager of KDIC. Anonymity, confidentiality and privacy of the study subjects were safeguarded. Furthermore, the study was undertaken after approval by Strathmore University Institutional Review Board.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter details and presents the analysis and findings of this study. The main objective of the study was to determine the effect of organisational changes during receivership on employee engagement, a case study of IBLIR. Questionnaires were printed and administered to the Staff/employees of IBLIR

The findings are outlined per specific objectives of the study and are based on the responses from the face-to-face interviews and data gathered as per the research questions. This section will highlight the findings based on the general information from the respondents and the specific objectives of the study

- i. To determine the effect of structural changes on employee engagement at IBLIR
- ii. To assess the effect of leadership changes on employee engagement at IBLIR
- iii. To assess the effect of system changes on employee engagement at IBLIR

4.2 Response Rate

The data gathered is outlined in this chapter for quantitative and qualitative purposes. All responses received were coded, analysed by use of SPSS version 21 and presented in form of frequencies, percentages, means and charts. These findings were discussed in detail.

Table 4.1: Response Rate

	Questionnaires Administered	Questionnaires Returned	Filled & Percentage
Respondents	145	88	60%

The study targeted a sample size of 145 respondents from the company, all questionnaires were administered and 88 were returned making a response rate of 60% as shown in table 4.1 above.

4.3 Demographic Information

According to the study findings, 38.6% of the respondents were between 31-35 years of age, 23.9% were between, 55% of the respondents were male while 45% were female, 59.8% of the respondents were married, 26.4% were single while 12.6% were in a relationship, 67% of the respondents had attained a bachelor’s degree as their highest level, 14% had a master’s degree, 16% had a diploma while 3% had an O level certification. 43.2% of the respondents had served in the bank for less than 5 years, 40.9% had served between 6-10 years, 13.6% had served between 10-15 years while 2% had served for more than 16 years. 50% of the employees are earned a monthly remuneration of above Ksh 100,000, 40% earned between Ksh 50,000 – 100,000, 9% earned between Ksh 30,000-50,000 while 1% earned less than Ksh 30,000

4.3.1 Age of the Respondents

The findings in figure 4.1 shows that 38.6% of the respondents were between 31-35 years of age, 2.3% were between 20-25 years of age.

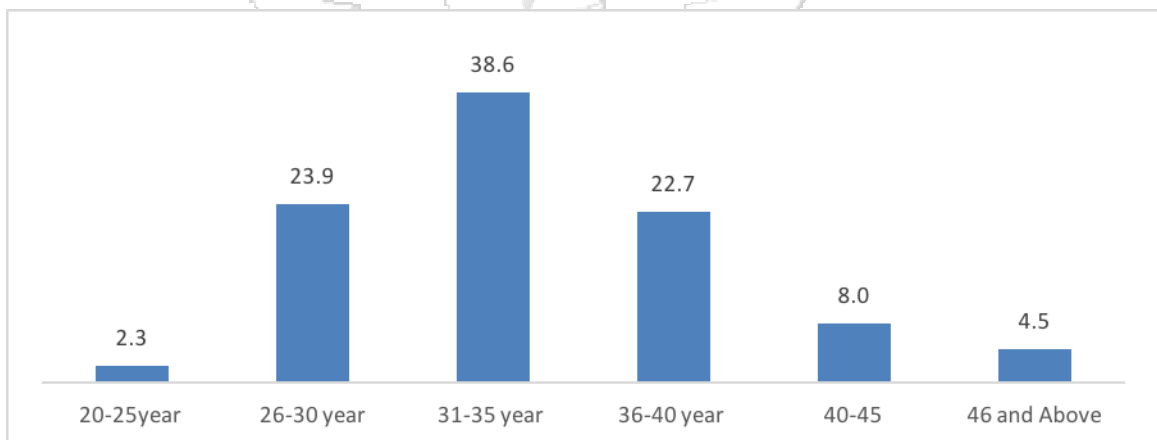


Figure 4.1:Age Categories of Respondents

4.3.2 Gender of the Respondents

The study sought to find out the gender of the respondents. It captured the gender of the respondents. Figure 4.2 shows the response.

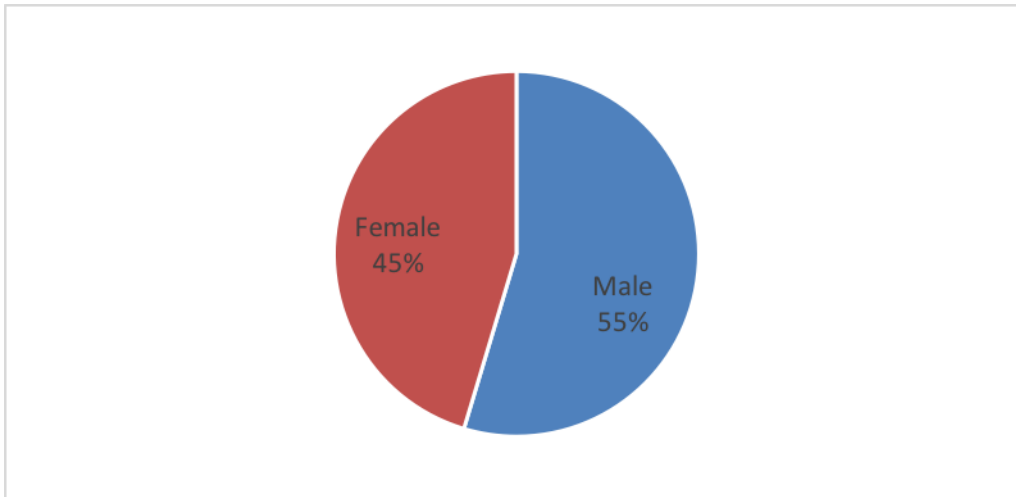


Figure 4.2: Gender of Respondents

Figure 4.2 shows that 55% of the respondents were male while 45% were female. These findings indicate that there were slightly more male respondents as compared to the females. The figure indicates that there is no significant variation of responses and that Imperial is an equal opportunity employer.

4.3.3 Marital Status in the Organization

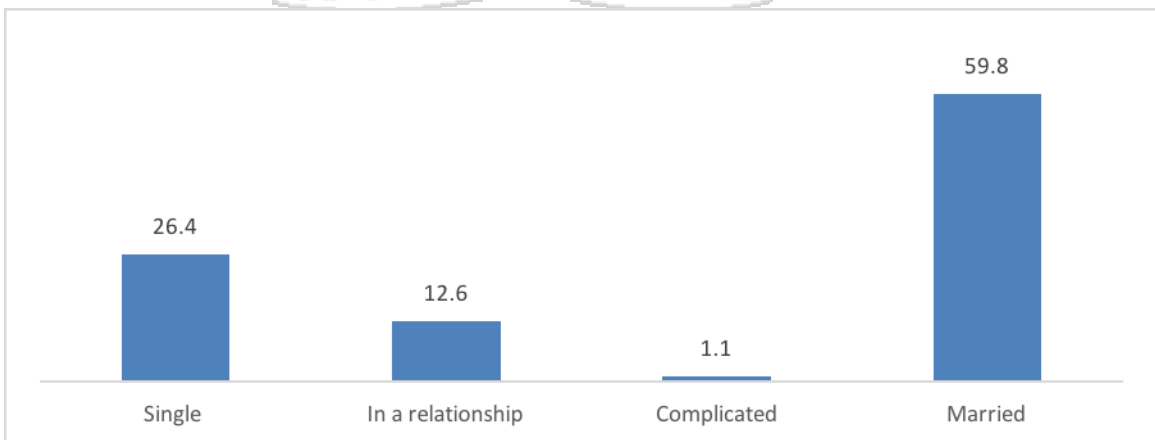


Figure 4.3: Marital status of respondents

59.8% of the respondents were married, 26.4% were single while 12.6% were in a relationship.

4.3.4 Respondent's Educational Level

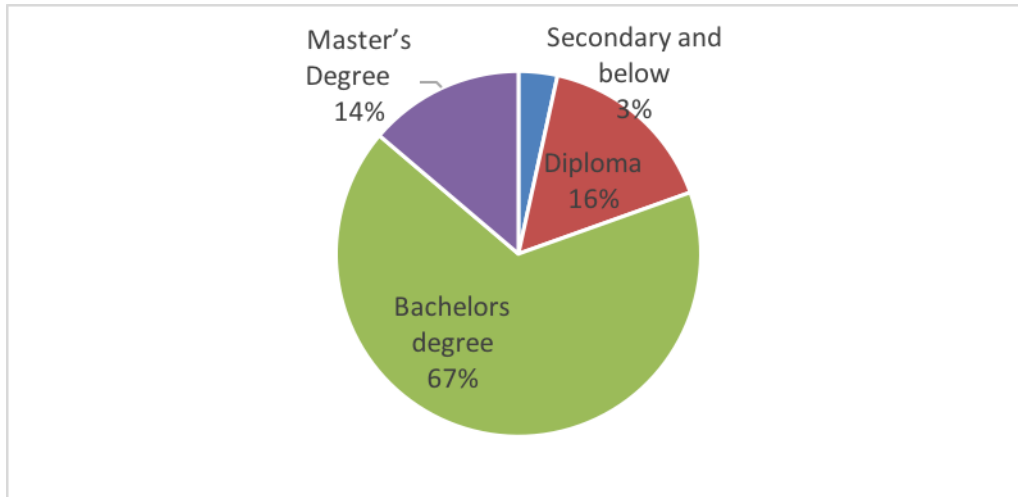


Figure 4.4: Education level of respondents

67% of the respondents had attained a bachelor's degree as their highest level, 14% had a master's degree, 16% had a diploma while 3% had an O level certification.

4.3.5 Length of Service

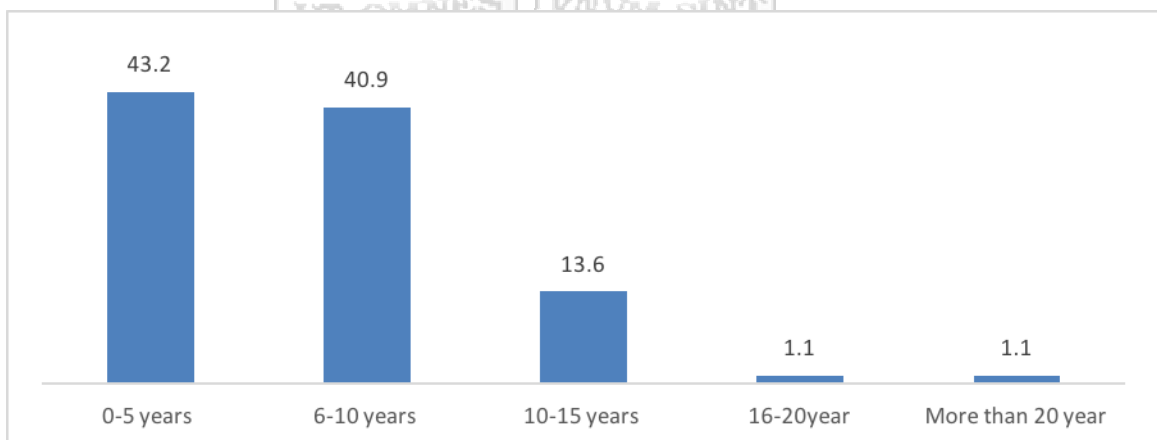


Figure 4.5: Length of service

43.2% of the respondents had served in the bank for less than 5 years, 40.9% had served between 6-10 years, 13.6% had served between 10-15 years while 2% had served for more than 16 years.

4.3.6 Monthly Remuneration

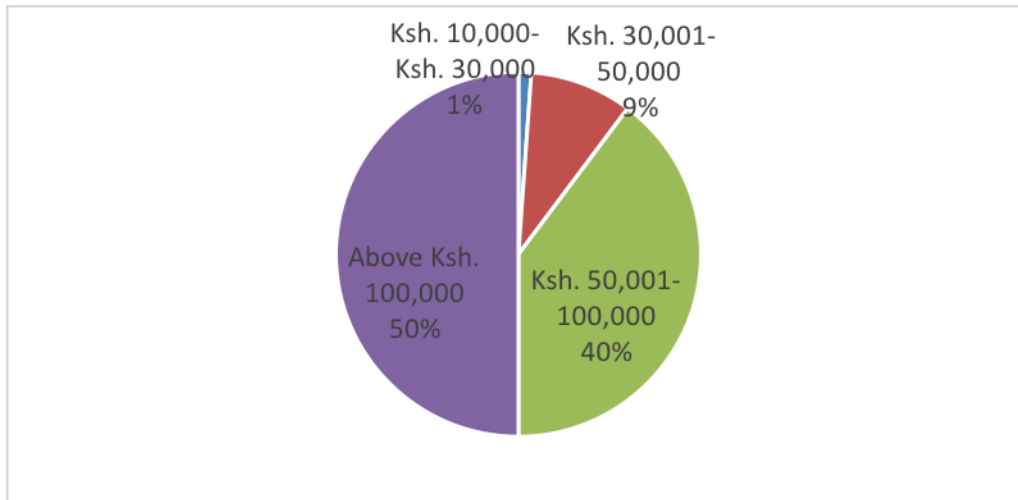


Figure 4.6: Monthly Remuneration

50% of the employees are earned a monthly remuneration of above Ksh 100,000, 40% earned between Ksh 50,000 – 100,000, 9% earned between Ksh 30,000-50,000 while 1% earned less than Ksh 30,000.

4.4 Employee Engagement

The study was to determine the influence of organisational changes during receivership on employee engagement at IBLIR. The results are presented in table 4.1, from a list of attributes relating to employee engagement. The respondents a set of questions on different items and rated them on a 7-point likert scale which sought their opinion on work environment.

Table 4.2: Employee Engagement

Attribute/Response	Never	Almost Never	Rarely	Sometimes	Often	Very often	Always	Mean
At my work, I feel bursting with	17.4	7.0	20.9	37.2	5.8	5.8	5.8	3.5

energy.								
I find the work that I do full of meaning and purpose.	10.5	11.6	12.8	26.7	18.6	5.8	14.0	4.0
It is difficult to detach myself from my job	16.7	11.9	21.4	28.6	10.7	4.8	6.0	3.4
At my job, I feel strong and vigorous.	14.0	11.6	16.3	26.7	14.0	10.5	7.0	3.7
I am enthusiastic about my job.	9.4	18.8	17.6	18.8	16.5	5.9	12.9	3.8
I can continue working for very long periods at a time.	18.4	9.2	18.4	23.0	9.2	10.3	11.5	3.7
My job inspires me.	18.6	8.1	11.6	29.1	17.4	4.7	10.5	3.7
When I get up in the morning, I feel like going to work	17.2	9.2	6.9	34.5	17.2	3.4	11.5	3.8
I feel happy when I am working intensely	9.4	5.9	10.6	12.9	27.1	20.0	14.1	4.6
I am proud of the work that I do	9.2	3.4	14.9	25.3	9.2	14.9	23.0	4.6
I am immersed in my work.	14.9	9.2	16.1	17.2	20.7	9.2	12.6	4.0
To me, my job is challenging	22.4	15.3	16.5	20.0	12.9	7.1	5.9	3.3
I get carried away when I am working.	23.5	10.6	16.5	25.9	10.6	8.2	4.7	3.3
At my job, I am very resilient, mentally	14.6	7.3	9.8	19.5	24.4	14.6	9.8	4.1

Table 4.1 of the study found that the highest rated employee engagement attribute was being proud of the work the individual does with a mean of 4.6 with 23% of the respondents strongly agreeing with the statement, and 14.9% agreeing with the statement. This was followed by feeling happy when working intensely with a mean of 4.6 with 20% agreeing with the statement and 14% strongly agreeing with the statement. The least score attribute was getting carried away when working with a mean of 3.3 with 40% of the respondents disagreed with the statement.

4.5 Cross Tabulation for the Dependent and Independent Variables

Cross tabulation for the Dependent and independent variables carried out on mean by the various demographics characteristics. The four clusters is computation average of the attributes represented under each category.

Thus: Employee engagement (14 variables: Table 4.2) : Leadership change (6 variables :- Table 4.3) System change (6 variables :- Table 4.4) : Structural change (8 variables :- Table 4.5).

4.5.1 Employee Engagement Cross tabulation

Employee engagement was calculated on a 7 point likert scale with 1 being the least score representing never and 7 the highest score representing always, the mid point 3.5 represents sometimes. As the mean tends to move towards 7 indicates the respondents always adhered to the statements related to employee engagement.

Table 4.3: Employee Engagement Cross tabulation

Age	Mean	Marital Status	Mean
20-25years	3.2667	Single	3.5519
26-30 years	3.4510	In a relationship	3.4417
31-35 years	4.1188	Complicated	
36-40 years	3.8583	Married	3.9073
40-45 years	3.3619	Total	3.7562
46 and Above	3.4889		
Total	3.7598	Education	
Gender		Secondary and below	4.6667
Male	3.9860	Diploma	4.1417
Female	3.4733	Bachelors degree	3.7275
Total	3.7598	Master's Degree	3.4667
Service		Total	3.7801
0 - 5 years	3.4600	Remuneration	
6 - 10 years	4.1738	Ksh 10,000 - 30,000	2.3333
10 - 15 years	3.3500	Ksh 30,001 - 50,000	3.8095
16 - 20 years	3.2667	Ksh 50,001 - 100,000	4.0138
More than 20 years	4.9333	Above Ksh 100,000	3.5570
Total	3.7598	Total	3.7598

Mean(min 1; Max 7) 7 point scale

From the table above, the age bracket between 31-35 years were are the most engaged and the least being 20-25 years. As per the gender, male were more engaged compared to the female. Under service, those who worked more than 20 years were highly engaged

and the least were between 16-20 years. Under Marital status, the married staff were more engaged and the least being the ones in a relationship. Under education, the ones who had attained the secondary level were more engaged as compared to the ones who had attained a master degree. Lastly under remuneration, the staff earning between Ksh 50,001 - 100,000 were more engaged and the ones earning Ksh 10,000 - 30,000 were the least engaged.

4.5.2 Leadership change cross tabulation

Leadership change was calculated on a 5 point likert scale with 1 being the least score representing strongly disagree and 5 the highest score representing strongly agree, the midpoint 2.5 represents neither agree nor disagree with the statements. As the mean tends to move towards 5 indicates the respondents agreed with the statements related to leadership change.

Table 4.4: Leadership change cross tabulation

Age	Mean	Marital Status	Mean
20-25years	1.8333	Single	2.4773
26-30 years	2.4444	In a relationship	2.5667
31-35 years	2.5860	Complicated	3.0000
36-40 years	2.2500	Married	2.2755
40-45 years	2.1905	Total	2.3740
46 and Above	1.6250	Education	
Total	2.3795	Secondary and below	2.9444
Gender		Diploma	2.4167
Male	2.5189	Bachelors degree	2.4394
Female	2.2222	Master's Degree	1.9667
Total	2.3795	Total	2.3963
Service		Remuneration	
0 - 5 years	2.3426	Ksh 10,000 - 30,000	1.1667
6 - 10 years	2.5286	Ksh 30,001 - 50,000	2.3750
10 - 15 years	1.8833	Ksh 50,001 - 100,000	2.4755
16 - 20 years	2.5000	Above Ksh 100,000	2.3292
More than 20 years	3.3333	Total	2.3795
Total	2.3795		

Mean : Min 1; Max 5) 5 point scale

From the table above, the age bracket between 31-35 years felt that leadership change affected employee engagement and the least being 46 and above years. As per the gender, male felt leadership change affected employee engagement as compared to the female. Under service, those who worked more than 20 years felt leadership change

affected employee engagement and the least being between 10-15 years. Under Marital status, the complicated group felt leadership change had a great effect on employee engagement and the least being the married group. Under education, the ones who had attained the secondary level and below felt leadership change had a great effect on employee engagement as compared to the ones who had attained a master degree. Lastly under remuneration, the staff earning between Ksh 50,001 - 100,000 felt leadership change and had a great effect on employee engagement and those ones earning between Ksh 10,000 - 30,000 felt it had the least effect.

4.5.3 System change cross tabulation

System change was calculated on a 5 point likert scale with 1 being the least score representing strongly disagree and 5 the highest score representing strongly agree, the midpoint 2.5 represents neither agree nor disagree with the statements. As the mean tends to move towards 5 indicates the respondents agreed with the statements related to system change.

Table 4.5: System change cross tabulation

Age	Mean	Marital Status	Mean
20-25years	2.0000	Single	2.5227
26-30 years	2.7460	In a relationship	2.6212
31-35 years	2.5051	Complicated	3.3333
36-40 years	2.6389	Married	2.4667
40-45 years	1.8095	Total	2.5119
46 and Above	2.2500	Education	
Total	2.5118	Secondary and below	1.9444
Gender		Diploma	2.4524
Male	2.5985	Bachelors degree	2.5576
Female	2.4187	Master's Degree	2.6389
Total	2.5118	Total	2.5298
Service		Remuneration	
0 - 5 years	2.4820	Ksh 10,000 - 30,000	2.0000
6 - 10 years	2.6019	Ksh 30,001 - 50,000	2.2083
10 - 15 years	2.3500	Ksh 50,001 - 100,000	2.5784
16 - 20 years	1.1667	Above Ksh 100,000	2.5278
More than 20 years	3.3333	Total	2.5118
Total	2.5118		

Mean : Min 1; Max 5) 5 point scale

From the table above, the age bracket between 26-30 years felt that system change affected employee engagement and the least being between 40 and above years. As per

the gender, male felt system change affected employee engagement as compared to the female. Under service, those who worked more than 20 years felt system change affected employee engagement and the least being between 10-15 years. Under Marital status, the complicated group felt system change had a great effect on employee engagement and the least being the married group. Under education, the ones who had attained Master degree and Bachelor degree felt system change had a great effect on employee engagement as compared to the ones who had attained secondary certificate and below. Lastly under remuneration, the staff earning between Ksh 50,001 - 100,000 felt system change and had a great effect on employee engagement and those earning between Ksh 10,000 - 30,000 felt it had the least effect.

4.5.4 Structural change cross tabulation

Structural change was calculated on a 5 point likert scale with 1 being the least score representing strongly disagree and 5 the highest score representing strongly agree, the mid point 2.5 represents neither agree nor disagree with the statements. As the mean tends to move towards 5 indicates the respondents agreed with the statements related to structural change.

Table 4.6: Structural change cross tabulation

Age	Mean	Marital Status	Mean
20-25years	2.5625	Single	2.3810
26-30 years	2.6938	In a relationship	2.8875
31-35 years	2.5492	Complicated	2.5000
36-40 years	2.2171	Married	2.3702
40-45 years	2.0357	Total	2.4360
46 and Above	2.0625	Education	
Total	2.4441	Secondary and below	1.6250
Gender		Diploma	2.2292
Male	2.4694	Bachelors degree	2.5797
Female	2.4156	Master's Degree	2.2500
Total	2.4441	Total	2.4524
Service		Remuneration	
0 - 5 years	2.5101	Ksh 10,000 - 30,000	
6 - 10 years	2.5321	Ksh 30,001 - 50,000	2.5938
10 - 15 years	2.0682	Ksh 50,001 - 100,000	2.5857
16 - 20 years	1.0000	Above Ksh 100,000	2.2976
More than 20 years	2.5000	Total	2.4441
Total	2.4441		

Mean : Min 1; Max 5) 5 point scale

From the table above, the age bracket between 26-30 years felt that structural change affected employee engagement and the least being between 40-45 years. As per the gender, male felt structural change affected employee engagement as compared to the female. Under service, those who worked between 0-5 years, 6-10 years and more than 20 years felt structural change affected employee engagement and the least being between 16-20 years. Under Marital status, those in a relationship felt structural change had a great effect on employee engagement and the least being the single and the married group. Under education, the ones who had attained the bachelors degree felt structural change had a great effect on employee engagement as compared to the ones who had attained a secondary level and below. Lastly under remuneration, the staff earning between Ksh 30,001 - 50,000 and between Ksh 50,001 - 100,000 felt structural change and had a great effect on employee engagement and those ones earning above Ksh 100,000 felt it had the least effect.

4.6 Leadership Change

The study was to determine the influence of leadership changes during receivership on employee engagement at IBLIR. The results are presented below 71% of the respondents indicated that the board composition has changed in the last two years.

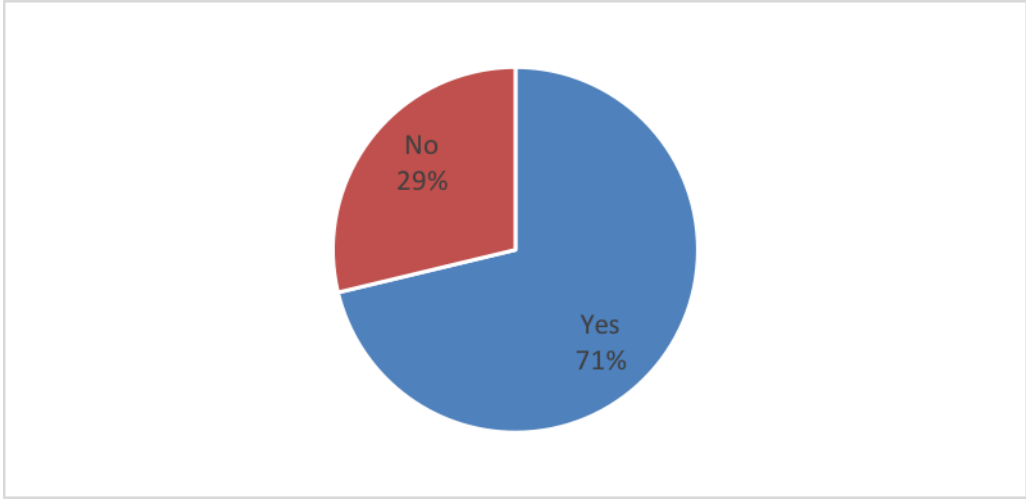


Figure 4.7: Change on board membership

The study was to determine the influence of leadership changes during receivership on employee engagement at IBLIR. The respondents were asked to indicate their level of

agreement or disagreement with attributes relating to system on a 5 point likert scale where 1= Strongly Disagree and 5= Strongly Agree.

Table 4.7: Leadership Change

Attribute	Response					Mean
	Strongly disagree	Disagree	Neither	Agree	Strongly agree	
Control and decision making by the receiver manager has enhanced efficiency during receivership	33.3	29.8	21.4	10.7	4.8	2.2
Receiver manager communicates on various phases of change	32.1	34.5	15.5	14.3	3.6	2.2
Receiver manager talk to employees about what should change, more than they tell them what will change	31.3	30.1	14.5	19.3	4.8	2.4
Receiver manager talk optimistically about the future on the change	27.4	29.8	17.9	17.9	7.1	2.5
There is support and guidance by the receiver manager on the change process	22.6	41.7	20.2	13.1	2.4	2.3
The leadership style has influenced the engagement level in the organization	28.6	19.0	20.2	17.9	14.3	2.7

Table 4.2 of the study found that the highest rated leadership change attribute was leadership style has influenced the engagement level in the organisation with a mean of 2.7 with 17.9% of the respondents agreeing with the statement, and 14.3% strongly agreeing with the statement. This was followed by receiver manager talk optimistically about the future with a mean of 2.5 with 17.9% agreeing with the statement and 7% strongly agreeing with the statement. The least score attribute was control and decision making by the receiver manager enhanced efficiency during receivership with a mean of 2.2 with 62% of the respondents disagreed with the statement.

4.7 System Change

The study was to determine the influence of system changes during receivership on employee engagement at IBLIR. The respondents were asked to indicate their level of agreement or disagreement with attributes relating to system on a 5 point likert scale where 1= Strongly Disagree and 5= Strongly Agree.

Table 4.8: Systems Change

Attribute	Response					Mean
	Strongly disagree	Disagree	Neither	Agree	Strongly agree	
The information system changes have enhanced security in the Bank in the last two years	17.6	25.9	21.2	31.8	3.5	2.8
The centralization of information systems has enhanced efficiency levels for staff in the last two years	20.7	27.6	21.8	28.7	1.1	2.6
The centralization of information systems has enhanced customer satisfaction in the last two years	28.7	32.2	24.1	13.8	1.1	2.3
Managers and employees are encouraged to take risks, be innovative, and look for new and better business solutions	33.3	32.2	17.2	16.1	1.1	2.2
Control of password management by the receiver manager has enhanced security at the bank	17.2	25.3	24.1	29.9	3.4	2.8
The control of branch approvals by the receiver manager has enhanced efficiency	24.1	26.4	29.9	18.4	1.1	2.5

Table 4.3 of the study found that the highest rated system change attribute was information system change has enhanced security in the bank with a mean of 2.8 with

31.8% of the respondents agreeing with the statement, and 3.5% strongly agreeing with the statement. This was followed by control of password management by the receiver manager has enhanced security at the bank with a mean of 2.8 with 29.9% agreeing with the statement and 3.4% strongly agreeing with the statement. The least score attribute was managers and employees are encouraged to take risks, be innovative, look for new and better solutions with a mean of 2.2 with 66% of the respondents disagreed with the statement.

4.8 Structural Change

The study was to determine the influence of structural changes during receivership on employee engagement at IBLIR. The respondents were asked to indicate their level of agreement or disagreement with attributes relating to system on a 5 point likert scale where 1= Strongly Disagree and 5= Strongly Agree.

Table 4.9: Structural Change

Attribute	Response					Mean
	Strongly disagree	Disagree	Neither	Agree	Strongly agree	
Communication flows both up and down in the organization	33.7	39.5	9.3	15.1	2.3	2.1
The number of persons a manager supervises have increased in the last two years	37.9	41.4	9.2	8.0	3.4	2.0
I'm fully involved in the current change processes taking place at IBLIR	22.1	30.2	18.6	20.9	8.1	2.6
I have been given the full support I require to implement/support the change process taking place at IBLIR	20.7	32.2	26.4	16.1	4.6	2.5
Rules and procedures have greatly increased in the last two years	17.2	31.0	16.1	25.3	10.3	2.8
Most organizational levels have been eliminated	10.3	19.5	17.2	39.1	13.8	3.3
More employees have been empowered to make	42.5	40.2	9.2	8.0		1.8

decisions in the last two years						
There has been a high degree of interaction and cooperation between organizational work units in the last two years	28.7	28.7	17.2	21.8	3.4	2.4

Table 4.4 of the study found that the highest rated structural change attribute was most organisational levels have been eliminated with a mean of 3.3 with 39% of the respondents agreeing with the statement, and 13.8% strongly agreeing with the statement. This was followed by rules and procedures have greatly increased in the last two years with a mean of 2.8 with 25% agreeing with the statement and 10.3% strongly agreeing with the statement. The least scored attribute was more employees have been empowered to make decisions in the last two years with a mean of 1.8 with 57% of the respondents disagreed with the statement.

4.9 Correlation

The study sought to understand the relationship between the three main independent factors leadership change, system change and structural change with the dependent variable employee engagement. Pearson's correlation was run to determine the relationship between independent factors internally as well as with the dependent factor.

Table 4.10: Correlations Matrix

		Correlations			
		Employee Engagement	Leadership Change	System Change	Structural Change
Employee Engagement	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	88			
Leadership Change	Pearson Correlation	.291*	1		
	Sig. (2-tailed)	.020			
	N	88	83		
System Change	Pearson	.468**	.565**	1	

	Correlation Sig. (2-tailed) N	.000 87	.000 81		
Structural Change	Pearson Correlation Sig. (2-tailed) N	.220 .076 86	.570** .000 80	.619** .000 82	1 85

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation measure as shown in table 4.5 above outlined the association between employee engagement and leadership change was statistically significant ($r = .291, n = 88, p < .05$), between employee engagement and system change was statistically significant ($r = .291, n = 88, p < .05$), between employee engagement and structural change was statistically significant ($r = .220, n = 86, p < .05$).

The correlation matrix concludes that there is strong association between structural change and system and change, also between leadership change and system change. Though there is a weak association between employee engagement and leadership & structural change, yet we see moderate association between employee engagement and system change.

Thus, concluding that there is statistically significant association between the independent variables and the dependent variable.

5.0 Regression

Linear regression analysis was conducted to investigate the joint causal relationship between the independent (leadership, structural and system change) and dependent (employee engagement) variables. A regression model analysis was used because a different scale (5 point likert scale) was used to collect data for independent variables while categorical data was used to collect data for the dependent variables.

Table 4.11: Regression Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the

				Estimate
1	.463 ^a	.214	.174	1.20096

a. Predictors: (Constant), Structural Change , Leadership Change , System Change

The model summary indicated that the model represented 46% of the probability that the independent variables affect the dependent variable. However, we have a low r^2 and adjusted r^2 that indicated the independent attributes impacted to a small extent the dependent variable.

Table 4.12: ANOVA Summary

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	22.807	3	7.602	5.271	.003 ^b
Residual	83.653	58	1.442		
Total	106.460	61			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Structural Change , Leadership Change , System Change

ANOVA results were presented in table 4.7 above indicating that the overall model was statistically significant thus indicating that structural change, leadership change and systems change affect employee engagement within IBLIR.

Table 4.13: Coefficients Summary

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.303	.595		3.869	.000
Leadership Change	.142	.210	.099	.679	.500
System Change	.767	.239	.484	3.216	.002
Structural Change	-.313	.295	-.161	-1.063	.292

a. Dependent Variable: Employee Engagement

The regression analysis generated the coefficients as indicated in table 4.8 which showed that only system change influenced employee engagement with the coefficient for system change was 0.767. For every unit increase in system change an increase of .767 in employee engagement was predicted holding other variables constant.

Therefore, the independent variables; leadership change and structural change were not statistically significant as their pvalue ($p > 0.05$) was above the threshold, thus the study deduced that the independent variables of leadership change and structural change independently did not affect employee engagement while system change was statistically significant indicating it affects employee engagement.



CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is a summary of the study findings discussed in chapter four. It represents the research findings as it relates to the research objectives which included, determining the effect of structural changes on employee engagement at IBLIR; to assess the effect of leadership changes on employee engagement at IBLIR and to assess the effect of system changes on employee engagement at IBLIR.

The results are also discussed with reference to the findings of other researchers' reviews. This chapter also provides a summary of the study findings and further provides a conclusion and recommendations that determine the influence of organisational changes during receivership on employee engagement at IBLIR and other banks under receivership. Furthermore, recommendations and suggestions for further study are also captured as a way of filling the gaps identified in the study.

5.2 Discussion

5.2.2 Effects of structural changes

The study found that the highest rated structural change attribute was most organisational levels have been eliminated with a mean of 3.3 with 39% of the respondents agreeing with the statement, and 13.8% strongly agreeing with the statement. This was followed by rules and procedures have greatly increased in the last two years with a mean of 2.8 with 25% agreeing with the statement and 10.3% strongly agreeing with the statement. The least scored attribute was more employees have been empowered to make decisions in the last two years with a mean of 1.8 with 57% of the respondents disagreed with the statement.

This can be explained as each employee perceives the structural change differently as supported by Ioana (2013) and as referenced in Morteza *et al.* (2012, p165). According to their findings employees who experience spiritual values at their place of work feel more attached to their company and at the same time feel obligated and sense of loyalty towards it, they also state that employees who know their values and purpose meet the values and mission of the company as well and they tend to perceive the environment and atmosphere of the company positively and sensitive to perform duties better and improve the image of the company. This explains the findings of IBLIR with regard to the current structural changes. During and post crisis, most organizations need to perform changes within their cultural and structural system, in order to keep the favourable position on the market and to confront the barriers that appear in developing the business and satisfying the customers (Radulescu).

According to Klarner *et al.* (2011, p333) states that traditional norm is that employees have to adjust to company change and learn new ways to achieve the redefined goals while being resilient to setbacks during change. Their adaptive behaviour is driven by their emotions, positive emotions can be categorised as either joyful or excitement while the negative emotions can be categorised into fear and grief. In the context of structural change, they include confidence about the change and enhanced trust leading to commitment and emotional engagement. The negative one in the context of structural change can be insecurity to change resulting to mistrust and resistance.

5.2.3 Effects of leadership changes

The result from the study indicates 71% of the respondents indicated that the board composition has changed in the last two years. The study found that the highest rated leadership change attribute was leadership style has influenced the engagement level in the organisation with a mean of 2.7 with 17.9% of the respondents agreeing with the statement, and 14.3% strongly agreeing with the statement. This was followed by receiver manager talk optimistically about the future with a mean of 2.5 with 17.9% agreeing with the statement and 7% strongly agreeing with the statement. The least score attribute was control and decision making by the receiver manager enhanced efficiency

during receivership with a mean of 2.2 with 62% of the respondents disagreed with the statement. As leaders seek to address the changes in an organization, it is imperative for companies to consider leadership changes. While there are clearly leadership qualities that play an important role in realizing organizational change, it is equally important for leaders to engage with staff and ensure they are onboard with the transition to a new business model. There was a significant correlation between leadership change and employee engagement though when regressions were done with the full model and structural change and systems change included, leadership change was no longer a significant factor explaining engagement. Hence systems change alone predicts engagement.

Khuong and Hoang (2015) in their study identified different types of leadership styles and their impact on employee motivation. The different leadership styles identified were: task-oriented leadership, relation oriented leadership, change oriented leadership, charismatic leadership, participation leadership, ethical leadership, ethic based contingent reward leadership and autocratic leadership. According to their findings, charismatic leadership, ethic based contingent reward leadership and relation-oriented leadership positively associated with employee motivation whereas relation oriented leadership associated with the leader showing attention and respect for his or her followers and how he or she looks out for their welfare while expressing appreciation and support. Charismatic leaders are exceptionally expressive people who use rhetoric to convince and persuade, influence and mobilize their followers, they have a vision and articulation, they are sensitive to their followers and willing to take risks and show unconventional behaviour. With ethic based contingent reward leadership where responsibility, fairness, honesty and promise keeping, here followers are motivated by the leaders, promises, praises and rewards are corrected by negative feedback, reproof, threats or disciplinary actions, ethical and moral legitimacy is considered. This in mind considering the three were shifted by the new leadership that adopts Autocratic Leadership where the leader is controlling, directive or coercive leader, who seldom takes decision basing on input from their subordinates ideally it's a leadership that is based on personal dominance and authoritarian and self-interest leader. It's evident what

effect this change in leadership style can have on the motivation and engagement of employees.

5.2.4 Effects of system change

The study found that the highest rated system change attribute was information system change has enhanced security in the bank with a mean of 2.8 with 31.8% of the respondents agreeing with the statement, and 3.5% strongly agreeing with the statement. This was followed by control of password management by the receiver manager has enhanced security at the bank with a mean of 2.8 with 29.9% agreeing with the statement and 3.4% strongly agreeing with the statement. The least score attribute was managers and employees are encouraged to take risks, be innovative, look for new and better solutions with a mean of 2.2 with 66% of the respondents disagreed with the statement.

According to Ioana (2013) crises and change go hand in hand. Where a crisis will often lead to changes in the organization, to recover from it many organizations will take many measure that affect employees of that organization. Both crises and changes have features of threats and opportunities and in the case of IBLIR it's an opportunity to enhance security of the bank and redeem its image. The human resource engagement plays a key element in this change as emphasized in Ioana (2013) study.

5.2.5 Employee Engagement

This research found that the highest rated employee engagement attribute was being proud of the work the individual does with a mean of 4.6 with 23% of the respondents strongly agreeing with the statement, and 14.9% agreeing with the statement. This was followed by feeling happy when working intensely with a mean of 4.6 with 20% agreeing with the statement and 14% strongly agreeing with the statement. The least score attribute was getting carried away when working with a mean of 3.3 with 40% of the respondents disagreed with the statement. Hewitt (2005) describes engagement as the measure of an employee's emotional and intellectual commitment to their organization and its success, hence a measurement of 4.6 out of 7 is approximately 66%

receivership mission done as far as engagement is concerned. It is important to note that this measurement of engagement was not how happy and or motivated the employees were since it was also noted that quite a percentage were never satisfied with their jobs. On the latter, this highly depended on the employee output in this new environment, many were optimistic that under the constraint of receivership, they were still very proud of their skills expression, again this does not manifest the satisfaction attribute in their employment process during receivership. On a likert 7-point scale, it is interesting to note that many people were both feeling happy when they were pre occupied by work and were proud of what they were doing. On the earlier, this form of engagement was more about what (or why) they give to the employer and the mission. On the contrary, many attributed the challenges they encounter on the system changes and uncertainty of their jobs which directly impacted on their work ergonomics.

A study by Aon Hewitt Consulting reveals that around the world, employee engagement has retracted in the last year. The two-point drop of engaged employees nearly offset the three-point rise seen in the 2016 Trends in Global Employee Engagement Report. Just 24 percent of all employees fall into the Highly Engaged category and another 39 percent can be categorized as Moderately Engaged, putting the global engagement score at 63 percent compared to 65 percent the previous year. A study carried in APAC, a most remarkable finding is what driving engagement is. While it is not unprecedented to have pay as one of the top opportunities to improve engagement, it is very rare to have it as the number one opportunity. In APAC, it was found that addressing Rewards and Recognition provides organizations the greatest opportunity to improve engagement. Understanding the top culture and work experience priorities is the central question of all engagement initiatives and the following previews the top engagement opportunities globally; Rewards & Recognition, Employee Value Proposition (EVP), Senior Leadership, Career Opportunities and Enabling Infrastructure.

The study should be interpreted in view of some limitations. First, because of time limit, this research was conducted only on a small size of population i.e. the Nairobi branches only. Further study should be conducted to cover all branches. Second, the response rate was initially affected by lack of feedback by the respondents. But this was overcome

through branch visit to all Nairobi Branches. Finally, due to the ongoing receivership process, it was a challenge to reach most of the managers since they were involved with the receivership meetings. This was however managed through proper planning and coordination with various respondents. Also, the study could not control the respondents' attitude which could have affected the quality of information given.

5.3 Conclusion

- System change influence employee engagement during receivership at the banking sector. The study reveals that employees are proud of what they do hence engaged in their work.
- Employees are not happy with the style of leadership and lack of communication. The disruption of leadership dynamics has also impacted the employee's morale in work perception and clarity of their future seems bleak as per the various respondents, given the level of intermittency in the communication system from the receiver manager.
- Structure and the processes taking place inside an organization are closely aligned; it is hard to speak about one without mentioning the other. From the study research, employees feel that by centralizing the decision making power there has been a gap in communication and also lack of empowerment. How decision making was previously conducted within the organization has been affected too.

5.4 Recommendations

- The study recommends that for an organization to enhance employee engagement during organizational change in this case during the receivership period, it must ensure that the employees and the management work together. Those involved must acknowledge from the onset that the current structure is not functioning well and thus requires the change. This acknowledgement should lead to a change in behaviour throughout the implementation phase. The desired

behaviour and attitudes should already be visible among those working to implement the change and enhance engagement.

- It is recommended that a shared assessment of the organization's issues, challenges and opportunities be developed in order to create a foundational level of trust and communication between those involved.
- Since leadership style attribute has a major impact to the engagement level in the organization, it is recommended that the relationship between managers and employees in an organization be based on mutual trust. There must be an understanding between both parties regarding the goals, objectives and vision for the change.
- It is recommended that a learning system be created and built into every change initiative.
- Another recommendation is that the vision and objectives for the change be clearly communicated to the organization at the onset of the change.
- The study recommends further research to focus on leadership concept and its role during the implementation of organizational change. It is also recommended for an organization to formulate policies, which will encourage leaders to empower employees to be part owner of the organization. Hence future research should focus more on the style of the leader during change as a predictor of employee engagement.
- Informed by the study findings, systems change alone predicts engagement. A further study should be done to find out which attributes under system change drives employee engagement during change.

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APPENDICES

APPENDIX 1: PERMISSION LETTER



Strathmore Business School

Wednesday, 10 May 2017

To Whom It May Concern,

Dear Sir/ Madam,

RE: FACILITATION OF RESEARCH – CATHERINE JERUSHA

This is to introduce Catherine Jerusha, who is a Master of Business Administration student at Strathmore Business School, admission number MBA/76891/13. As part of our MBA Program, Catherine is expected to do applied research and to undertake a project. This is in partial fulfillment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organization.

Catherine is undertaking a research paper on “**Effect of Organizational Changes During Receivership on Employee Engagement: A Case of Imperial Bank Ltd, Kenya.**” The information obtained from you shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We very much appreciate your support and we shall be willing to provide any further information if required.

Yours sincerely,

Muriithi Njogu

Director – MBA Programs



Ole Sangale Rd, Madaraka Estate
P.O. Box 59857-00200, Nairobi, Kenya
Tel: 0703 034 414/416/417 Email: info@sbs.ac.ke
www.sbs.strathmore.edu
Twitter: @SBSKenya

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APPENDIX 2: QUESTIONNAIRE

Dear Respondent,

I am a master of Business administration (MBA) candidate at the Strathmore University, in the School of Business. As part of the requirement for the award of the degree, I am expected to undertake a research project and I am seeking your participation. The topic of my study is: **EFFECT OF ORGANIZATIONAL CHANGES DURING RECEIVERSHIP ON EMPLOYEE ENGAGEMENT: A CASE OF IBLIR, KENYA.** This questionnaire will take approximately thirty-five minutes to complete. The data will strictly be used for academic purposes only and will be treated with utmost confidentiality. There is no right or wrong answers to the questions. The questionnaire comprises three sections A, B and C. Please answer each question as honestly as possible. Your participation in facilitating this study is highly appreciated.

SECTION A

Demographic Details

A: Age:

1) 20-25year 2) 26-30 year 3) 31-35 year 4) 36-40 year 5) 40-45 6) 46 and Above

B. Gender: 0 Male 1 Female

C: Department:

D. Marital Status:

1) Single 2) In a relationship 3) Complicated 4) Married 5) Separated/Divorced 6) Widowed

E. Education Qualification:

1) Secondary and below 2) Diploma 3) Bachelor's degree 4) Master's Degree 5) Ph.D.

F. Length of service at IBLIR A) 0-5 years B) 6-10 years C) 10-15 years D) 16-20year
E) More than 20 year

G. What is your monthly Remuneration?

A) Ksh. 10,000- Ksh. 30,000 B) Ksh. 30,001-50,000 C) Ksh. 50,001-100,000 D Above Ksh. 100,000

SECTION B

Given below are questions on different items on a scale. Please read each question carefully and record your answers by a tick in the appropriate column. There are no right or wrong answers, this questionnaire merely seek your opinion on your work environment. All your responses will be kept confidential and it will be used for academic purposes only.

Please rate the following on a Scale of 1 to 7 where 1=Never; 2=Almost Never; 3=Rarely; 4=Sometimes; 5=Often; 6=Very Often; 7=Always

Employee Engagement

No	Statements	Never	Almost Never	Rarely	Sometimes	Often	Very Often	Always
1	At my work, I feel bursting with energy.							
2	I find the work that I do full of meaning and purpose.							
3	It is difficult to detach myself from my job							
4	At my job, I feel strong and vigorous.							
5	I am enthusiastic about my job.							
6	I can continue working for very long periods at a time.							
7	My job inspires me.							
8	When I get up in the morning, I feel like going to work							
9	I feel happy when I am working intensely							
10	I am proud of the work that I do							

11	I am immersed in my work.							
12	To me, my job is challenging							
13	I get carried away when I am working.							
14	At my job, I am very resilient, mentally							

SECTION C

LEADERSHIP CHANGE

Board Structure after Receivership

Board membership has changed? YES NO If YES kindly answer the following questions:

Please rate the following on a Scale of 1 to 5 where 1=SD-strongly disagree; 2=D - disagree; 3=N-neither agree or disagree; 4=A-agree; 5=SA- strongly agree

No	Questions	Strongly Disagree	Disagree	Neither	Agree or Disagree	Agree	Strongly Agree
1	Control and decision making by the receiver manager has enhanced efficiency during receivership						
2	Receiver manager communicates on various phases of change						
3	Receiver manager talk to employees about what should change, more than they tell them what will change						
4	Receiver manager talk optimistically about the future on the change						
5	There is support and guidance by the receiver manager on the change process						
6	The leadership style has influenced the engagement level in the organization						

Discuss how changes in leadership have affected staff engagement-----

SYSTEM CHANGE

No	Questions	Strongly Disagree	Disagree	Neutral	Agree or disagree	Agree	Strongly Agree
1	The information system changes have enhanced security in the Bank in the last two years						
2	The centralization of information systems has enhanced efficiency levels for staff in the last two years						
3	The centralization of information systems has enhanced customer satisfaction in the last two years						
4	Managers and employees are encouraged to take risks, be innovative, and look for new and better business solutions						
5	Control of password management by the receiver manager has enhanced security at the bank						
6	The control of branch approvals by the receiver manager has enhanced efficiency						

Discuss how the changes on systems have affected staff engagement-----

STRUCTURAL CHANGE

No	Questions	Strongly Disagree	Disagree	Neutral	Agree or disagree	Agree	Strongly agree
1	Communication flows both up and down in the organization						
2	The number of persons a manager supervises have increased in the last two years						
3	I'm fully involved in the current change processes taking place at IBLIR						
4	I have been given the full support I require to implement/support the change process taking place at IBLIR						
5	Rules and procedures have greatly increased in the last two years						
6	Most organizational levels have been eliminated						
7	More employees have been empowered to make decisions in the last two years						
8	There has been a high degree of interaction and cooperation between organizational work units in the last two years						

Discuss how the changes on structure have affected staff engagement-----

Thank you for taking the time to fill out this questionnaire.