MANAGEMENT OF STRATEGIC CHANGE BY COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.
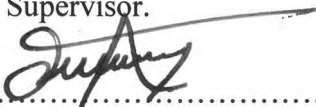
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SUPERVISOR'S DECLARATION

This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my family, you have been my greatest supporters and your encouragement and belief in me has been my greatest influence. You have inspired me to reach greater heights in academic pursuit. I dedicate this project to you thanking you for your unwavering support throughout my period of study and for understanding and appreciating the demand of the course in terms of time and resources. God bless you!

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I take this opportunity to extend my sincere gratitude God Almighty for His unfailing love. I thank Him for provision of strength, knowledge and seeing me through the entire course and project.

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ABSTRACT

The changes in the banking sector have been characterized by globalization, inflation, more knowledgeable customers, technology advancements, declining interest margins and new laws and regulations that govern the way banks conduct business. The available studies were carried out in specific institutions and they do not represent the general industry practices and may not be assumed to explain strategic change management practices in all the banks in Kenya. The study therefore sought to establish the management of strategic change within the commercial banks in Kenya, and the challenges faced by commercial banks when managing strategic change.

This study was a descriptive cross sectional survey research design. The population of interest in this study comprised the 43 commercial banks in Kenya. Thus the study was a census, in which all commercial banks were studied. Primary data was collected using a questionnaire that comprised close ended and open ended questions. The data collection instrument was administered to the managers responsible for strategy management in each bank. The study generated both qualitative and quantitative data which was analyzed using descriptive statistics which involved use of percentages frequencies, means and standard deviation and presented in tables and graphs and explanation was presented in prose. Qualitative data was analyzed based on the content matter of the responses.

The study found that the banks have strategic change management policy; the banks expected an improved decision making, improved performance, resource allocation, reduced financial losses and improved communication from effective strategic change management. The study concludes that change management is usually communicated effectively within the banks and as a result the banks realize improvement and efficiency in various departments.

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ABBREVIATIONS

ATMs   Automated Teller Machines

CBK   Central Bank of Kenya

GDP   Gross Domestic Product

KBA   Kenya Bankers Association

SPSS   Statistical Packages for Social Scientists

SWOT   Strength Weakness Opportunity and Threats

TQM   Total Quality Management

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Many organizations are occasionally faced with challenges that force them to adjust or change (Burnes, 2004). Organisations today face a major challenge in managing this change effectively. The cost of failure is high when organizations fail to change in ways necessary for survival. However, the most serious challenge in change programmes today is how to deal with people's resistance to change. Most advocates of change assume that support will be imminent because the objectives for change are worthwhile, but sometimes this does not happen (Brown & Harvey 2006).

Change is inevitable and ubiquitous in a rapidly expanding world. These landscapes of many external forces make it most difficult for organisational survival and prosperity. Indeed, the major dilemma faced by businesses today is managing strategic change initiatives efficiently and effectively (Szamosi and Duxbury, 2002). According to Ulrich (2007), a primary difference between organisations that succeed and those that fail is the ability to respond to the pace of change. In other words, organisations need to monitor and scan their external environments, anticipate, and adapt timely to continual change. A salient contention by Pettigrew, Woodman and Cameron (2001), is the relative lateness of anticipation and adaptation ability of firms, and their inability to recognise the change in bases of competition that may have changed in their business environment can be a key attribute explaining a loss of competitive performance.

In addition to the inability to recognise change, it is no longer sufficient to adjust one change to compensate another. Arguably, organisations will have to handle all the

challenges of change simultaneously (Brown & Harvey, 2006). These challenges of changes, at the organisational level, have elevated the importance of managing change and in particular, the managing of employees' change experiences. This is because massive change has an impact on all facets of organisational members as it can create new dimensions of greater uncertainty (Ulrich, 2007). Hence, it is very important to ensure good coordination, strong leadership, and clear communication while managing various changes simultaneously.

Corporate environment have become more growth end customer-oriented, faster moving and increasingly international, these trends demand greater responsibility, initiative and leadership from managers at all levels of the organizations. (Hamlin.2001). There are three major trends that shape change including the heightened competition brought about by globalisation, information technology, and managerial innovation.

1.1.1 Concept of Strategy

Strategy is a unifying theme that gives coherence and direction to the decisions of an organization. Johnson and Scholes (2003) define strategy as the direction and scope of an organization over the long-term, ideally which matches resources to its changing environment and its particular markets, customers and clients, so as to meet stakeholders' expectations. This definition is convenient because it identifies three key components of strategy. First, the need to define the scope and range of an organization's activities within the specific environment it faces. Second, the needs of customers and markets are matched against resource capability to determine long-term direction; and third, the role which stakeholders within and outside the organization have on the articulation of

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strategy because of their influence over the values, beliefs and principles which codify and govern organizational behavior and the way in which business is conducted.

The strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a 'strategy' designed to keep the organization in business (Tim and Hannagan, 2005).

1.1.2 Concept of Strategic Change Management

Organizational change begins with a systematic diagnosis of the current situation in order to determine both the need for change and the capability to change. The objectives, content, and process of change should all be specified as part of a Change Management plan. As a visible track on transformation projects, organizational change management aligns groups' expectations, communicates, integrates teams and manages people training. It makes use of performance metrics, such as financial results, operational efficiency, leadership commitment, communication effectiveness, and the perceived need for change to design appropriate strategies, in order to avoid change failures or solve troubled change projects.

Strategic change is viewed by Hofer and Schendel (1978) as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy. In an ever-changing global economy, Johnson and Scholes (2003) notes that

organizations must find ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Because of the fact that changes are a necessity in private as well as public sector, every organization must change with the environment otherwise, it would become irrelevant.

Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics, and the political environment all have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond (Sturdy, 2003; Burnes, 2004). Change management is the use of systematic methods to ensure that an organization's change can be guided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired results.

A lot of work has been done about how change management can be approached. Nevertheless, the field of organizational change is far from mature in understanding the dynamics and effects of time, process, discontinuity, and context (Pettigrew, et al. 2001). Moreover, little is written about implementation process and issues in highly regulated contexts such as the banking context (Baron & Besanko, 2001). Technical change in service industries is an underrepresented area, despite its importance in employment and innovation. Change management scholars say it entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected

by the changes. Problems arise when change is forced on people, change therefore must be realistic, achievable and measurable (Chapman, 2005).

While organizational change is a constant experience, knowledge and awareness about many of the critical issues involved in the management of such change is often lacking in those responsible for its progress. Thus if organizations are ever to experience a greater level of success in their development efforts, managers and executives need to have a better framework for thinking about change and an understanding of the key issues which accompany strategic change management. Strategic change management has been linked to the organization's competitiveness and response to changes in the environment.

1.1.3 The Banking Industry in Kenya

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK), governs the Banking industry in Kenya. The banking sector was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (Kenya Bankers Association annual Report, 2008).

The industry consists of forty-three commercial banks, fifteen micro finance institutions and forty-eight foreign exchange bureaus in Kenya as at December 2011 (www.centralbank.go.ke). The evolution of the banking industry has presented both challenges and opportunities for commercial banking institutions. The Banks face an increasingly competitive environment, replete with threats from non-bank institutions operating under different kinds of regulation. Over the last several years, financial modernization, deregulation, industry consolidation, the rise of new institutions, shifting trends in borrowing and lending, globalization, explosive growth in information technologies has changed the way many individuals interact with their banks hence influencing and affecting how commercial banks operate.

1.1.4 Commercial Banks in Kenya

There are forty three commercial banks in Kenya as at December 2011(www.centralbank.go.ke) Thirty of the banks, most of which are small to medium sized, are locally owned and thirteen are foreign owned. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting member institutions (www.pwc.com).

Driven by competition brought about by globalization, information technology and managerial innovation, the banks have attempted to fit their operations and systems to a customer focused strategy. The banking sector has embraced changes occurring in Information Technology with most banks having already achieved branchless banking as a result of the adoption of communications options. According to The Central Bank Annual Supervision report (2003), the increased utilization of modern information and

communications technology has for example led to several banks acquiring ATMs as part of their branchless development strategy measures. When the changes are on a larger scale and involve many individuals and subunits such as the ones encountered by banks, it is a challenge to manage change simultaneously across functional and managerial levels.

1.2 Problem Statement

Strategic change management has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Organisations today face the dilemma of managing strategic change initiatives efficiently an d effectively. Change is unavoidable in a rapidly expanding world that makes it challenging for any organizations not to respond for their survival and prosperity. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond (Burnes 2000).

The banking sector has experienced a global change in the micro and macro economic factors that affect the way business is done today. The changes have been characterized by globalization, inflation, more knowledgeable customers, technology advancements, declining interest margins and new laws and regulations that govern the way banks conduct business. These changes have greatly affected the banking sector in Kenya where banks can no longer follow the same traditional management processes and remain

profitable. In order to remain competitive the banks have had to change their strategies. Thus banks have undertaken several change management processes which include creative marketing to enable communication between change audiences, deep social understanding about leadership's styles and group dynamics.

Several studies have been carried out on strategic change management in the banking sector. For instance, Mbogo (2003) conducted a study of strategic change management process in hybrid private public organizations the case of Kenya commercial bank Ltd and found that Strategic change management process is affected by communication, employee adaptability, organization culture, system incompatibility and change agents. On the other hand, Mwangi (2009) did a study on the people dimension in strategic change management at family Bank Ltd and concluded that most employees perceive change as bad for them as it causes anxiety and fear of the unknown. Wanjiru (2009) studied strategic change management at Faulu Kenya and established that there have been radical shifts in organizational design and leadership. These studies provide insights on how the organizations go around the management of strategic change in different contexts.

Given that the studies were carried out in specific institutions, they do not represent the general industry practices and may not be assumed to explain strategic change management practices in all the banks in Kenya. The study therefore seeks to establish the management of strategic change within the commercial banks in Kenya, and the challenges faced by commercial banks when managing strategic change. What are the strategic change management practices adopted by commercial banks?

1.3 Objectives of the Study

The study sought to:

i.   Determine the strategic change management practices at commercial banks in Kenya.

ii. Establish the challenges faced by commercial banks in managing strategic change.

1.4 Value of the Study

Organizations today face major, discontinuous change that makes strategic management more difficult and more complex than ever. A primary aim of this study is to contribute to an understanding of organizational change and the change management programmes in the context of the banking industry. The study will be invaluable to the bank management as it will offer an insight on the best practices in change management within the banking sector.

The results of the study will also be important to the practitioners and academicians both in the private and public sector by contributing to the existing body of knowledge in the area of strategic management in general and change management practices in particular. Academicians may use findings for further research, while practitioners may apply lessons in planning and implementing future changes.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the past studies on strategic change management practices adopted by organization. The chapter will give in-depth information about strategic change management through focusing, strategic change, change management approaches and the challenges in managing strategic change.

2.2 Theory of Change Management

The practitioners, who to the large consulting firm model of organizational change, are seen as advocating the rational-linear view of organizational change, while the theoreticians are perceived as supporting the systemic-multivariate view of organizational change (Modahl, 2000). It is commonly observed among the advocates of the rational-linear view of organizational change that there is an optimum solution for organizing labour, raw materials and capital and for adopting new organizational practices. Within this view, the focus has been primarily on the contingencies necessary for the success and effectiveness of implementing organizational change. Situational models of contingencies, under which different approaches to change assume one-best-way across business contexts or timescales (Kotter, 1995), present an ideal model of what happens in organizations at different points in time or in different contexts.

Kotter (1995) developed a list of factors that he believes lead to successful changes, and those that lead to failure. He has devised an 8 step method where the first four steps focus on de-freezing the organization, the next three steps make the change happen, and the last step re-freezes the organization with a new culture. When people need to make big

changes significantly and effectively, he says that this goes best if the 8 steps happen in order. "The most general lesson to be learned from the more successful cases is that the change process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps creates only the illusion of speed and never produces satisfactory results" and "making critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating hard-won gains".

Although a contingency approach to organizational change has encouraged practitioners to consider aspects of their environment, technology and size as a basis for deciding on the appropriate paths of change, it delineates deterministic assumptions about the nature of change in organizations, presents inadequate appreciation of the role of strategic choice, beliefs and power and neglects the fact that organizations are collections of diverse interests (Dawson, 1996).

According to Burnes (1998), there are three schools of thought that form the central planks on which change management theory stands; first there is the individual perspective school, which assumes that individual behavior results from his interaction with the environment. Human actions are conditioned by expected consequences and behavior is rewarded to be repeated and vice versa. Psychologists argue that behavior is influenced by external stimuli. Second there is the group dynamics school, which argues that individuals' behavior is a function of group environment. Individuals behave in a way that conforms to group pressure, norms, roles and values. Change focus in such a case should be on influencing group norms, roles, and values to bring about successful strategic change.

Open systems school of thought focuses on the entire organization. It sees the organization as being composed of different sub systems, which are the goals and values sub systems, the technical subsystem, the psychological sub system and the managerial subsystem. A change in one part of the system has an impact on other parts of the system. Change can therefore be achieved by changing the sub systems but one then needs to understand the interrelationship of the subsystems.

The Attribution Theory advanced by Heider, (1999) states that "behavior is determined by a combination of perceived internal forces and external forces" (Mullins, 1999). This means that if the employees feel that the upcoming changes are likely to upset their current state in terms of loss of money, job security, disruption of their social patterns or the fear that they may not be able to cope with the new changes, then they are likely to resist and to be negative about it. However, if they believe that the change is for their own benefit, then, they are likely to go along with it.

2.3 Strategic Change

Strategic change is an effective tool for reducing motivational, incentive and environmental barriers while defining and improving the structure of an organization. It is the process that controls change within organizations, furthermore it set up the appropriate environment of change, encourages staff to support the change and sets out to give them skills to deal with change (Paton, 2001). Strategic change management aims to achieve a number of objectives such as increasing responsiveness to organizational environment, enhancing level of employee participation and empowerment and increasing employee morale. When organizations apply change management skills;

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changes are implemented more swiftly, economically and with less disruption to those involved (Bryson, 2004). Cohen (2002) defined organizational change management as a process of realigning an organization to meet the changing demands of its business environment, including improving service delivery and capitalizing on business opportunities. This change is generally underpinned by improvement to the business process and newer better suited technologies.

Effective teamwork and effective organization structure and system may give rise to the need for change (Caranall, 2000). However, without effectiveness in the above three areas, other changes will be more difficult to implement, such as new product, service, new market or client groups and new technologies. According to Hamlin (2001), the business organization of the future, twisted into a new shape by global competition, changing markets and technological breakthrough, is emerging with distinct features and it will be information based,decentralized, linked through technology, creative collaborative ,with team structure, which is possible only in an environment of clear , strong and shared operating principle and of real trust. David (2003), believes that the motivational, incentive, and environmental barriers can be reduced by managing change within an organization.

In order to develop the critical-thinking skills needed to make efficient and effective decisions, managers and leaders need to be well-grounded in the general concepts of management. In response to this, all organizations are currently undergoing some type of change. Many of these change programmes arise from organized management strategies such as culture change, business process engineering, empowerment and total quality

(Nielsen, 2005). Other change initiatives are driven by the need for organizations to reposition themselves in the face of changing competitive conditions. Strategic change often involves radical transitions within an organization and encompasses strategy, structure, systems, processes and culture. According to Kaplan and Norton (2001), most organizations would purport to have a well defined strategy which they have developed to take their business forward.

2.4 Change Management Approach

Change management has become a large field within organizational theory over the past fifty years. Today, change management comprises a vast body of literature and it is accompanied by much attention by managers which again has resulted in much attention from the consulting industries. Change management follows five stages: recognition of a trigger indicating the need for change; clarification of the outcome "where we want to be at"; planning how to achieve the change; accomplishment of the transition and maintenance to ensure the change is lasting (Doylee, 2002). Al-Khouri, (2010) stated that management need to heed that in a change process, the structure, objectives, and performance measures must be shaped based on the mission and the strategic direction which should in turn; guide the decisions, activities and the outcomes. Outcomes are then measured against the overall mission, strategic objectives and performance expectations.

A successful strategic management process follows three stages, these are, strategy formulation where the mission, vision of an organization is truly defined and a SWOT analysis is done to measure its capabilities and obstacles. This stage will also determine how the available resources will be allocated; Strategy implementation is the action stage.

It is here that all workers need to be motivated and provided with incentives in order to attain an impact on the goals set. There is need for the employees to see the benefits that will be derived for both the company and themselves when the change is implemented. Strategy evaluation is when the work done is assessed to measure how successful the change process has become i.e. whether the intended objectives and goals were met and whether there is need for improvement, enhancement or corrections (Anderson and Ackerman, 2001).

2.4.1 Factors Influencing the Change

According to Johnson and Scholes (2003), force field analysis model can be used to analyze the driving forces and the restraining forces to the proposed change, in order to determine the magnitude of the gap between the organization's present and desired states. This approach can provide new insights into the evaluation and implementation of corporate strategies. Johnson (2002) pointed out that if an organization does not respond to change, it will become extinct. What organizations are or are not depends on the changes they undergo and how they respond to these changes. Organizations are prone to change in response to both external and internal environments. Some of the factors that contribute to the turbulence in the environment include political, globalization, socio-economic, legislative, competition and the technological advancements.

At this stage, organizations need to develop an action list to eliminate, mitigate or weaken existing restraining forces (Al-Khouri, 2010). Action plan may include items such as improving communication so all organization members are aware of the need for change and the nature of the changes being made. Empowering employees and inviting them to

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participate in the planning for change can play a key role in allaying employees' fears and overcome potential resistance (Burnes, 2000). This action plan can be considered as a starting point and a subset of the overall change management strategy.

2.4.2 Organization Preparedness for Change

If the organization's management is not trusted, any attempt to change will be treated with skepticism. What companies often fail to realize is that the causes of disaster, as well as enablers of success, can be readily discovered and addressed by tapping the knowledge already contained in the minds of their employees. This leads to statements like: "This is just the flavor of the day;" "this too shall pass;" "this will last about a year then we'll be into something else;" "this is just like TQM- here today, gone tomorrow" (Burnes, 2000, pg 47- 49). These statements reflect distrust in the organization's leadership. Thus, there is need to address the questions on employees' morale, and competence in implementing major changes and management toughness in tackling decisions.

Resistance to change is a complex issue facing management in the dynamic and evolving organizations of today. It has been identified as a critically important contributor to the failure of many well intended and well conceived efforts to initiate change within organizations .Change agents and managers thus need to be adept at understanding and managing this phenomenon. According to Ansoff and McDonnel (1990), change refers to transformation, to undergo alteration, modification, substitution, innovation, revolution. Strategic change can be said to be the movement of a company away from its present state to some desired future state to increase its competitive advantage.

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2.4.3 Planning and Executing the Change Strategy

For effective change the organization needs to meet some conditions which are necessary for effective change management that is awareness, capability and involvement. Awareness requires that those affected must understand the change, its objectives and the impact on their role (Heracleous, 2000). They then need to be energized and prepared to acquire the capabilities to handle the new tasks and new work situations. The third condition is about their involvement in the change process and their contribution to successful implementation. Organizations tend to pay much attention to the process of change, and forget about the key success factors that wave through the change process to successfully manage the change.

Success factors in change management are commitment (recognizing change as an integral part of the organization, and taking ownership of the project particularly at senior management level), social and cultural (concerned with the people element of change e.g., behavior, perception, and attitudes towards change), communication (both internal/external), tools and methodology (concerned with project management, performance and process measurement, and the underlying knowledge needed to ensure that the change can take place effectively) and interactions (methods for dealing with interactions within the organization, managing the balance and transition from the current state to the future state) (Burnes, 2000).

2.4.4 Overcoming Resistance to Change

Resistance to change is the action taken by individuals and or groups when they perceive that a change that is occurring is threat to them. The threat could be real or imagined. Initiating change is a competitive and often hostile activity and as pointed out by Doylee, (2002:4), resistance to change can be likened to "a kind of warfare" and anyone who wants change has to overcome massive inertia. Thus for any organization to make changes, they must reduce or eliminate the resistance to change through creation of awareness of the need for change, involvement of employees in crafting the change programme and provision of a leadership platform upon which they can look upto. Change ordinarily benefits some people by injuring others and thus the process of strategic change management needs to be well conducted to ensure minimal disruption of business.

Organizations are prone to change in response to both external and internal environments. Some of the factors that contribute to the turbulence in the environment include political, globalization, socio-economic, legislative, competition and the technological advancements (Ansoff and McDonnel 1990). Management of strategic change can either be reactive in which case the management is responding to changes in the macro environment (external environment), or proactive, in which case management is initiating the change in order to achieve a desired goal (internal environment). For an organization to achieve its goal, it has to work on its capabilities for overall performance. That is unless the change process in carried through to the end, the expected goals and objectives will not be achieved and will ultimately affect the organizational performance adversely

(Porter, 1996). It is therefore imperative that the management put in place performance measures that will gauge the achievements at every step of the change process in order to motivate the people.

2.4.5 Evaluating the Change Program and Improvement Measurement

Evaluation and feedback play an equally vital role for change implementation as it measures its success in reaching its goals and objectives. One of the greatest difficulties in change programs lies in the developing cost and benefit analysis, trying to quantify what the organisation will get out of the investment, or more precisely what the organisation is able to do more effectively as a result of the investment. The actual benefits of many transformational projects are enormous but most are very difficult to measure (Burnes, 2000). They range from better quality information, to better systems that enable the organisation to adapt and support the many changes occurring in the environment. Different measurement tools and techniques can be used to assess the success of the change program, such as output/outcome measures, interim measures, input measures, balanced scorecard, or even benchmarking with other organisation performance on specific dimensions.

Lewin (2007) asserted that several aspects of individual behavior must be addressed in order to bring about effective organizational change. According to him, the status quo represents equilibrium between the barriers to change and the forces favoring change. He is of the opinion that it is more effective to weaken the barriers to change than to strengthen the drivers. He argues that work takes place in organization within a system of roles, attitudes, behaviour, norms, and other factors depicting acceptance of change. He

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suggests that any disequilibrium in this group dynamics in organizations could result in a change effort being accepted or resisted. He believes that some differences in the forces are required in order to facilitate change. He asserts that successful change rests in "unfreezing" an established equilibrium by enhancing the forces driving change, or by reducing or removing resisting forces and then "refreezing" in a new equilibrium state.

2.5 Strategic Change Management

Strategic change managements cannot be entirely thought of as the process of strategic decision making. According to David (1997), the scope of strategic management is great because it encompasses wider aspects than those of operational management. This encompasses forecasting future conditions and coming up with prudent decisions and plans to tackle the environment as and when it changes. It focuses on many areas, including the integration of: management; marketing; finance, accounting; production/operations; research and development; and computer information systems. Its main objective is to help the organization achieve success through the formulation of different strategies, their implementation, and evaluation (David, 2003).

Change management practices are a set of processes that are employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Burnes, 2000). One of the goals of strategic change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation. The introduction of change brings in a lot of

resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe.

Change management entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. Problems arise when change is forced on people and, therefore, change must be realistically achievable and measurable (Chapman, 2005). Mintzberg (1998) argued that strategic change management cannot be defined by brief sentences or paragraphs, because for him, it involves "plan, pattern, position and perspective in which change is approached. Firms with good performance effectively exploit visionary strategies by adopting strategic changes. Although, strategic change management has been a low-profile activity within many firms, it is now becoming more widely used by many large organizations that are allocating substantial resources to the task (Price et al., 2003) and generally strategic changes improve efficiency in various organizations. Change management practices enables an organization to recognize the existing environmental opportunities and threats, and also to understand or estimate the organization's resources capabilities considering the strengths and weaknesses of its resources so as to align itself and to battle with the environmental challenges.

The application of strategic change management in business within various sectors has long been adopted as a response to market demand, variations in clients' taste and changing of technology. The adoption of a clear strategic perspective in organizations is one of the factors that affect the performance of these organizations (Stoney, 2001). Having a good strategy is also one of the important factors that enable the

organizations/firms to survive and go further. The strategic management process requires competent individuals to ensure its success (Stahl and Grigsby, 1992). The top management of an organization has responsibility to ensure firm success and overcome any competition that occurs. However, to be more effective, Hunger and Wheelen (2003) noted that people at all levels, not just top management, need to be involved in strategic management; scanning the environment for critical information, suggesting changes to strategies and programs to take advantage of environment shifts, and working with others to continuously improve work methods, procedures, and evaluation techniques.

Abu Bakar (2002) the management of the financial sector is important in order to improve its performance and increase the number of national Gross Domestic Product (GDP). Paton, and McCalman, (2000) noted that the rapid advance of technology, communication, and market had made the global perspectives of time, distance and spatial boundaries changes. Heracleous, (2000) noted that while some firms have been very successful in responding to changing needs and opportunities, technological innovation and contractual development were used to provide competitive advantage. According to Price and Newson (2003) for companies to be successful need to supplement their short term approaches taken through improving organizational effectiveness with more long term strategic approach. In his observation, Heide, Gronhaug and Johannessen, (2002) found that a successful company is the company that applied clear objectives recognizing the markets it wishes to address, services to provide, risks to carry, structures to use, environment to operate within, controls to put in place and the returns it wishes to achieve.

2.6 Challenges of Strategic Change Management

Griffith (2002) identified several factors that make strategic change management difficult. Firstly he observed that organizations that have been successful in the past may persist in their cultural values even though these values inhibit the organization from adapting to a changing business environment. These cultures are often inward-looking, bureaucratic and autocratic. Senior managers may lose touch with the needs of their organization especially in cases where they are driven by self interests. They may fail to support the change efforts of mid-level managers and even make decisions that frustrate change efforts. Alternatively, leaders who sponsor change efforts may fail to develop and communicate a compelling need for the change. Leadership may lose confidence early in the change process when business results are disappointing.

Another problem is the length of time to accomplish culture change (Kotter and Heskett, 1992). One major barrier to change can be people who have seen change efforts fail in the past, either at this or at other organizations, and assume if they keep their head down, everything will return to normal (Caldwell, Herold and Fedor, 2004). Getting the active involvement of these people is essential. Measurement systems and surveys are both also useful for tracking the effects of change throughout the organization for effective follow-through - including finding pockets of passive or active resistance. These should be addressed through persuasion and co-opting rather than force.

Organizational leaders in this era are facing change that is unprecedented in terms of type, quantity, speed, span/reach, cause, world-wide communication and implications, time available to address changes and expectations for performance results. Also, they

must simultaneously think and make decisions about future change, some of which is long term and some of which is immediate (Cummings and Worley, 2005). This requirement of simultaneously planning for the long term and the short term is not unique (Blaxill, 2009).

According to Keifer, (2005) organizations go through various internal change processes throughout their normal life cycle where organizational leaders may create change driving forces within the organization. For instance, some organizations initiate radical change that results in structural transformation through which organizations attempt to revitalize business orientations by changing the reporting structure. Other changes such as mergers and acquisition, new top management teams and changing company dynamics because of reorganization and restructuring require organizations to make significant changes not only in strategy and structure, but also organizational culture and processes (Keifer, 2005).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. The following subsections were included; research design, target population, sampling design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This study was a descriptive cross sectional survey research design since the main purpose of the study is to find out the change management practices and challenges faced in its management at all commercial banks in Kenya. Creswell (2008) stated that the descriptive design lay emphasis on describing rather than on judging or interpreting. The descriptive approach is quick and practical in terms of the financial aspect. The survey approach is relevant because it provides a broader perspective of the study.

3.3 Population of Study

The population of interest in this study comprised commercial banks in Kenya. There are 43 commercial banks in Kenya as of December 2010 (CBK Report, 2010). Thus the study was a census, in which all commercial banks were studied.

3.4 Data Collection

Primary data was collected using a questionnaire that comprised close ended and open ended questions. The questionnaire was divided into two parts. The first part was mainly on the background information while the second part entailed strategic management

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practices adopted within the banks. The data collection instrument was administered to the managers responsible for strategy management in each bank to collect primary data. This enabled the researcher to get an indication of the nature of the company. In order to achieve this, the study interviewed one strategic manager per bank.

The researcher administered questionnaires through hand delivery to the respondents and request the respondents to complete the questionnaires and return in time owing that it is for academic purpose. The researcher followed up on the respondents to closely monitor the administration of the questionnaires.

3.5 Data Analysis

The study generated both qualitative and quantitative data. Quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS) and analyzed using descriptive statistics. Descriptive statistics involves use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively).

Quantitative data was presented in tables and graphs and explanation was presented in prose. Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on the management of strategic change by commercial banks in Kenya. The data was gathered mainly using a questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. The study sampled 43 respondents from the target population in collecting data with regard to the management of strategic change by commercial banks in Kenya. Out of 43 target population 39 respondents filled in and returned the questionnaire contributing to 90%. This commendable response rate can be attributed to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill in, kept reminding the respondents to fill in the questionnaires through frequent phone calls and picked the questionnaires once fully filled. The response rate demonstrates a willingness of the respondents to participate in the study.

4.3 General Information

The study targeted the management staff working in the commercial banks studied. The study sought to establish the distribution of the respondents in the commercial banks. Distribution of the respondent by position was a shown in the table 4.1.

Table 4.1: Managerial Positions of the Respondents

Position	Frequency	Percentage
Manager	20	50
Unit Head officer	10	25
Supervisor	4	10
Departmental Head	4	10
Assistant Manager	2	5
Total	39	100

Source: Author, 2012

As shown in table 4.1 above, 50% of the respondents comprised of managers, 25% of them indicated that they were unit head officers, 10% of the respondents were departmental heads and supervisors in each case, while 5% of the respondents indicated that they were assistant managers. The research sought to find the years the respondents had been working in the commercial banks in Kenya. The respondents' were asked to indicate the duration in which they had worked in their respective banks.

Table 4.2: Working Experience in the Commercial Banks

Years	Frequency	Percent
1- 5 years	3	8
6 - 10years	15	38
11 to 15	14	35
16 years and above	8	20
Total	39	100

The result of the findings, are as shown in the table 4.2, 38% of the respondents indicated that they had been working in the commercial banks for a period of 6 – 10 years, 35% of them have a working experience of 11 to 15 years, 20% of the respondents had been

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working in the banks for a period of 16 years and above, while 8% of them have a working experience of 1- 5 years.

This difference might contribute to differences in the responses given by the respondents. The study sought to establish the highest academic qualifications attained by the respondents. The results of the findings are as shown in the table 4.3.

Table 4.3: Level of Education

Level of Education	Frequency	Percent
Certificate	3	7.8
Diploma	14	34.9
Bachelor's degree	17	42.8
Master's Degree	6	14.5
Total	39	**100.0**

Source: Author, 2012

As shown in table 4.3, 42.8% of the respondents had acquired a Bachelor's or undergraduate degrees level of education, 34.9% of the respondents indicated that they had acquired college diplomas, 14.5% had acquired post graduate degrees level of education, while 7.8% of them indicated that they had acquired college certificates as their highest level of education. This results imply that majority of the respondents had at least an undergraduate degree and hence understood the information sought by this study. These findings further imply that all the respondents were academically qualified and also familiar with their duties and could dispense them effectively in terms of professional work ability and performance.

The study further sought to establish the size of the banks in terms of total capital value (total assets).

Table 4.4: Size of Banks in terms of Total Capital Value

Amount of Total Assets	Frequency	Percentage
Less than Kshs10B	12	32
Kshs.10B-40B	17	43
Greater than Kshs.40B	10	25
Total	39	100

Source: Author, 2012

According to the table 4.4, 43% of the respondents indicated that their banks assets were worth between Kshs.10B-40B, 32% of the commercial banks are worth less than Kshs10B in terms of total capital value, while 25% of the respondents' banks have a total capital value (total assets) greater than Kshs.40B.

The study further sought to find out the ownership status of the commercial banks that participated in the study. The results are as shown in table 4.2.

Table 4.5: The Ownership of the Bank

Form of Ownership	Frequency	Percent
Foreign owned	14	36.4
Locally owned	18	45.4
Both local and foreign	7	18.2
Total	39	100.0

Source: Author, 2012

As shown in table 4.5, respondents indicated that their banks are locally owned as shown by 45.4%, while 36.4% of them reiterated that their banks are foreign owned, while 18.2% of them were hybrid of local and foreign. These results show that the banks are of

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different ownership statuses; however the locally owned ones make the biggest proportion.

4.4 Strategic Change Management

The study sought to establish whether the commercial banks have strategic management policy. From the study, 72% of the respondents indicated that their banks have strategic management policy while only 28% of them indicated otherwise.

The study further sought to establish the respondents' expectation from effective strategic change management in their organizations.

Table 4.6: Respondents Expectation from effective strategic change management

Expectation from effective strategic change management	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Reduce financial losses	35	88.6	4	11.4
Improve decision making	39	100	0	0
Improve performance	35	88.6	4	11.4
Improve resources allocation	36	91.4	3	8.6
Improve communication	25	62.86	14	37.14

Source: Author, 2012

Table 4.6 shows the summary of the findings, on the respondents' expectation from effective strategic change management in their organizations, 100% of the respondents unanimously indicated that they expected an improve decision making, 91.4% of them indicated that they expected improve resources allocation, 88.6% of them indicated reduced financial losses, another 88.6% of the respondents reiterated that they expected

improved performance, while 62.8% of the respondents indicated that they expected improved communication.

The respondents were required to indicate the people who were responsible of formulating the strategic change management policy in their banks.

Table 4.7: Parties Responsible in Strategic Change Management Policies Formulation

Parties responsible in strategic change management policies formulation	Frequency		Percentage	
	Yes	No	Yes	No
Chief executive officer	8	31	20	80
Executive management team	35	4	90	10
Board/committee	31	8	80	20
Staff	6	33	15	85
Consultants	4	35	11	89

Source: Author, 2012

As shown in table 4.7, 90% of the respondents indicated that the executive management team is responsible of formulating the strategic change management policy in the banks, 80% of them indicated that the board/committee members are the once charged with a responsibility of formulating the strategic change management policy in their banks, 20% of them indicated chief executive officers, 15% of the respondents indicated that the staff members are involved, while 10% indicated that consultants are responsible of formulating the strategic change management policy in the banks

The respondents were further requested to indicate the way in which the change management approaches adopted have impacted on the commercial banks. All the respondents unanimously indicated that the change management approaches adopted have impacted on the commercial banks positively.

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The study sought to establish the various factors that have influenced to adoption of strategic change in the banks.

Table 4.8: Factors influencing the Adoption of Strategic Change

Factors	Frequency	Percentage
Political	21	54
Social factor	20	50
Economical situation	36	92
Competition	35	90
Technology innovation	34	88

Source: Author, 2012

As shown in table 4.8, 92% of the respondents overwhelmingly indicated that the economical situation has influenced the adoption of strategic change in the banks, 90% of them indicated competition, 88% of the respondents indicated technology innovation, 54% of them indicated that political factors have influenced, while 50% of the respondents indicated that social factor has influenced to adoption of strategic change in the banks.

The study was also interested in finding out whether the organizations conduct any research on the impact of strategic change management to adopt. The findings revealed that 62.5% of the respondents indicated that the bank conduct research on the impact of strategic change management to adopt while 37.5% of the respondents indicated that the bank do not conduct research on the impact of strategic change management to adopt.

The respondents were required to indicate whether there are resistances to strategic change adopted by the commercial banks. From the research findings 80% of the respondents indicated that the bank did not have resistances to strategic change adopted

by the commercial banks while only 20% of the respondents indicated that there are resistances to strategic change adopted by the commercial banks.

The study sought to establish the respondents' level of agreement on various statements relating to top management and their influences on change management strategies implementation. A scale of 1 to 5 was provided where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The results were as shown in table 4.9 below.

Table 4.9: Top Management in Change Management Strategies Implementation

Statements	Strongly disagree	Partially Disagree	Agree	Strongly agree	Totally agree	Mean	STDev.
Change management adopted ensure significant changes are implemented	5.4	23.2	19	42.9	10.7	3.30	1.111
There is effective measure taken to overcoming resistance to change	3.6	33.9	16	37.5	8.9	3.14	1.103
Changes adopted touches in all departments for a common goal	8.9	16.1	27	32.1	16.1	3.30	1.190
Since adoption of strategic change management, our firm has effectively improved efficiency	0	3.6	21	46.4	28.6	4.00	.809
Market demand and environment are analyzed by adopting strategic change	0	3.6	20	53.6	23.2	3.96	.762
Top management staff in our organization are responsible of firm success	18	10.1	1	21.3	49.4	3.74	1.578
There is a clear objective of strategic change management hence realization of organization goal	10.1	5.6	6	36	42.7	3.96	1.278
Change management is communicated effectively	9	2.2	1	29.2	58.4	4.26	1.202

Source: Author, 2012

Majority of the respondents agreed that change management is communicated effectively within the bank as shown by a mean score of 4.26, since adoption of strategic change management, the bank's have effectively improved efficiency in various departments as

shown by a mean score of 4.00, market demand and environment have been analyzed by adopting strategic change management to ensure that variations in clients' taste and changing of technology as well as opportunities and threats are recognized and that there is a clear objective that assist adoption of strategic change management hence realization of the organization common goal as shown by a mean score of 3.96 in each case.

The respondents were required to indicate whether their organizations consider long term or short term approaches when practicing strategic change management.

Table 4.10: Term of Approaches considered in strategic change management

Response	Frequency	Percent
Long Term	37	95
Short term	2	5
Total	39	100

Source: Author, 2012

As shown in table 4.10 above, 95% of the respondents indicated that their banks consider long term approaches when practicing strategic change management while only 5% of the banks consider short term approaches when practicing strategic change management.

The respondents were further requested to indicate their opinion on where they would place the various aspects in change management. The findings are as shown in table 4.11.

Table 4.11: Rating the Various Aspects in the Change Management Practices

Aspects in Change Management	Very Low	Low	Average	High	Very High	Mean	Std dev
Managing stakeholder expectation	9.3	6.7	18.6	36.8	28.6	3.69	1.218
Managing competition in the money market	3.7	6.7	11.5	32	46.1	4.11	1.083
Management of perceptions and beliefs	2.6	4.5	12.3	32.3	48.3	4.19	0.992
Power and politics management	1.5	5.6	8.6	30.1	54.3	4.3	0.948
The time of change	2.6	9.3	11.5	34.6	42	4.04	1.07
Environmental scanning for threats and opportunities	1.9	2.2	10.4	40.9	44.6	4.24	0.867

Source: Author, 2012

Most of the respondents opined that power and politics management is placed high in the change management as shown by a mean score of 4.3, environmental scanning for threats and opportunities is also placed high in the change management as shown by a mean score of 4.24 as well as management of perceptions and beliefs shown by a mean score of 4.19, managing competition in the money market shown by a mean score of 4.11, the time of change shown by a mean score of 4.04 and managing stakeholder expectation shown by a mean score of 3.69.

4.5 Challenges of Strategic Change Management

The study further sought to establish the extent to which various characteristics of the management team contribute to challenges in adoption of strategic change management in the commercial banks. The findings are as shown in table 4.12.

Table 4.12: Characteristics of Management Team Challenging Change Management

Statement	Very low extent	Low extent	Moderate extent	Great extent	Very great extent	Mean	Std dev
Managerial abilities	8.3	16.7	25	41.7	8.3	3.54	1.38247
Education background	7.9	17.9	20.5	15.2	21.2	3.59	4.57058
Previous track record	10.7	14.0	23.8	11.9	19.3	2.57	1.74033
Experience	8.3	25	29.2	37.5	33.3	2.52	1.10335
Personality	8.3	16.7	20.8	20.8	33.3	3.95	0.99909
Temperament	12.5	8.3	25	16.7	37.5	2.41	0.77553

Source: Author, 2012

As shown in table 4.12 most of the respondents indicated that personality contribute to challenges in adoption of strategic change management in the commercial banks to a great extent as shown by a mean score of 3.95, education background to a great extent as shown by a mean score of 3.59 as well as managerial abilities to a great extent as shown by a mean score of 3.54. The respondents further indicated that previous track record contribute to challenges in adoption of strategic change management in the commercial banks to a moderate extent as shown by a mean score of 2.57 as well as experience shown by a mean score of 2.52, while they reiterated that temperament contribute to challenges in adoption of strategic change management in the commercial banks to a low extent as shown by a mean score of 2.41

The respondents were also requested to indicate the extent to which they face resistance in the various areas within the institutions. The findings were as shown in table 4.13.

Table 4.13: Areas where resistance is faced within the institutions

Statement	No extent	Little extent	Moderate Extent	Great Extent	Very great extent	Mean	Std dev
Employee resist implementation of change within the institution	4.5	19	27.5	37.9	11.2	3.32	1.045
Employee tend to refuse new responsibilities brought about by change in management	4.1	16.7	26.4	35.3	17.5	3.45	1.087
Poor organizational structure causes resistance among some employees	14.5	30.5	31.2	19.3	4.5	2.69	1.079

Source: Author, 2012

Majority of the respondents reiterated that employees tend to refuse new responsibilities brought about by change in management to a moderate extent as shown by a mean score of 3.45, employee resist implementation of change within the institution to a moderate extent as shown by a mean score of 3.32 and poor organizational structure causes resistance among some employees to a moderate extent as shown by a mean score of 2.69.

The study sought to establish the respondents' level of agreement with various statements on challenges of change management in many organizations.

Table 4.14: Agreement with Statements on Challenges of Change Management

Statement that related to change management	Strongly Disagree	Disagree	Neutral	Agree	Strongly	Mean	STD. Dev.
Change is always rejected in our organization	30.3	39.3	11.2	2.2	16.9	2.3596	1.3830
Most employees perceive change as bad for them	42.7	20.2	1.1	21.3	14.6	2.4494	1.5590
Most employees are comfortable with the organizations status quo	9	2.2	1.1	29.2	58.4	4.2584	1.2015
Many employees reject change as it affects their ranks	0	0	54.2	41.7	4.2	3.5000	.5923
Change always causes anxiety among the people concerned due to fear of the unknown	0	8.3	62.5	25	4.2	3.2500	.6842
Critics of change have a major role in change adoption	0	16.7	54.2	29.2	0	3.1200	.6428
I believe that proper leadership facilitates change management	18.3	13.8	25.2	12.9	19.3	2.69	1.6210
Our organization has leaders who are competent enough to facilitate change	19.5	9.0	27.9	11.7	21.7	2.76	1.6510
Our organization has top bottom kind of leadership	20.5	15.5	26.4	12.4	15.7	2.85	3.9282
Our leader listen to their subordinates empathically	10.5	11.0	20.2	22.6	25.0	3.08	1.6486
Most of the junior employees have no say in our organization	5.4	23.2	17.9	42.9	10.7	3.3036	1.1106
Managers in our organizations are	3.6	33.9	16.1	37.5	8.9	3.1429	1.1025

authoritarian.							
Our organization takes us through altitude change programs be change implementation	8.9	16.1	26.8	32.1	16.1	3.3036	1.1896
The attitude in our organization is that of team work and collective responsibility	0	3.6	21.4	46.4	28.6	4.0000	.80904
Change is always positively embraced in our organization	0	3.6	19.6	53.6	23.2	3.9643	.76192
Attitude towards change accelerates or slows down change process	18	10.1	1.1	21.3	49.4	3.7416	1.5777
Some failure in internal communication have led to failure of implementation of change management in the institution	10.1	5.6	5.6	36	42.7	3.9551	1.2784

Source: Author, 2012

From the study and as shown in table 4.14, the respondents agreed that most employees are comfortable with the organizations status quo as shown by a mean score of 4.2584, the attitudes in their organizations are that of team work and collective responsibility as shown by a mean score of 4.0000, change is always positively embraced in the banks as shown by a mean score of 3.9643, some failure in internal communication have sometimes led to failure of implementation of change management in the institution as shown by a mean score of 3.9551, attitude towards change accelerates or slows down change process as shown by a mean score of 3.7416 and many employees will reject change because it affects their positions in their organizations as shown by a mean score of 3.5000. The respondents remained neutral on that most of the junior employees have

no say in the organization as shown by a mean score of 3.3036, the organizations takes them through attitude change programs as shown by a mean score of 3.3036, change always causes anxiety among the people concerned due to fear of the unknown as shown by a mean score of 3.2500, managers in the organizations are authoritarian as shown by a mean score of 3.1429, critics of change have a major role in change adoption as shown by a mean score of 3.1200, the leaders listen to their subordinates empathically as shown by a mean score of 3.08, the organizations have top bottom kind of leadership as shown by a mean score of 2.85, the organization has leaders who are competent enough to facilitate change as shown by a mean score of 2.76 and they believe that proper leadership facilitates successful change management as shown by a mean score of 2.69. However the respondents disagreed that most employees perceive change as bad for them as shown by a mean score of 2.4494 and change is always rejected in the organization as shown by a mean score of 2.3596.

4.6 Discussion of Findings

From the findings, the study deduced that banks have strategic change management policy, the banks expected an improved decision making, resource allocation, reduced financial losses, improved performance and improved communication from effective strategic change management. Most of the banks have executive management team responsible of formulating the strategic change management policy in the banks. This is consistent with Bryson (2004) that strategic change management aims to achieve a number of objectives such as increasing responsiveness to organizational environment, enhancing level of employee participation and empowerment and increasing employee morale.

The study also found that change management is communicated effectively within the banks and that since adoption of strategic change management the banks have effectively improved efficiency in various departments. This is in line with Al-Khouri (2010) who observed that action plan may include items such as improving communication so all organization members are aware of the need for change and the nature of the changes being made. Market demand and environment have been analyzed by adopting strategic change management to ensure that variations in clients' taste and changing of technology as well as opportunities and threats were recognized. This is in line with (Paton, 2001) who indicated that it is the process that controls change within organizations, furthermore it set up the appropriate environment of change, encourages staff to support the change and sets out to give them skills to deal with change.

The study further established that banks consider long term approaches when practicing strategic change management.

According to Johnson and Scholes (2003), force field analysis model can be used to analyze the driving forces and the restraining forces to the proposed change, in order to determine the magnitude of the gap between the organization's present and desired states. In line with this, the study established that power and politics management, environmental scans for threats and opportunities as well as management of perceptions and beliefs were considered most in the change management. Ansoff and McDonnel (1990) also observed that some of the factors that contribute to the turbulence in the environment include political, globalization, socio-economic, legislative, competition and the technological advancements

According to Burnes (2000), resistance to change is a complex issue facing management in the dynamic and evolving organizations of today. It has been identified as a critically important contributor to the failure of many well intended and well conceived efforts to initiate change within organizations. In line with this, the study established that personality and education background contribute to challenges in adoption of strategic change management in the commercial banks to great extents. Employees tend to refuse new responsibilities brought about by change in management this led to resistance in implementation of change within the institution and poor organizational structure causes resistance among some employees. Most employees are comfortable with the organizations status quo, the attitudes in their organizations are that of team work and collective responsibility. This is similar to Griffith (2002) who identified several factors such as culture and leadership as the main barriers

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to determine the strategic change management at commercial banks in Kenya and to establish the challenges faced by commercial banks in managing strategic change.

5.2 Summary of the Findings

The study found that banks have strategic change management policy, the banks expected an improved decision making, resource allocation, reduced financial losses, improved performance and improved communication from effective strategic change management. Most of the banks have executive management team responsible of formulating the strategic change management policy in the banks.

The study further found that the change management approaches adopted have impacted on the commercial banks positively. Economical situation and competition has influenced the adoption of strategic change in the banks. Most of the banks studied conduct research on the impact of strategic change management to adopt this impact to less resistance to strategic change adopted by the banks.

The study also found that change management is communicated effectively within the banks and that since adoption of strategic change management the banks have effectively improved efficiency in various departments. Market demand and environment have been

analyzed by adopting strategic change management to ensure that variations in clients' taste and changing of technology as well as opportunities and threats were recognized.

There was no agreement or disagreement on that change management practices adopted within the organization are set such that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change as well as that changes adopted by the banks touch in all operation departments and communicated to ensure they are targeting one common goal and that there is effective measure taken to overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation.

The study further established that banks consider long term approaches when practicing strategic change management. Power and politics management, environmental scans for threats and opportunities as well as management of perceptions and beliefs were considered most in the change management. Personality and education background contribute to challenges in adoption of strategic change management in the commercial banks to great extents. Employees tend to refuse new responsibilities brought about by change in management this led to resistance in implementation of change within the institution and poor organizational structure causes resistance among some employees. Most employees are comfortable with the organizations status quo, the attitudes in their organizations are that of team work and collective responsibility.

5.3 Conclusions

The study concludes that commercial banks in Kenya have strategic management policies aimed at improving their decision making, resources allocation, communication and

performance as well as reduce financial losses. The role of formulating the strategic change management policy in the banks is usually left to the executive management team, however others like board/committee members, chief executive officers, staff members and consultants are slightly involved in formulating the strategic change management policy in few banks.

The study also established that change management approaches adopted have a positive impact on the commercial banks. The various factors influencing the adoption of the strategic changes in the banks include economical situation, competition, technological innovation, political factors and social factors. The commercial banks do conduct research on the impact of strategic change management to adopt and they are usually not faced with resistances.

The study also concludes that change management is usually communicated effectively within the banks and as a result the banks realize improvement and efficiency in various departments, the banks have analyzed market demand and environment to ensure that variations in clients' taste and changing of technology such that opportunities and threats are recognized. These results among others are as a result of long term approaches considered by the banks.

The study however concludes that personalities, education backgrounds, previous track records, experiences and temperaments were main challenges in adoption of strategic change management in the commercial banks. Others challenges involve employees' resistance, failure in internal communication and attitudes towards change.

5.4 Recommendations of the Study

5.4.1 Recommendation for Policy Implication

From the study findings, strategic change management have positive impact to the organization, therefore it is recommended that proper communication networks must be enhanced for effective implementation of strategic change management practices in the institutions. There is a need to develop change management practices to promote processes of change. This will resolve failures in internal communication that have sometimes led to failure of implementation of change management in the banks and leadership which influences the strategic change management practices in the organizations. This will enhance listening to each other through the communication systems in the organization, communication will get people to talk to one another, language problems causing blockages in organizational communication will be eliminated, and communication will also help people work through their concerns. There should also be adequate training to enable employees cope with the change in strategic management.

The study further recommends that employees' adaptability should be tackled by enlightening them in advance through seminars, workshops and offering training programs to influence strategic change management in the institutions. This should go hand in hand with ensuring proper management of employees' resistance, employee responsibilities and good organizational structures.

The study recommends that the institutions implementing strategic change management *should enhance their organization culture to influence success in the strategic change management practices. The institutions structures should be well aligned to provide*

overall framework for strategy implementation, the institution's culture should also be consistent with the change management strategy. The institution's culture should also be enhance as a powerful driving force in implementation of change management and the firm's mission, strategy and key long term objectives be strongly influenced by the personal goals and values of its management.

5.4.2 Recommendations for Further Studies

The study has investigated the management of strategic change by commercial banks in Kenya. From the study, the banks in Kenya have been in the forefront in implementing strategic change management practices in their operations with an aim of realizing some results in their performance. There is therefore need to carry out another study to investigate the effects of these strategic change management practices among the commercial banks. This warrants the need for another study which would ensure generalization of the study findings for all the commercial banks in Kenya and hence pave way for new policies. The study therefore recommends another study be done with an aim to investigate the effects of strategic change management practices on the performance of Commercial Banks in Kenya.

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APPENDICES

Appendix: Questionnaire

This questionnaire consist questions that the study seeks to answer in order to meet its objective. Kindly tick on box provided or by providing answer in the space provided.

1) Indicate position that you hold in the department.

   Manager   [ ]   Unit Head officer   [ ]

   Supervisor   [ ]   Departmental Head   [ ]

   Assistant Manager   [ ]   Technical personnel   [ ]

   Other.......................

2) How long have you worked in the organization?

   1- 5 years   [ ]   11 - 15   [ ]

   6 - 10years   [ ]   16 years and above [ ]

3) What is your highest level of education?

   Post Graduate   [ ]   Diploma   [ ]

   Undergraduate   [ ]   Certificate   [ ]

   Any   other

(specify)...

4) Kindly, indicate the department you are working in.

   Human Resource & Administration [ ]

   Business Growth and Development [ ]

   Corporate strategic and Planning   [ ]

   Any other (specify)..

5) What is the total capital value (total assets) of your bank?

   Less than Kshs10B   [ ]

   Kshs.10B-40B   [ ]

   Greater than Kshs.40B   [ ]

6) When was your bank established?.....................

7) Is your bank locally or foreign owned?   Locally Owned [ ]   Foreign Owned   [ ]

8) Does your organization have strategic management policy?
   Yes   [ ]   No   [ ]
   If yes to no.5 above, what is your expectation from effective strategic change management in your organization? (Indicate all that apply)

   Reduce financial losses   [ ]   Improve resources allocation
      [ ]
   Improve decision making   [ ]   Improve communication
      [ ]
   Improve performance

9) Who are responsible of formulating the strategic change management policy in your bank?
   Chief executive officer   [ ]
   Executive management team   [ ]
   Board/committee   [ ]
   Staff   [ ]
   Consultants   [ ]

10) In what way has change management approaches adopted impacted on your bank?

   Positively   [ ]   Negatively   [ ]

   Explain...

11) What are factors that influenced to adoption of strategic change in your bank?

   Political   [ ]   Social factor   [ ]
   Economical situation   [ ]   Competition   [ ]
   Technology innovation   [ ]
   Any   other
   (specify)..

12) Did your organization conduct any research on the impact of strategic change management to adopt?

Yes   [ ]   No   [ ]

13) Is there resistance to strategic change adopted by your bank?

Yes   [ ]   No   [ ]

14) Indicate your level of agreement on the statement below relating to top management and their influences on change management strategies implementation. Where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

	1	2	3	4	5
Change management adopted within our organization are set such that employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change					
There is effective measure taken to overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation					
Changes adopted by our organization touches in all operation departments and communicated to ensure they are targeting one common goal					
Since adoption of strategic change management, our firm has effectively improved efficiency in various departments.					
Market demand and environment have been analyzed by adopting strategic change management to ensure that variations in clients' taste and changing of technology as well as opportunities and threats are					

recognized					
Top management staff in our organization are responsible to ensure firm success and overcome any competition that occurs					
There is a clear objective that assist adoption of strategic change management hence realization of the organization common goal					
Change management is communicated effectively within the bank					

15) Does your organization consider long term or short term approaches when practicing strategic change management?

Long Term   [   ]   Short term   [   ]

16) What value do you place on the following in change management? 1 = Very low and 5 = Very high

	1	2	3	4	5
a) Managing stakeholder expectation	( )	( )	( )	( )	( )
b) Managing competition in the money market	( )	( )	( )	( )	( )
c) Management of perceptions and beliefs	( )	( )	( )	( )	( )
d) Power and politics management	( )	( )	( )	( )	( )
e) The time of change	( )	( )	( )	( )	( )
f) Environmental scanning for threats and opportunities	( )	( )	( )	( )	( )

17) To what extent do the following characteristics of the management team contribute to challenges in adoption of strategic change management in your organization? Use a scale of 1-to a very low extent, 3- moderate extent and 5 to a very great extent

Statement	1	2	3	4	5
Managerial abilities					
Education background					

Previous track record					
Experience					
Personality					
Temperament					

18) To what extent do you face resistance in the following areas within the institution? Use a scale of 1 to 5 where 1 is to a very great extent and 5 is to no extent.

Statement	1	2	3	4	5
Employee resist implementation of change within the institution					
Employee tend to refuse new responsibilities brought about by change in management					
Poor organizational structure causes resistance among some employees					

19) The following table indicates various statements on challenges of change management in many organizations. The questions are rated 1-5. You are required to express your level of agreement by placing a tick on the column that best describes your level of agreement

SA = Strongly Agree , A = Agree =, N = Neutral, D = Disagree, SD = Strongly Disagree

Statement that related to change management	SA 5	A 4	N 3	D 2	SD 1
Change is always rejected in our organization					
Most employees perceive change as bad for them					
Most employees are comfortable with the organizations status quo					

Many employees will reject change because it affects their positions in their organizations					
Change always causes anxiety among the people concerned due to fear of the unknown					
Critics of change have a major role in change adoption					
I believe that proper leadership facilitates successful change management					
Our organization has leaders who are competent enough to facilitate change					
Our organization has top bottom kind of leadership					
Our leader listen to their subordinates empathically					
Most of the junior employees have no say in our organization					
Managers in our organizations are authoritarian.					
Our organization takes us through altitude change programs be change implementation					
The Attitude in our organization is that of team work and collective responsibility					
Change is always positively embraced in our organization					
Attitude towards change accelerates or slows down change process					
Some failure in internal communication have sometimes led to failure of implementation of change management in the institution					

20) What are other challenges does your organization experience during adoption of strategic change management

………………………………………………………………………………………………

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21) Kindly give suggestions on what can be done to enhance change management in the organization

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THANK YOU FOR YOUR COOPERATION!!