Leadership Succession, Integration, Quality and Adaptive Performance in Nigerian Commercial Banks

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Abstract

The main objective of this study is to provide empirical evidence on the relationship between leadership successions, integration and quality to adaptive performance in the Nigerian commercial banks. Data of the study were collected through research assistant employed, in which 600 questionnaire were sent to employees of the commercial banks. The study used stratified random sampling, in which samples were drawn from six geo-political zones in Nigeria; data were analyzed using Statistical Package for Social Science (SPSS) version 20. Descriptive statistic, factor analysis, and finally multiple regression analysis were carried out. The result findings of the analysis shown that, leadership succession, integration and quality have a significant positive relationship with adaptive performance. Finally, conclusion was provided and the direction for future research was also provided.

Key Word: Leadership Succession, Integration, Quality, Adaptive Performance, Commercial Banks, Nigeria.

Introduction

Performance of individual employees in the banking sector is one of the key factor that may lead to the growth and development of most economies, because good performance of individual employees in the banking industry determines the growth of the banking sector and the Nigerian economy as a whole. Additionally, performance of individuals in the banking sector over along period of time is a sign of business strength in any country (Kolapo, Ayeni, & Oke, 2012). More so, Randle (1995) suggested that it is very important for banks to make some changes in their day to day operational activities above local to global competitiveness, because of the advancement in globalization of financial markets.

Likewise, banking industry also plays a very important role to economic growth and improvement of Nigeria (Sophia, 2011). According to Nzotta (2004), excellence performance from individual worker plays a very vital role in the banking industry because it will help the banks to achieve its goals and objectives. Similarly, Abdullahi (2002), stated that the banking sector is very important to growth of every economy through mobilization of deposits with the help of individual workers and channeling them for investment
particularly in the main sector, which will lead to an increase in the provision of good and service produce in the economy, thus national output will rise while the level of employment will also increase.

Similarly, in Nigeria studies have showed that there are problem with regard to individual performance in the banking sector, such as mass sacking of employees while some resign due to much workload, weak corporate governance which has to do with the poor leadership qualities with regard to the employees welfare and absenteeism, because employees can only contribute to growth of the organization only when they are present at work (Babalola, 2012; Iyiola, 2011; Nworji, et al., 2011; Ogbojafor & Adehisi, 2012; Sophia, 2011; Sanusi, 2010). Therefore, the objective of this study is to display empirical evidence on the relationship between leadership succession, integration and quality to adaptive performance from the Nigerian point of view. Section two present the literature review and hypothesis development, section three provides research methodology, section four present results and discussion and finally the conclusion

**Literature Review and Hypothesis development**

**Adaptive Performance**

Adaptive performance can be defined as the level to which an individual adapts to changes in the work role or environment (Griffin, Neal & Parker, 2007). It can also refer to as altering behaviors of individuals in an organization to meet the demands of the environment, event, or new situation (Pulakos, Arad, Donovan & Plamondon, 2000). Adaptive performance is an aspect of performance that reflects acquiring enhanced competencies in response to change in an organization. In addition, Adaptive performance also focuses on the growing interdependency and uncertainty of work systems and the corresponding change in the nature of individual performance in an organization.

Johnson (2001, 2003) debated that dealing excellently with unpredictable and changing work conditions and learning new tasks, technologies, and processes distinctively reflects adaptive performance. Adaptive performance reveals behaviors that are related with competency acquisition of an individual employee (Shoss, Watt & Vera 2012). More so, adapting performance has to do with adapting a new role by employees as a result of change in an organization (Shoss et al, 2012).

On the other hand, Zajac, Kraatz, and Bresser (2000) found that adaptive efforts at the organizational level improve firm and individual performance to the extent to which they align a company’s strategy with what is needed to be successful. That is they found that not only insufficient efforts to adapt but also excessive or misdirected change- inhibits firm-level performance. A key condition for successful change is the ability to attend to and perfectly interpret the environment (Teece, Pisano & Shuen, 1997).

**Leadership Succession**

Succession occurs when a firm or organization declare the appointment of a new CEO (Graffin, Carpenter & Boivie, 2011). The declaration of CEO change sends a very strong sign that the person accountable for the weak performance is about to be replaced and that his successor can move the organization to greater success (Liu, Valenti, & Yu, 2011). CEO choices are normally made behind closed doors, thus information about how board members select CEO are hardly shared (Shen & Cannella, 2003). This allows the leadership in a firm to decide how, what and when information is shared. Because this procedure takes place privately, members of the financial press reporting the event, as well as shareholders, do not have access to information until organization leaders decide to release it (Graffin et al, 2011).

However, based on the literature review, leadership succession entails individual performance, because succession leads to better individual performance in an organization if the organization hired competence, skill and experience leader for present and future roles (Stadler, 2011). Therefore, leadership succession is closely related to individual performance. Furthermore, the relationship between leadership succession and
individual performance is usually very strong because the leaders, most especially CEOs, are the ones responsible in deciding strategic choices and setting organizational background that will lead to better individual performance (Child, 1972).

Furthermore, some studies in the past found that leadership succession is influence individual performance for example, the study of Ballinger and Marcel (2010) found that succession influence performances of individual in a firm through good leadership. In a similar vein, Ndofor, Priem, Rathburn and Dhir, (2009) also found that effective leadership succession will lead to individual performance in an organizational setting by motivating them to work hard willingly. Equally, Ballinger, Schoorman and Lehman (2009) examine that leadership succession lead to positive performance among individual employees in an organization.

Moreover, study of Guest (1962) also found a positive result between succession and performance. Similarly, Rowe Cannella, Rankin, Gorman (2005) in a national hockey league found that coach succession is positively associated to performance which is also in concord with studies of some researchers who also argued that succession is positively related to performance (Boal & Hooijberg, 2001; Cannella & Rowe, 1995; Chatterjee Lubatkin, & Schulze 1999; Giambatista, 2004). Therefore, on the basis of the studies highlighted in the literature, the study will look at whether leadership succession is associated with adaptive performance. This led to the following hypothesis.

**H 1:** Leadership succession is significantly related to adaptive performance

**Integration**

Integration is the extent to which teams, work groups, and departments work together to achieve their tasks. Integration can also be the interdepartmental trust and cooperation that exists between employees in an organization in order to achieve their goal and objectives in an organization (Patterson et al., 2005). In addition, integration is also the importance placed on supportive, cooperative, and trusting inter-department relationships in the place of work (Yen, Li, & Niehoff, 2008). Effective integration between individual employees in an organization improves productivity, it’s also guarantees that the accurate information is moving in and out between the right individual groups members at the right time so that they can be able to tackle the current difficulties they are facing (Argote, 1999; Argote & Ingram, 2000).

Additionally, when workgroup integrates they communicate reliably in order to produce excellent results to the level that they became well-organized and they do not become devastated, distracted or confuse (Gronin & Weingarten, 2007). Therefore, communications between individual group members need to be brief and well-timed (Apker, Propp, Zabava Ford, & Hofmeister, 2006).

Equally, when group of employees interact progressively, they develop a shared beliefs that straightly effect trust (Gruenfeld, Mannix, Williams & Neale, 1996). In addition, group members are more expected to trust knowledge shared by their group members than that presented by another person (Gruenfeld, Martorana, & Fan, 2000; Kane, Argote, & Levine, 2005).

Nevertheless some studies in the past have been conducted on integration for example, the study of Gardner, Gino and Staats (2012) in an accounting firm and found that integration of workgroups lead to higher adaptive performance. Similarly, integration in teams also leads to better performance (Eisenhardt & Martin, 2000; Teece, Pisano & Shuen 1997; Zollo & Winter, 2002). Therefore, on the basis of the studies highlighted in the literature, the study will look at whether integration is associated with adaptive performance. This led to the following hypothesis.

**H 2:** Integration is significantly related to adaptive performance
Quality


In the same way, quality gives much emphasis on the quality of goods and service produce in an organization (Dawson, Roma, Davis, & West; Patterson et al. 2005). Quality climate is also the average assessment on organizational climate as being apparent in the group through a shared sense-making (Van Vianen, De Pater, Bechtoldt & Evers, 2011). Quality is very important in an organization because it has much to do on the reputation of the organization interms of production of good products. Similarly, the organization has to set up high standard in order to achieve excellence quality interms of good and service so as to realize their goals and objectives.

However, some studies in the past has been conducted on quality climate for example, the study of Guimaraes, (1996) found that quality also improves the employees adaptive performance in an organization. Yang, Chen and Ton su (2003) in Taiwan manufacturing semiconductor industry found that quality of products improve performance. In the same vein, the study of Terziovski and Samson (1999) from manufacturing companies in Australia and New Zealand found quality is positively related to employee performance. Therefore, on the basis of the studies highlighted in the literature, the study will look at whether quality is associated with adaptive performance. This led to the following hypothesis.

H3: Quality is significantly related to adaptive performance

Social Exchange Theory

Social exchange theory is been employed as the underpinning theory of this research due to the fact that the theory is among the most important theoretical models for understanding workplace behavior in an organization. Its venerable origins can be traced back to at least the 1920s (e.g., Malinowski, 1922; Mauss, 1925). Even though different interpretations of social exchange have emerged, theorists agree that social exchange consist of a series of interactions that generate responsibilities (Emerson, 1976). Social exchange theory is more than simply a set of rules for transacting benefits. Hence, social exchange theory is an interpersonal attachment between individual’s employees in order to achieve high performance in an organization (Cropanzano & Mitchell, 2005). More so, social exchange theory is seen as the study of an organism- environment exchange system (Emerson 1976).

Social exchange theory specifies that certain workplace backgrounds lead to interpersonal connections, referred to as social exchange relationships (Cropanzano, Byrne, Bobocel, & Rupp, 2001). Thus, Social exchange theory is very important in an organization most especially the Nigerian commercial banking sector because it’s has to do with the interpersonal relationships between individual employees which will help in strengthening a very good relationship towards higher goal achievement. Additionally, social exchange theory postulates that workers can develop a relationship between the supervisor and the organization (Settoon, Bennett, and Liden 1996). These indicate that employees do involve in continuing exchanges relationships with their close supervisor and the entire organization (Settoon et al., 1996; Wayne, Shore & Liden, 1997). Social exchange theory Adams (1965) and Blau (1964) suggests that people make every effort to balance what they give and what they get from social exchanges.

Furthermore, the interactions between social exchange theories are mostly seen as interdependent and dependent on the activities of another person (Blau, 1964). Hence, the Social exchange relationships evolve when employers take care of employees in organization like Nigerian banking industry in order to improve performance of employees. Similarly, the social exchange that takes place between an employee and the
employer has also been viewed as the exchange relationship that takes place between an employee and the supervisor (e.g., Settoon, Bennett, & Liden, 1996; Wayne, Shore, & Liden, 1997). Additionally, Blau (1964) argued that only social exchange involves favors that create diffuse future responsibilities and the nature of the return cannot be negotiated and only social exchange tends to create feelings of personal obligations, gratitude, and trust in an organization specifically Nigerian banking industry.

Materials and Methods

The data for this study were obtained through a survey questionnaire administered to the employees of various bank branches in Nigeria. The population of this study is the total number of employees that cut across the branches in six regions of the country including the federal capital territory Abuja. There are 1645 branches in the six geographical locations in Nigeria, based on this population the sample size is 310 (Krejcie & Morgan, 1970). Nevertheless, to reduce the sample error in order to take care of non-response bias the number of questionnaire to be distributed was increased to 600 (Hair, Black, Babin & Anderson, 2010).

The sampling technique was stratified random sampling in which the populations were divided into stratum i.e. to draw samples or strata from different branches of geographical zones in the banking industry. The data were administered and collected through research assistant employed in order to facilitate quick retrieval of completed research questionnaire and also to provide high responds rate. Thus, out of 600 questionnaires distributed 450 were fully completed and returned which represent 75% responds rate. A response rate of 30% is acceptable for survey (Hair, 2010).

Measurements of Research variables

Dependent variables

Adaptive performance: refers to the level to which an individual adapts to changes in the work role or environment. This variable is the dependent variable, and is measured with 8 items adapted from (Koopmans et al., 2013).

Independent variables

Leadership Succession: Refers to the deliberate effort by an organization in order to ensure leadership continuity in key positions. The variables is measured with 14 items from (Garg & Weele, 2012).

Integration: Is the extent of interdepartmental trust and cooperation in an organization. The variable is measured with 10 items adapted from (Dawson et al., 2008).

Quality: Is the emphasis given to quality procedures in an organization. The variable is measured with 7 items adapted from (Dawson et al., 2008).

Five point likert scales ranging from strongly agree to strongly disagree was used in measuring the responses of the questions, because five point likert scale are acceptable, reliable and also easy for respondents to understand (Gramling, & Myers, 1997; Nilniyom, & Chanthinok, 2011; Theofanis, Droglas, & Giovanis 2011; Zuriekat, Salameh & Alrawashdeh, 2011). The 5 point likert scale is a scale that has mid-point, therefore, it is scale that can definitely reduce the problem of non-response bias (Elmore & Beggs, 1975; Krosnick & Fabrigar, 1997).

Similarly, previous studies in the past also reported that five point likert scales is acceptable for reliability and validity levels (Abraham, 1999; Shute & Malouff, 1999; Ciarrochi et al. 2000; Petrides & Furnham 2000; Sacklofske, Austin & Minski, 2003; Karimi, Leggat, Donohue, Farrell & Couper, 2014). The study
adapted items that have strong alpha value in each variable. Items that has 0.7 and above are adapted due to the fact that such alpha value are very good and excellent according to the rule of thumb (Gliem & Gliem, 2003). The reliability of the pilot study was all above 0.7 which indicate the reliability of the measurement (Hair et al., 2010).

Method of Data Analysis
The data was analyzed using SPSS version 20; thus, descriptive statistic was carried out, factor analysis was also conducted in order to reduce the number of items into smaller and manageable number (Pallant, 2001). Nevertheless the items remain for each variable after factor analysis all certified the requirement of factor analysis, such as KMO >0.60, factor loading above >0.5 (Hair et al., 2010). And the assessment of the correlation matrix reveals that all the coefficients have values of 0.3 and above, multiple regression analysis was then conducted in order to determine the relationship between the research variables.

Result and Discussions

Descriptive Statistics
Table 1.0 indicates the demographic profile of respondents. The respondents were asked to describe and explain some of their demographic information which includes gender, age, qualifications and working experiences in the Nigerian commercial banks. The study indicates that 65.5% respond rate are males which dominated the Nigerian commercial bank while 34.5% represents the female respond rate. Concerning the age of the respondents, (1.8%) represent less than 25 years old, (7.8%) represents 25 to 30 years, (43.0%) represents 30 to 35 years, (38.6%) represents 35 to 40 years, (8.0%) represents 40 to 45, while (8%) represents those above 45 years old. This shows that most of employees that respond to the questionnaire are between the age of 30 to 35 years and 35 to 40 years while those with age above 45 years are the least to respond which is very low. With regards to qualification of the respondents (1.0%) represents Secondary certificate, (2.1%) represents Certificate, (5.2%) represents Diploma/NCE (5.2%), (30.3%) represents Degree/HND, while (61.4%) represent Masters. This indicate that response rate of employees with masters are high with (61.4%) follows by degree with (30.3%). Moreover, with regards to working experiences of the respondents (53.6%) represents less than one year to 10 years, while (46.4%) represents 11 years to 15 and above, this also signifies that the working experience of the respondents between less than one year to 10 years is high follow by 11 to 15 and above in the Nigerian commercial banks.

Multiple Regressions
Table 2 presents the empirical evidence on the relationship between leadership succession, integration climate, quality climate and adaptive performance. The regression analysis reveals the significant of hypothesis H1 that is leadership succession is significantly related to adaptive performance in Nigerian commercial banking industry with values (β = -0.120, p< 0.05). This implies that for leaders to achieve adaptive performance in the Nigerian banking industry they have to change behaviors of individuals in the organization in order to suit the environment for better performance. This is in consistent with (Wiersema, 1995). Regression analysis also shows that hypothesis H2 integration is significantly related to adaptive performance with values (β = .342, p< 0.05), this implies that interdepartmental trust and cooperation exists between employees in the Nigerian commercial banking industry for better performance. This is in consistent with the study of (Bunderson & Sutcliffe, 2002; Hoegl & Gemuenden, 2001). Lastly, multiple regression results reveal that hypothesis H3 quality is significantly related to adaptive performance with values (β =-0.092, p>0.01). This implies that managements were able to provide to the employees with quality working condition in order to adapt to the environment and perform better and achieve their goals. This is consistent with (Yang, et al., 2003).
Control Variables

Before testing the hypothesis it was found that the control variables of age, gender and working experience did have any significant impact on the variables under study. This means that the control variables are not significantly related to the variables in the study.

Table 1.0 Profile of respondents

<table>
<thead>
<tr>
<th>Demographic variables</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>253</td>
<td>65.5</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>133</td>
<td>34.5</td>
</tr>
<tr>
<td>Age</td>
<td>Less than 25 years old</td>
<td>7</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>25 to 30 years old</td>
<td>30</td>
<td>7.8</td>
</tr>
<tr>
<td></td>
<td>30 to 35 years old</td>
<td>166</td>
<td>43.0</td>
</tr>
<tr>
<td></td>
<td>35 to 40 years old</td>
<td>149</td>
<td>38.6</td>
</tr>
<tr>
<td></td>
<td>40 to 45 years old</td>
<td>31</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td>Above 45 years old</td>
<td>3</td>
<td>.8</td>
</tr>
<tr>
<td>Qualification</td>
<td>Secondary certificate</td>
<td>4</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>Certificate</td>
<td>8</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>Diploma/NCE</td>
<td>20</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td>Degree/HND</td>
<td>117</td>
<td>30.3</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>237</td>
<td>61.4</td>
</tr>
<tr>
<td>Working experiences</td>
<td>less than 1 year to 10</td>
<td>207</td>
<td>53.6</td>
</tr>
<tr>
<td></td>
<td>11 to 15 years and Above</td>
<td>179</td>
<td>46.4</td>
</tr>
</tbody>
</table>

Table 2 Multiple regression results on Adaptive performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients B</th>
<th>Std. Error</th>
<th>Standardized Coefficients Beta</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>4.273</td>
<td>.671</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-.188</td>
<td>.173</td>
<td>.033</td>
<td>6.364</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-.097</td>
<td>.140</td>
<td>-.049</td>
<td>-.685</td>
<td>.494</td>
<td>.984</td>
<td>.784</td>
<td>1.016</td>
</tr>
<tr>
<td>Working Exp</td>
<td>.308</td>
<td>.238</td>
<td>.091</td>
<td>1.292</td>
<td>.197</td>
<td>.471</td>
<td>.781</td>
<td>2.130</td>
</tr>
<tr>
<td>Integration</td>
<td>.355</td>
<td>.057</td>
<td>.342</td>
<td>6.255</td>
<td>.000</td>
<td>.731</td>
<td>.781</td>
<td>1.280</td>
</tr>
<tr>
<td>Quality</td>
<td>-.073</td>
<td>.043</td>
<td>-.092</td>
<td>-1.692</td>
<td>.091</td>
<td>.799</td>
<td>.799</td>
<td>1.252</td>
</tr>
<tr>
<td>Leadership</td>
<td>-.127</td>
<td>.052</td>
<td>-.120</td>
<td>-2.465</td>
<td>.014</td>
<td>.980</td>
<td>.980</td>
<td>1.020</td>
</tr>
</tbody>
</table>

R = .342, R^2 = .117, AdjR^2 = .100, R^2 Change = .117, F-Change = 7.143

Conclusion

This study provided the empirical evidence on the relationship between leadership successions, integration, and quality to adaptive performance in Nigerian commercial banking industry. The result analysis of the study reveals that leadership succession is significantly related to adaptive performance, integration is significantly related to adaptive performance and lastly, quality was also found to be significantly related to the adaptive performance. Some of the limitations of this study is that the study only concentrated on the commercial banking industry in Nigeria. Despite the fact that there are merchants banks, micro finance banks, small scale enterprises (SMEs) and other manufacturing industries which were not considered. Another limitation of this study is that, the findings of this study cannot be generalized in a larger context.
across countries across the culture of other countries, due to different settings in the commercial banking industries of other countries. Despite the fact that the study is limited in Nigerian commercial banking industry, thus, future research should look at other financial institutions. Additionally, future research should look beyond commercial banking industry and consider other sectors such as merchants’ banks and micro finance banks. Since the study is conducted in Nigeria an African country, it can be generalized to other countries with different settings and different cultures. Therefore, future studies should replicate this study in other countries so as to compare if there would be some changes in the level of significant.

References


