STRATEGIC CHANGE MANAGEMENT PRACTICES AND THE PERFORMANCE OF TIER TWO AND TIER THREE COMMERCIAL BANKS IN KENYA

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2017
DECLARATION

This research project is my original work that has not been presented for award of a degree in any other institution of higher learning:

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D61/81144/2015

Being the University Supervisor, I have approved that this project has been submitted for examination:

Sign……………………………………… Date………………………………………

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DEDICATION

I bestow this research to my adoring husband Josphat Mativo, my children Israel Mwendwa, Mellisa Mwende and Shirleen Mutheu. You have inspired me to work hard and achieve more in life, may God bless you and keep you.
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# LIST OF ABBRECIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>CRB</td>
<td>Credit Reference Bureau</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>KBA</td>
<td>Kenya Bankers Association</td>
</tr>
<tr>
<td>MRP</td>
<td>Money Remittance Provider</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non Governmental Organizations</td>
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<tr>
<td>RBV</td>
<td>Resource Based View</td>
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<td>RMP</td>
<td>Relative Market Power</td>
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<td>SCP</td>
<td>Structure Conduct Performance</td>
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ABSTRACT

Organizational change influences the manner in which firms operate and that for them to prosper, they must be dynamic to the changing environments they operate. The management of strategic change is always incomplete without a thorough understanding of strategy. Negative organizational performance is attributed to the lack of an organization or organizations from embracing fully built-in strategic change management efforts in marketing as a key driver of strategic change to win competition and thus attain a positive performance. It is therefore evident that lack of appropriate strategic change management practices can affect organizations inversely. This study sought to investigate the impact of strategic change management practices on the performance of tier two and tier three commercial banks in Kenya. The theoretical review centered on the resource based theory, the dynamic capabilities theory and contingency theory. Empirical literature was reviewed on the challenges of Managing Strategic Change, strategic change management practices and performance. The study adapted a descriptive survey research design. All the 37 banks listed under tier two and tier three status were under the interest of the research population. Population scope was confined to head offices of the selected banks and whose results will be representative of the rest of branches for those banks. Conducting a census study was necessary because the population that was targeted for this research work was small and hence manageable. Questionnaires were used to collect data from respondents. Prior to data analysis, data cleaning and coding was carried out and conclusion made there after. Measures of central tendency such as median, mean and mode were established using Descriptive statistics. Relationship between different study variables was established using inferential statistics. Using content analysis, Qualitative statistics were analysed. The significance of variable relationships was determined by the Analysis of variance (ANOVA). SPSS software was used to facilitate data Analysis. The study establishes that tier two and tier three banks embrace focus strategy, differentiation strategy, diversification strategy, information communication strategy training strategy and performance management strategy as practices that are crucial to tier two and tier three banks’ realization of greater financial performance levels. Diversification practices, Performance Management System Practices, differentiation practices and focus practices have been adopted to a moderate extent, job description and training programs to a little extent and information technology practices to having been adopted to a high extent. The study recommends that all these practices be considered for adoption as a high extent as they are vital in the improvement of tier two and tier three banks’ performance. The researcher recommends further studies on similar topic but on tier one banks in order to determine similarities or dichotomies in research findings so as to determine some of the practices tier one banks are using to beat tier two and tier three banks in the market and which if embraced by these tier two and tier three banks, performance can be at par.
CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Brumbach (1998) views performance as being the given level of task accomplishment and which can be measured with accuracy standards, a completeness level, associated cost and involved speed in completion of the task. Performance is supposed to relieve the performer of liabilities of the contract and also to bring forth rewards and punishments as a result. Brumbach (1998) further notes that the performance is supposed to be in a position of accommodating both results and behavioural aspects irrespective of the nature of output. Concurring with Burnes (2009), accomplishment of organizations entails performance in the management of finances (return on assets, profits, return on investment, and many others.); performance in market management (market share, sales); and return on the shareholder (economic value added, total shareholder return). Methods used in measuring performance stipulate the base to create strategic plans and measure an organization's completion of goals and objectives. Mostly performance of organizations depends on the fit between the organizations and their environment. Change in environment calls for organizations to quickly and tactfully adjust to the environmental changes so as to remain competitive while achieving their objectives. At the end of the day, firms would tend to change their respective strategies so as to respond to changes in the environment. 

Strategic change management is that change that occurs within an organization that is necessary to realize the organizational’s objectives and goals (Grant, 2005). Along with critical changes taking place within which companies operate are forces impacting organizations within the context of their business operations (Thompson & Strickland, 1999). These comprise forces outside the organization and originate from
the external environment as well as forces which are internal to the organization itself usually categorized as the internal environment (Stacey, 2003). According to Munywoki (2013), for commercial banks operating in Kenya to prosper, they should be firm adopting new strategic change management practices. Commercial banks in Kenya are grouped into three groups: group one, group two and group three rated from the top performing to the least performing respectively. The study was conducted at the tier two and tier three commercial banks in Kenya. This research is necessary as it sought to produce knowledge on the influence of practices of strategic change management on tier two’s performance as well as tier three’s performance of Kenya’s commercial banks whose performance is at the doldrums. This study sought to determine the challenges faced by tier two and tier three commercial banks in managing strategic change, to establish the practices of strategic change management as adopted by tier two and tier three commercial banks of Kenya and to assess their effect and how they affect performance of the respective banks.

1.1.1 Strategic Change Management Practices

The process of managing change is a continuous process of renewing firm capabilities, firm direction and firm structures in order to make the firms more adaptable to both existing and new changes in the internal and external environments (Kepkemoi & Moronge, 2015). Todd (1999) views change management process as a predetermined and changing mechanism of achieving sustainable change in the way human beings conduct themselves within the firm. Strategic change management encompasses a series of tools, techniques and processes used by firms to align their employees to the prevailing firm objectives with the aim of achieving intended outcomes and ensuring the business works efficiently and effectively. According to Ansoff (1999), it is due to
the need by firms to make use of existing opportunities and manage environmental threats that strategic change emanates. For change to be successful, there must be motivation which occurs through such factors such as reward systems, enhanced pay and employees should as well be recognized as well (Kotter, 1996).

Berney and Hesterly (2010) pinpoint that the perspective of an organization’s shareholders as adopted by strategic management is majorly on how to gain and retain firm competetiveness. Kotter and Schlesinger (2008) as cited in Vliett (2011) elucidates different ways of reducing strategic change resistance. Six approaches of change were developed by the authors so as to minimize resistance and at the same time six other approaches were set out tackle to change resistance. According to the researchers, there are four main causes of strategic change resistance: misunderstanding, selfish interests, varied situational assessments and reduced tolerance levels (Kotter & Schlesinger, 2008).

The approaches to deal with strategic change resistance as listed by Kotter and Schlesinger (2008) also entail: constant communication and training of the importance of such a change, involvement and participation of all change affected personnel in the process, support and facilitation, cooptation, negotiation and Coersion. As Williamson and Williams (2011) detail, many firms have opted for the adoption of strategic management practices which entail: differentiation, diversification and focus strategies in order to overcome competetive pressures in their industries. The various strategic management practices common among contemporary firms are: practices to do with hiring of employees, practices on job descriptions, practices on career management, practices on the management of technology as well as practices to do
with training programs (Murphy, 2003). Nyariki (2013) found that many Kenyan SMEs use various strategic management practices such as control of cost, adoption of technology, strategies of product pricing, quality of products’ checks, strategies of marketing their products and services, effective customer service and innovation strategies to both the products and services they offer. All these practices are aimed at helping those SMEs remain relevant in the ever competitive environment as well as also attain a competitive edge against their competitors in the market.

1.1.2 Organizational Performance

Labans and Euske (2006) define the term performance as both non-financial as well as indicators of finances that offers information on actual degree in which results and objectives have been achieved. Organizational performance encompass the identification of predetermined outcomes, creation of plans aimed at achieving the outcomes, the carrying out of those plans and determination on the basis of whether the predetermined outcomes are achieved or not since success is determined by the achievement of those outcomes. Three primary outcomes are analyzed within the corporate organizations: market performance, financial performance and the performance on shareholder’s value (Vasconcelos, 2011).

Previously, reforms to do with the financial sector, changes in technology and globalization have changed the outlook of the sectors involved in Kenya. These radical changes have been depicted by the insolvency of some banks, rapid inventions, adoption of new innovations and the new classifications on the banking industry as regards to bank performances which has seen banks being clustered into tier one, tier two and tier three groups of banks (CBK, 2016).
In their seminar paper, Berger and Hannan (1993) introduced also some explicit efficiency measures: two from the market power paradigm that established SCP and relative market hypotheses (RMP) as well as the other two from the efficiency paradigm i.e. hypothesis of X-efficiency and hypothesis of efficiency. Chortareas et al. (2009), Seelanatha (2010) and also Prasad and Radhe (2011) also included some other control variables such the gross domestic product (GDP), ownership, inflation, size, and risk to test the Berger and Hanan (1993) hypotheses as well as determining the influence they depict on the performance of banks.

Previous studies have advocated for the conjoined use of concentration and efficiency measures in the analysis of bank performance. Katib (2004) as well as Samaad (2008) adapted these measures of market power variable and concentration in their models to measure performance. Market power variable performance measurement is taken as a proxy measure of efficiency. These studies however have found criticisms as they have been found to having excluded efficiency as an important measure of performance.

1.1.3 Kenya’s Banking Industry

The 2014 report on bank supervision reveals that the Central bank is the only regulator of the banking sector in Kenya with mandate to oversee operations and activities of all the 43 commercial banks, a mortage finance company, eight representative branches of foreign banks in the country, two registered credit reference bureaus, nine micro finance banks, eighty seven foreign exchange bureaus as well as thirteen money remittance providers in Kenya (CBK, 2016).
According to the CBK (2015), the banking industry in Kenya faces several challenges. These challenges entail: changes to current and new regulations, high bank crimes, global financial crisis and high competition from both the local and international banks and new entrants into the market. These challenges pose a threat to the future stability of the sector and policy makers are expected to review them and act appropriately in order to eradicate these prevailing uncertainties in the industry and whose impacts may be carried forward to innocent consumers of their services. Some of the other challenges facing the banking sector include ATM card skimming, increase in the cost of borrowing resulting to increased lending rates, increased theft cases and competition from mobile money transfer services (Wameyo, 2012). This study focused on tier two and tier three banks since these are the banks which have not solidified their investment and upon the face of the above challenges and with the lack of appropriate advocacy and application of strategic change management strategies, they are likely to run into great losses.

1.1.4 Tier two and Tier three Commercial Banks

Bank tiers are a classification by the central bank of Kenya whose clusters are based on performance aspects. This stratification is based on the asset base, market share and customer deposits of the banks. The tier one cluster is comprised of highly performing and very strong banks and which control 49.9% of the economy. The tier two cluster on the other hand comprises of moderately performing banks and which controls 41.7% of the economy and finally the tier three stratum which controls 8.4% of the economy (CBK, 2016). Tier two and tier three commercial banks are the least performing when comparing with tier one banks due to inappropriate strategic change management practices in either adoption or execution.
Tier two commercial banks comprise of 15 banks namely: Bank of Baroda, Family Bank, Bank of Africa, Imperial Bank, I & M Bank, NIC Bank, Bank of India, Prime Bank, Citibank N.A, CFC Stanbic, Diamond Trust, Ecobank, Guaranty Trust, Housing Finance and National Bank of Kenya (CBK, 2016). These banks are expected to rise to tier one capacity but with inappropriate strategies and more importantly, strategic change management strategies and practices, they are likely to fall to tier three status and sometimes collapse.

Tier three commercial banks on the other hand is made up of 21 small banks and which are either working hard to gain roots in the market or to grow their assets base so as to move to the next tier. These banks are highly assessible to threats of failure and they need to advance on the adoption of appropriate strategic change management practices that help them grow to tier two and eventually to tier one status. These banks entail: Gulf Africa bank, First Community Bank, Trans national bank, Oriental Commercial bank, ABC Bank, Habib bank, Paramount Universal bank, Charterhouse bank, Credit Bank, Dubai Bank, Equitorial bank, Fidelity bank, Sidan bank, Giro bank, UBA Bank, Guardian bank, Consolidated bank, Jamii bora bank, Development bank, Middle East bank, Victoria bank and Habib A.G Zurich Bank (CBK, 2016).

The total market share of tier two banks decreased from 41.7% in December 2014 to 32.42% in December 2015 as a result of the exit of Diamond Trust Bank together with the Commercial Bank of Africa from tier two to tier one cluster. Guaranty trust bank on the other hand fell from tier two to tier three cluster. Tier three banks reported a decline in their total market share from 8.4% to 9.24% as per December 2015 as a
result of the Guaranty Trust Bank inclusion to the cluster as emanating from tier two cluster (CBK Report, 2015).

1.2 Research Problem

Johnson, Scholes and Whittington (2008) contends that organizational change influences the manner in which firms operate and that for them to prosper, they must be dynamic to the changing environments they operate. Bita (2011) argues that the management of strategic change is always incomplete without a thorough understanding of strategy. KIPPRA (2010) views negative organizational performance as the lack of an organization or organizations from embracing fully built-in strategic change management efforts in marketing as a key driver of strategic change to win competition and thus attain a positive performance. It is therefore evident that lack of appropriate strategic change management practices can affect organizations inversely.

Many researches have been done on strategic change management and how that affects organizations: Lusweti (2010) researched on the practices used to retain employees at the telecommunication industry, Mathu (2009) researched on the techniques of public relations targeting at the telecommunication industry, Kamau (2012) studied factors affecting strategic change implementation at the telecommunication industry among many other related studies. All these studies fail to conceptualize the strategic change management practices of tier two and tier three Kenyan commercial banks and their influence on organizational performance therein. This study was beneficial in determining the effect of practices of strategic change management on tier two and tier three commercial banks’ performance in Kenya. The
study also answers the question; what is the relationship between practices of strategic change management and tier two and tier three commercial banks’ performance?

1.3 Research Objective

The study’s objective was to determine the effect of practices of strategic change management on tier two and tier three commercial banks’ performance in Kenya.

1.4 Value of the study

The study acts as a significant source of knowledge to academicians and other stakeholders who wish to live long in research. The study provides critical empirical information on strategic change management practices and how that impacts on organizational performance. This information not only enriches the research work of academicians and other researchers but provides proper contextual backgrounds regarding tier two and tier three banks in Kenya together which helps academicians appreciate the stratification criteria of Kenyan banks on basis of their performance scorecard.

Tier two and tier three commercial banks’ management gain insightful information useful for effective decision making towards effective strategic change management practices that promotes greater organizational performance. By adoption of effective strategic change management practices by tier two and tier three commercial banks, the management benefits the banks’ stakeholders through efficient delivery of products offered and in turn that will boost the banks’ profitability and growth and which helps the management of tier two and tier three commercial banks gain competitive edge over their competitors.
The study findings provide more awareness to the policy makers and the government in general to come up with policies that enhance effective implementation of strategic change management practices so as to eliminate unfair competition in the wider context where tier one banks are seen as a threat due to their massive capital investments and high investment in technology. This study also provokes policy makers to put in place structures for adoption of proper strategic change management practices among tier two and tier three banks for them to edge and hedge against their competitors.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The chapter covers literature guiding the study. Section 2.2 gives the theoretical literature, section 2.3 gives literature on the challenges of managing strategic change, section 2.4 covers literature on strategic change management practices, section 2.5 covers literature on strategic change management practices and performance while section 2.6 presents the summary of literature and knowledge gap.

2.2 Theoretical Literature
This part focuses on the theories upon which the research is based. Three theories are discussed by aid of their supporting literature. The sub-section 2.2.1 presents the resource based theory, sub-section 2.2.2 presents the dynamic capabilities theory while the sub-section 2.2.3 presents the contigency theory.

2.2.1 Resource Based Theory
Wernerfelt in 1984 initially developed the resource based theory which was later compounded by Rumelt (1984), Penrose (1959), Peteraf (1993), Barney (1991) among many other scholars. The resource based theory centers in the application of varied valuable resources readily available in the organization. According to Rumelt (1984), organizational resources are the main inputs for any desirable outcome. Peteraf (1993) further adds that the resources of any organization are classified as either tangible or intangible. According to wannerfelt for organizations to develop viable strategies it has to check on its resources which enables the implementation of
the identified strategy. This theory states that the strategic resources’ possession provides organizations a golden chance of developing competitive advantages over their competitors. The theory is thus crucial for this study since it stipulates the influence of organizational performance which according to the theory is influenced by strategic resource capabilities. For organizations to set their resource capabilities at par, they must invest in strategic change management practices which will help them not only to survive in business but also to grow to market leadership positions in the industry. It is the aspiration of every organization to achieve competitive edge for survival and growth (Peteraf, 1993).

This theory’s strength is that it promotes resource uniqueness so as to ensure that a sustained competition platform is created. Priem and Butler (2001) add that the critique of resource based theory emanates on the basis of it lacking enough management implications as well as operational validity. Also, the theory is criticized of instructing management towards development of unique resources with silence on the methodology of doing so (Connor, 2002; Miller, 2003).

2.2.2 Theory of Dynamic Capabilities

David Teece, Amy Shuen and Gary Pisano advanced this theory was in 1997. It is concerned with the development of senior management strategies aimed at helping organizations adapt to radical discontinuous change at the same time maintaining minimal standards of organizational capabilities so as to ensure competitive survival of firms is achieved. The theory explains the ability of organizations to integrate, reconfigure and build both external and internal competences with the prime aim of addressing the problems of rapid environmental changes (Teece et al., 1997).
The theory is based on the axiom that firm competitive aspects are the pillars to resuscitating short term competencies (Helfat et al., 2007). Competitive advantage of the firm is all about usage of both new and current organizational capabilities (Penrose, 1959; Teece, 1982; Wernerfelt, 1984). The theory is ideal for this study as the study focuses on strategic change management practices and which can only be viewed from a dynamic capability point of view. The tier two and tier three banks are credited with responsibility to harmonize, assemble as well as reconstruct capability standards for competitive survival against their tier one counterparts.

2.2.3 Contingency Theory

This theory traces its proponent to the work of Fred Edward Fielder (1964)’s landmark article entitles, ‘A Contingency Model of Leadership Effectiveness.’ The theory states that there is no better mechanism to manage a firm, leading firms or of making firm resolutions since firms depend on their internal and external environment (Fielder, 1964). This is the case because the organizational environment is not static and it must keep on changing and adopting to new changes for its survival. The theory promulgates the idea of a changing business environment, a challenge affecting many tier two and tier three commercial banks in Kenya and hence its study relevance. The theory is crucial for tier two and tier three banks to understand the importance of adopting new changes in order for them not to be declared laggards as far as strategic change is concerned (Hoy & Miskel, 2008).

In an environment full of uncertainties, integration strategy can be achieved at lowered levels and mainly through personal interconnected relationships with just a moderate use of administrative methods. Despite criticisms, Lawrence and Lorsch
(1967)’s work plays a vital role in developing the theory of organizations which takes account of change, variable interactions and uncertainties.

2.3 Challenges of Managing Strategic Change

Nyamu (2014) established that KENAO faced strategic change management challenges such as: inadequate funding, few multi-disciplinary staff, high levels of employee dropouts, low levels of staffing, low employee morale, inadequate renumeration, communication barriers, poor transportation, poor working conditions, non-implementation of audit recommendations and the non-involvement of all employees in the process of strategic change implementation. Odenyo and Kerongo (2014) found that training and communication were the main factors that affected the implementation of strategic change management practices within their organization. Kimaita (2010) reported that various factors challenge the teachers service commission ranging from political factors, social factors, informational technological innovations as well as the behaviour of consumers. Ochieng (2014) findings were that the corporation used project matrix structures, interdepartmental collaboration enhancement and intentional outside management employment practices. Marete (2010) established that for the firm to ensure effective change management, it must advance commitment, awareness creation by development of informal networks to acquire information, progress solidification and integration of processes, use of analytical techniques to establish, measure and regard vital initiatives and ensuring that significant organizational changes are implemented.
Omari, Ateka and Nyaboga (2013) study findings revealed that a big role was played by the factors: continuous planning, executive commitment, change effort goals and policies on strategic change management practices in the industry. Mbogo (2003) found out that change and organizational culture resistances, interference by the government, political stability and political influence were the factors that negatively affected the performance of Kenya Commercial Banks. Rukunga (2003)’s study on the Nairobi Bottles’ strategic change management practices reveals that the people element as a vital change management aspect was omitted in the company and hence the failure of the entire process.

A study by Li (2011) sought to determine the management issues of strategic change practices through identification of the main factors influencing successful management of strategic change in the Chinese sector of NGO. The survey research design was used by the study and a sample of 40 respondents derived from the actual target population of 72 managers. The study established that the challenges that faced strategic management practices were the inappropriateness of an organization’s culture, strategy, donor requirements, systems, stakeholders, decline in resources, together with the arrival of new bosses amid numerous things triggering NGOs adjustments.

Nyamu (2014) conducted a study that was aimed at investigating the challenges involved in strategic change management using the case study research design. was used. Collection of data was done using the interview technique of instrumentation. The study established that KENAO faced strategic change management challenges such as: inadequate funding, few multi-disciplinary staff, high levels of employee
dropouts, low levels of staffing, low employee morale, inadequate renumeration, communication barriers, poor transportation, poor working conditions, non-implementation of audit recommendations and the non-involvement of all employees in the process of strategic change implementation.

A study by Odenyo and Kerongo (2014) to determine strategic change management challenges. A population of 51 tyre redreading firm employees in Mombasa taifa cables and retreads limited. By carrying out a census study, content analysis was used to analyze qualitative data. The study found that training and communication were the main factors that affected the implementation of strategic change management practices within their organization. These factors propel organizations to enhance their business processes for them to flourish and grow. Organizations therefore must pursue adjustments so as to fit master plans with those of the habitats they operate from.

2.4 Strategic Change Management Practices

Yuang (2013) conducted a study on the practices of managing strategic change in South Africa. Descriptive design was used. The study targeted population of two offshore companies operating on the EPZ zone. Questionnaires were used and data collection was carried out using semi structured questionnaires and analyzed by SPSS software. The study established that product diversification, recruitment of qualified staff and business reengineering were the major strategic change management practices employed by those companies.
Ndahiro, Shukla and Oduor (2015) researched on change management with respect to government institutions’ performance in Rwanda. The research used the survey design technique with the population being extracted from the employees attached to Rwandese revenue authority. In the process of data collection, interview guides and data collection questionnaires were used. SPSS version VI and microsoft excel softwares were incorporated in the analysis of data. It was established that many employees had embraced change practices within the organization and which fostered high overall organizational performance.

Ochieng (2014) investigated the strategic change management practices applicable at the Maryland Global Initiatives Corporation in Kenya. research study was done and the targeted population was the middle level management directly involved in the strategic management process. Interviews were used in data collection from the field and analyzed by use of content analysis. The study findings were that the corporation used project matrix structures, interdepartmental collaboration enhancement and intentional outside management employment practices.

A study by Marete (2010) sought to determine the practies of managing strategic change at GlaxoSmithKline limited company in Kenya. The study established that for the firm to ensure effective change management, it must advance commitment, awareness creation by development of informal networks to acquire information, progress solidification and integration of processes, use of analytical techniques to establish, measure and regard vital initiatives and ensuring that significant organizational changes are implemented.
2.5 Strategic Change Management Practices and Performance

Selvadurai (2013) on the strategic change management of the Public Sector in Canada adapted a theoretical framework of the 8 steps model as prescribed by Kotter (1995). The study adapted qualitative design technique and used interview guides to collect data from six Canadian Public service employees. In the study, qualitative research design was used and in-depth interviews were used with six employees from the Public Service of Canada. The study found out of the Kotter’s steps model, three of them were in line with the perceptions of public sector employees. The study concluded that the rest of the four steps needs to be studied to compliment the outlined study findings.

Benjamin (2012) investigated the influence of strategic change management on the Scottish commercial banks’ performance. The study found that 12 banks had a unique strategic change management policy that advocated for banks to realize better decision making, achieve optimal resource allocation, improve performance prospects, reduce their financial liabilities and improve on their communication infrastructures. The study however failed to articulate the challenges facing commercial banks and that propelled the need for strategic change management practices in those banks.

Omari, Ateka and Nyaboga (2013) investigated the influence of practices of strategic change management practices on the performance of soft drink industries’ operations in western Kenya. The study adopted a case study with 132 respondents forming the population from Equator Bottlers and Kisii Bottlers. A census study was conducted. Collection of data was done by structured questionnaires. Findings of the study revealed that a big role was played by the factors: continuous planning, executive
commitment, change effort goals and policies on strategic change management practices in the industry. A study by Mbogo (2003) on the Kenya Commercial Bank found out that change and organizational culture resistances, interference by the government, political stability and political influence were the factors that negatively affected the performance of Kenya Commercial Banks. Rukunga (2003)’s study on the Nairobi Bottles’ strategic change management practices reveals that the people element as a vital change management aspect was omitted in the company and hence the failure of the entire process.

2.6 Summary of Literature and Knowledge Gap

This chapter has reviewed literature that is relevant for the study on strategic change management practices. The review covers the theories of strategic change management with focus made on dynamic capabilities theory, resource based view and contingency argument. Further, the challenges faced by organizations in the management of strategic change has been reviewed.

Li (2011) established that the challenges that faced strategic management practices were the appropriateness of an organization’s culture, strategy, donor requirements, systems, stakeholders, decline in resources, together with the arrival of new bosses amid numerous things triggering NGOs adjustments. Yuang (2013) established that product diversification, recruitment of qualified staff and business reengineering were the major strategic change management practices employed by those companies. Ndahiro, Shukla and Oduor (2015) found that many employees had embraced change practices within the organization and which fostered high overall organizational performance.
Selvadurai (2013) found out that three of Kotter’s steps model were in line with public sector employees’ perceptions. The study concluded that the rest of the four steps needs to be studied to compliment the outlined study findings. Benjamin (2012) established that 12 banks had a unique strategic change management policy that advocated for banks to realize better decision making, achieve optimal resource allocation, improve performance prospects, reduce their financial liabilities and improve on their communication infrastructures. The study however failed to articulate the challenges facing commercial banks and that propounded the need for strategic change management practices in those banks.

Nyamu (2014) established that KENAO faced strategic change management challenges such as: inadequate funding, few multi-disciplinary staff, high levels of employee dropouts, low levels of staffing, low employee morale, inadequate remuneration, communication barriers, poor transportation, high working conditions, non-implementation of audit recommendations and the non-involvement of all employees in the process of strategic change implementation. Odenyo and Kerongo (2014) found that training and communication were the main factors that affected the implementation of strategic change management practices within their organization. Kimaita (2010) reported that various factors challenge the teachers service commission ranging from political factors, social factors, informational technological innovations as well as the behaviour of consumers. Ochieng (2014) findings were that the corporation used project matrix structures, interdepartmental collaboration enhancement and intentional outside management employment practices. Marete (2010) established that for the firm to ensure effective change management, it must advance commitment, awareness creation by development of informal networks to
acquire information, progress solidification and integration of processes, use of analytical techniques to establish, measure and regard vital initiatives and ensuring that significant organizational changes are implemented.

Omari, Ateka and Nyaboga (2013) study findings revealed that a big role was played by the factors: continuous planning, executive commitment, change effort goals and policies on strategic change management practices in the industry. Mbogo (2003) found out that change and organizational culture resistances, interference by the government, political instability and political influence were the factors that negatively affected the performance of Kenya Commercial Banks. Rukunga (2003)’s study on the Nairobi Bottles’ strategic change management practices reveals that the people element as a vital change management aspect was omitted in the company and hence the failure of the entire process.
CHAPTER THREE

METHODOLOGY

3.1 Introduction

Chapter three presents information data was collection, analysis and presentetion. The main areas under this chapter and that form the sub-sections of this chapter entail: research design, population of interest, sampled frame and size, technique used in sampling, instrumentation, procedure of collecting data and how the data was presented.

3.2 Research Design

A descriptive survey research design was used in this study. According to Schindlrrer (2003), the aim of survey research designs is to describe or define the subject by use of data that has been collected, tabulated according to its frequencies on research variables or on the interaction of the problem, people and events. Descriptive research design was best for it allowed analysis and relations of variables of study. Survey also enabled the researcher to compare findings from different categories of study units which enriched the amount of information for the study. The respondents for this study constituted the management of tier two and tier three Kenyan commercial banks.

3.3 Population of the Study

Mugenda and Mugenda (2003) defines the term research population as being the total respondents to be assessed as per the information to be collected. The management of tier two and tier three commercial banks forms the target population of this study.

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Currently, there are a total of 37 banks within the tier two and tier three banks’ context (CBK, 2017). All the 37 banks listed under tier two and tier three status were under the interest of the research population. Population scope was confined to head offices of the selected banks and whose results will be representative of the rest of branches for those banks. Since the targeted population of this study was small and hence manageable, a census study was conducted

3.4 Data Collection

Questionnaires were used to collect Primary data that were administered to respondents. The questionnaires adopted the likert scale rankings for ease of understanding and clarity of presentations. Further, the questionnaires adopted were semi-structured i.e. containing both closed and open questions. The arrangement of questionnaires was in two major sections in which case the first section comprised of questions on the respondents’ backstory whereas the second section presented questions from the study objectives.

3.5 Data Analysis

Data cleaning was done, followed by data coding and later analyzed. The conclusion was later drawn from the arrived results. Descriptive statistics was analysed through content analysis. To establish variable relationship, inferential statistics were used by regression analysis. The study used SPSS software to facilitate data Analysis. Data can be presented with the help of either graphical techniques or statistical techniques or by combining both of them so as to arrive at comprehensive conclusions Kombo and Tromp, 2006). Statistical techniques such as pie charts, tables and bar graphs
were used to present quantitative data but descriptive techniques were used to present qualitative data.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This section gives a presentation of results arrived at after data analysis together with the discussion of those results to help give an answer to the research questions of this study. The chapter presents findings on the response rate, general information of respondents and the extent of strategic change management practices adopted.

4.1 Response Rate

From the target population of 37 respondents, the study realized a response rate of 35 respondents. This was because 2 respondents had not returned their filled questionnaires in the set time and were not available in the office at the set deadlines for questionnaire collection and hence were excluded from this study.

4.2 Information of Respondents

Gender information of the respondents will be given and the substantive position of the respondents in the management of their banks. Sub-section 4.2.1 gives information on gender of respondents while subsection 4.2.2 presents information on the respondents’ position in the bank.

4.2.1 Respondents’ Gender

From the results, there were 22 males who were represented by 62.86% of the respondents while females were only 13 represented by 37.14% of the total respondents. The findings on the gender of respondents are shown in table 4.1 below:
Table 4.1: Respondents’ Gender

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>22</td>
<td>62.86%</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>37.14%</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.2 Respondents’ Substantive Position in the Bank Management

On the respondents’ substantive position in the bank management, the respondents filled their position level in the bank: as to whether they were top most management or middle line management. Only the top level and middle managers were used as the study concentrated on the senior management who would give information vital for this study’s objectives. Many respondents were middle line managers represented by 80% respondents followed by top level managers who were only 20% of respondents. This was due to the fact that they were highly available and their skills in answering the questionares. The information on the respondents’ substantive position in the bank is given in table 4.2 below:

Table 4.2: Respondents’ Position in the Bank Management

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Managers</td>
<td>7</td>
<td>20%</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>28</td>
<td>80%</td>
</tr>
</tbody>
</table>
4.3 Strategic Change Management Practices Adopted

4.3.1 Strategic Change Management Practices Adopted by Tier Two Banks

Regarding the extent of adoption of strategic change management practices, it was established that information technology was highly adopted as depicted by the mean of 4.56 for tier two banks. This was followed by differentiation practices which were adopted at a mean of 4.23. It was further established that diversification practices were adopted moderately as supported by a mean of 4.11. Focus practices were also adopted moderately also at a mean of 4.02. Performance management was likewise moderately adopted at a mean of 3.30. On the contrary, the study established that training programs and job descriptions were the poorly adopted practices by tier two banks. Job description practices were adopted at a mean of 2.98 while training programs practices were adopted at an average of 1.73. Table 4.3 gives the results:

Table 4.3: Strategic Change Management Practices Adopted by Tier Two Banks

<table>
<thead>
<tr>
<th>Extent of Adoption of Strategic Change Management Practices</th>
<th>Mean</th>
<th>Standard Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>4.56</td>
<td>1.93</td>
</tr>
<tr>
<td>Differentiation</td>
<td>4.23</td>
<td>1.56</td>
</tr>
<tr>
<td>Diversification</td>
<td>4.11</td>
<td>1.25</td>
</tr>
<tr>
<td>Focus</td>
<td>4.02</td>
<td>1.47</td>
</tr>
<tr>
<td>Performance Management Systems</td>
<td>3.30</td>
<td>0.68</td>
</tr>
<tr>
<td>Job Description</td>
<td>2.98</td>
<td>0.69</td>
</tr>
<tr>
<td>Training Programs</td>
<td>1.73</td>
<td>0.72</td>
</tr>
</tbody>
</table>
4.3.2 Strategic Change Management Practices Adopted by Tier Three Banks

As pertains to the extent of adoption of strategic change management practices by tier three banks, it was established that information technology was highly adopted as depicted by the mean of 4.35. This was followed by differentiation practices which were adopted at a mean of 4.12. It was further established that diversification practices were adopted moderately as supported by a mean of 4.09 for tier three banks. Focus practices were adopted moderately also at a mean of 3.97. Performance management was also moderately adopted at a mean of 3.28 for tier three banks. The study established that training programs and job descriptions were the poorly adopted practices by tier three banks. While Job description practices were adopted at a mean of 1.81, training programs practices were adopted at a mean of 1.66. The results are as shown in the table 4.4:

Table 4.4: Strategic Change Management Practices Adopted by Tier Three Banks

<table>
<thead>
<tr>
<th>Extent of Adoption of Strategic Change Management Practice</th>
<th>Mean</th>
<th>Stand Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>4.35</td>
<td>0.27</td>
</tr>
<tr>
<td>Differentiation</td>
<td>4.12</td>
<td>0.25</td>
</tr>
<tr>
<td>Diversification</td>
<td>4.09</td>
<td>0.81</td>
</tr>
<tr>
<td>Focus</td>
<td>3.97</td>
<td>0.35</td>
</tr>
<tr>
<td>Performance Management Systems</td>
<td>3.28</td>
<td>0.42</td>
</tr>
<tr>
<td>Job Description</td>
<td>1.81</td>
<td>0.29</td>
</tr>
<tr>
<td>Training Programs</td>
<td>1.66</td>
<td>0.46</td>
</tr>
</tbody>
</table>
4.4 Practices of Strategic Change Management and Performance

4.4.1 Practices of Strategic Change Management and Performance of Tier Two Banks

The table 4.5 below illustrates findings on the effect of strategic change management practices and performance of tier two banks:

Table 4.5: Strategic Change Management practices and Performance of Tier Two Banks

<table>
<thead>
<tr>
<th></th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.493</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0.119</td>
</tr>
<tr>
<td>Focus</td>
<td>0.127</td>
</tr>
<tr>
<td>Differentiation</td>
<td>0.173</td>
</tr>
<tr>
<td>Diversification</td>
<td>0.164</td>
</tr>
<tr>
<td>Job Description</td>
<td>0.106</td>
</tr>
<tr>
<td>Training Programs</td>
<td>0.198</td>
</tr>
<tr>
<td>Performance Management</td>
<td>0.115</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA

Source: Researcher (2017)
The coefficients of determination in table 4.5 above reveal a relationship that is positive between Return on Assets (ROA) and all the Predictor variables, that is, training programs practices, performance management systems practices, information technology practices, diversification practices, differentiation practices, focus practices and job description practices. In this regard, the established regression equation was:

$$\text{ROA} = 5.493 + 0.191 \times \text{(information technology)} + 0.172 \times \text{(Focus practices)} + 0.137 \times \text{(differentiation)} + 0.146 \times \text{(diversification)} + 0.160 \times \text{(job description)} + 0.189 \times \text{(training programs)} + 0.115 \times \text{(performance management systems)}.$$ 

Tests of significance such as p-values and T-tests revealed that all of the relationships were statisticaly significant; thus, the study to establish the effect of strategic change management practices on the performance of tier two banks in Kenya. The regression results show that, when information technology practices, focus practices, differentiation practices, diversification practices, job description practices, training programs practices and performance management systems practices have a value of zero, then the space allocation value would be none other than 5.493. It is also found out that a unit increase in information technology practices, as other factors are being held constant, increases ROA by 0.191.

The t-value of this is an indication that the statistic is significant at 95% level of confidence. T-values of 2.122, 1.918, 2.119, 1.294, 1.390, 2.314, and 1.991 and P values of .0.01, 0.01, 0.05, 0.01, 0.02, 0.01 and 0.02 for information technology practices, focus practices, differentiation practices, diversification practices, job description practices and performance management practices respectively were also
established at 95% confidence level hence the relationships were statistically significant. This implies that among other factors, information technology, focus practices, differentiation practices, diversification, job description, training programs and performance management systems positively and significantly influence affect the performance of tier two banks in Kenya.

4.4.2 Practices of Strategic Change Management and Performance of Tier Three Banks

The findings on the effect of strategic change management practices and performance of tier three banks is illustrated by the table 4.6 below:

Table 4.6: Practices of Strategic Change Management and Performance of Tier Three Banks

<table>
<thead>
<tr>
<th>Standardized Coefficients</th>
<th>B</th>
<th>Stand Error</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.393</td>
<td>0.043</td>
<td>2.089</td>
<td>0.03</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0.119</td>
<td>0.030</td>
<td>2.221</td>
<td>0.02</td>
</tr>
<tr>
<td>Focus</td>
<td>0.127</td>
<td>0.010</td>
<td>1.189</td>
<td>0.02</td>
</tr>
<tr>
<td>Differentiation</td>
<td>0.173</td>
<td>0.051</td>
<td>2.019</td>
<td>0.01</td>
</tr>
<tr>
<td>Diversification</td>
<td>0.164</td>
<td>0.022</td>
<td>1.492</td>
<td>0.01</td>
</tr>
<tr>
<td>Job Description</td>
<td>0.106</td>
<td>0.011</td>
<td>1.093</td>
<td>0.03</td>
</tr>
<tr>
<td>Training Programs</td>
<td>0.198</td>
<td>0.013</td>
<td>2.413</td>
<td>0.02</td>
</tr>
<tr>
<td>Performance Management</td>
<td>0.151</td>
<td>0.021</td>
<td>1.299</td>
<td>0.01</td>
</tr>
</tbody>
</table>
The coefficients of determination in table 4.6 above reveal a clear relationship between Return on Assets (ROA) and all the Predictor variables, that is, training programs practices, performance management systems practices, information technology practices, diversification practices, differentiation practices, focus practices and job description practices. In this regard, the established regression equation was:

$$\text{ROA} = 3.393 + 0.119 \text{ (information technology)} + 0.127 \text{ (Focus practices)} + 0.173 \text{ (differentiation)} + 0.164 \text{ (diversification)} + 0.106 \text{ (job description)} + 0.198 \text{ (training programs)} + 0.151 \text{ (performance management systems)}.$$ 

Tests of significance such as t-tests and p-values reveal that all of these relationships were statistically significant; thus, the study to find out effect of practices of strategic change management on the performance of tier three banks in Kenya. The regression results show that, when information technology practices, focus practices, differentiation practices, diversification practices, job description practices, training programs practices and performance management systems practices have a value of zero, then the space allocation value would be 3.393. It is also realized that a unit increase in information technology practices, as other factors are being held constant, results in an increase of ROA by 0.119.

The t-value of this statistic is 2.221 an indication that the statistic is significant at 95% level of confidence. T-values of 2.221, 1.189, 2.019, 1.492, 1.093, 2.413, and 1.299 and P values of 0.02, 0.02, 0.01, 0.01, 0.03, 0.02 and 0.01 for information technology practices, focus practices, differentiation practices, diversification practices, job description practices and performance management practices respectively were also
established at 95% confidence level hence the relationships were statistically significant. This implies that among other factors, information technology, focus practices, differentiation practices, diversification, job description, training programs and performance management systems positively and significantly influence affect the performance of tier two banks in Kenya.

4.5 Discussion

The response rate was 35 out of 37 respondents representing 94.59%. A response rate of 50% or more is deemed to be adequate (Mugenda and Mugenda, 2003). Babbie (2004) also asserts that 50% rates of return are acceptable in analysis and publishing but if it is 60% then it is good and if 70% it is very good. According to Cooper and Schindler (2003), the rate of response of above 30% of the sample gives sufficient data that can be relied upon to give the characteristics of the problem of the study as also expressed by the respondents’ views in the targeted population. Hence the 94.59% response rate realized from this study can be deemed to be very good.

Information on gender revealed that many senior staff are male as male were 62.86% of the total respondents. These findings imply that there is a low inclusion of women in the senior positions in the banking sector. Ngigi (2016) narrates that women hold about 29% of the top jobs in the banking sector, showing the availability of more room for gender inclusion. A survey by the Central Bank of Kenya (2015) which was conducted on 20 banks reveals that women occupy 20% of board positions with only two serving as chairpersons.
In regards to strategic change management, the study revealed that banks have done moderately in adopting diversification as a strategic change management practices. Diversification involves starting various kinds of products and creating of reputation. Ndahiro, Shukla and Oduor (2015) acknowledge that strategic change management practices fosters greater organizational performance and if this is the case, then diversification remains one of the important practices tier two and tier three banks can use to achieve competetiveness. Many respondents believed that focus strategy has been widely adopted due to its many benefits in helping banks achieve competitive edge over their competitors. Benjamin (2012) supports that these practices helps in better decision making, achieving optimal resource allocation, improvement of performance prospects, reduction of financial liabilities and improvement of communication infrastructures.

Practices of strategic change management were found to have a positive and significant impact on performance of tier two and tier three banks. These findings are supported by Ochieng (2014) who established a positive significant effect between strategic change management practices and the performance of Maryland Global Initiatives Corporation in Kenya. Omari, Ateka and Nyaboga (2013) also found similar results in their study at the soft drink industries’ operations in western Kenya. Rukunga (2003)’s study on the Nairobi Bottles’ strategic change management practices reveals that the people element as a vital change management aspect was omitted in the company and hence the need to invest heavily in their training, job description and performance management to ensure success through greater performance of the tier two and tier three banks in Kenya, which agrees with this study’s findings.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter gives the summary, conclusion as well as recommendations for the study in accordance to the study objectives. The section concludes by presenting possible suggestions for further study to be used by academicians and other scholars in this line of research.

5.2 Summary of Findings
The response rate was 94.59% i.e. 35 respondents out of the total 37 respondents the researcher intended to use. From the study findings, there were 22 males who were represented by 62.86% of the respondents while females were only 13 represented by 37.14% of the total respondents. On the respondents’ substantive position in the bank management, the respondents filled their position level in the bank: as to whether they were top most management or middle line management. Only the top level and middle managers were used as the study concentrated on the senior management who would give information vital for this study’s objectives. Many respondents were middle line managers followed by top level managers.

Regarding the extent of adoption of strategic change management, it was established that information technology was highly adopted as depicted by the mean of 4.56 for tier two banks and a mean of 4.35 for tier three banks. This was followed by differentiation practices which were adopted at a mean of 4.23 for tier two banks and 4.12 for tier three banks. It was further established that diversification practices were
adopted moderately as supported by a mean of 4.11 for tier two banks and at a mean of 4.09 for tier three banks. Focus practices were adopted moderately also at a mean of 4.02 for tier two banks and 3.97 for tier three banks. Performance management was also moderately adopted at a mean of 3.30 for tier two banks and 3.28 for tier three banks.

On the contrary, the study established that training programs and job descriptions were the poorly adopted practices by both tier two and tier three banks. Job description practices were adopted at a mean of 2.98 for tier two banks and 1.81 for tier three banks. Training programs practices were also adopted at a mean of 1.73 for tier two banks and 1.66 for tier three banks.

The study establishes the existence of a clear positive connection between Return on Assets (ROA) and all the Predictor variables: training programs practices, performance management systems practices, information technology practices, diversification practices, differentiation practices, focus practices and job description practices.

Tests of significance such as p-values and t-tests proves that all the relationships that were investigated in this study were statistically significant; thus, the study establishes the impact of practices of strategic change managements on the performance of tier two and tier three banks in Kenya. The regression results show that, when information technology practices, focus practices, differentiation practices, diversification practices, job description practices, training programs practices and performance management systems practices have zero values, the space allocation value would be 5.493 and 3.393 for tier two and tier three banks respectively. It is also established
that a unit increase in information technology practices, focus practices, differentiation practices, diversification practices, job description practices, training programs and performance management practices, while holding other factors constant, would result in an increase in ROA.

T-values were also established at 95% confidence level hence the relationships were statistically significant. This implies that among other factors, information technology, focus practices, differentiation practices, diversification, job description, training programs and performance management systems positively and significantly affects the performance of tier two and tier three banks in Kenya.

5.3 Conclusion

On the background information findings of this study, it can be concluded that the response rate was ideal, there exists some gender imbalance in the senior management of tier two and tier three banks as men are more than the females and that many respondents were middle line managers followed by top level managers.

The study concludes that information technology has been highly adopted as depicted by the mean of 4.56 for tier two banks and a mean of 4.35 for tier three banks. This was followed by differentiation practices, diversification practices, focus practices and performance management practices which were all moderately adopted. Training programs and job descriptions were the poorly adopted practices by both tier two and tier three banks.
The study establishes the existence of a clear positive connection between Return on Assets (ROA) and all the Predictor variables: training programs practices, performance management systems practices, information technology practices, diversification practices, differentiation practices, focus practices and job description practices. It was found that among other factors, information technology, focus practices, differentiation practices, diversification, job description, training programs and performance management systems positively and significantly affects the performance of tier two and tier three banks in Kenya.

5.4 Recommendations

Since all strategic change management practices were seen to have a statistically significant impact that is positive on the performance of tier two and tier three banks, this means that these practices are crucial for the banks and should be adopted with high extents. The study recommends that Diversification practices, Performance Management System Practices, job description practices and focus practices that had moderate extents of adoption be enhanced further to ensure they are adopted greatly if the banks are to achieve predetermined high financial performance levels. Also, differentiation and training practices were found to have a low adopton extent and the study recommends that since they have a positive influence on performance of tier two and tier three banks, their adoption should be more embraced to increase financial performance of the tier two and tier three banks. The application of information technology in these banks was found to be on a higher extent and it is recommended that the same be upheld to ensure performance is sustained in the long term.
5.4.1 Recommendations to Managing authorities

It is a basic responsibility of tier 2 and tier 3 banks’ management to ensure that the these banks are accountable for their programs and finances to the contributors, members, public and government regulators. The management of tier two and tier three banks should therefore put in place mechanisms to monitor this and evaluate on the extent of accountability to each stakeholder inorder to foster excellent relationships with all stakeholders.

The management should ensure that internal controls are put in place to foster accountability thereby compelling tier two and tier three banks to abide with the available laws and standards of ethical performance; Strive to achieve the mission of the organization as well as creation and adherence to ethics, conflict of interest, accounting policies and personnel. Also strive to protect members’ rights as well as preparing and filing their annual financial reports and ensuring that the reports are available to all board members and even those of the public who might request for them.

5.4.2 Recommendations on Policy

The research also advises policy makers to ensure that a job description document should be made available to all stakeholders of the banks. This will make works of banks easier and avoid most of the problems that arise during normal work periods of banks. Workers will know what is expected of them and even limits of authority will also be well understood. A comprehensive description of the chief executive officer’s job should make clear his or her responsibilities in the day-to-day activities of the banks and set forth exactly what information is expected by the board and when it
must be communicated. The study also advises to the policy makers that adequate training should be necessary for all parties involved. New directors, officers, employees and volunteers of tier two and tier three banks should be trained by those who are familiar with the organization and its operations including financial accountability.

5.4.3 Recommendations on Theory

The theory on strategic change management practices has not been exhausted. There remains many gaps which have not been filled by researcher nor academicians’ attempts. There is need to explore further on all practices and in different industries inorder to determine whether they are crucial in determining performance prospects. It is also recommended that there be theoretical comparisons especially by use of secondary data in order to provide more empirical literature which can help inform new studies and provide more insights to both academicians and other researchers on potential areas of emphasis at any given point in time.

5.5 Limitations of the Study

The investigative nature the study sparked misplaced suspicion. Tier two and tier three banks’ respondents feared that the study intends to implicate individuals in a negative way or reveal certain information to their competitors. To this end, this suspicion offered resistance and lack of cooperation. The researcher however eliminated this paranoia by clarifying the objectives of the study.
There was reluctance of some respondents to complete the questionnaires promptly and others even failed to complete them at all. This thus limited the number of respondents involved in the study although the researcher geared up efforts and approaches to them explaining the potential benefits of the study.

### 5.6 Suggestion for Further Studies

The researcher recommends further studies on similar topic but on tier one banks in order to determine similarities or dichotomies in research findings so as to determine some of the practices tier one banks are using to beat tier two and tier three banks in the market and which if embraced by these tier two and tier three banks, performance can be at par.

Having established that job description practices and training programs’ practices are rarely adopted by tier two and tier three banks despite their positive and significant effect on performance of these banks, a comparative study should be necessitated with the tier one banks in order to shed more light whether these two are highly adopted and to determine also reasons for their minimal adoption in tier two and tier three banks in Kenya.
REFERENCES


APPENDICES

APPENDIX I: INTRODUCTORY LETTER TO RESPONDENTS

Dear Respondent,

I am a Master of Business Administration student at the University of Nairobi and specializing in strategic management option. As part of my course requirements, I am currently conducting a study on the topic, “Strategic Change Management Practices and the Performance of Tier Two and Tier Three Commercial Banks in Kenya”.

For the success of my study, I am obligated to collect data from your bank and through you as the chosen respondent. True and honest opinions will contribute majorly to the high validity and reliability of my study results and whose benefits will range from scholars, academicians, banks, scholars, academicians and other policy makers who might be relevant to this topical study.

Kindly note that as part of the study’s ethical considerations, the information you provide will be treated with utmost confidentiality and that it will only serve the purpose of this research.

May you need a copy of the final results, conclusions and recommendations don’t hesitate to keep in touch or provide your email address for the same. Thank you so much for accepting to participate in this research by answering the questions without bias.

Yours Sincerely,

Damiana Mutuku.
APPENDIX II: RESEARCH QUESTIONNAIRE

Kindly fill the questionnaire as appropriately as possible using a tick ( ). Any information provided by you will be treated with utmost confidentiality and will be used for research purposes only.

Section A: Background Information

1. Respondent’s Gender

   Male [ ]
   Female [ ]

   What is your substantive position in the bank management? Please specify

   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………

Section B: Strategic Change Management Practices and Performance

This section is organized into two parts, each part covering the objectives of this study. The first part comprises of questions on strategic change management practices adopted by tier two and tier three commercial banks in Kenya while the second part comprises questions on the performance of tier two and tier three banks.
Part I: Strategic Change Management Practices Adopted

This part aims to establish the strategic change management practices adopted by tier two and tier three commercial banks in Kenya. Please indicate to what extent you have adopted the following strategic change management practices in your bank

4 – High extent(HE); 3 – Moderate Extent (ME); 2 – Little extent(LE); and 1 – Not at all (NA).

<table>
<thead>
<tr>
<th>S/No</th>
<th>STATEMENT</th>
<th>NA</th>
<th>LE</th>
<th>ME</th>
<th>HE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our bank has adopted Diversification as a strategic change management practice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Our bank has embraced focus strategy as a strategic change management practice</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td>Our bank has adopted differentiation strategy as a strategic change management practice</td>
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<tr>
<td>4</td>
<td>Our bank has embraced Information Technology management practices as a strategic change management practice</td>
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<tr>
<td>5</td>
<td>Our bank has adopted job description practices to keep focus on the bottom line while taking care of the changing environment</td>
<td></td>
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<tr>
<td>6</td>
<td>Our bank has adopted training programs practices aimed at improving performance.</td>
<td></td>
<td></td>
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</tbody>
</table>
Our bank has embraced performance management system as a strategic change management practice to improving overall performance.

Our bank has not done enough with regards to adoption of strategic change management practices so far.

<table>
<thead>
<tr>
<th></th>
<th>Which other strategic change management practices has your bank advanced on apart from the ones above?</th>
</tr>
</thead>
</table>

**Part II: Performance of banks**

Kindly fill the following table to help compute the performance of your bank for the purpose of informing the study on the performance of tier two and tier three commercial banks in Kenya. Performance will be measured by the Return on Assets and Return on Equity Indicators.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Net capital invested</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total assets</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total stock</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you very much for sparing time within your busy schedule to complete this questionnaire and for your unwavering support and contribution to this particular study

**ADDITIONAL INFORMATION**

Kindly provide your contacts should you wish to receive a copy of the research findings and recommendations at no cost or any obligations whatsoever.
APPENDIX III: LIST OF TIER TWO BANKS (SAMPLING FRAME) TIER TWO BANKS

1. Family Bank
2. Imperial Bank
3. I & M Bank
4. NIC Bank
5. Prime Bank
6. Bank of Africa
7. Bank of Baroda
8. Bank of India
9. CFC Stanbic
10. Citibank N.A
11. Diamond Trust
12. Ecobank
13. Guaranty Trust
14. Housing Finance
15. National Bank

TIER THREE BANKS

1. ABC Bank
2. Charterhouse bank

3. Credit Bank

4. Dubai Bank

5. Equitorial bank

6. Fidelity bank

7. Giro bank

8. Guardian bank

9. Jamii bora bank

10. Middle East bank

11. Oriental Commercial bank

12. Paramount Universal bank

13. Trans national bank

14. Victoria bank

15. First Community Bank

16. Habib A.G Zurich Bank

17. Habib bank

18. Gulf Africa bank

19. Sidan bank
20. UBA Bank

21. Consolidated bank

22. Development bank