

The Interplay of Leadership Style and Organizational Culture in Shaping AI Adoption in Southeast Nigerian Banks

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Abstract: This study investigates the impact of leadership style and organizational culture on Artificial Intelligence (AI) adoption in selected banks in Southeast Nigeria, including Access Bank (Onitsha), First Bank (Enugu), Zenith Bank (Awka), and United Bank for Africa (Aba). AI technologies such as machine learning, predictive analytics, and chatbots are transforming banking operations by enhancing efficiency, customer service, and fraud detection. However, integration often faces resistance due to employee fears of redundancy, lack of digital skills, and conservative organizational practices. The research highlights that transformational leadership and adaptive cultures foster innovation, reduce resistance, and improve performance, whereas authoritarian leadership and rigid cultures hinder adoption. Guided by Lewin's Change Management Theory, the study emphasizes transparent communication, employee training, and stakeholder engagement as critical strategies for moderating resistance and ensuring sustainable AI integration. Findings contribute to organizational change literature by contextualizing AI adoption within the socio-cultural dynamics of Nigerian banking, offering practical guidance for leaders and policymakers navigating digital transformation.

Keywords: Artificial Intelligence, Leadership Style, Organizational Culture, Change Management.

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Introduction

Artificial Intelligence (AI) is reshaping the global financial services industry by transforming how organizations deliver value, manage risks, and engage with customers. In Nigeria, the banking sector has increasingly embraced AI technologies such as machine learning, predictive analytics, and chatbots to improve efficiency, enhance customer experience, and strengthen fraud detection mechanisms (Aliyu & Iheonkhian, 2025). AI applications also optimize resource utilization through predictive analytics and automation, enabling banks to reduce waste and streamline operations (Wang et al., 2022; Stella, Francisca, Raphael, Ngozi, & Ogechukwu, 2025). Despite these benefits, challenges remain in implementing AI, particularly in relation to leadership, organizational culture, and employee adaptation.

Organizational change management plays a critical role in determining the success of AI adoption. Employee performance and motivation are central to organizational competitiveness, yet many change initiatives fail due to poor leadership and ineffective management strategies (Chinelo & Okafor, 2023). As emphasized in Ezeanokwasa, Nwagbala and Nwachukwu(2023) The collapse of several Nigerian banks, including Oceanic Bank, Intercontinental Bank, AfriBank, Diamond Bank, and Spring Bank,

underscores the consequences of weak leadership and inability to adapt to environmental changes (Ezeanokwasa et al., 2023). Leadership style, organizational culture, and employee readiness are therefore critical determinants of whether AI integration enhances performance or encounters resistance (Barinua, 2026). In Nigeria's banking sector, where hierarchical structures and traditional practices dominate, AI adoption presents both opportunities and challenges. While AI enhances efficiency and competitiveness, it may also trigger employee fears of redundancy, necessitating effective communication and supportive leadership (Ogar, 2024).

The banking industry in Nigeria is undergoing rapid digital transformation, with Artificial Intelligence (AI) increasingly deployed to enhance customer service, fraud detection, and operational efficiency. Despite these advancements, many banks in Southeast Nigeria, such as Access Bank (Onitsha branch), First Bank of Nigeria (Enugu branch), Zenith Bank (Awka branch), and United Bank for Africa (Aba branch) face significant challenges in managing organizational change during AI integration. While AI promises improved competitiveness and service delivery, its integration often encounters resistance from employees who fear job displacement, lack digital skills, or distrust new technologies

(Aliyu & Iheonkhian, 2025). Although global studies have examined AI adoption in financial institutions, limited empirical research exists on Southeast Nigeria, where socio-cultural dynamics and organizational structures differ significantly from Western contexts. Without a clear understanding of how leadership style and organizational culture influence AI adoption, banks risk falling behind in digital transformation, losing competitiveness both locally and globally.

This study therefore seeks to address the problem by investigating how leadership style and organizational culture influence AI adoption in selected banks in Southeast Nigeria, focusing on Access Bank (Onitsha), First Bank (Enugu), Zenith Bank (Awka), and United Bank for Africa (Aba). By examining these institutions, the research aims to provide insights into effective change management practices that can enhance AI integration, reduce employee resistance, and improve organizational performance.

Objectives of the Study

The main objective is to examine the impact of leadership style and organizational culture on AI adoption in selected banks in Southeast Nigeria. Specifically, the study seeks to:

1. Assess the extent of AI adoption in Access Bank (Onitsha), First Bank (Enugu), Zenith Bank (Awka), and United Bank for Africa (Aba).
2. Investigate the influence of leadership style and organizational culture on employee acceptance or resistance to AI adoption.
3. Identify change management strategies that enhance organizational performance during AI adoption.

Research Questions

1. To what extent have the selected banks adopted AI technologies in their operations?
2. How do leadership style and organizational culture influence employee acceptance or resistance to AI adoption?
3. What change management strategies can improve organizational performance during AI adoption in Nigerian banks?

Significance of the Study

1. **Practical Relevance:** Provides actionable insights for managers in Southeast Nigerian banks to design effective change management strategies that reduce resistance and maximize AI benefits.
2. **Contribution to Literature:** Extends organizational change and innovation management theories into the African banking context, enriching comparative studies.
3. **Policy Implications:** Offers guidance to policymakers and regulators, including the Central Bank of Nigeria, on frameworks that balance innovation with workforce stability.
4. **Global Relevance:** Adds an African perspective to global scholarship on AI adoption, with potential for wide citation across management, technology, and development studies.

Limitations of the Study

1. **Geographical Scope:** Restricted to four banks in Southeast Nigeria, limiting generalizability to other regions.
2. **Data Access:** Confidentiality concerns may hinder access to reliable internal data.
3. **Rapid Technological Change:** AI evolves quickly, reducing the long-term applicability of findings.
4. **Cultural Specificity:** Organizational culture in Southeast Nigeria may differ from other regions, limiting broader applicability.

Conceptual Review

Artificial Intelligence Adoption in Organizations

AI adoption refers to the extent to which organizations integrate AI technologies into their operations to enhance efficiency, decision-making, and customer service. Stella, Francisca, Raphael, Ngozi, and Ogechukwu (2025) describe AI adoption as the process of embedding AI into business functions to improve productivity, creativity, and strategic decision-making. In emerging economies such as Nigeria, organizations face turbulent environments and increasing competitive pressures. Many banks have resorted to workforce retrenchment as a survival strategy, but this often results in poor organizational structures, information loss, and poor performance (Omotayo, 2015; Chinelo, Ezeanokwasa & Ejike, 2023). Studies indicate that AI adoption is influenced by technological readiness, organizational culture, leadership style, and employee attitudes (Maestro & Rana, 2024).

Leadership Style

Leadership style is a critical determinant of organizational change outcomes. As pointed out in Chinelo, Ezeanokwasa and Ejike (2023) Poor decision-making and failure to consider key factors often undermine organizational survival (Katzenbach & Smith, 2011; Chinelo, Ezeanokwasa, & Ejike, 2023). Transformational leaders inspire innovation, motivate employees, and foster buy-in, which facilitates smoother AI integration. In contrast, transactional leaders emphasize compliance and efficiency, while authoritarian styles may increase resistance to change. Within the banking sector, AI applications such as fraud detection, chatbots, and predictive analytics require leaders who can effectively guide employees through technological transitions (Chhatre & Singh, 2024).

Organizational Culture

Organizational culture significantly shapes how employees perceive and respond to technological change. Adaptive and innovative cultures encourage experimentation and learning, while conservative cultures often resist disruption. In Nigerian banks, hierarchical leadership and conservative organizational cultures can hinder innovation, slowing down AI adoption and reducing its effectiveness (Barinua, 2026). Culture also acts as a moderator between leadership style and adoption outcomes, influencing whether AI integration succeeds or fails (Maestro & Rana, 2024).

Change Management Strategies

Effective change management strategies are essential for reducing resistance and ensuring successful AI adoption. Transparent communication, employee training, and stakeholder engagement are particularly important in Nigerian banks, where hierarchical structures dominate (Chhatre & Singh, 2024). As in

Ezeanokwasa, Nwagbala, & Nwachukwu (2023) Employees often follow management directives, making leadership approaches critical to the acceptance of change initiatives. The Nigerian banking sector is characterized by frequent changes, including technological innovations, regulatory adjustments from the Central Bank of Nigeria (CBN), and evolving customer demands (Armstrong, 2021; Ezeanokwasa, Nwagbala & Nwachukwu, 2023). Managing these transitions requires strategies that emphasize inclusivity, skill development, and continuous adaptation.

Benefits of AI Adoption in Banks

1. **Operational Efficiency:** AI automates routine tasks such as transaction monitoring, loan processing, and fraud detection, reducing time and costs (Aliyu & Iheonkhian, 2025).
2. **Enhanced Customer Experience:** AI-driven customer service tools, including chatbots, provide 24/7 support, personalized recommendations, and faster issue resolution (Barinua, 2026).
3. **Risk Management and Fraud Detection:** AI systems detect unusual transaction patterns in real-time, improving security and minimizing financial losses (Ogar, 2024).
4. **Data-Driven Decision Making:** Predictive analytics enable banks to forecast market trends, customer behavior, and credit risks, leading to more informed strategic decisions (Maestro & Rana, 2024).
5. **Competitive Advantage:** Banks that successfully adopt AI gain an edge by offering innovative services and adapting quickly to market changes.

Challenges of AI Adoption in Banks

Despite the promise of Artificial Intelligence (AI) in transforming banking operations, its adoption is often accompanied by significant challenges:

1. **Employee Resistance:** Many employees fear job displacement or lack confidence in their ability to use new technologies, which often leads to resistance and slows down implementation.
2. **Leadership and Cultural Barriers:** Conservative organizational cultures and authoritarian leadership styles can stifle innovation, making it difficult for banks to embrace AI-driven change.
3. **High Implementation Costs:** Deploying AI systems requires substantial investment in infrastructure, training, and ongoing maintenance. For banks in developing economies, these costs can place considerable strain on financial resources.
4. **Data Privacy and Security Concerns:** Since AI relies heavily on large datasets, issues of confidentiality, compliance, and cybersecurity risks remain pressing challenges.
5. **Skill Gaps:** Limited digital literacy among employees in Southeast Nigeria makes training both essential and difficult, creating barriers to effective adoption.
6. **Regulatory Uncertainty:** The absence of clear policies and governance frameworks for AI in Nigeria generates

uncertainty, discouraging banks from fully committing to adoption.

Conceptual Arguments

Leadership Style and AI Adoption

Leadership style plays a pivotal role in shaping how employees respond to technological change. Transformational leaders inspire innovation, motivate employees, and reduce resistance, thereby facilitating smoother AI adoption. In contrast, authoritarian or transactional leaders may focus on compliance, which can increase resistance and slow integration. Conceptually, leadership acts as a driver.

Organizational Culture as a Mediator

Organizational culture shapes the environment in which AI technologies are introduced. Cultures that value innovation, adaptability, and continuous learning encourage experimentation and acceptance of new systems. Conversely, conservative cultures that prioritize stability may resist disruption, hindering AI adoption (Maestro & Rana, 2024). Thus, culture mediates the relationship between leadership and technological change.

Change Management Strategies as a Moderator

Effective change management strategies such as transparent communication, employee training, and stakeholder engagement moderate the relationship between leadership/culture and AI adoption. These strategies reduce uncertainty, build trust, and enhance employee confidence in using AI systems (Burnes, 2020). Conceptually, they act as a buffer against resistance and ensure sustainability of change.

Benefits of AI Adoption

The adoption of AI offers banks a wide range of benefits. It enhances operational efficiency by automating routine tasks, improves fraud detection through real-time monitoring, and elevates customer service with personalized, AI-driven support. Additionally, AI enables data-driven decision-making, allowing banks to forecast market trends, assess credit risks, and respond strategically to customer needs. Collectively, these benefits strengthen competitiveness and align Nigerian banks with global digital transformation trends (Aliyu & Iheonkhian, 2025). Conceptually, these benefits justify the need for effective change management to ensure successful integration.

Challenges of AI Adoption

Despite its benefits, AI adoption faces challenges such as employee resistance, skill gaps, high implementation costs, and regulatory uncertainty. These challenges highlight the importance of leadership and culture in shaping organizational responses to technological innovation (Ogar, 2024). Conceptually, they emphasize that AI adoption is not purely technical but socio-organizational.

Challenges of AI Adoption

Despite its transformative benefits, AI adoption faces challenges. Employee resistance, skill gaps, high implementation costs, and regulatory uncertainty remain significant barriers. These challenges highlight the critical role of leadership and organizational culture in shaping how banks respond to technological innovation (Ogar, 2024). Conceptually, they reinforce the idea that AI adoption is not merely a technical process but a socio-organizational transformation that requires careful management of people, processes, and values.

Conclusion

Artificial Intelligence (AI) adoption in banking is not simply a technological upgrade; it represents a profound organizational transformation that requires deliberate and strategic management. The success of AI integration depends on the dynamic interplay of leadership style, organizational culture, and change management strategies. Transformational leadership fosters innovation, motivates employees, and reduces resistance, while adaptive organizational cultures create an environment conducive to experimentation and continuous learning. Conversely, authoritarian leadership and conservative cultures often hinder adoption, intensify employee resistance, and undermine organizational performance.

Lewin's Change Management Theory provides a useful framework for understanding this process, emphasizing the need to unfreeze existing practices, implement change, and refreeze new behaviours to ensure sustainability. Effective change management strategies such as transparent communication, employee training, and stakeholder engagement serve as moderators, strengthening the relationship between leadership, culture, and AI adoption. These strategies help reduce uncertainty, build trust, and ensure smoother transitions.

In the context of Southeast Nigerian banks, these insights highlight that AI adoption is not merely about acquiring advanced technologies but about managing people, processes, and organizational values. This study therefore contributes to management literature by extending organizational change theories into the African banking sector, while offering practical guidance for leaders and policymakers navigating digital transformation.

Recommendations

1. Strengthen leadership capacity

Banks should invest in leadership development programs that emphasize transformational leadership skills. Leaders who inspire, motivate, and communicate effectively are better positioned to reduce employee resistance and foster innovation during AI adoption.

2. Cultivate Adaptive Organizational Culture

Management should promote a culture of innovation, openness, and continuous learning. This can be achieved through regular workshops, recognition of digital champions, and policies that reward experimentation and creativity.

2. Implement Comprehensive Change Management Strategies

Structured change management practices including transparent communication, employee involvement, and targeted training should be adopted to moderate resistance and ensure that AI systems are successfully embedded into organizational routines.

3. Address Skill Gaps through Training

Continuous training programs should be introduced to enhance employees' digital literacy and confidence in using AI tools. This reduces fears of redundancy and strengthens workforce readiness.

4. Policy and Regulatory Support

Regulators such as the Central Bank of Nigeria should establish clear guidelines on AI governance, data

privacy, and workforce adaptation. A stable regulatory framework will encourage banks to embrace digital transformation with confidence.

5. Future Research Directions

Scholars should empirically test the conceptual framework developed in this study across different regions and sectors. Such research will validate theoretical insights and refine strategies for AI adoption in diverse organizational contexts.

COMPLIANCE WITH ETHICAL STANDARDS

Disclosure of conflict of interest

No conflict of interest to be disclosed

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