Factors influencing leadership in the South African banking sector and the subsequent impact on employee engagement

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DECLARATION

I, Francina Madibanya, declare that this consultancy project report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at Wits Business School, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Francina Madibanya

Signed at Buccleuch

On the 22nd day of February 2019

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SUPPLEMENTARY INFORMATION

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CONTENTS

LIST OF FIGURES

LIST OF GRAPHS

LIST OF TABLES

EXECUTIVE SUMMARY

The business environment is continually evolving at a rapid rate, and businesses must stay abreast of these changes to stay competitive. Organisations are constantly under pressure to respond to these changes swiftly and this results in organisations having to make strategic decisions that often require a change in the organisation's strategy.

Most of these organisations have turned to restructuring as a strategic response to change, as well as the deployment of new technologies to counter the effects of these changes. These types of changes tend to have significant impact in the organisation and the impact has a detrimental effect on employee engagement.

This study investigates the impact of factors that lead to strategic changes in leadership as well as the level of employee engagement resulting from these factors in the banking sector. The aim of the consulting project is to help management with identifying how their leadership style impacts the organisational change process and the importance of having a highly engaged workforce to help drive the strategic agenda for successful organisational change.

The study was conducted using a qualitative design through a series of semi-structured in-depth interview questions, it was conducted with employees from different banks in South Africa, and the interview questionnaire consisted of questions that related to leadership styles, change management, employee engagement and team performance. The interviews were conducted across multiple South African banks that have undergone strategic changes.

In the research it was found that the most prominent factor that brings about change in the banking sector are external to the bank's operations and restructuring, as well as technological factors were identified as the two major factors that resulted from these changes. It was found that an authoritative leadership style is the most prominent in the banking sector and it often negatively impacts the level of employee engagement while promoting a bureaucratic culture, whereas a learning culture should be the one that leadership should strive for as it contributes to the positive level of employee engagement similar to the transformational leadership style.

Based on the outcome from the research, I recommend that leadership addresses the level of employee engagement in the banks as a matter of priority rather than a peripheral area of focus only to be addressed by Human Resources. Change is constant and in a business environment that is constantly changing, the level of employee engagement determines the successful implementation of changes.

Leaders in the organisation should always put their leadership skills into practice. They should understand how their leadership skills and behaviour affect team performance. They should identify when their leadership skills are not yielding positive results for their organisation.

Keywords: Strategic change, Leadership support, Employee engagement, Team performance

SECTION 1: INTRODUTION

1.1 Problem Statement

The Consulting project is based on the Human Relations Theory and the studies of the theory proved that productivity in the organisation is influenced by relationships (O'Connor, 1999). The Human Relations Theory focuses on employees' social needs which also increases the collaboration between employees (Bruce & Nyland, 2011). The Theory was the result of the work of Elton Mayo and he applied psychology to the context of management and organisations (O'Connor, 1999).

The Human Relations Theory emphasises that employees' efforts towards accomplishing organisational goals are achieved through understanding that employees have their own identity, and like having stability and satisfaction when performing their work (Bruce & Nyland, 2011). The consulting project focuses on a sectoral problem, rather than a single company specific problem.

1.1.1 Global environment

The world is changing at an alarming rate and changes in technological advances are consistently being made. These changes affect how we live our lives, conduct business and the way we do things. These changes often introduce opportunities and threats for organisations operating in this environment. These threats have a crippling effect on these organisations and their overall performance.

The World Economic Forum (2018) reports that cyber-attacks and massive data fraud both appear on the list of the top five global risks' perceived likelihood. These types of attacks put customers' information at risk, compromise organisations' reputation and impact their performance, should an organisation be attacked. The report indicates that cyber breaches that were recorded by businesses have almost doubled in past five years, from 68% in 2012 to 130% in 2017 (World Economic Forum, 2018).

-This indicates how technological advances have increased an organisation's vulnerability with the threat of attacks.

Technological advances such as Cloud Computing systems, require protection mechanisms that help monitor network activity as well as detect any intrusion attempts (Ahmad et al., 2018). These types of advances can assist an organisation detect threats such as ransomware and trojans (World Economic Forum, 2018). Other than technological factors, there are other factors that impact organisational performance from an external perspective as well as internal operations.

Economic factors, such as policy changes in imports and exports, also contribute to the changes that impact the organisation. The World Economic Forum (2018) has stated that "headline economic indicators suggest the world is finally getting back on track after the global crisis that erupted 10 years ago" which had a crippling effect on the banking sector mostly (World Economic Forum, 2018, pg. 6). This is in reference to the 2008 global financial crisis.

The World Economic Forum (2018, p.19) report continues to state that "A broad-based pickup in GDP growth rates is under way, stock markets have never been higher, and the world's major central banks are cautiously preparing to unwind the exceptional policies of the post-crisis period".

Organisational leadership needs to be aware of developments and changes in their environment and adjust their strategies accordingly, so that they are not caught off guard by them (Ayşe & Asuman, 2013). Sometimes changes unrelated directly to the business can impact its operations, for example, the 2008 financial crisis had an impact on the property sector as well (Manamela, 2013).

The 2008 financial crisis came about because of the mixture of elements at the macro and micro level which included excessive global savings and excessive liquidity created by the Federal Reserve which were created by the US Federal Reserve, and these were happening before they became apparent (Boshkoska & Lazaroski, 2018).

1.1.2 South African Economic Context

Global changes affect and have an impact on how organisations operate in the South African context. South Africa operates in the global environment and as such, is affected by the changes that take place in this environment. Adding to this are the changes within the South African landscape that have an impact on the operations of organisations.

Research conducted by PWC (PricewaterhouseCoopers) in 2017 reports that in quarter 1 of 2017, the nominal effective exchange rate weakened by 0.7% which reversed the upward trend which began in 2016 (PricewaterhouseCoopers, 2017). This weakening has been principally linked to the cabinet reshuffle that took place in March 2017 which is linked to the political instability in the country (Engineering News, 2017).

Because of this, “external credit rating agencies Standard & Poor’s (S&P) and Fitch downgraded South Africa’s sovereign long-term foreign currency credit rating to sub-investment grade. S&P also downgraded the local currency sovereign rating” (PricewaterhouseCoopers, 2017). Moody’s rating followed with “a downgrade of sovereign long-term foreign currency rating to one notch above sub-investment grade” (PricewaterhouseCoopers, 2017).

These types of changes put organisations under pressure, and as such managers and leaders alike feel the pressure to ensure that they have the manpower to implement any strategic changes that have been made in response to these changes (Georgalis, Samaratunge, Kimberley, & Lu, 2015). These changes are expected to improve and increase the likelihood of an improved competitive advantage.

1.1.3 South African Banking Sector

In South Africa, there have been four main major commercial banks in the past that catered to the wider communities, namely Absa, Standard Bank, Nedbank and First National Bank. These four banks exclude the South African Reserve Bank (SARB) whose main mandate is “to achieve and maintain price stability in the interest of balanced and sustainable economic growth” for the country (South African Reserve Bank, n.d.). The South African Reserve Bank is not a commercial bank and thus its mission and motive are different to those of the commercial banks.

In recent years, there have been a rise of new banks that have entered and are still entering the South African financial sector, and this has created and increased the level of competition for the traditional oligopolistic environment in which the four banks have been operating thus far; banks such as Capitec, Tyme bank and the recently established Discovery Bank, which will be catering to the same market as that of the traditional banks while also focusing on the unbanked market and businesses (Business Tech, 2018).

In addition to these banks, there are Fintech companies such as Mama Money and Yoco payment that have been established and target the same market (Lourie, 2017).

The establishment of these banks and fintech companies has prompted the need for traditional banks to relook their strategies and evaluate the best options and strategies to remain relevant in this changing South African economy (Richardson, 2010).

As a result of these new developments, traditional banks must be proactive in handling risks and issues that they will potentially face with the introduction of these new financial services, when conducting their business (Manamela, 2013). These changes bring about the need for organisations to transform in order to stay relevant in this competitive environment (Ayşe & Asuman, 2013). This implies that organisations that are slow or not actively seeking to change will lose their competitive edge.

There are several factors in the business environment that introduce challenges for executives in banking and these are listed in Table 1 (Piercy, 2016). Piercy

(2016) advised that these challenges are accompanied by unprecedented scrutiny of ethical standards and corporate social responsibility. All these factors make for an interesting and challenging time for business executives and leaders alike.

1. The rise of the value driven, sophisticated customer 2. The effect of competition 3. Technological capabilities’ changes 4. Mobile internet 5. Disruptive changes that are unpredictable in the market 6. Globalisation 7. The effect of the emerging market

Table 1. **Challenges faced by organisations’ executives. (Piercy, 2016)**

The factors listed in Table 1 above are just some of the examples of challenges that these traditional banks are potentially faced with, and they must constantly look for new solutions and implement these as strategic decisions to meet the increasing demand placed on them to stay competitive. This statement is supported by Ayşe and Asuman (2013) in their paper where they mention that businesses should have different strategies and policies to confront environmental changes and uncertainty.

The options that the banks employ in response to these changes should be strategically flexible enough to allow for any changes that may arise in future (Ayşe & Asuman, 2013). These changes not only impact the organisation, they also influence and impact its stakeholders, such as employees and shareholders (Manamela, 2013). Some of the strategic options the organisation may employ, such as technological changes or restructuring, may result in people losing their jobs.

It is challenging for traditional banks to adapt to using the power of technology and devices, in response to market changes. The latest expansion of technological changes in the banking sector came as a shock to the banking sector, this is because it is difficult to adjust to technological changes without having significant changes happen to take advantage of it (SajiĆ, Bundalo, Bundalo, & PaŠAliĆ, 2018).

Political instability is also another important factor that impacts the banking sector. Political instability is defined as the tendency to change the ministers in the cabinet either by constitutional or unconstitutional means (Kaplan & Akçoraoğlu, 2017). Looking at these factors, it is important to understand how these strategic changes influence leadership and change processes in the South African banking sector.

1.2 Problem Definition

Issue 1: Strategic changes can have negative impact on leadership, employee engagement and organisational performance

Strategic changes in the organisation always have an impact on its operations, which introduces complexity especially when leaders are reactive to the change as opposed to being proactive. The 2008 global economic predicament is an example of a crisis that led to such changes. This crisis indicated that failure in the banking sector can cause a financial crisis in the global economy (Manamela, 2013).

The successful implementation of strategic change can be affected by toxic leadership as well which is described as leadership that does not concern themselves with their followers, their actions and style of leadership have a negative effect on the team and are self-serving (Thomas, Gentzler, & Salvatorelli, 2016). These types of leaders are not interested in increasing the follower's level of engagement and thus impacts the organisation performance.

Successful change implementation cannot be achieved where employees are not actively engaged and without the right leadership, it makes it challenging for the employees to help drive the strategic agenda which impacts the organisations performance (Ayşe & Asuman, 2013).

Issue 2: Employees' experiencing difficulties dealing with change

Employees do not respond the same to strategic changes and as such leaders should be careful to not employ the same strategy and approach towards engaging with their followers (Winkler, Busch, Clasen, & Vowinkel, 2015). This idea is supported by Georgalis et al. (2015) in their paper when they suggest that the individual's response to change should be given great attention due to its complexity.

Change happens daily from the employees' perspective and involves a social exchange between the manager and the employee. Leaders who do not use the social exchange relationship during these times, through management, lose an opportunity to improve employee engagement in a timely manner and this will not facilitate accurate information dissemination which does not alleviate employee resistance to change (Georgalis et al., 2015).

SECTION 2: LITERATURE REVIEW

The literature review covers literature on the impact that organisational strategic changes have on leadership in the banking sector. These changes stem from both the external and internal factors that relate to the global and South African context. It focuses on the level of employee engagement resulting from these changes; the link between perceived leadership involvement in implementing these changes, as well as the importance of employee engagement in enhancing team performance and strategy implementation.

2.1 Impact of strategic changes and leadership

The South African banking sector has been led by four major banks in the past and this has changed in recent years with the birth of new banks such as Capitec, SASFIN, Tyme and Discovery Bank (BusinessTech, 2018). The birth of these new banks poses a significant risk for the existing four big banks that have been operating in an oligopolistic environment. The rise of Fintech companies presents a separate challenge as well which has resulted in an intensified competition (BusinessTech, 2018). In addition to this, there are changes in regulation, like the Protection Of Personal Information (POPI) act, that have been introduced into the banking sector.

Manamela (2013, p.1) states that “the dynamic landscape in banking is constantly regulated to review policies to ensure stability in the banking sector”. One such policy review took place in 2008 with the global crisis which triggered efforts to review and enhance banking regulation (Manamela, 2013). Considering this, leadership, employee engagement and change management have become topics of interest for academics and leaders alike. There is pressure on organisations to evolve to remain competitive. However, there’s a lot of factors to be considered in conjunction with these topics such as environmental context and regulation governing the banking sector.

In times of economic turmoil, companies seek to increase their value to remain competitive and this requires a significant change in the overall strategy, operations, business model and/or culture (McNally, 2018). This usually requires transformation within the business, and these types of changes are complex and expensive. Change management has been described as requiring practitioners who are knowledgeable, a correct and proven methodology, as well as the right tools and techniques to achieve the change (Royce, 2018). However, it takes more than these capabilities for successful change, as another important aspect to be considered is the organisation’s readiness for change because all these capabilities will be ineffective, if the culture of the organisation is not agile.

Most strategic changes are typically large scale in nature. Leaders can involve their followers regarding the change vision set out by getting them actively participating and involved in the process (Levene & Higgs, 2018). Levene and Higgs (2018) stated that the success of a strategic change is also a consequence of leadership behaviour, in that it helps enhance engagement and builds an effective relationship with their followers. This suggests that leaders play a critical role in the successful implementation of strategic change through Leadership-Exchange relationship that they have with their followers. Leadership style is determined by the way the leader directs the behaviour of employees and the resources used to get the desired behaviour (Micić, 2014). This highlights that the importance of leaders who can communicate vision to followers and drive its implementation to get desired results.

Leadership has been described as a “social influence process, which involves determining the group or organisation’s objectives, encouraging behaviour in pursuit of these objectives, and influencing group maintenance and culture” (Richardson, 2010, p. 13). Leaders act as the glue that keeps the employees of the organisation together. They help build organisational culture and set its tone and direction, which implies that leader who do not possess such traits are not effective in their role and essentially have a negative impact that breaks the organisation’s culture.

Leaders inspire their followers to stay motivated and enthusiastic about their work, and the outcome of this is a more productive, engaged and empowered workforce (Richardson, 2010). There are different types of leadership styles and no one style is universally applicate to an individual. Different situations are likely to require different leadership qualities, and that makes it difficult to classify which set of leadership qualities may be applicable to all situations (Puccio, Mance, & Murdock, 2010). This implies that leaders should use different styles of leadership to suit the context and individuals in their teams as this will help produce an empowered and engaged workforce, however they need to be cognisant of the impact of their leadership style.

It has been highlighted that in the business environment, the most prominent leadership styles include: authoritarian, transformational, laissez faire, servant, transactional and democratic (Mahomed, 2017). This observation of the different leadership styles is highlighted by Goleman (2017), who mentioned that there are six leadership styles used by executives and only four of those styles consistently have a positive impact on the organisational climate and results, and these six styles spring from different components of emotional intelligence. This, however, fails to highlight that leaders can posses all of these styles, and that most dominant style is the one that is typically used as a default in their role.

Goleman (2017) highlighted in his paper, the research conducted by a consulting firm Hay/ Mcber which found six distinct leadership styles, each springing from different components of emotional intelligence. He further notes that the styles, taken individually, appear to have a direct and unique impact on the working atmosphere of a company, division, or team, and in turn, on its financial position. This implies that the dominant leadership style impacts the organisations performance, which affects its financial position and as such leaders should strive to apply the style that has the most positive impact (Goleman, 2017).

It is important for contemporary leaders to possess both management and highly developed interpersonal skills as well as motivation, emotional and social skills. These skills are important and form part of the emotional intelligence competencies required from leaders for success in the workplace (Vidic, Burton, South, Pickering, & Start, 2016). This suggests that leaders need to have the right skills to be successful in the roles.

Leadership is a critical ingredient for performance management success, and this is indicated by positivity displayed by followers as a result of the quality exchange relationship between the parties pertaining to improved performance appraisal and motivated (Gruman, & Saks, 2011). This suggests that leaders play a key role in fostering employee engagement and supportive leadership provides opportunity to be innovative minus the fear of failure without negative consequences (Gruman, & Saks, 2011).

Leaders operating at the corporate level of the organisation are normally responsible for organisation-wide strategy formulation. Strategy is defined as the long-term direction of an organisation (Johnson et al., 2016). This implies a comprehensive view of the bank’s strategy and is usually measured over a number of years. Although strategy is long term, leaders should ensure that it is flexible enough to accommodate any changes that may arise in the future. This implies that when the need to pivot arises, organisation should be agile enough to do so.

It is important to understand the difference between leaders and managers. It is commonly accepted that managers deal with systems, processes, budget, equipment and “things” which are the hard levers of change, while leaders deal with vision and people through inspiring, influencing and motivating their followers (Reynolds & Warfield, 2010). Leaders can be managers and should have the necessary management skills. This arguably fails to address the notion that manager can also possess leadership qualities just as much as leadership can possess management qualities, this is because effective leadership skills are not only reserved for specific level of the organisation’s hierarchy and can be found in individuals who may not direct reports.

Effective leadership makes it possible to implement strategic changes from options selected as a response. Strategic choices in the banking sector can range from incremental to continuous changes (Mahomed, 2017). Change is a difficult process and most employees find it difficult to cope with it and it is often met with resistance in an organisation. It is noted that creating competitive advantage for an organisation through strategic changes to achieve sustainability should have the strategic programmes tailored to the organisation’s culture, visions and inherent structure as well as its product system and production (May & Stahl, 2017). This implies that a good strategic change initiative takes into consideration the core elements that make up a business in order to achieve sustained competitive edge.

Georgalis et al. (2015) state that the one critical factor to successful change implementation is the human aspect of it. The complexity of human nature plays an important role when it comes to how well people adapt to change. Mahomed (2017) supports this statement by stating that changes within the work environment due to organisation changes often leads to much stress, uncertainty and low morale among employees. This suggests that employees' differences should not only be celebrated but should be used at the fundamental base when deciding on a strategy to implement and understanding how the complexity of this base can make a difference between success and failure.

The impact of employee engagement due to organisational change has been described as a major consequence of most change initiatives (Georgalis et al., 2015). Mahomed (2017) states that employee engagement has been labelled as a crucial success-driver for any organisation irrespective of whether it is in a stable state or undergoing change. This implies that failure to acknowledge that organisational changes have a huge impact on the level of employee engagement can be detrimental to the organisation by failing to deliver a successful change initiative.

The challenge faced by the leaders in an organisation relates to how they could produce a robust culture in the work place that is open to change and subsequently conducive to growth (Mahomed, 2017). There is a great emphasis on leadership to drive the change process. Georgalis et al. (2015) highlight that leaders need to understand change practices that shape the employee's perception and its impact. This suggests that leaders should be the glue that keeps the employees together and help shape the culture of the organisation by providing direction during times of change and understanding the impact of the change from an employee's perspective.

Employees' perception of the organisation's readiness for change impact the success of the change as it impacts on employees' commitment to change and self-efficacy to implement the change (Arif, Zahid, Kashif, & Sindhu, 2017). This also reflect on leadership's readiness. The trouble is most leaders imagine that change transition is automatic -- that it occurs simply because the change is happening (Bridges & Mitchell, 2000). However, this is not the case because there is more to change and transitioning to new ways of doing things than meets the eye such as how well employees transitions to the new way of doing and how this will impact their commitment to the organisation.

2.2 The link between perceived leadership support and employee engagement

Richardson (2010) states that the leadership quality has a direct impact on the engagement or disengagement levels of employees. Leaders should have the ability to influence their followers to be part of the strategic changes implemented in the banking sector. As such, the relationship between leaders and followers then becomes critical in driving the change process.

Leaders matter because they have a positive impact on the organisation, employees, environmental and societal outcomes (McGinnis, 2015). Organisational communication is important and provides information, as well as knowledge to employees regarding their individual responsibilities, in addition to the organisation's strategy and objectives (Butt, Nawab, & Zahid, 2018). The input from the organisation's leadership is desired throughout the organisation and includes features such as strategy formulation, employee training, coaching, helping develop employee confidence and improving moral actions and harmony (Butt et al., 2018). However, this is not always the case as indicated by the results in the employee engagement research conducted by Gallup in 2013, which found that lack in engagement by leaders has a direct impact on their direct reporting line and how these are the most detrimental to an organisation (Gerber, 2017).

Armstrong and Taylor (2014) defines employee engagement as "the harnessing of organisation member's selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance". However, it has been suggested that employee engagement is more about vigour, dedication and absorption rather than just the aforementioned elements (Schaufeli, Salanova, Gonzales-Roma & Bakker, 2002). This implies that there is no one definition that is universally applicable to employee engagement.

Figure 1 below indicates the structure of employee engagement which supports the definition cited by Carter-Brown (2016). Both definitions by Armstrong and Taylor (2014) and Carter-Brown (2016) emphasise the psychological aspects of employees which, based on Khan's explanation of engagement, which has to do with employees being psychologically present when they occupy and perfom their roles (Reynhardt, 2011).

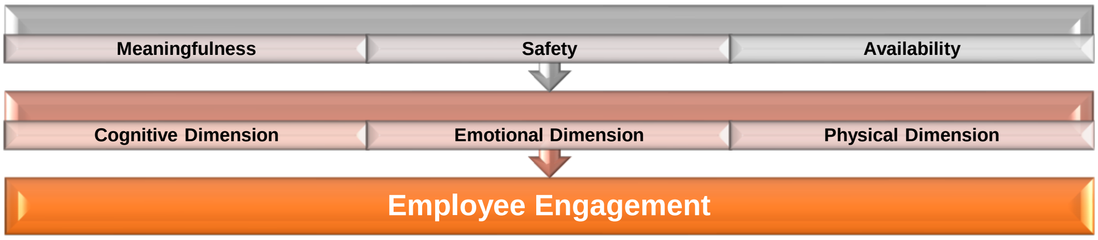


Figure 1. The structure of employee work engagement according to Kahn (Reynhardt, 2011).

Employees who believe that they are being exploited, taken for granted, disrespected and not trusted, typically tend to feel like they are being dehumanised (Reynhardt, 2011). This implies that followers may end up believing that the leaders in the organisation may not value them, and then opt to either resign or end up becoming disengaged.

McGinnis (2015) states that the anatomy of leadership is complicated by the quality of leadership and its results are facilitated by a few concepts such as the perception that followers have of their leader's effectiveness, the quality of their relationship with the leader and the level at which the work they perform is meaningful, just an indication. This indicates that the recipe for effective leadership a complex one as it involves other elements not only pertaining to leadership but followers as well, such as their perception of their leaders.

Employees form part of the organisation's internal environment. When employees feel overwhelmed by the changes, there is no clear direction on the processes and work becomes chaotic with little to no delivery (Reynhardt, 2011). This implies that other challenges are due to organisation and human related issues such as resistance to change, organisational culture, incompatible business processes, project mismanagement, top management, etc. which all relate to the internal business environment (Goeun, 2013).

Lack of communication does not only result in low morale, it also leads to a perceived threat to job security and an uncertain future amongst employees (Reynhardt, 2011). These banking employees may end up thinking that the leaders in the organisation do not value them, and this may lead to “us” and “them” mentality. They may become uncertain about how they fit in with the “new” organisation (Mahomed, 2017). This suggests that these factors may lead to employee disengagement, especially in the South African context, as highlighted in the report by Public Display Technology (2015).

There is speculation that organisational commitment and job involvement are existing concepts that define employee engagement (Armstrong & Taylor, 2014). This speculation goes on to infer that employee engagement is a derivative of job involvement and organisational commitment (Shuck, Adelson, & Reio, 2017). However, this is far from the truth as it has been disproved and reiterated that there is a difference between these existing concepts and employee engagement as they do not mean the same thing in an organisational context (Carter-Brown, 2016).

Shuck et al. (2017, p.958) state that “Organisational commitment may seem part and parcel to employee engagement on the surface. Carter-Brown (2016, p.12) described organisational commitment as “a person’s attitude and attachments towards their organisation”. This implies that employees can be committed or feel attached to their organisation without feeling engaged and organisational commitment involves an individual’s attitudes whereas engagement is not based on attitude (Armstrong and Taylor, 2014).

Shuck et al., (2017, p.958) state that “Job involvement and employee engagement likely share similar conceptual space, yet the two constructs focus toward different attentions in application”. Job involvement has been described as the degree to which individuals psychologically identify with their present job (Bal, 2013). This refers to how employees identify and get involved with their jobs or as "the importance of work in his total self-image" (Shuck et al., 2017). It was found that job commitment contributed significantly to organisational commitment (Chin-Chih, Brian, Gary, & Jing, 2012). This implies that organisational commitment and job involvement can be viewed as contributing factors towards employee engagement as opposed to meaning the same thing as employee engagement.

There exists a growing disconnection between executives, the middle managers and "ordinary" staff (Crabtree, 2013). The Public Display Technology report found that there exists a significant relationship between high levels of employee engagement and financial performance, with a 5% increase in employee engagement resulting in a 3% increase in revenue growth in the subsequent year (Public Display Technology, 2015). This suggests that the relationship between leaders and followers should be seen as a motivator for banks to ensure that their staff is well engaged so that it becomes easier to implement strategic changes.

The Gallup report from 2013 supports this research finding and stated that companies with highly engaged workforces outperform their peers by 147% in earnings per share (Crabtree, 2013). Based on the report, 80% of South African employees believe their work performance and motivation would be better if their companies engaged more effectively with them. Poor management costs companies a lot of money, even in the banking sector (Public Display Technology, 2015). This implies that leaders with poor leadership skills have a negative impact on employee engagement which in turn impact the financial position of the organisation as well as its performance.

Leadership support appears to promote and enhance the level of employee engagement. It is also associated with job satisfaction and the well-being of employees (African Development Bank Group, 2018). This suggests that lack of leadership support, information and resources make it challenging for employees to perform their work effectively and this can lead to an organisation culture that is reactive to change (Arif et al., 2017).

Effective communication helps retain happy and committed employees (Butt et al., 2018). Organisational communication can be used to enhance the attitude of engaged employees, organisational loyalty and recognition. The topic and theory of Leader-Member Exchange (LMX) is crucial in this context and is concerned with the relationship between leaders and followers. Georgalis et al. (2015, p.93) state that the "premise of this theory is that leaders develop different types of exchange communication with their followers, also the quality of such relationship affects both parties' attitude and behaviour". This implies that an engaged workforce that is connected through organisational communication helps expand efficiency, helps improve a favourable economic outcome for the organisation and worker engagement (Butt et al., 2018).

2.3 Team performance because of the change

Organisations consist of teams and groups that work together toward achieving a specific goal (Armstrong & Taylor, 2014). These groups may be formal and informal. Armstrong and Taylor (2014) describe formal groups as being part of the organisation's structure and informal groups may consist of informal gathering outside of the structure. Groups may be temporary, which is usually the case in some project settings, or permanent, such as a departmental team like the marketing department. This suggest that in a team context, group norms help influence the behaviour of others through social control (Thommes & Akkerman, 2018).

Team members get rewarded for behaving similarly to the group norms set out and those who behave differently get punished (Thommes & Akkerman, 2018). There are four types of team cultures that exist in a typical organisation, namely, bureaucratic, competitive, learning and participative culture (Fard, Rostamy, & Taghiloo, 2009). These team cultures form an important part of the overall organisational culture. This suggests that leaders must understand the different types of team and organisational cultures as these set the tone for how well an organisation adapts to changes in the environment.

The Bureaucratic culture is identified as that where environmental adaptation are high and internal integrations are low, the competitive culture is characterised by a high environmental adaptation and a low internal integration, a participative culture has a low environmental adaptation and a high internal integration and a learning culture has high environmental and internal integration (Fard et al., 2009). This arguably addresses the importance of having a culture that has high internal integration and high environmental adaptation for improved strategic implementation and employee engagement.

It is critical that teams have a shared purpose, act as a collective and should have the skill and abilities to be mutually accountable for the outcome (Armstrong & Taylor, 2014). This is especially critical during times of change where the team must pull together to ensure that the bank stays competitive. Armstrong and Taylor (2014) indicate that there are a number of key competencies for team members that assist in creating effective teams, such as Interpersonal understanding, influence, customer service orientation, adaptability, team work and co-operation, oral communication and organisational commitment, to name a few. This suggests that team that work collectively toward a mutual goal have a better chance of achieving their shared purpose for successful implementation of strategic change.

Teams are the bridge between the organisation and the objectives of the organisation. Armstrong and Taylor (2014) advise that these groups develop an ideology that affects the attitudes and actions of their members and the degree of satisfaction that they feel. If the group's ideology is strong and individual members identify closely with the group, it will become increasingly cohesive and this is supported by a learning culture. This suggests that team ideology has an impact on the type of culture developed by the team and as such it is critical to have a team that has a shared purpose.

Brent and Dent (2017) highlight that in their experience, working with different team across different organisations and countries, they have often found that team leaders had no specific training either in psychology or team dynamics. They further state that these leaders are often highly skilled individuals in their specific technical areas, but lack skills that would help them make the most of their teams' potential (Brent & Dent, 2017). This implies that good team work in the banks and other organisations has a positive impact on the organisation as it enhances the performance of any organisation.

The culture of the organisation is influenced by the people they hire, promote and fire (Thomas et al., 2016). Clear norms that members of the organisation can follow can be promoted and supported through calling out bad behaviour among peers, as such, this becomes a strong indicator of members who are not aligned with an organisational culture that discourages this type of behaviour (Thomas et al., 2016). This suggests that leadership should ensure that the people they hire in their organisation align with its norms and culture to encourage a shared vision.

2. 4 Outcome/ Conclusion

The South African landscape has been volatile due to instability in politics, the economy and policy changes affecting the banking sector and other sectors in the economy. Such factors present challenges that require a response to stay competitive and agile in an economy that is constantly changing (Ayşe & Asuman, 2013). This suggests that strong leadership requires leaders to be able to harness their team's potential to facilitate any changes that the organisation will go through (Brent & Dent, 2017).

Leadership support for their employees is important as it contributes to the level of employees' engagement throughout the change process (Gerber, 2017). An engaged workforce makes it possible to implement changes as they understand the reason and impact of the changes. They become motivated and as such, are willing to go over their normal work responsibilities (Carter-Brown, 2016). This mean that an engaged workforce has positive energy which is infectious and as such, helps motivate other team members.

Leadership support also helps make the change process less difficult by assuring the employees that their leadership is open and transparent about the changes in the organisation. Highly engaged employees are always motivated and willing to go over and above their normal duties which aids the implementation of changes (Reynhardt, 2011). This highlights the importance of having a supportive leadership that helps improve and enhance employee engagement.

It is critical for leaders to understand the difference between organisation commitment and job involvement, so that these topics are not confused with employee engagement. An engaged workforce improves team performance and it is important to understand the link between team performance and employee engagement when dealing with strategic changes (Armstrong & Taylor, 2014). This is to ensure that there's clear understanding of what each element means and how they impact the level of employee engagement.

Leaders need to understand their type of leadership style and understand the context in which it can be applied (Mahomed, 2017). As noted earlier in this paper, no one style is universally applicable to a leader. The traditional leadership approach alone will not yield great results in this ever-changing business environment that is constantly being disrupted by new technologies and new ways of doing things (Reynhardt, 2011). This suggests that traditional leadership has limitations that will not yield lasting results

Leaders must harness their relationship with their followers and understand that their employees are unique and as such, should not apply the same style of leadership for everyone, but rather adapt their style, depending on the circumstances (Georgalis et al., 2015). This implies that employee engagement is a gateway to ensuring that changes are better handled and accepted by employees, which helps limit the amount of resistance and anxiety that they may experience. As mentioned in the literature, change is a difficult process to undergo in any circumstance and should not be treated lightly.

This requires a robust culture and leadership that can assist with building a culture that can handle, as well as be open to, change, and this is the challenge that leaders are faced with constantly (Fard et al., 2009). Employees' perception of their leadership support is critical during change. When employees perceive that their leaders are not supportive, they start to believe that their leadership does not care about them (Richardson, 2010). This van be indicative of traditional leadership qualities.

Employee engagement contributes to a positive work culture which can filter into other teams and promote employee retention. By having a shared purpose, teams can act collectively and use their skills and abilities to be accountable for the successful implementation of changes (Armstrong & Taylor, 2014). An effective team acts as a bridge between the organisation and its objectives through the team ideology that has been built. This suggests that leaders managing these teams should have some level of training in either psychology or team dynamics as this will help them make the most of their team's skills and potential.

SECTION 3: DATA COLLECTION AND ANALYSIS

3.1 Data gathering process and research instrument.

An interview questionnaire (Appendix 1) was used to gather information and participants were contacted by email. The email contained a letter describing the process, the reason for the research and a statement on the availability of research results, confidentiality of data and respondent anonymity. Participants were requested to either accept or decline being interviewed.

Interview sessions were set up for 45 minutes with the participants and were all held in the comfort of their work place. A recording device was used for the purposes of recording the interviews and the participants were advised of the recording and provided their consent.

3.1.1 Questionnaire structure.

Part 1. The first part of the interview transcript contained information on the purpose of the interview, it’s structure and objective. This section also contained questions on the participants’ work experience and job grade.

Part 2. In part two of the interview, questions were posed in the form of statements that were open ended and required participants to provide reasons for the answers they had provided. This section addressed the impact of strategic changes on the organisation. The questions comprised preselected answers based on previous research on organisational change.

Part 3. This section addressed the employee’s perception of their leadership and their level of engagement. The questions were structured in a way that would elicit information about the level of leadership support, their contribution to the work culture and other aspects that impact employee engagement from a leadership behaviour perspective.

Part 4. The last part of the interview questions focused on the impact of strategic changes on the team performance. This section closed off with remarks from the interviewee regarding the change they experienced and how it impacted them.

3.1.2 Data Analysis.

The data was analysed using themes and this was achieved by using Word repetition and Key-Word-In-Context. These draw on the observation that, for one to understand what people are talking about, it is critical to look at their use of words. This technique requires an identification of the key word and systematically searching the quantity of text to find all instances of the word or text.

Furthermore, correlation analysis was used to measure the relationship between variables. The perception of leadership support score was correlated with the level of employee engagement and the way the change was handled, transparency and trust in the leadership skills and abilities.

3.1.3 Limitations of the proposed research methodology

When conducting a qualitative study, it is always assumed that the participants will respond honestly to the interview questions because it will take a considerable amount of time to validate the answers (Simon & Goes, 2013). Validity and reliability of the study is one of the limitations associated with a qualitative study (Klenke, 2016).

3.2 Data Collection Method

The study aimed at analysing the impact that leadership has on employee engagement because of strategic changes in the organisation. Existing research has indicated that leaders have a direct impact on the level of employee engagement. Also, the way they handle the change management process in the organisation can have a detrimental effect on the level of employee engagement.

The research is also based on previous understanding of the nature of the research problem. The research used both qualitative and quantitative measures. The qualitative method is embedded in the context and assumed that it would be difficult to generalise; this works well with a small database while the quantitative analysis disregards individual and collective biases of the researcher and the candidates, thus making it more dominant in social sciences and management studies.

The research paradigm that was used for the purposes of this consulting project is constructivist. This is because the research was qualitative in nature and the results were interpretative. This was to ensure that underlying meaning of events and activities are uncovered (Patel, 2015). A critical inquiry approach through collaborative venturing was used

Collaborative approach is described as an autonomous and semi-autonomous process which, through formal and informal negotiations, highlights how factors interact, and jointly creates rules and structures which govern relationships as well as how they act or decide the issues which brought them together (Naicker, 2014).

Naicker (2014) describes few collaborative undertakings that the organisation can employ in improving the ability to work together, such as everyday work teams, internal organisational association, strategic alliances, and joint ventures.

Naicker (2014) states that managers and leaders need to have a clear understanding of employees' attitude, thoughts and behaviour that is needed for effective collaboration. Appropriate training can be selected by the leader, for their employees, by understanding their knowledge, skills, attitude and other characteristics (Patel, 2015).

Naicker (2014) further notes that collaboration is an outcome rather than a goal. In principle, people engage with one another to achieve prearranged goals. This implies that personal interactions and relationships improve over time.

Management consulting is a process of improving management and business practice (Milan, 2002). This method can be used by an independent private firm, an internal consulting unit in a private or public organisation, a management development or individual, to name a few.

Turner's 1982 model for hierarchy of consulting purpose approach was used as a guideline as indicated in a paper (Frederik, 2014).

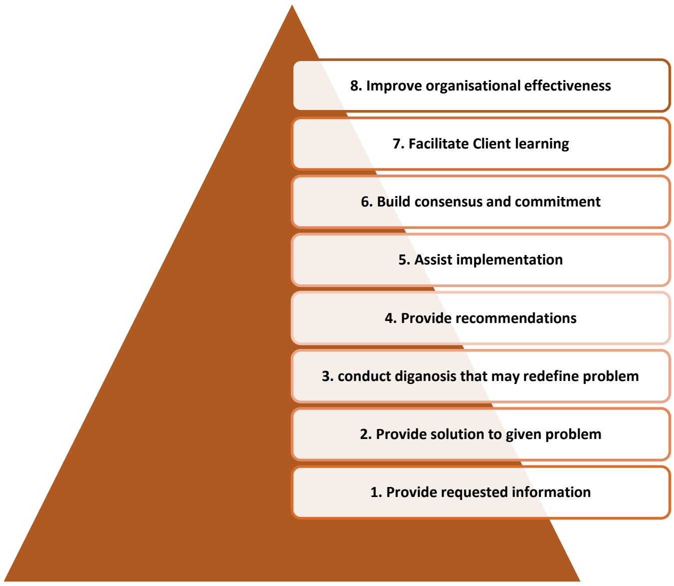


Figure 2 – A hierarchy of consulting purposes (Turner, 1982)

3.3 Reasons for the approach

A collaborative consulting method through joint venturing process approach is highly unstructured, and the consultant essentially joins into the flow of organising without much negotiation of roles or processes (Barge, 2015). This approach requires an expert consultant who will listen to the clients and their business issues as well as sufficient educational background, business experience and problem-solving skills.

Barge (2015) advises that consulting is more often, a form of collective inquiry that centres around the role of conversation in articulating a focus for inquiry, designing a process to create new frameworks for meaning and action, contemplating one's experience and determining what steps need to be taken in the future. Interviews were used to capture the current state and were kept anonymous. This was done through informal interview discussions.

The Engagement model on Figure 3 is an example of a model which facilitate insight into the deep-rooted issues affecting the organisation by allowing the consultant to become part of the client's organisation for the duration of the consultancy (Barge, 2015).

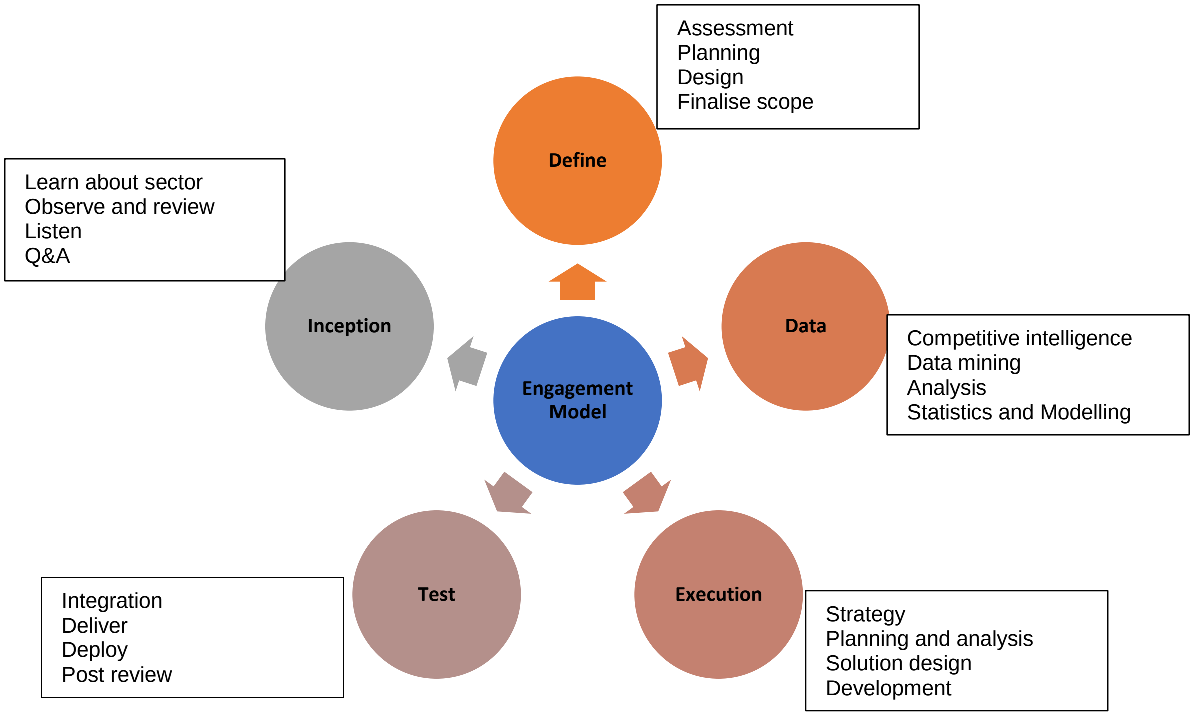


Figure 3 – Engagement Model (Qstat Consulting, n.d.)

3.4 Population

The participants for this interview were required to have a minimum of three or more years of working experience in the banking sector. Only 10 participants were targeted for the purposed of this project and no demographic information was taken into consideration in terms of the results, however the information was collected to ensure enough representation (Table2). The purpose of the research was not to assess the impact of change for different demographics, but rather focus on change, leadership and engagement in the organisation.

Number of participants	Race	Age (Years)	Experience	Gender
Two	White	35 – 55	15-20 Years	Male
Two	Indian	30 – 50	10 – 45 Years	Male and female
Six	African	29 – 45	5 – 45 Years	Male and Female

Table 2. Interview demographic information

3.5 Opportunities for innovation

The traditional hierarchy of consulting purpose, as highlighted in Frederik (2014), is an effective tool that consultants can use for a consulting project. It provides structure and detailed steps that will assist the consultant to resolve the issue in the organisation. The three additional goals give the tool more depth and facilitate organisational learning through this process.

There are opportunities to improve this method with a focus on change management. This ensures that more focus in given to the change process during the implementation phase. Kurt Lewin came up with a three-step process to managing change (see figure 3).

Figure 4. Change as three steps (Cummings, Bridgman, & Brown, 2016)

Cummings et al. (2016) advises that academics claim that all change management theories are reducible to this idea of Kurt Lewin and practitioners boast that 'the most powerful tool in my toolkit is Kurt Lewin's simple three-step change model'.'

Another opportunity for innovation is to integrate the McKinsey 7 – S framework. The framework comprises of elements that interlink together to support the organisation's intended strategy (Johnson et al., 2016). This framework can assist the consultants assess how the different elements mutually support each other and can be used as a checklist in any organisational design.

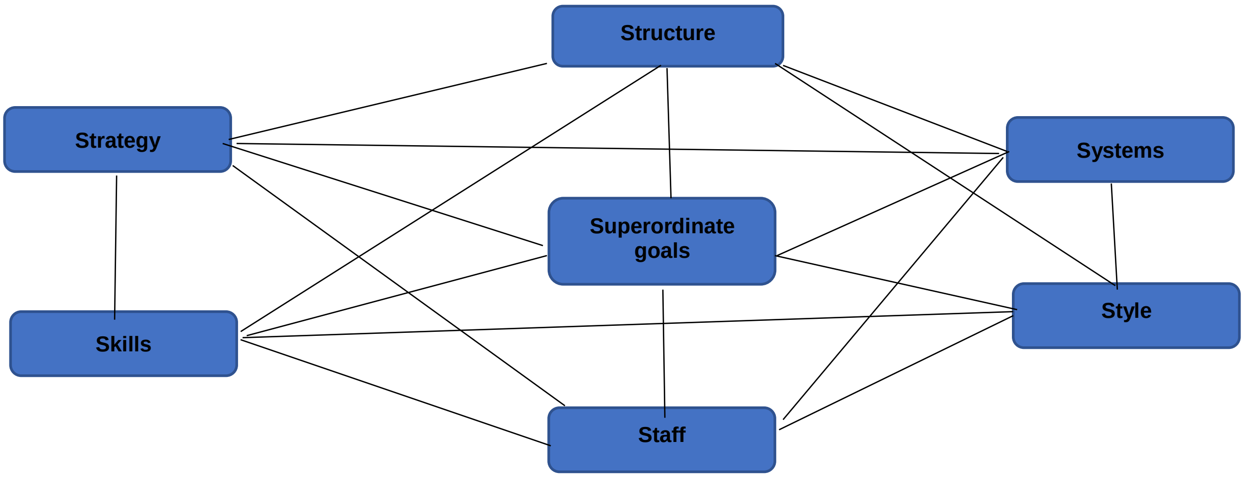


Figure 5. McKinsey 7 – S framework (Johnson, Whittington, Scholes, Angwin, & Regner, 2016)

SECTION 4: RESULTS

4.1 Introduction

The data for this study was collected using an interview questionnaire (Appendix 1). The respondents advised that they were aware of the changes taking place in their organisations. One of the most prominent changes that is consistent is a company restructure resulting from changes in the external environment i.e. competition and changes in regulation.

4.2 Sample description

The respondents all work for banks in South Africa and were requested to consent to the interview. Due to this sampling method used, no response rate was calculated. A total of 10 participants participated in the interview with a 100% response rate. One of the limitations in the original sample was that the participants had to be employed in the banking sector and had undergone or been part of a change affecting their company or department.

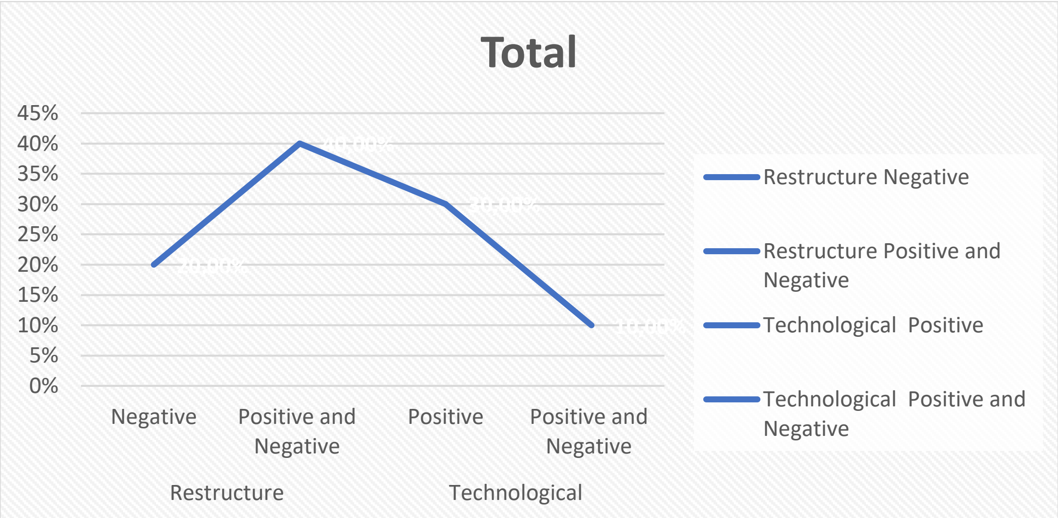
SECTION 5: FINDINGS

5.1 Introduction

This section encompasses the outcome of the 10 interviews that were conducted with the employees. The purpose of these findings was to investigate if there was any relationship between the identified variables that have been used to measure the level of employee engagement and how leadership contributes to it.

The findings support the theory of Human Relations in that it highlights the importance of employee engagement in promoting a culture that is open to change. The theory recognises that motivation is not just about ‘logical’ financial incentives, but it is more about progressive management that meets the employees’ social needs (Bruce & Nyland, 2011).

5.2 Summary of the responses

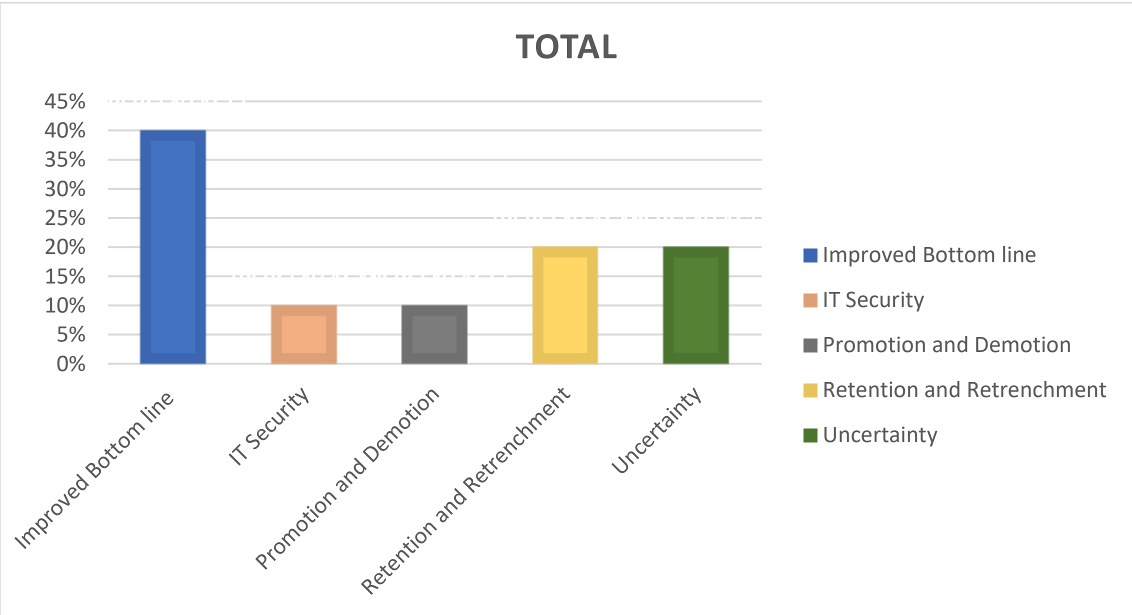


Graph 1 – The types of change and resulting impact

The two major changes identified by the participants as the main reason for a need to change in their organisation was leadership restructuring and technological changes which stems from strategic changes.

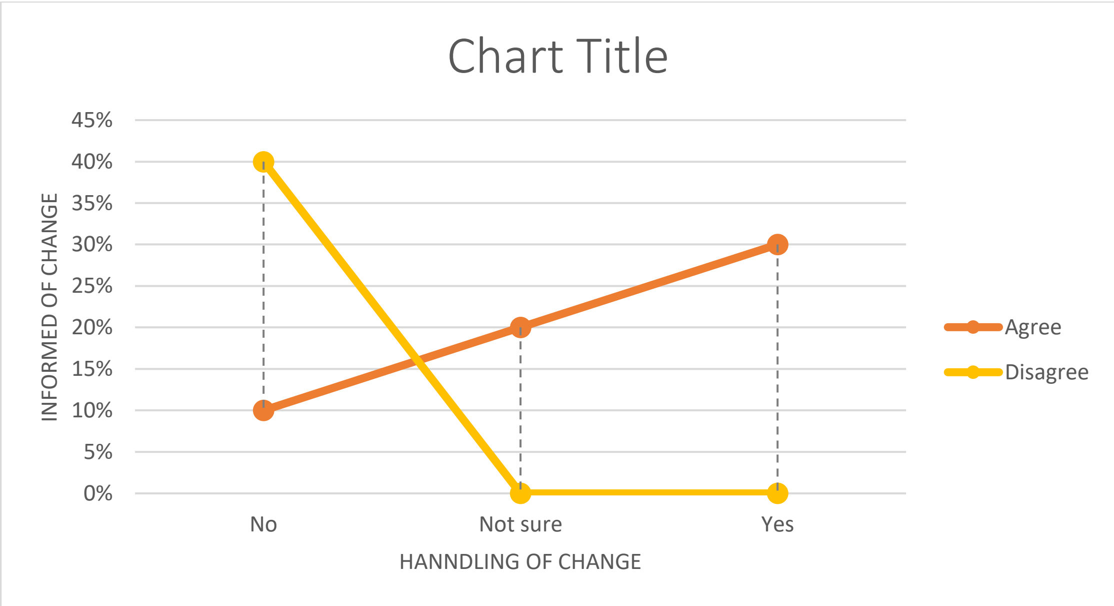
60% of the participants advised that their companies were going through a leadership restructure in response to market changes. Only 40% of the participants advised that their companies were going through technological changes brought on by the rise of Fintech companies.

50% of the participants indicated that the changes experienced by the organisation had both positive and negative implications for its operations, and the one prominent negative change experienced by employees resulted in jobs and/ or role changes. 20% indicated that the resulting organisational change was positive and related to an improvement in the organisation's processes. 20% of the participants advised that the change was negative as it brought about uncertainty for their future. The results suggest that the most dominant intervention in response to market changes in the banking sector is a restructure.



Graph 2 – Nature of impact

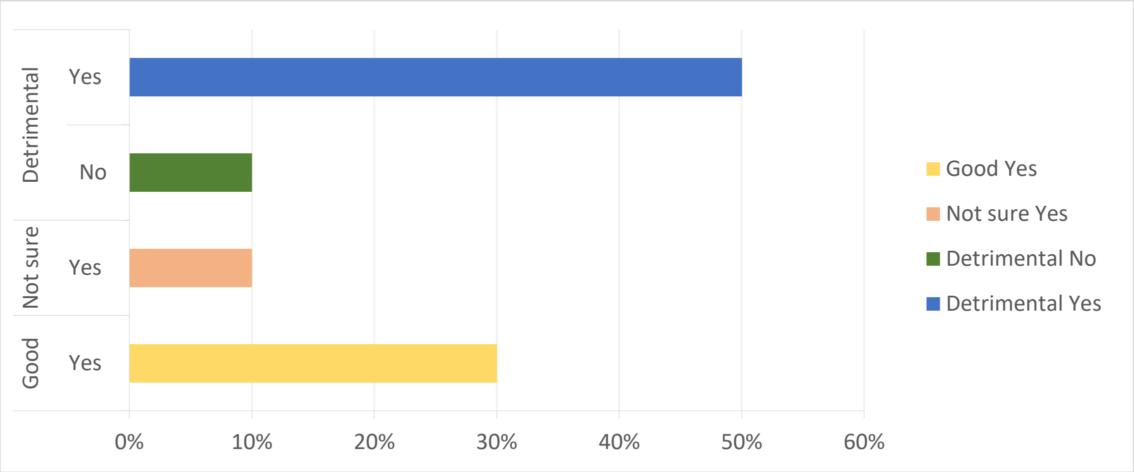
Graph 2 indicates the nature of the impact resulting from the type of change indicated in Graph 1. The type of impact that is prevalent in this research is an improvement in the bottom line as indicated by 40% of the participants. This is followed by a negative impact of 20% by employees who believe that the change brings about insecurity and uncertainty. 20% believe that the change is both positive and negative. This implies that the most prevalent impact resulting from change is the improvement in the bottom line and this is important, however it shouldn't overshadow other important factors such as employee engagement.



Graph 3 – Leadership's management of Change

Graph 3 indicates whether employees were informed of the changes indicated in Graph 1 and if they believe that their leadership handled the change process appropriately. As indicated in the survey, 40% of the participants believe that they were not well informed of the change and believe that their leaders did not handle the change process sensitively. 10% of the participants believed that they were well informed of the change, however they do not believe that their leaders handled the change process sensitively.

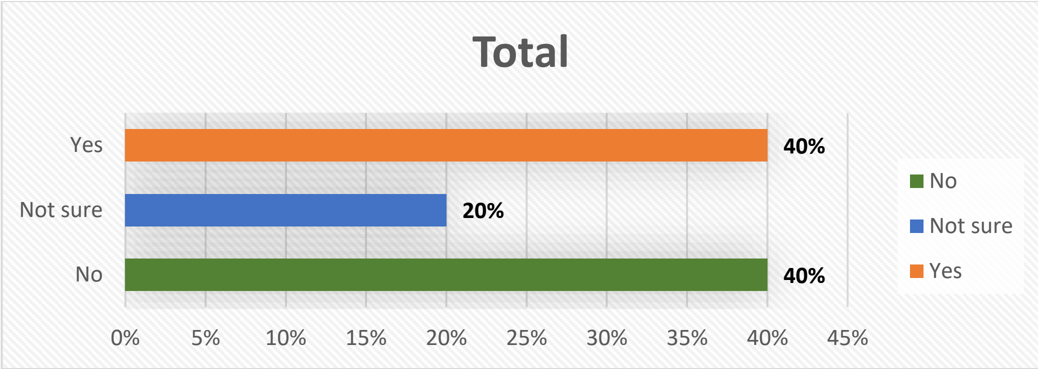
20% were well informed of the change but they are not sure if their leaders handled the change process appropriately. 30% believed that they were well informed of the change and that their leadership handled their situation appropriately. This suggests that the way leadership handles and communicates change makes a difference in how the employers perceive and accept the change.



Graph 4 – Impact on organisational performance

The impact of organisational changes, highlighted in Graph 1 above, have affected organisational performance, and this varies, depending on how the change was handled, as well as the level of change that took place. 50% of the participants believe that the change had an impact on the organisation's performance and the type of change that occurred had a detrimental impact on the organisational performance. 30% of participants believed that the change impacted on organisational performance in a positive way.

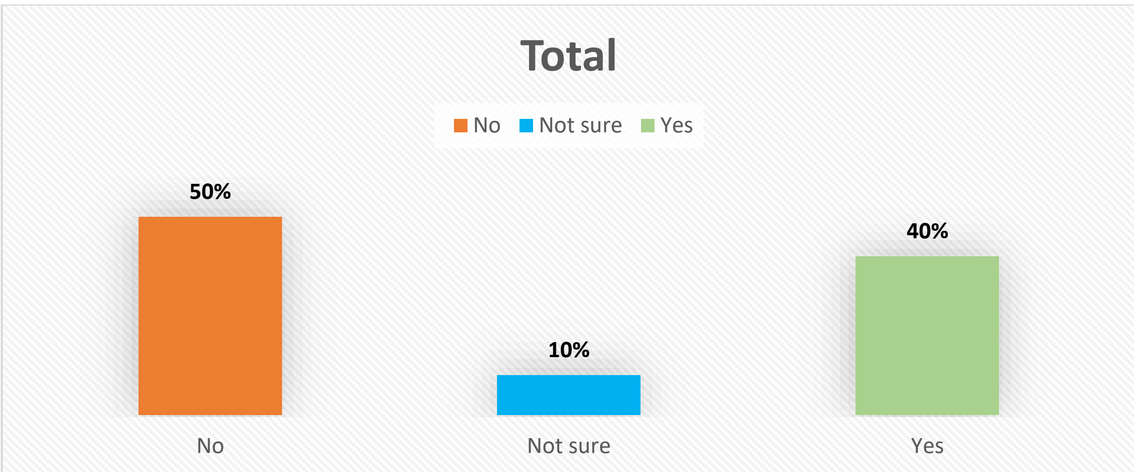
10% of the participants were not sure about the impact on the organisation but agreed that there was a definite change which had an impact on its operation. The remaining 10% believed that the impact on the organisation's performance was detrimental, however they do not believe that the change had an impact on the organisation.



Graph 5 – Employees' trust in leadership

As a result of the changes indicated in Graph 1 and associated type of change in Graph 2, participants were asked if they trusted their leader's skills and capabilities to manage the changes. In response to the question, 40% of the participants advised that they trusted that their leadership had the right skills and abilities to handle the change, while the other 40% of the participants advised that they were doubtful of their leaders' skills and abilities to manage the change process. 20% of the participants advised that they were not certain about their leader's skills and abilities to manage strategic change.

This graph suggests that there's a 60% chance for improvement on building trust with followers in order to foster a positive working culture.

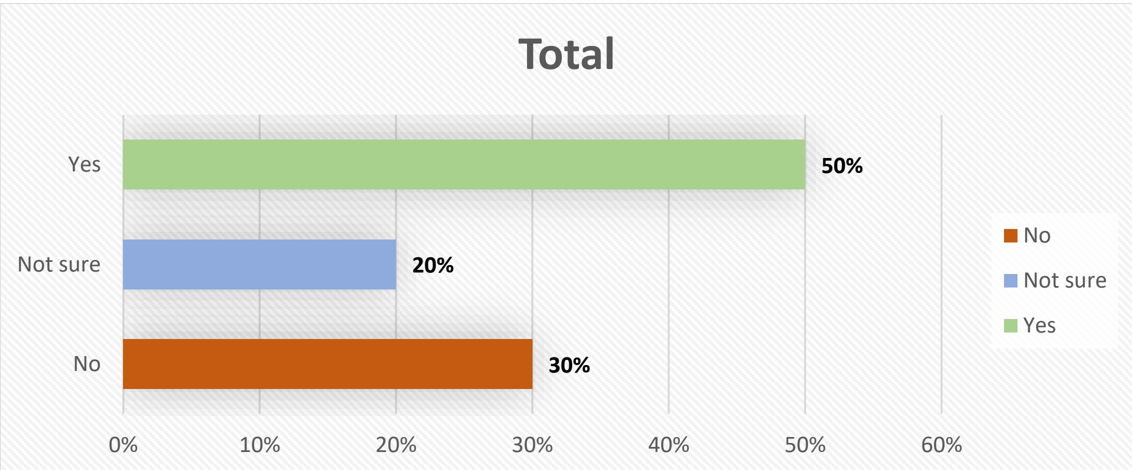


Graph 6 – Perception of leadership support

Building on the question about leadership skills and abilities in Graph 5, participants were asked if they believed their leadership was supportive to them during times of change. 40% of the participants agreed that they believed that their leaders were supportive during the organisational change process. Only 10% of the participants were not sure if their leaders were supportive in times of changes, and the reason for their response was because they had not undergone a change process with their current leadership and thus were not impacted directly by the change.

50% of participants do not believe that their leaders are supportive which makes them doubtful of their abilities to manage the change process. Out of the 50% that believed their leaders are not supportive, 30% of the participants who believed that their leaders are not supportive indicated that their senior leaders (i.e. heads of department) were the main reason for their responses and they believed that their immediate direct line of management is more supportive than senior management. The remaining 20% believed that their leaders did not care about them.

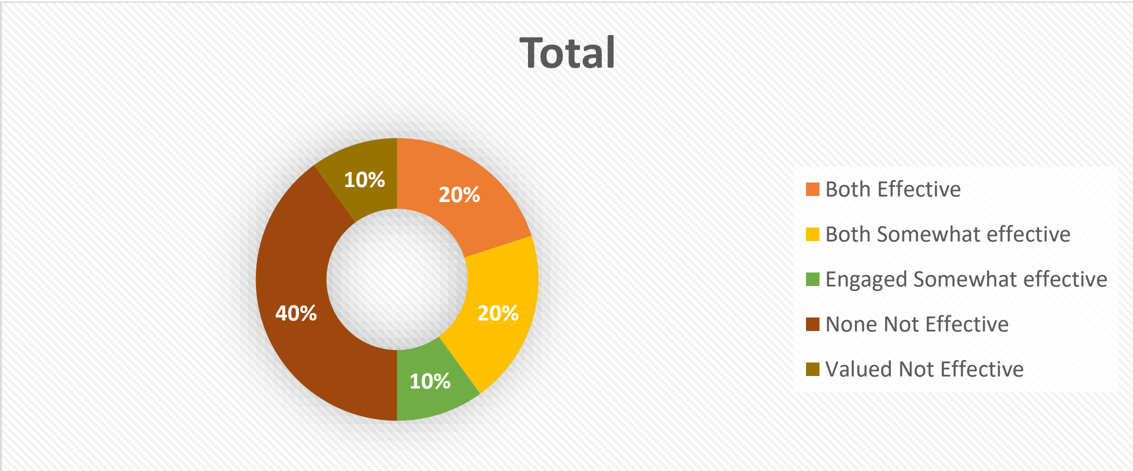
This suggests that most employees do not perceive their leaders as being supportive and this can lead to anxiety and uncertainty during strategic change implementation.



Graph 7 – Leaders' contribution to positive work culture

The participants were asked if they believed that their leaders contributed to a positive work culture, and their response was influence by the response provided in Graph 6. 50% of the participants believed that their leaders contributed to a positive work culture. 30% of the participants believed that their leadership was not contributing to a positive work culture while 20% participants were not sure if their leader's behaviour contributes to a positive work culture or not.

This suggest that there are still some elements of traditional leadership that may still exist in these organisations which leads the followers to perceive their leaders as contributing negatively to the organisation's culture.



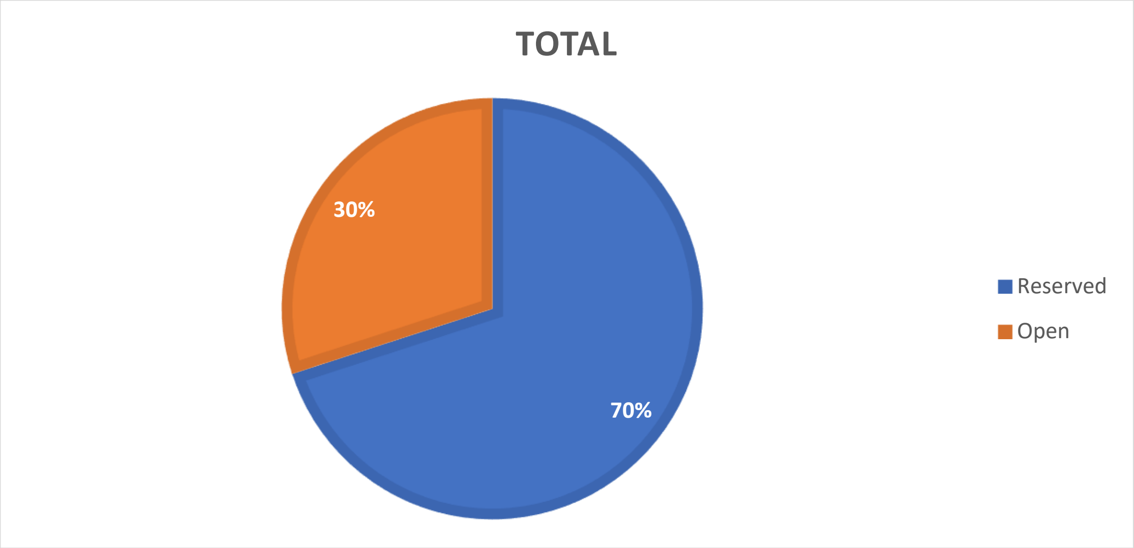
Graph 8 – Efforts to keep employees engaged and valued

Based on the feedback provided in Graph 6 and 7, the participants were asked if they believed that they were valued by the leadership in their organisation, also, if the efforts of their leadership to keep them engaged were effective. 40% of the participants advised that they believed that they were not valued by their organisation and their leaders' efforts to keep them engaged were not effective.

20% of the participants felt that they were both engaged and valued, they highlighted that they believed that their leadership's efforts to keep them engaged were effective. The other 20% indicated that they also believed that they were valued by their leaders and that their leader's efforts to keep them engaged was somewhat effective.

10% of the participants believed that they were valued, however their leaders' efforts to keep them engaged are not effective. The participants' advised that they are not sure if being valued plays a role in their daily tasks. The remaining 10% of the population indicated that they were not engaged nor valued and their organisation's efforts to keep them engaged were not effective.

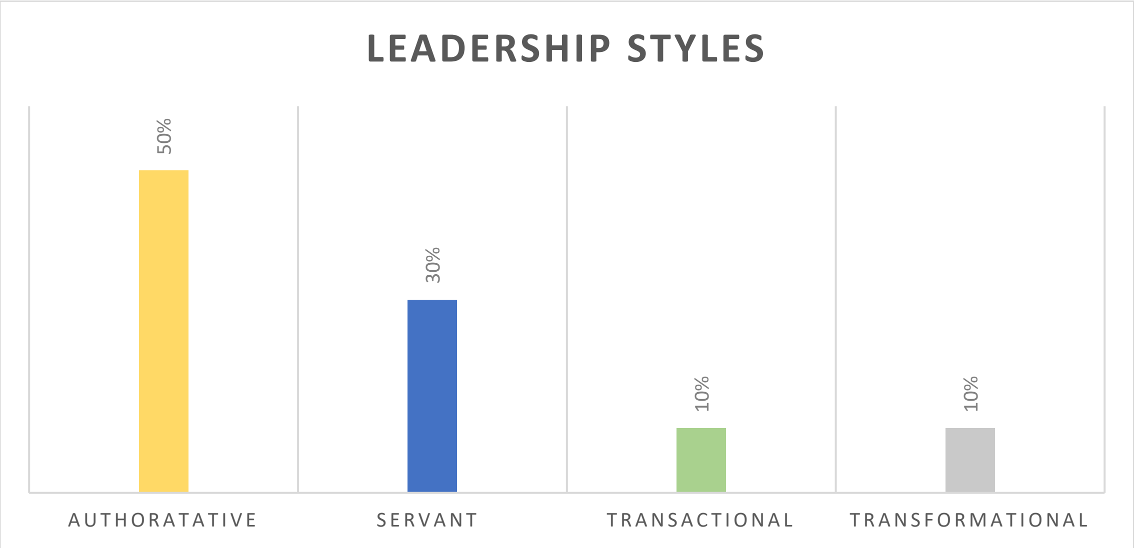
This suggests that efforts to keep employees engaged and valued are not as effective as leaders may assume and as such more focus should be given to aspects of leadership and management that help followers become more engaged and valued.



Graph 9 – Leaders transparency and openness to feedback

Leadership transparency and openness contributes to the level of employee engagement. As mentioned in section 2, research conducted by Gallup in 2013 has indicated that direct line managers have an impact on employees in terms of their conduct (Gerber, 2017). As such, the level of transparency and openness affect how employees perceive their leaders.

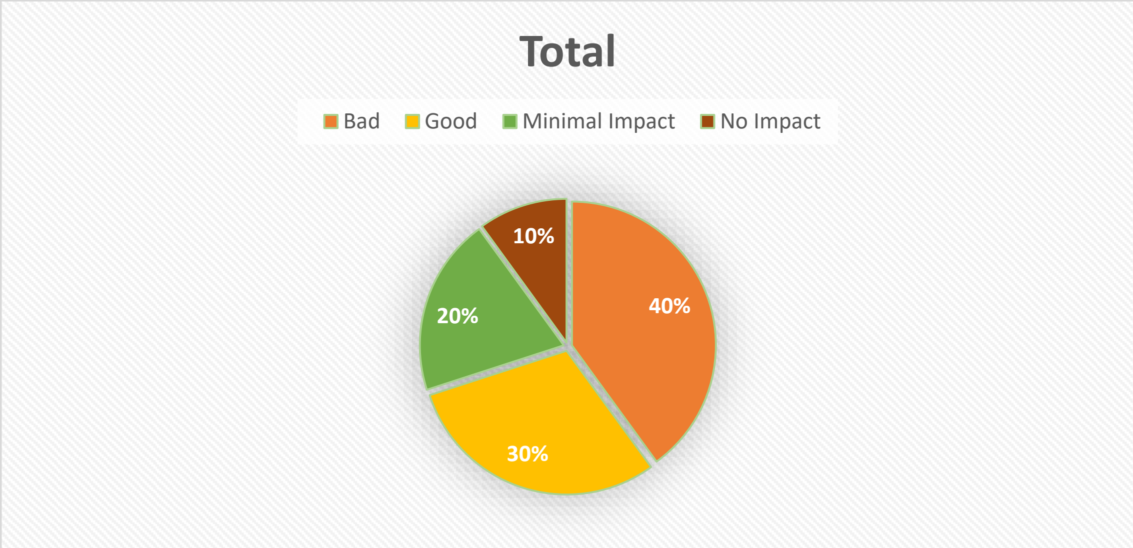
Building on Graphs 5, 6, 7 and 8, the participants were requested to indicate whether they believed that their leaders were transparent and open during times of change. 70% of the participants advised that their leaders are not transparent nor open to receiving feedback while 30% of the participants believed that their leaders are transparent and open to receiving feedback from their followers. This suggests that level of openness and transparency enhances the level of employee engagement and creates a sense high integrity, transparency, credibility and trust from their leaders, when followers view them as being open and transparent and this helps them invest, risk and follow their leaders (Puls, Ludden, & Freemyer, 2014).



Graph 10 – Leadership's styles in banking sector

Participants were asked to indicate the type of leadership style that they believed their leaders displayed. The most dominant leadership style was the authoritative with 50% of the participants reporting that their leaders possessed mostly the qualities of this style. 30% of the participants reported that their leaders possessed qualities of a servant leadership style. The remaining 20% of the participants reported that their leaders possessed a transactional and transformational leadership style.

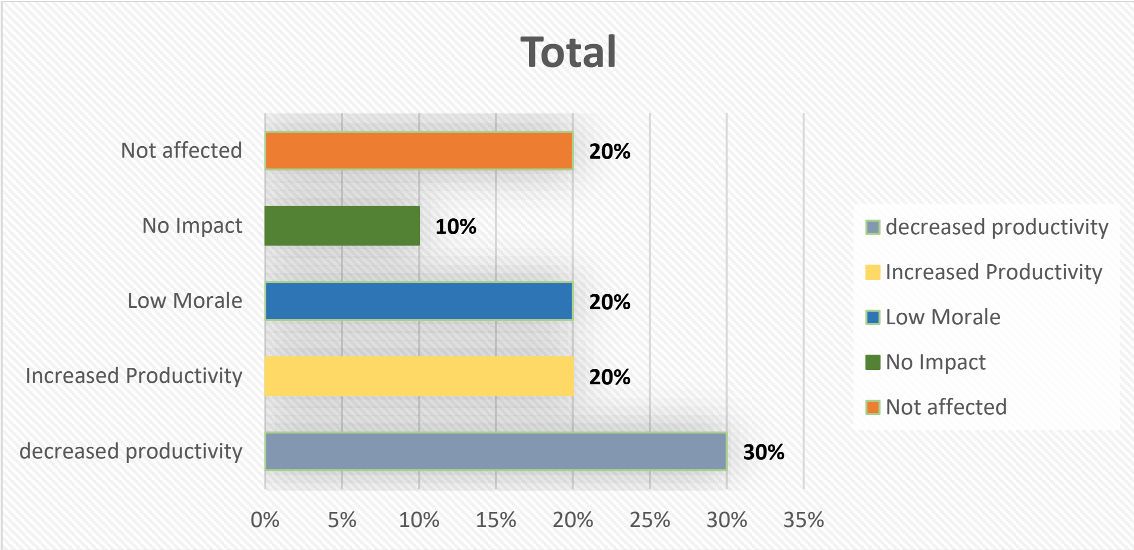
This suggests that leaders in organisation must grow a deeper understanding of practices that shape employees' perception when it comes to relational aspects and change, but also consider the impact of these perceptions in response to change. This is dependent on the type of leadership style employed in the organisation and teams as some may deliver more results than others i.e. transformation as opposed to authoritative. As indicated in section 2, the authoritative leadership style may not be as effective in delivering results (Georgalis et al., 2015)



Graph 11 – Impact on team performance

When assessing the impact of the change on team performance, indicated on Graph 1 and 2, 40% of the participants reported that the impact of the change on their team was negative and only 10% reported that the team was not impacted. 30% participants have reported that their teams have experienced a positive impact resulting from the change and only 20% reported that while the change was positive, its impact was not as great as anticipated.

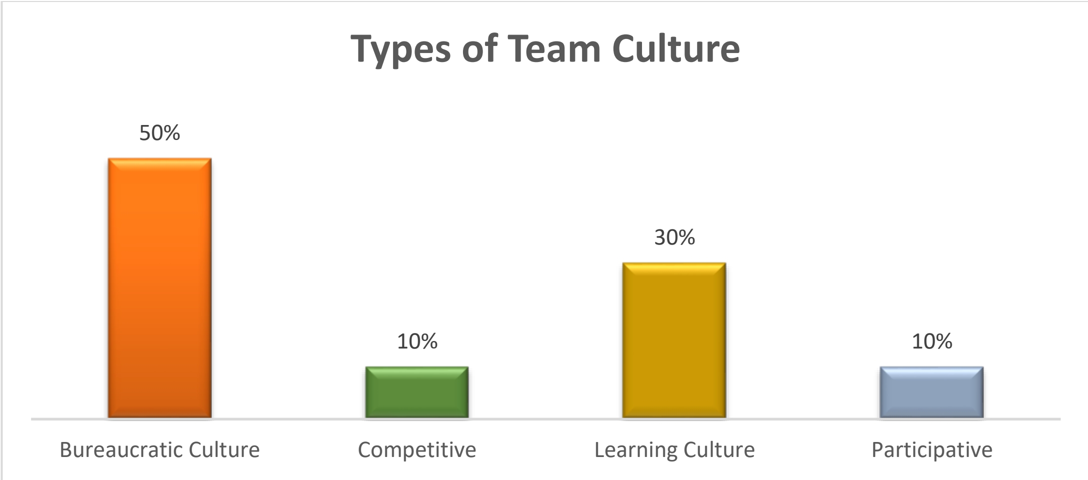
This suggests the important of having teams that have a shared purpose, act collectively as a unit with the right capabilities to be held mutually accountable for the implementation of strategic changes. Organisational changes often have an impact on team performance (Armstrong and Tylor, 2014)



Graph 12 – Type of impact on team performance

Building on the feedback provided in graph 11, the participants were asked to indicate the types of impact that the changes in Graph 1 and 2 had on team performance. 30% of the participants advised that the change had a negative impact on the productivity and 20% advised that the team was not impacted by team performance while 20% believed that the team experience low morale resulting from the change. Only 20% agreed that productivity increased because of the change. The remaining 10% believed that the change had no impact on the team performance.

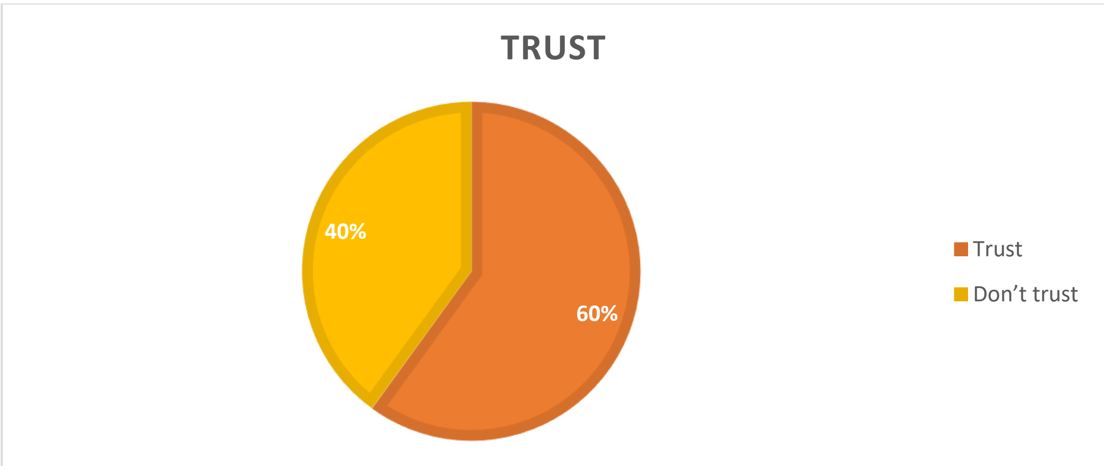
This suggests and highlights that the impact of the change and how the process was handled may not always lead to increased productivity, especially when employees perceive their leadership as not being transparent and trustworthy.



Graph 13 – Types of team culture

The participants were questioned about their team culture and they indicated that the most prominent type of team culture is the bureaucratic culture at 50%. 30% of the participants advised that their team culture is more of a learning culture and 10% advised that their culture is competitive and while the other 10% advised that their culture was more participative.

As the literature review highlighted, the type of culture in the organisation and teams can facilitate environmental adaptation and internal integration (Fard et al., 2009). This suggest that a learning culture has the highest influence over the competitive, participative and bureaucratic culture as such, organisations should be leaning toward becoming more learning that bureaucratic (Fard et al., 2009).



Graph 14 – Trust in the team

The trust that the teams has built is important in successfully implementing changes and participants were asked if they trusted their team (Fard et al., 2009). 60% of the participants advised that they trust their teams while 40% advised that they had no trust in their team.

This suggests that the type of culture prevalent in the organisation can build or break trust between team members and this will impact delivery as well as dilute the need to have a shared vision (Armstrong & Taylor, 2014).

5.3 Interpretation of the research results

The research results support the Human Relations theory which is fascinated with the view of the human nature and “what should be done about it” and these were translated over time by other researchers (O'Connor, 1999).

The research questions set out to draw from participants in terms of their understanding of changes affecting their organisations, how that impacts them and their team performance and their perception of leadership support. The graphs in Section 5.2 – summary of the responses, indicates the most important factors based on the responses provided by the participants. As mentioned in section 1.2 – Problem definition, the 2008 global financial crisis, was an example of an external factor that resulted in the banking sector having to implement changes (Manamela, 2013).

The evidence from the research results indicates that the most prominent factor that brings about change in the banking sector are typically external to the banks operations, however these affect the internal operations of the organisation. Restructuring and technological factors were identified as the two major factors that result in change. Restructure normally occur when an organisation changes its overall strategy, resulting from external factors, as depicted in graph 1 (Piercy, 2016).

The dominant way the banks adapt to these external factors is often through restructuring, and this results in operational changes. It is critical that this process is handled with proper planning and execution, as this can either improve organisational performance or lead to its demise (Piercy, 2016). The way that the restructure is handled impacts employees' experience and adoption towards the change process in a positive and negative way (Richardson, 2010). When organisations go through a restructure, it is expected that it brings about lasting changes in the organisation. However, this is not always the case as indicated by graph 1 this may not be the case as this has led to some organisation experiencing a negative impact as a result. As one participant advised "the change has led to the company reacting to changes rather than being proactive".

One of the observations noted from the research is that employees may be aware of the changes taking place in their organisation, however they may not understand why there is a need for change and the type of impact it will have on the organisation. This is one of the reasons why leaders should not handle changes in the organisation haphazardly, but rather employ change management process to assist employees to adapt to the change (Mahomed, 2017).

As can be seen in Graph 3 – How leaders handle change, the graph indicates that most employees were not impressed by the way their leaders handled the change process. This suggest that leadership has to be aware of their delivery and handling of change and a participant indicated that the way change is handle sometimes comes across as unplanned and that "they didn't think thoroughly about what will happen going forward when they implement such things".

Therefore, it is critical that leaders ensure that a proper change management process is in place as well as proper communication channels to keep all employees informed of changes taking place and their impact, as depicted in graph 9. As stated by Georgalis et al. (2015), a change implementation process involves a social exchange between managers and employees. This helps minimise employees' resistance to change. This implies that lack of change process gives the impression that the organisation is not ready for change and as such should take time to consider the impact that this will have.

The way leadership handles these changes has a greater impact on individuals and teams within the organisations. This is because their conduct impacts on employee engagement, employees' trust in leadership and perception of leadership support, as this contributes to a positive work culture (Goleman, 2017). This suggests that a positive work culture fosters employee engagement as indicated by one participant who advised that "the company needs to ensure that the culture changes and caters to everyone. They need to ensure that they pay their people and ensure that they are transparent. If I trust you, I see a future with you and if I trust you, I can also be honest about everything this will alleviate things like people resigning"

As state in Section 2.3 of the literature review, engaged employees are motivated to get things done and are willing to go over their normal work duties (Mahomed, 2017). The employees who believe that their leaders did not handle the situation properly also indicated that they perceived their leaders as lacking the support that they require to handle these organisational changes, as depicted in Graph 6,7 and 8. This implies that organisation have to ensure that they hire the right people in leadership positions who will help execute the intended strategy by ensuring that the followers are well engaged and ready to deliver on the strategy.

It is critical that employees believe that their leaders have the right skills and capabilities to handle the changes. This can help give the level of comfort during times of change. Lack of belief in leadership can lead to employees feeling uncertain about their future and overwhelmed by the changes (Goleman, 2017). This suggests that employees who feel this way become disengaged and lose faith in the organisation.

50% of the participants indicated that their leaders contribute to a positive work culture. The participants also indicated that they did not trust their senior management i.e. their manager's leaders, however they believed that their direct line of report contributed to a good working environment. These employees indicated that as much as their direct line report is transparent and forthcoming with information, it was their top-level leadership that was not transparent or open with communication during times of change. This implies that organisations have to change their structure and ensure that leadership is aligned from the corporate level to the operational level.

This indicates that the way leaders handle changes contributes to levels of trust as well as perceptions about their support. These types of leaders do not contribute to the positive work culture, and this leads to employees working in an environment that promotes individuality rather that collaboration.

The 50% of the employees who believed that their leaders contribute to a positive work culture also advised that their leaders' efforts to keep them valued and engaged are effective. It is evident that most of the leaders are not as open to receiving feedback from their employees, as indicated by 70% of the participants. This shows the level of emotional intelligence that leaders have, as indicated in Section 2.1 – Impact of strategic changes and leadership. Daniel (2017) advises that leadership styles spring from different components of emotional intelligence. This highlights the importance of having a culture that is agile and willing to learn as well as adapt to change.

Graph 10 indicated the most prevalent leadership style in the banking sector is the authoritative style. This leadership style is associated with bullying and demeaning behaviour, it demands immediate compliance, and this is not the best leadership style to get results from employees during times of change (Goleman, 2017). This suggest that the appropriate leadership style that should be adopted during times of change is the Affiliate leadership which helps mobilises people towards the organisation's vision and maximises commitment.

Leadership styles can be linked to organisational culture which influences team culture. As indicated by Graph 13, the most prevalent team culture is the bureaucratic which is characterised by low environmental adaptation and internal integration. This highlights that this type of culture does not foster a team culture built on trust and high performance; as indicated by Graph 14, trust is important in a team.

SECTION 6: RECOMMENDATION

As indicted in the research results, factors outside and within the organisation affect its operations. These factors require that organisations change their strategy in response to market demand and conditions. The implementation of the selected solution such as employee engagement initiative can be employed to address the challenges of employee engagement.

Recommendation 1: Leadership should pay close attention to human aspect when implementing Strategic change.

This implies that successful change implementation requires a focus on the human aspects of the change as it affects how they adapt to the change. A shared purpose helps the team act collectively towards implementing changes and promoting a culture of learning. Leaders should be trained on team dynamics, this can help them build a strong group ideology where members can identify with their teams closely (Armstrong & Taylor, 2014). The organisations leadership can help facilitate engagement by providing training programmes to managers (MyHub, 2018).

Recommendation 2: Leadership should actively seek to support employees during strategic organisational change.

This can be achieved through an effective implementation of Employee Engagement initiative that will not be treated as a once off but rather form part of the organisations core functions. This implies that engagement initiatives should be treated as an afterthought, but rather key elements that will help build a robust culture and agile culture.

SECTION 7: ACTION PLAN

The action plan below provides an overview of Employee Engagement initiative that will help address challenges with implementing strategic change in the organisation with the assistance and direction of its leaders. This builds on from the recommendation section.

Objectives	Tasks	Success Criteria	Time Frame	Responsibility
To increase the level of employee engagement by 35% in the organisation by December of 2020	Assign key resources to help run with the Employee engagement initiative - Identify key members of the organisation	35% Increase in engagement level achieved within the allotted timeframe and budget	Feb 2019 - May 2019	Organisation's Executive (OE)
	An introduction and implementation of a company-wide employee engagement survey		June 2019 - Dec 2019	Organisation's Executive (OE)
	Set up an action group across departments		Jan 2019 - Feb 2019	Program Manager (PM), OE and Engagement committee (EC)
	Create an employee engagement blog for sharing ideas and insights between teams and management		Mar 2019 - Apr 2019	IT Department, PM, OE and EC
	Implement a survey outside the main employee survey in relation to specific issues within the companies		May 2019 - Jul 2019	PM, OE and EC
	Continuously Monitor and control the process		Jul 2019 - Dec 2020	PM, OE and EC
	Adapt and improvement of solution implementation		Jul 2019 - Dec 2020	PM, OE and EC
To provide 80% of leader's in the organisation with training and practice by February 2020	Assess and evaluate the leadership skillset required	80% improvement in leadership skills required within the required time frame and budget	Jun 2019 - Aug 2019	Training and development team (T&D)
	Identify training gaps, training providers and organise training sessions		Sep 2019 – Aug 2020	(T&D)
	Solicit continuous feedback		Jun 2019 - Dec 2020	(T&D)

To improve relationships between leadership and followers by 60% by the end of Dec 2021	Establish sub-employee steering committee for different divisions	60% improvement in the relationship between followers and leaders by 2023	Jan 2021 - Feb 2021	PM, OE and EC
	Steering committee to explore issues and concerns raised by employees		Feb 2021 - Continuous	EC
	Continuously measure the success of program implemented through quarterly surveys		May 2021 - Continuous	EC
	Improve team spirit and morale through team building activities and events		Jun 2021 - Continuous	EC
	Set up a recognition scheme for the organisation.		Aug 2021 - Dec 2021	EC
	Get Feedback and use it to improve the engagement process and pivot when necessary		Continuous	EC

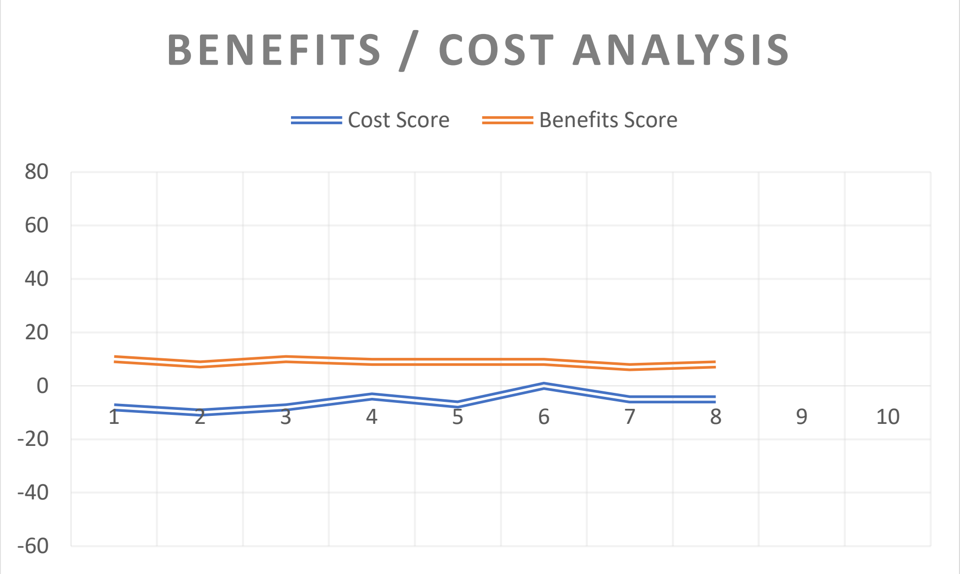
Table 3. Employee Engagement Action Plan (MyHub, 2018)

SECTION 8: FINANCIAL MODEL

This section provides an overview of qualitative cost that may be associated with implementing an employee engagement initiative

Costs	**Score**	**Benefits**	**Score**
Project Team Salaries	-8	Increased profitability and productivity	10
3rd Party Supplier - Survey and Analysis	-10	Increased collaboration between team members	8
Leadership Training Provider	-8	Lower employee turnover and high Retention	10
Team building activities	-4	Improved communication	9
Reward and recognition System	-7	Motivated workforce	9
Office Supplies	0	Higher employee satisfaction	9
Other Miscellaneous Expenses	-5	Increased employee loyalty	7
Maintenance costs	-5	Less Absenteeism	8
Score:	-47	Score:	70
Total Score:			**+23**
Scoring is from 10 to - 10 for each item, where 10 is the highest score and -10 is the lowest score. A total score above 0 shows that the company will most likely achieve a benefit by implementing the Employee engagement initiative.			

Table 4. Cost/ Benefit Analysis (ResearchGate, n.d.)



Graph 15 – Cost/ Benefit Graph

The purpose of this graph is to indicate that the benefits of implementing an employee engagement initiative outweighs the cost of associated with it.

SECTION 9: FURTHER RESEARCH AND CONSIDERATION

It is found that further research is required to broaden the scope of this study. The positive role that leadership plays in the organisation enhances the level of employee engagement and assist in getting desired results in times of change. The following topics require further investigations in support of these:

a) The study of the impact that toxic leadership has on overall team productivity and the resulting consequences on overall organisational performance

b) A further study that will investigate what other factors within the business environment have an impact on employee engagement and leadership

c) A study on the impact of toxic followers on employee engagement and how it relates to an organisation’s agility and performance over time.

SECTION 10: CONCLUSION

The absolute effect of strategic changes on employee engagement and leadership has indicated that an effective collaboration between leaders and followers is a key success factor in ensuring successful strategic change implementation. Leaders help to create a robust culture that is agile and open to change, however this cannot be achieve by leaders alone, as it is a collaborative effort between leaders and employees. It is important to remember that disengaged employees can have a detrimental effect on this collaborative relationship which impacts the performance of the organisation. As noted in the literature, organisational demands required that critical resources be retained to continue being competitive and profitable.

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