EFFECT OF CHANGE MANAGEMENT ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This is to certify that to the best of my knowledge this Research Project has never been availed to any other University for degree award. The research work has originated from the researcher herein except where due reference has been made in the dissertation itself.

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D61/11715/2018

Signed Date **2nd December 2021**

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DEDICATION

My greatest Love and gratitude go to my wife Carolyne, my daughter Nicole, my sons Steve, Sydney and Barouk Baraka. I dedicate this work to them as I wish them God's Blessings.

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ABSTRACT

The objective of the study was to establish the influence of change management on performance of Commercial banks in Kenya. The study was to confirm or validate the existing theories in change management. The study was guided by the Three-step change theory and Phases of change theory where the three step change theory is the anchoring theory. The researcher used descriptive survey research design method where data was systematically collected and analyzed in line with the research questions concerning the commercial banks in Kenya. A census study targeting all the 42 commercial banks was done. Out of the 42 targeted banks, only 23 responded translating to 54.76% response rate. The managers offered primary data and responded through questionnaires. The questionnaires comprised of likert scale questions. The analysis of data was done using percentages, mean scores, standard deviations or by use of simple analysis of variance. Data was also analyzed through descriptive and inferential statistics. The data was tabulated in the form of statistical tables for further analysis. Regression analysis was done to establish the relationship between the change management practices and the performance of the Kenyan commercial banks, using coefficient of determination which explains how variations in change management practices influences the performance of the banks. The data was summarized and organized in a manner that answers the research objective. It was concluded that changes in organizational structures, changes in leadership, changes in technology, changes in the emotional dimensions self-awareness, self-management, social-awareness and, changes in communication structures and changes in HR policies influence the performance of Kenyan banks However changes in emotional intelligence dimensions, self-management, self-awareness and social awareness had little effect as compared to other change management variables. The researcher recommended that the banks should have a strong, committed and visionary leadership with temperament and skills to manage the change strategies; respond to the rapid changes by continuously building on the existing IT systems; develop proper communication systems to communicate new visions and strategies; and develop and strengthen policies that encourage employees to work together as a team among other recommendations.

ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
CMA	-	Capital Markets Authority
CSI	-	Corporate Social Investment
CSR	-	Corporate Social Responsibility
HR	-	Human Resource
IT	-	Information Technology
KBA	-	Kenya Bankers Association
KRA	-	Kenya Revenue Authority
LPD	-	Lembaga Perkreditan Desa
NSE	-	Nairobi Securities Exchange
PWD	-	Persons With Disabilities
STD. DEV.	-	Standard Deviation
TSC	-	Teachers Service Commission

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Conceptually the change process begins with the need to change. According to Armstrong (2020), change is either as a result of change in strategy or change in the mode of operation, where change in strategy results in the transformation of an organization whereas operational change is related to the development of new systems, procedures, structures or technology that immediately impacts on working arrangements in an organization. According to Jalagat (2016), the positive and negative consequences resulting from management of change in an organization are: employee confidence as a result of the realization and successful implementation of change; competitive advantage resulting from the ability by organizations to be flexible and to adapt to change; growth as a result of embracing change as part of operational processes; and dynamism as a resulting from application of successful positive characteristics for change initiative mixed together with corporate culture.

The study will be based on the Three-step change theory and Phases of change theory. The Three step theory consists of three steps: Unfreezing is the first step which entails changing behavior in an organization by devising new ways of doing things. This is followed by setting new targets to be achieved. The final or last step is refreezing which takes after an organization has experienced the desired change and established systems to sustain the change. The third step is believed to be very crucial in the sense that if it is not taken, the employees will revert to doing things their old ways.

The Phase of change theory advances the Lewin's three step theory. The Phase of change theory puts more emphasis on the roles and responsibilities of the people to manage change and less on the process of evolution of change. It consists of seven steps ranging from problem identification; assessing motivation levels of the employees and their ability to accommodate desired change; establishing the resources required to motivate the change agents; making choices for progressive change of objects; establishing and articulating the role of change by all parties and developing clear targets; sustaining change; developing communication and feedback systems to coordinate the activities of all the involved persons. Change agents are required to withdraw gradually from the roles when change gets assimilated and becomes part of the organizational culture or becomes better rooted. According to Hussain et al (2018), leadership style and employee involvement in change is encouraging step for change process of organization. Hussain (2018) further asserts that the effect of Kurt Lewin's model is however indirect through separate phases in the change process. The two theories will be relevant in this study since they recognize that behavior is well articulated when a balance is achieved between divergent views. Burnes (2020), attempted to address the gap in Lewin three-step theory. The conclusion was that the Lewin's three-step model was a robust approach to understanding the complexity of human behavior and how it can be changed. According to Burnes (2020), the three-step model of change is a well thought-out approach to change based on his development of the field theory.

The Commercial banks in Kenya have played a very important role in Kenya's economy thus making it necessary to study how changes in business environment affect their operations. Kenya's economy has grown at a faster rate in recent years and the banking industry remains very key in facilitating sustainable development by providing affordable financing options. The commercial banks in Kenya have played a big role in corporate social responsibility (CSR). According to KBA's shared value report of 2019, the corporate social investment (CSI) in the year 2018 was KShs.2.1 billion and cumulatively KShs.6.7 billion over the past three years. The Kenya government has benefited from the tax revenue. In the financial year 2017/2018, the Kenya commercial banks paid more than KShs.73 billion to the Kenya Revenue Authority (KRA). The commercial banks spent KShs.39 billion in 2017/2018 financial year in creating job opportunities. In the same financial year, Kenya commercial banks lent KShs.2.53 trillion to various sectors of the Kenyan economy including the vulnerable groups of women, youth and persons with disabilities (PWD). It is therefore quite evident that banks a big role in shaping Kenya's economy hence the motivation to study banking industry. (The Kenya Bankers Association Shared Value Report, 2019).

1.1.1 Change Management

According to Davis et al (2002), change management is a systematic use of systems or techniques that ensure an organization change is directed towards desired targets, in a cost effective manner and with the desired results being achieved within the targeted time frame. Management of change is a well-planned and organized way of obtaining a sustained change in human behavior within an organization (Todd, 1999). Change may be reversible or not and may appear in many forms such as planned or unplanned, incremental or radical, and recurrent or unprecedented. The concept of change management begins with the need for change and puts more emphasizes on change process. Armstrong (2006), asserted that awareness for change should be as a result of the need for change. The need for change should be followed by a critical environmental analysis. A diagnosis of the identified factors and their distinctive characteristics is then done to establish strategies to achieve the desired goals. It is important to establish possible courses of action, have them evaluated and give priority to the most preferred ones over the rest. Establishing the courses of action is important stage of achieving change. It is at the time of choosing the preferred courses of action or implementation of the preferred courses that challenges arise. The emerging issues or challenges can be as a result employees resisting change, low stability, lack of motivation, poor working conditions leading to high level of stress, and misdirected energy among others.

The stage of implementing the preferred action may be so painful. However some employees expect it to be a simple logical and easy to adopt process of moving from one stage to another. Whipp (1991), described the implementation of change as a repetitive process that keeps on improving the more it is applied. Change can easily be managed by understanding the different forms of change and the people resist the change. Accordingly studying the change models so as to develop mechanisms to overcome resistance to change is key. According to Armstrong (2006), change management requires committed leaders with a strong vision. Change requires change in organizational culture and values. The change agents should poses the necessary skills to implement respective organizations change strategies. The organization should be able to change into a learning organization so as to create a necessary environment for change. The people affected by change should be allowed to own the change process by participating fully in planning and implementing change.

Organizations should be able to learn from the failures of the change process. Reward programmes are important in encouraging innovative ideas that result in successful changes. There should be performance indicators and tangible data to provide inferences for change. Change can easily be achieved by changing processes, structure and systems. Organizations should identify change agents with ability to champion the desired change. It is important to note that change can be resisted if the people affected by the change feel insecure. Organizations must make the people concerned understand why change is necessary and how it will affect each one of them as individuals or as teams. Change is inevitable and very necessary in regard to global competition, technological innovation, turbulence, discontinuity and any other forms of chaos affecting business environment. Due to rapid changes in the global economy, change cannot be regarded as a one-time event in the respective organizations but a continuous exercise. Organizations with rigid structures will be unable to cope with rapid changes. Organizations with flexible corporate cultures will easily survive while those with rigid corporate cultures will be rendered irrelevant or find it very difficult to operate. (Odor, 2018).

1.1.2 Organizational Performance

Yoon (2019), defined organizational performance as the ability of an organization to manage its resources effectively in respect to the set targets. Ghasemaghaei (2020), defined organizational performance as an overall assessment of firm achievements in regard to business processes effectiveness and efficiency. Nosratabadi (2020), refers to organizational performance as a wide concept that involves what organizations produce in terms of products or services and how they perform within the environments they operate in. According to Nalbantian (2004), organizational performance is depended on the quality of the employees, the work processes, the management structure, the flow of information and knowledge, flexibility in decision-making, and the reward systems. Nalbantian further asserts that if these elements are developed and implemented separately or in piecemeal, then the ability of each one of them to operate effectively and produce the desired results drops significantly.

Measurement is a very important component of performance management in organizations (Armstrong 2004). Measurement is the basis for determining outputs and outcomes, and generating feedback on overall performance. Measurement helps organizations to identify better performing sections and provides the basis for developing sustainability measures, while at the same time helps in identifying poor performing sections thus forming a basis for developing strategies to improve on performance. According to Richard et al (2009), there are objective and subjective measures as far as performance of organizations is concerned. The objective measures are the accounting or financial measures of cash flows from the operations, market share, net operating profits, return on assets, return on investments. Financial market based measures are financial instruments which generate rent from its activities to the respective shareholders.

The non-financial measures are subjective and are used to assess the performance of an organization from the dimensional point of view. Outcomes are visible effects that can only be measured qualitatively or subjectively and are associated with non-financial measures of organizational performance. The nonfinancial measures can be based on competencies, quality of service, contribution to team, customer care, skills or learning targets among other criteria. Non-financial measures are meant to achieve efficiency in terms of customer support, on-time rate, efficiency measure among others; development of product such as reduction of product defect percentage; progress such as improving on employee productivity rate and salary competitiveness; and corporate social responsibility. The dimensions may be economic, social and environmental. Organizational performance may also be assessed against balanced score cards, internal processes and innovation measures. (Kaplan & Norton, 1996). Organizational performance may also be measured based on eight dimensions of financial performance, existing long term investments , efficiency use of assets, effectiveness of management, products or service quality, ability to re-invent as per the changing business environment, quality of the human resources and the role an organization plays in society (McGuire et al, 1990).

The performance of employees can be increased by applying competencies to appraisal, training and other personal processes, and also by articulating values and their respective requirements so that they can easily be understood by individuals and teams in an organization. Examples of non-financial measures based on competencies are; team orientation, technical skills, leadership, change orientation, results orientation, interpersonal skills, information management, creativity, customer focus etc. The aim of team-building is to improve the efficacy and effective level of a group of people to achieve a specific task as one. Team output or outcomes can be measured on the basis of the ability of the individuals in the group to work together to achieve the assigned task. Individuals within the team should work with an understanding of the role each one of them is to play. Organizational performance measures can also be based on: quality of service which is focusing on delivering quality and continuous improvement of the outcomes; customer care to ensure that various customers are served accordingly as per their needs; and the relevant skills required to effectively perform the tasks.

1.1.3 The Kenyan Commercial Banks

The banking Industry in Kenya comprises of the Central Bank, the Commercial banks, mortgage financing societies and companies, representatives of the foreign Banks, money remittance providers, forex bureaus among others. The role of the Central Bank is to set regulatory and operational policies that ensure a functional and stable market-based financial system. Commercial banks in Kenya help in maintaining deposit and savings accounts for individuals; promote monetization of Kenya’s economy; implement the monetary and other regulatory policies formulated by the CBK; provide loans and development of capital markets; provide finances for both internal and external trade activities, and help in financing of various consumer needs or activities. According to Central Bank of Kenya Bank Supervision Annual Report of 2019, there were 40 privately owned commercial banks out of the 42 banking institutions with the government owning majority shares in 2 banking institutions. The 40 commercial banks consist of 23 local and 17 foreign banks respectively. The 17 foreign owned banks consist of both subsidiaries and branches.

By end of 2019, the private banks accounted for 63.7%, the 2 local public banks accounted for 0.6% while foreign banks accounted for 35.7% of the total net assets. Operational branches dropped from 1505 in 2018 to 1490 in 2019, with the highest decrease noticed in Nairobi County. A total of 8 counties realized an increase of bank branches while 14 registered a decrease of bank branches as a result of adoption of agency, mobile phone and internet banking. There was no change in bank branches in 25 counties. The Central Bank of Kenya has successfully managed to create space for the local and foreign banks to operate smoothly through the Banking Act Cap. 488, and to date there are more than 40 banks and several micro-finance institutions operating in Kenya (The Kenya Central Bank Supervision Annual Report, 2019).

1.2 Research Problem

According to Kimhi (2015), change management leads to changes in the use of technology in an organization hence influencing performance of employees; management strategies influenced by the relationship between values, norms, behaviors, and perceptions; and change in the leaders' mindset style and behavior. According to Daniel (2019), change management leads to : employee confidence; competitive advantage of an organization in the market place; growth in terms of productivity specially where an organization embraces new processes, new marketing strategies and efficient means of reaching target markets; and change in corporate culture that tends to remain dynamic in the market place among others. According to Robbins (2011), a change occurs more effectively when the people involved estimate that the benefits will out-weigh the costs that will have to undertake.

The commercial banks in Kenya, aim at maximizing outputs hence maximum profits. The commercial banks must undergo transformation in regard to the changing business environments by taking into consideration organizational transformation principles and practices. According to the Central Bank of Kenya Bank Supervision Annual Report 2019, the banking industry experienced turbulence in strategic and operating environment. During the year, CBK issued the Kenya Banking Sector charter to broaden and hasten the transformation process of the banking sector into a responsible and disciplined industry responsive to market needs; launched new currency notes in line with the constitutional requirements on redesign of the national currency; and repealed the interest rate caps which were introduced in the banking sector in September 2016. In the same year, there were several consolidations, mergers and acquisitions, and new entrants in the banking Industry in Kenya. The Kenyan central Bank also responded to emerging technologies and digitization by creating an enabling environment for the introduction of innovative customer-centric products by coming up with policies that help in maximizing opportunities and managing risks from innovation.

Several local and international scholars have done research in the field of change management. Locally, Ng'onga (2020), sort to establish how technology moderated the relationship between change management and performance of companies listed in Nairobi Securities Exchange (NSE). The findings of the study was that technology significantly moderated the management of change practices relationship with organizational performance. Wanza (2016), wanted to determine the influence of practices of change management, the efficacy and effectiveness of employees in the University of Eldoret, Kenya. It was established that performance of the University employees was influenced by leadership and structural changes.

Internationally, Okeke (2019), carried out a study in management of change and performance of organizations using companies from the manufacturing sector in Anambra State, Nigeria. It was established that technology, management strategies, and leadership positively affects performance of firms in the manufacturing industry in Anambra State, Nigeria. Voet (2017), carried out a study to examine how cutbacks implementation is related to commitment of employees to work in the Dutch public sector, and the degree to which change in management practices can reduce a negative relationship between cutbacks and the factors concerned. It was found out that changes in management practices are applicable in the implementation of cutbacks, and may partly alleviate the negative relationship between cutbacks and commitment of employees to an organization. Arefazar (2019), carried out a study that aimed at introducing and prioritizing the change management practices among the agile enablers of construction projects in the field of construction in Iran. The study found out agility solutions are achieved through continuous resource monitoring and improvement, establishing flexible workflows, engaging clients' and receiving requirements.

Previous studies in the field of management of change exhibited significant research gaps that this study is seeking to examine and address. The studies focused on other commercial entities other than Kenyan banks. The study will seek to investigate and address the gaps associated with change management in Kenyan banks. The research shall be guided by the following research question: Does change management influence the performance of Kenyan commercial banks?

1.3 Research Objective

The objective of the study is to determine the influence of change management on performance of Kenyan commercial banks.

1.4 Value of the Study

The study will confirm or validate the existing theories in change management. In addition it will help the respective commercial banks to identify the types of change required for effective total quality management. The research will also help in generating knowledge and produce generalizations of principles upon which ideas are based thus helping the commercial banks understand various factors that can lead to resistance to change.

The research will provide a basis for regulatory policies that help in guiding the government financial policies in the banking sector, and guide the commercial banks in coming up with effective operational policies. The research will also help in developing reward systems that motivate the employees to get assimilated to the change processes. In addition it will promote innovativeness and development of new products hence new policies. The research may also provide a reference point for the academicians who are interested in studying the impact of change on performance and policy development especially in the banking industry in Kenya.

The research will help in solving problems within the commercial banks systems. It will further help in the reduction of curiosity through the information obtained and reported. Understanding change management can help the top management of the banks make accurate strategic decisions that shape the long term direction of the banks, develop competitive strategies at the business levels on how to deal with competition and other business environmental turbulences.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a framework for establishing the importance of the study and critically examines the theoretical and empirical literature related to effects of change management on performance of organizations, and will be based on the Three-step change theory and Phases of change theory. Forms of change, financial measures, and non-financial measures of organizational performance have been discussed. Conceptual and empirical literature on change management and performance of organizations by other scholars has also been examined and quoted.

2.2 Theoretical framework

The study will be based on the Three-step change theory and Phases of change theory where the three-step change theory is the anchoring theory.

2.2.1 Three-step change theory

The Three-step change theory was advanced by Kurt Lewin in the year 1951. According to Lewin (1951), the mechanisms for managing change are; Un-freezing, which involves changing the ways things are done at present to a new way. This entails seeking the support of employees to effectively realize the change. Underlying issues that are most likely to hinder change are identified and appropriate strategies developed to deal with the issues. In step one of the change theory, Lewin (1951) tends to suggest that change can easily be accepted by employees if they are well motivated to accept the changes and are adequately prepared to go through the change.

In step two of the change theory, Lewin (1951), suggests that change entails developing new responses basing on new information. This mechanism advocates for changes in organizations that conform to new information. This step is very significant since it enables the researcher to determine the extent of changes in an organization as a result of new information. The challenge with this mechanism is the ability to discern the requirements that come with new information and the ability to cope with the degree at which new information is obtained.

The third and last mechanism according to Lewin (1951), is refreezing which involves integrating relevant skills and ideas to the people concerned to ensure that the changes are internalized and stabilized. This involves training the concerned employees with skills that enable them cope with new environments. The challenge is that the relevant skills to match the impending challenges and threats may not have been accurately identified or the motivation to adapt the changes may not be adequate enough to effectively implement the changes that lead the desired levels. The study is important in helping business entities to formulate policies that will motivate employees, for change to be effectively realized. The challenge in this step is to determine the degree at which the employees are well motivated and the amount of resources involved.

2.2.2 Phases of change theory

The phases of change theory is an extension of Lewin's Three-step change theory advanced by Lippit, Watson and Westley (1958). Lippit Watson and Westley advanced a seven-step theory that puts more emphasis on duties and responsibilities to persons that champion change in organizations rather than putting more efforts on evolution of change. The seven steps entail problem identification, identifying factors that can motivate the people to welcome change, identifying and soliciting for resources to motivate change agents and effect the relevant changes, selecting the relevant and progressive change objects, clear understanding of the roles and duties to be performed by the change agents by the employees and other stakeholders of the organizations, how to sustain the changes, communication and feedback mechanisms. Communication, feedback, and group coordination are also important components of the change process. Finally organizations should develop mechanisms to allow gradual with drawl of the change agents after achieving their respective goals.

According to Lippit et al (1958), the change agents should gradually withdraw from their respective responsibilities as change agents when the desired changes get well integrated into organizational culture. Lippit et al (1958), asserts that changes can only be stable and sustainable when they get more integrated and assimilated in all parts of an organization by enhancing proper communication channels and systems to foster communication between the change agents, employees and other stakeholders constituting an organization.

The theory is important in the sense that, after critically identifying and recognizing the stages or the steps, appropriate strategies are developed to deal with the issues arising at every stage. However the limitations of the theory is that it focuses more on the agents of change than focusing on evolution of change. The motivation of the agents of change is subjective and is mainly dependent on the amount of resources available to cause the desired changes. As much as the seven steps are clear, the same can only be effectively followed and achieved if the change agent is well empowered through resources and training so as to create enough capacity to foster change.

2.3 Forms of change management

Forms of change management can be classified into strategic and operational changes. Strategic change is concerned with the development of an organization whereas operational change is concerned with organization transformation.

2.3.1 Organization development changes

Technological changes; which are changes that affect the efficacy levels of the production process as a result of introduction of new forms of technology. According to Cascio et al (2016), technology is changing work and organizations by being used in the following ways:

Job analysis and design where right information is delivered the relevant persons on time; Workforce planning where technology is used to keep digitized inventories of talent that forms a source of knowledge that can be used to solve immediate problems thus allowing for what-if scenario planning; Recruitment and staffing where technology is used to exchange data by individuals and companies; Training and development where technology is used to conveniently and timely access the required knowledge and development of skills on demand. Technology can also be used to facilitate training by delivering training content; Performance management and compensation management where technology is used to support the appraisal systems, track work progress and movement of goods among others; and Career management where technology makes it possible for workers to perform their tasks with ease.

The product or service changes; which are changes related to the business outputs in terms of products, services or both. Nylander et al (2013), carried out a study on enabling organizational changes for development of product-service system (PSS) offers in an international high technology company in the aerospace industry, where the transition toward product-service systems development has been noticed for decades. The study was meant to identify and clarify key success factors required by organizations to effectively manage transformation for development of product-service systems offers. The findings of the study was that over time, organizations need to add various types of product-service systems offers to customer so as to improve on their efficiency and effectiveness in serving their respective customers.

Administrative changes; which are changes that occur as a result of changes in organizational structures, organizational policies, departmental or overall budgets, reward systems among others so as to effectively achieve the desired outputs or results by the respective organizations. According to Burns (1978), success of any programme can be achieved by leaders who value transformation with the ability to encourage and motivate people towards achieving the desired goals. The administrative changes help organizations to manage transition from where they are to where they want to be. Administrative changes entail making decisions on the new processes to be introduced, coming up with systems and policies that allow for proper product and market development.

People changes; which are changes that occur as a result of changes in inherent values of management, employees or both of an organization. These include but not limited to attitudes, expectations, behaviors, believes etc. The theory guiding change is fundamentally flawed by change programs that do not produce the desired change, and that putting people into a new organizational context is the most effective ways of changing behavior (Beer et al, 1990). Vakola et al (2005), explored the relationship between employees' attitudes and organizational behavior, occupational skills and organizational commitment in Greece. The study established that there is negative correlation between occupational stressors and attitudes to change.

2.3.2 Organization Transformation Changes

Organization transformation changes are changes from one stage of value chain now being applied at another stage of the value chain. This occurs when an organization adopts changes that will result into low costs products but of high quality with the capability of being produced with high speed and high degree of flexibility, as and when required. The market attributes are therefore speed, flexibility and quality.

Relationship driven changes; which are changes related to fundamental changes in the relationships between various departments of an organization as a result of major changes such as decentralization. This occurs where running an organization from one central point may not be generating enough returns as compared to when the services are decentralized.

Changes in ways of doing work; this is where major changes take place such as introduction of computer-integrated manufacturing technology where the production process consisted mainly of the manual processes. The changes may be aiming at producing products at higher volumes to serve different market niches at the same time. The changes may also be aimed at providing products that serve different customer segments within shortened periods.

Cultural, values or research systems related changes; which are changes that take place as a result of change in organizational culture, values and changes that take place as a result of the research outcomes. A study by Shahzad et al (2012) sort to study the impact of employees commitment to norms and values on organizational culture and organizational performance where the finding was that employees performance increases where they are committed to the same norms and values of an organization.

2.4 Change Management and Organizational Performance

Dhingra et al (2016), did research in relational analysis of emotional intelligence and change management between four emotional intelligence dimensions of self and social awareness, selfmanagement and social skills in manufacturing and service organization of north India, using literature review and conceptual framework while using structural questionnaire to collect data. The finding of the study was that all emotional intelligence dimensions are positively correlated with each other, and with employees' change management skills.

Thomas (2014), carried out in Lagos, Nigeria, using descriptive survey research design targeting 1000 employees of telecommunication companies, while data was collected using questionnaires from 300 respondents. It was established that changes in technology results in increased organizational and customer performance In addition the study found out that positive changes in the management of an organization results in improvement of employee performance.

Gitonga (2014), carried out a study on the effects of strategic change management on organization performance using Capital Markets Authority (CMA), using a descriptive survey method and questionnaires for data collection. The researcher used both primary and secondary sources to collect data. The survey targeted all the staff of Capital Markets Authority. However only 30% sample of the target population was used as respondents. The study established that structural and technological strategic changes affect organizational performance. In addition the study found out that leadership changes and human resource (HR) policy change, and organization performance were correlated.

Munyalo et al (2015), carried out a study on effects of practices of change management on organizational performance in Kenyan media industry using standard media group as a case study. A sample of 70 respondents was used from the total population of the Standard media staff. The researcher used questionnaires with a set of pre-determined questions and sent to managers at the head office to collect the data. The data was summarized and organized in a manner that answers the research questions. The study established that the media Industry should always factor in age and the social values held in high esteem by customers so as to realize effective management practices.

Wachira et al (2015), carried out a study on effect of change management practices on performance of Teachers Service Commission (TSC) in Nairobi, Kenya. The study targeted senior managers and directors of the Teachers Service Commission. A sample of 80 respondents was picked using random sampling method. A descriptive survey research design was used while questionnaires were used to collect data. The data was analyzed, interpreted and well-presented. The study established that communication had positive influence on performance of Teachers Service Commission.

Okenda et al (2017), carried out a study to establish the effects of change on organizational performance in the ministry of environment, water and natural resources in Nairobi using a total population of 1035 employees. A sample of 104 respondents was picked using stratified random sampling which entailed identification of various subgroups basing on age, sex, education or professional level among others. The researcher used questionnaires with a set of predetermined questions to collect the data. It was established that leadership affected performance by changing information systems, organization structure, and expanding the size of an organization.

2.5 Critique of Literature

Whereas the research project is based on effects of management of change in commercial banks of Kenya, the existing literature on change management is based on various industry backgrounds such as telecommunication, media, education, and capital markets. The literature reviewed does not define the industry forces that led to change in the respective industries. It is therefore assumed that changes in one industry occur in a similar manner as changes in other industries. The existing literature is based on various studies carried out in different countries such as India, Nigeria and Kenya. The studies do not reveal the political and economic environments within which the research was conducted. The studies did not define the social and cultural environments of the respective countries where the research was conducted and how the social and cultural practices affected the outcome of the research.

In addition the studies did not reveal the legal and policy frameworks of the countries where the studies were conducted and the degree or the level at which such frameworks affected the outcomes of the respective studies. From the literature review studies by different scholars on effects of change management are anchored on different change management theories thus causing inconsistence in the approach to studies in change management. The studies however reveal that changes in leadership, communication, age, social values, human resource policies, technology, and emotional intelligence dimensions in any industry affect change management practices.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the various types of research designs and methods the researcher used in conducting research. The steps involved in conducting the study have been described in detail. Target population, sample size and sampling methods have been discussed. In addition the chapter has outlined the research approaches, design, data collection tools or instruments, procedures and methods used in collecting data. Finally the data collection tools, administration and data analysis have been discussed.

3.2 Research Design

Data was systematically collected and analyzed in line with the research questions using descriptive survey research design method. In a survey research data is collected from the sample purposely to estimate one or more population parameters whereas descriptive studies is where the data is systematically collected and analyzed so as to provide answers to issues under study.

3.3 Population of the study

A census study targeting all the 42 commercial banks was done. This means all the commercial banks were centres of interest that the researcher wished to investigate. The sample of the study was the entire population of the banks operating in Kenya. The sample size was the same as the sampling frame.

3.4 Data Collection

The managers of the commercial banks operating in Kenya provided primary data through questionnaires and where necessary some data was obtained from secondary sources such as performance reports and other published materials and information from internal sources of the banks. The questionnaires comprised of likert scale questions. The questions on the questionnaire were divided into three sections where section one covered organizational data, section two covered questions on change management and section three covered questions on organizational performance so as to facilitate analysis. The questionnaires were delivered physically to the respondents. Data was analyzed by use of percentages, mean scores, standard deviations or by use of simple analysis of variance.

3.5 Data Analysis

The analysis of data was done through descriptive and inferential statistics. The data was tabulated in the form of statistical tables for further analysis. The data was interpreted by drawing inferences from the collected facts after the analytical study. The inferences about the entire population of the Kenyan commercial banks was based on the results obtained from the sample population of the banks. The researcher summarized the results of the entire study, highlighted the conclusion and made recommendations based on the existing relationship between the variables of the study.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, the data shall be summarized and organized in a manner that answers the research objective. The analyzed data shall be displayed in the form of statistical tables for further analysis. The data shall be interpreted by drawing inferences from the collected facts. The data shall be presented by use of descriptive statistics using tables, graphs etc and summary measures such as the mean and standard deviation.

4.2 Response Rate

The study targeted 42 Kenyan commercial banks. From the 42 targeted banks, 23 responded translating to 54.76% response rate while 19 banks never responded translating to 45.24% failure rate as presented in Table 4.1. Mugenda and Mugenda (2003), described 50% response rate to be adequate, 60% response rate to be good, and 70% and above response rate to be very good. Considering that commercial banks are not easy to give information, 54.76% response rate is adequate enough to make inferences and generalize the results for the 42 targeted commercial banks in Kenya.

Table 4.1: Response Rate

Description	Number of Banks	Response Rate
Responded	23	54.76%
Never responded	19	45.24%
Total targeted	42	100.00%

Source: Research Data (2021)

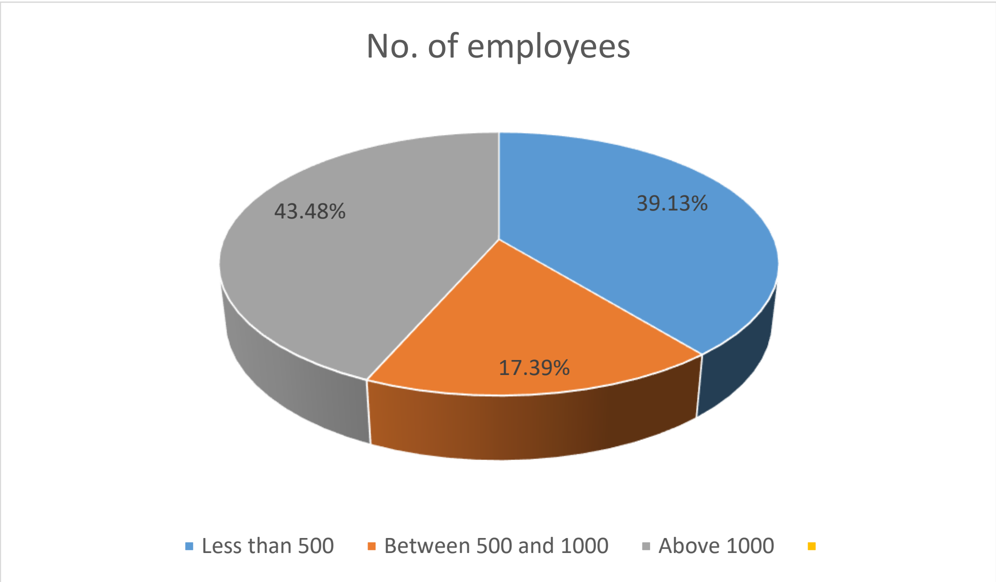
4.3 Bank characteristics

The researcher used management practices and performance variables to capture information related to the banks profiles. The variables helped the researcher to capture information to the structured questions in the questionnaires.

4.3.1 Number of employees

The researcher sort to establish the approximate number of employees employed in various commercial banks in Kenya. The questionnaire was formulated to capture three categories of the commercial banks based on banks workforce as shown in figure 4.1

Figure 4.1: Bank workforce



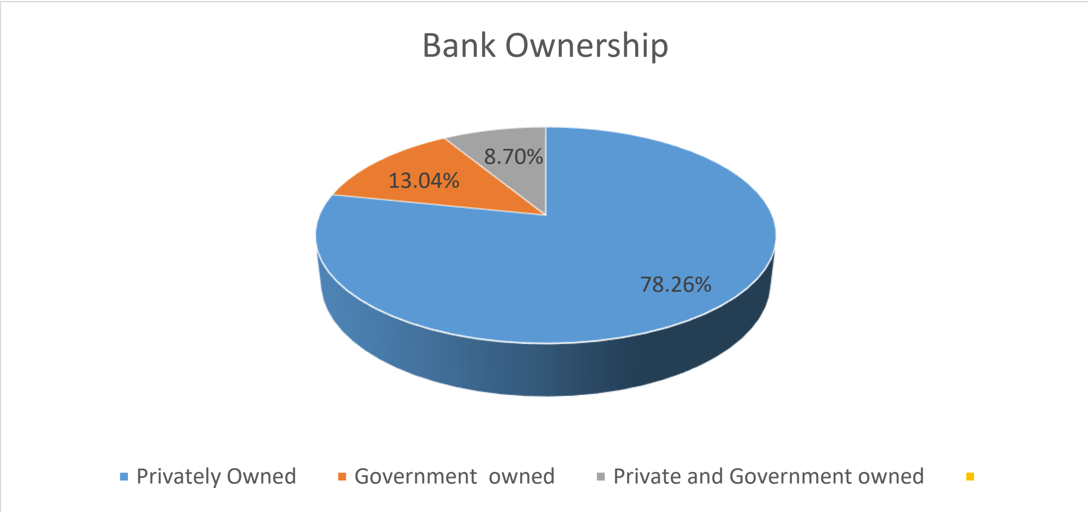
Source: Research Data (2021)

Figure 4.1 above, indicates that 39.13% of the banks had less than 500 employees, 17.39% had a work force of between 500 to 1000, whereas 43.48% of the banks had employed more than 1000 workers.

4.3.2 Nature of ownership structure of the banks

The researcher sort to establish the structure of ownership of Kenyan commercial banks. The questionnaire had been structured in three categories; private ownership; government ownership; and private and government ownership.

Figure 4.2: Bank Ownership



Source: Research Data (2021)

Figure 4.2 is a pie-chart showing that, 78.26% of the commercial banks in Kenya are privately owned, 13.04% are government owned whereas 08.70% are jointly owned by the government and private entities.

4.4 Change Management Practices

The researcher sort to establish the level at which banking institutions exercise management of change practices and how they affect performance of Kenyan commercial banks, basing on the dimensions of changes in organizational structure; changes in leadership; changes in technology; changes in self-management, emotional intelligence, self-awareness and social awareness; changes in communication structures; and changes in HR policies. The questionnaires were formatted in a way that the researcher was able to collect information on various variables. The change management variables were measured on a range of 1 to 5 on the Likert scale, where 1 represented “do not agree” while 5 represented “strongly agree”. The researcher assumed that the mean score is 3 on the Likert scale with variables showing a score of 0 to 2.9 having disagreed with the variable statement ($0 \leq SD \leq 2.9$). The researcher also assumed that a standard deviation of equal to or more than 1 ($SD \geq 1$) demonstrates a significant change of the variables on the statements

4.4.1 Changes in Organizational Structure

The researcher sought to establish what the respondents think about changes in the organizational structure. The response was as follows:

Table 4.2: Changes in organizational structure

Statement	Mean	Std. Dev.
There exists an organizational structure that incorporates a network of roles and relationships	4.61	1.61
There exists organizational structure that incorporates a network of roles and relationships	4.52	1.52
There exists structures to control, coordinate and integrate and allocates activities	4.65	1.65
There exists a structure with a framework of getting things done	4.74	1.74
There exists a structure that is accountable for directing, coordinating and clearly defines management hierarchies	4.74	1.74
The overall mean score and std. dev.	4.65	1.65

Source: Research Data (2021)

From the above data, the standard deviation of all the statements for the variables is greater than 1, (1.00<SD≥1) scoring 4.65 as mean and 1.65 as standard deviation. The commercial banks in Kenya have frameworks of getting things done scoring 4.74 as mean and 1.74 as standard deviation (1.00<SD≤1.74), and have accountable structures for directing, coordinating and defining hierarchies scoring 4.74 as mean and 1.74 as standard deviation (1.00<SD≤1.74). Commercial banks in Kenya have structures to control, coordinate, integrate and allocate activities scoring 4.65 as mean and 1.65 as standard deviation. The banks also have structures that incorporate a network of roles and relationships scoring 4.61 as mean and 1.61 as standard deviation. The commercial banks in Kenya incorporate a network of roles and relationships to organizational structures scoring 4.52 and 1.52 as standard deviation (1.00<SD≤1.52). All the change management variables for changes in organizational structures experienced significant changes above a deviation of 1 (1<SD≥1).

4.4.2 Changes in Leadership

The researcher sought to establish how changes in leadership. The response based on various variable statements was as follows;

Table 4.3: Changes in Leadership

Statement	**Mean score**	**Std. dev.**
There exists a strong committed and visionary leadership	4.39	1.39
There exists leadership with temperament and skills to manage change strategies	4.35	1.35
There exists leadership that understands the organizational culture and drivers of change that enhance effective organizational norms and culture	3.87	0.87
There exists leadership with the ability to motivate the change agents	4.04	1.04
There exists approaches that can develop new means that can ensure leadership development and succession	3.96	0.96
The overall mean score and std. dev.	4.12	1.12

Source: Research Data (2021

From the above data, the commercial banks in Kenya have a strong committed and visionary leadership scoring a mean of 4.39 and 1.39 as standard deviation ($1.00<SD\leq1.39$). The banks have leadership with temperament and skills to manage change strategies scoring 4.35 as mean and scoring 1.35 as standard deviation of ($1.00<SD\leq1.35$). In addition the commercial banks have leaderships' ability to motivate the change agents with soring 4.04 as mean and scoring 1.04 as standard deviation ($1.00<SD\leq1.04$). The commercial banks' approaches to develop new means that can ensure leadership development and succession from the data are weak,

scoring 3.96 as mean and 0.96 as standard deviation. In addition the commercial banks leadership does not have a strong understanding of the organizational culture and drivers of change that enhance effective organizational norms and culture, scoring 3.87 as mean and 0.87 as standard deviation (1.00>SD≤0.87). From the above table, commercial banks in Kenya experience changes in leadership with 4.12 as overall mean and 1.12 as standard deviation.

4.4.3 Changes in Technology

The researcher sought to establish how changes in technology. The results were as follows;

Table 4.4: Changes in Technology

Statement	**Mean**	**Std. Dev.**
There exists structures for technological innovation	4.22	1.22
The bank has the ability to respond to market demands by continuously building on the existing IT systems	4.17	1.17
The employees are prepared well before the introduction of new technology	3.83	0.83
The organization introduces the new technology gradually	3.91	0.91
The organization has strong data processing and communication systems that respond to fast changing operating environment	4.00	1.00
The overall mean score and std. dev.	4.03	1.03

Source: Research Data (2021)

From the above data, the commercial banks in Kenya have structures for technological innovation scoring 4.22 as mean and 1.22 as standard deviation (1.00<SD≤1.22). The commercial banks in Kenya have the ability to respond to market demands by continuously building on the existing IT systems scoring 4.17 as mean and 1.17 as standard deviation

(1.00<SD≤1.17). The commercial banks also have strong data processing and communication systems that respond to fast changing operating environment scoring 4.00 as mean and 1.00 as standard deviation (1.00≤SD=1.00). However the commercial banks in Kenya do not prepare their employees well before the introduction of new technology, scoring 3.83 as mean and 0.83 as standard deviation (1.00>SD≤0.83). The management of the Kenyan commercial banks, do not introduce new technology gradually, scoring 3.91 as mean and 0.91 as standard deviation (1.00>SD≤0.91). From the findings the overall mean for changes in Technology is 4.03 with a standard deviation of 1.03.

4.4.4 Changes in Emotional Intelligence dimensions of self-awareness, social awareness, self-management, and social awareness

The researcher sought to establish the effect of management of change policies on emotional intelligence dimensions of self-awareness, social awareness, self-management, and social awareness on performance of Kenyan commercial banks. The outcome was as shown below;

Table 4.5: Changes in Self-management, Emotional Intelligence dimensions of self-awareness, social awareness, self-management and social awareness

Statement	Mean	Std. Dev.
There exists structures that allow fully participation in planning and implementation of those affected by change	3.87	0.87
There exists reward systems and mechanisms to encourage innovation in achieving change	3.65	0.65
There exist systems and mechanisms to understand peoples' moods, emotions and drives and their effects on others in achieving change	3.39	0.39
There exist systems to manage relationships and build networks to achieve common ground and build rapport that result in desired changes	3.61	0.61
The overall mean score and std. dev.	3.63	0.63

Source: Research Data (2021)

From the above data, there is little existence of structures that allow those affected with change by participating in planning and implementation in commercial banks in Kenya, scoring 3.87 as mean and 0.87 as standard deviation (1.00>SD≤0.87). The reward systems that encourage innovation and recognize success in achieving change are weak, scoring 3.67 as mean and 0.65 as standard deviation (1.00>SD≤0.65). The systems to interrogate and articulate peoples' moods, emotions and drives and their influence on others in achieving change are very minimal, scoring 3.39 as mean and 0.39 as standard deviation (1.00>SD≤0.39). The systems to manage relationships and building networks to find common ground and build rapport to achieve change are also weak, scoring 3.61 as mean and 0.61 as standard deviation (1.00>SD≤0.61).

4.4.5 Changes in Communication Structures

Table 4.6: Changes in Communication Structures

The researcher sought to establish the changes in communication structures. The findings were as follows;

Statement	**Mean**	**Std. Dev.**
There exist proper communication systems to communicate the new vision and strategies	4.13	1.13
The bank has the ability to originate and use information effectively	4.17	1.17
There exist structures for those concerned with managing change to manage temperament and leadership skills appropriate to the change strategies	3.91	0.91
There exist structures to identify change agents that can communicate effectively on desired changes	3.87	0.87
The overall mean score and std. dev.	4.02	1.02

Source: Research Data (2021)

From the above table, commercial banks in Kenya have structures and policies to communicate the new vision and strategies, scoring 4.13 as mean and 1.13 as standard deviation ($1<SD\leq1.13$). The banks also have the ability to originate and use information effectively, scoring 4.17 as mean and 1.17 as standard deviation ($1<SD\leq1.17$). However structures and policies for those concerned with managing change to manage temperament and leadership skills appropriate to the change strategies are weak, scoring 3.91 as mean and 0.91 as standard deviation ($1>SD\leq0.91$). In addition structures to identify change agents that can communicate effectively on desired changes are also weak, scoring 3.87 as mean and 0.87 as standard deviation (1>SD≤0.87). In overall the changes in communication structures with a mean of 4.02 and a variance of 1.02 which is higher than 1 (1<SD≤1.02).

4.4.6 Changes in HR Policies

Table 4.7: Changes in HR Policies

The researcher sought to find out changes in human resource policies. The results were as follows;

Statement	Mean	Std. Dev
There exist policies that encourage employees to work together as a team	4.22	1.22
There exist policies that motivate people to adapt new behaviors for effective change	3.83	0.83
There exist policies that recognize and reward employees involved in the improvements	3.83	0.83
There exist policies for recruitment, training and development, promotion of employees to implement the desired changes	4.00	1.00
There exist policies that deal with employees resistance to change	3.39	0.39
The overall mean score and std. dev.	3.85	0.85

Source: Research Data (2021)

From the above data, commercial banks in Kenya experience significant changes in policies that encourage employees to work, scoring 4.22 as mean and 1.22 as standard deviation (1<SD≤1.12). The banks also experience significant change in policies for recruitment, training and development, promotion of employees to implement the desired changes, scoring 4.00 as mean and 1.00 as standard deviation (1≤SD≤1). The banks have policies that motivate people

to adapt new behaviors for effective change, scoring 3.83 as mean and 0.83 as standard deviation. The banks have policies that recognize and reward employees involved in the improvements, scoring 3.83 as mean and 0.83 as standard deviation ($1>SD\leq0.83$); and policies that deal with employees resistance to change, scoring 3.83 as mean and 0.39 as standard deviation ($1>SD\leq0.39$). Generally the commercial banks in Kenya experience less significant changes in human resource policies scoring overall 3.85 as mean and 0.85 as standard deviation ($1>SD\leq0.85$).

4.5 Organizational Performance

The researcher sought to establish perceptions on organizational performance. The outcome is as demonstrated below;

Table 4.8: Organizational Performance

Statement	**Mean**	**Std. Dev**
There exist systems to manage and develop employees so as to gain their trust and cooperation to achieve desired results	3.57	0.57
There exist structures to measure performance and factors that hinder performance	3.65	0.65
There exist proper information processing mechanisms for decision making	3.96	0.96
There exist motivation mechanisms and systems for effective relationships to achieve desired results	3.57	0.57
There exist systems to ensure quality and continuous improvement	3.87	0.87
The employees positively accept change	3.57	0.57
The bank has the capacity to originate and use information effectively	4.17	1.17
There exist policies and structures that encourage innovations	3.70	0.70
The bank experiences expansion in the market share	4.17	1.17
The bank experiences high returns on capital employed	3.91	0.91
The bank experiences high increase in earnings	3.74	0.74
There is improvement in cash flow in operations	3.83	0.83
The overall mean score and std. dev.	3.81	0.81

Source: Research Data (2021)

The findings show that the Kenyan commercial banks have the capacity to originate and use information effectively, scoring 4.17 as mean and 1.17 as standard deviation ($1 < SD \leq 1.17$), and expand the market share respectively, scoring 4.17 as mean and 1.17 as standard deviation ($1 < SD \leq 1.17$) as a result of change management. However the change management practices are not significant enough to manage and develop employees so as to gain their trust and cooperation to achieve desired results, scoring 3.57 as mean and 0.57 as standard deviation ($1 > SD \leq 0.57$); to measure performance and factors that hinder performance, scoring 3.65 as mean and 0.65 as standard deviation ($1 > SD \leq 0.65$); to enhance proper information processing mechanisms for decision making, scoring 3.96 as mean and 0.96 as standard deviation ($1 > SD \leq 0.96$); to develop motivation mechanisms and systems for effective relationships to achieve desired results, scoring 3.57 as mean and 0.57 as standard deviation ($1 > SD \leq 0.57$). In addition the change management practices are not strong enough to ensure quality and continuous improvement, scoring 3.87 as mean and 0.87 as standard deviation ($1 > SD \leq 0.87$); to enable employees positively accept experience high returns on capital employed, scoring 3.91 as mean and 0.91 as standard deviation ($1 > SD \leq 0.91$); to make banks experience high increase in earnings, scoring 3.74 as mean and 0.74 as standard deviation ($1 > SD \leq 0.74$); and to improve in cash flow in operations, scoring 3.83 and 0.83 as standard deviation ($1 > SD \leq 0.83$).

4.6 Correlation analysis

Table 4.9: Correlation analysis

	Coefficients	P-value
Intercept	0.568491988	0.757318526
Changes in Organizational Structure	-0.034099439	0.936391799
Changes in Leadership	0.159263586	0.745583929
Changes in Technology	-0.048533734	0.90538215
Changes in Emotional Intelligence etc	0.045692702	0.884836479
Changes in Communication structures	0.51794523	0.296130614
Changes in HR Policies	0.166004078	0.559487368

Source: Research Data (2021)

From table 4.9, changes in organizational structure had p-value 0.936; changes in leadership had p-value of 0.0.746; changes in Technology had p-value of 0.905; changes in emotional intelligence, self-awareness, self-management and social awareness had p-value 0.885; changes in communication structures had p-value of 0.296; and changes in HR Policies had p-value of 0.560. Changes in organizational structure and commercial banks performance has association degree of -0.034; changes in leadership and performance at coefficient of 0.160; changes in technology verses performance at coefficient of -0.049, changes in emotional intelligence, self-awareness, self-management and social awareness at coefficient of 0.046; changes in communication structures verses performance at coefficient of 0.518; and HR policies verses performance at coefficient of 0.166. The coefficient values should lie between -1 to +1, with -1 indicating the correlation is perfectly negative whereas +1 shows that the correlation is perfectly positive. The strongest positive correlation appears between changes in communication structures and performance of the commercial bank with a coefficient of 0.518;

followed by changes in HR policies at coefficient of 0.166; and changes in leadership at coefficient of 0.159.

4.7 Regression Analysis

The researcher carried out a study to determine the relationship between management of change practices and the performance of Kenyan commercial banks using coefficient of determination that explains how variations in management of change practices will affect the performance of the commercial banks. The R Square values demonstrate the degree at which management of change practices affect organizational performance. The explanation can be best represented by a linear equation Y = a + bX, where, X = Independent variable (Change management practices) Y = dependent variable (Organization performance) a = constant or Y-intercept b = regression coefficient of Y on X

Regression equation that provides values of Y (Organization performance) for given values of X (change management practices) represents the line of the best fit that predicts the value of the dependent variable given a value of the independent variable. From table 4.12, correlations among variables, there is a strong correlation among variables.

Table 4.10: Regression Analysis Summary

X VALUES	1	2	3	4	5	6
Multiple R	0.116515193	0.488353771	0.485101712	0.575076129	0.636408579	0.527093596
R Square	0.01357579	0.238489406	0.235323671	0.330712554	0.405015879	0.277827659
Adjusted R Square	-0.033396791	0.202226996	0.198910513	0.298841723	0.376683302	0.2434385
tandard Error	0.441862598	0.429714434	0.560251217	0.696910143	0.597950504	0.827232955
Observations	23	23	23	23	23	23

Source: Research Data (2021)

KEY

Multiple R – Coefficient of multiple correlation

R Square – Measure of Fit indicating how much variation of organization performance is explained by the change management practices

X Values

1 – Represents Changes in Organization Structure

2 – Represents Changes in Leadership

3 – Represents Changes in Technology

4 – Represents Changes in Emotional Intelligence dimensions of self-awareness, self-management, and social awareness

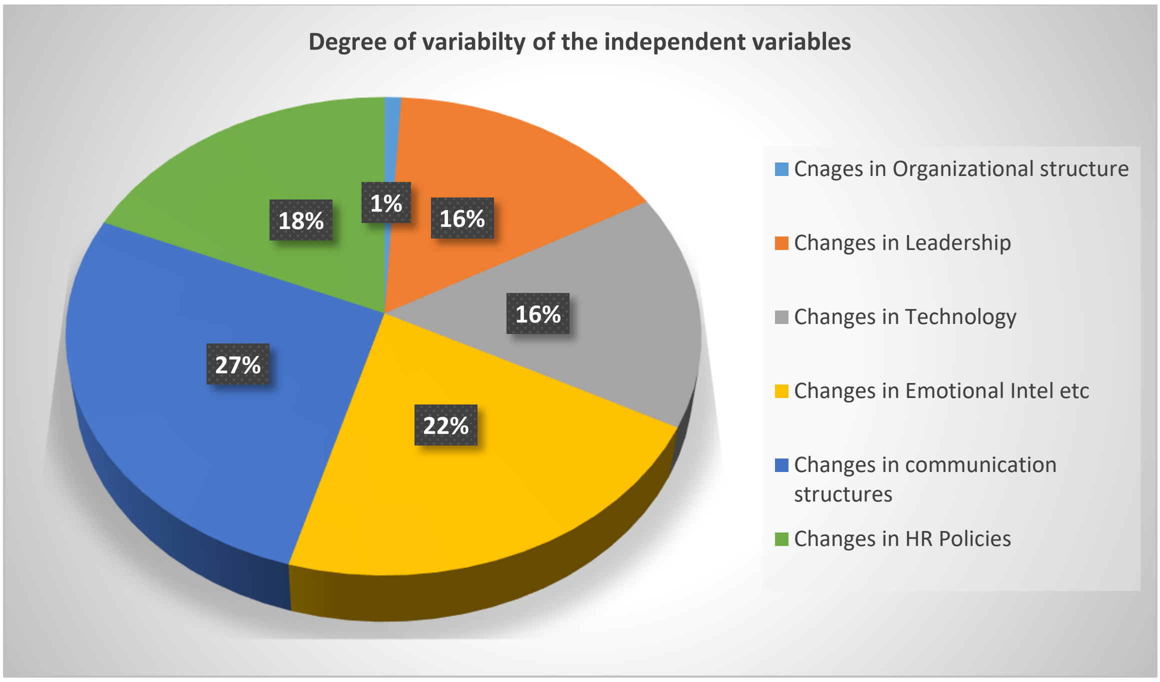
5 – Changes in Communication Structures

6 – Changes in HR Policies

The adjusted R square (R^2) is used to measure the percentage change in the dependent variable as a result of changes in the independent variable.

From the analysis of table 4.10, changes in the organizational structure resulted to adjusted coefficient of determination (R^2) of -0.0334 meaning that -3.34% of the commercial banks performance can be explained by the success of the changes in the organization structures. Changes in leadership resulted to R^2 of 0.2022 meaning that 20.22% of the commercial banks performance can be explained by the success of the changes in leadership. Changes in technology resulted to R^2 of 0.1989 meaning that 19.89% of the commercial banks performance can be explained by the success of the changes in technology. Changes in Emotional Intelligence dimensions of self-awareness, self-management, and social awareness resulted to R^2 of 0.2988 meaning that 29.88% of the commercial banks performance can be explained by the success of the changes in Emotional Intelligence dimensions of self-awareness, self-management, and social awareness. Changes in communication structures resulted to R^2 of 0.3767 meaning that 37.67% of the commercial banks performance can be explained by the success of the changes in communication structures. Changes in HR Policies resulted to R^2 of 0.2434 meaning that 24.34% of the commercial banks performance can be explained by the success of the changes in HR Policies.

Figure 4.3: Degree of variability of independent variables



Source: Research Data (2021)

From figure 4.3, out of the six independent variables changes in organizational structure contributes only 1% to variation in organizational performance while the highest variation in performance of Kenyan commercial banks is contributed by changes in communication structures. In addition changes in emotional intelligence, self-awareness and self-management contributes 22% of variation in performance of the commercial banks, while changes in leadership, changes in Technology and changes in HR policies result in variations in performance of 16%, 16% and 18% respectively.

Table 4.11: Regression Statistics

Multiple R	0.699455373
R Square	0.489237819
Adjusted R Square	0.297702002
Standard Error	0.675216166
Observations	23

Source: Research Data (2021)

From table 4.11, the coefficient of multiple correlation is 0.699 whereas a value of 1.00 indicates a perfect prediction while zero (0) shows that there is no linear combination of the variables. Multiple correlation of 0.699 therefore indicates the variables have relative prediction of about 70%.

Table 4.12: ANOVA

	Df	SS	MS	F	Significance F
Regression	6	6.987260503	1.164543417	2.554288933	0.062671198
Residual	16	7.294669932	0.455916871		
Total	22	14.28193043			

Source: Research Data (2021)

From table 4.12, the combined effect of all the change management variables was significant to explain the level of changes in performance at significance value of 0.063. The significance value of 0.063 is above the minimum significance value of 0.05 which is significant enough to cause changes.

4.8 Discussion of Results

The study was to determine the influence of changes in organizational structures on performance of Kenyan commercial banks using various change management variables. The findings of the study was that changes in organizational structures affects performance of Kenyan commercial banks.

4.8.1 Changes in organizational structure

The study was to determine the influence of changes in organizational structures on performance of Kenyan commercial banks. The findings of the study was that changes in organizational structures affects performance of Kenyan commercial banks. The study established that organizational structures should be less formal, and should incorporate a network of roles and relationships so as to be effective. In addition the organizational structure should be good enough to ensure that there are controls and be able to coordinate and allocate all the desired activities. The structures should be able to foster accountability for directing, coordinating and integrating the activities of the commercial banks by clearly defining the management hierarchies.

This research agrees with a study by Namoso (2013), which established that an organizational structure with many levels of reporting hinders efficient and effective flow of information. This therefore calls for changes in the organizational structure that enables efficient and effective flow of information. Nene (2019), examined the impact of organizational structure on organizational performance of the property Administrative Services Department (PAS) in Johannesburg, South Africa. The objective of the study was to give a practical perspective on the impact of a complex organizational structure on elements of personnel job satisfaction and departmental performance. The finding was that the organizational structure was ineffective thus contributing to low job satisfaction. The conclusion was that since the organizational structure led to low job satisfaction, it consequently affected the performance of the organization.

From the outcome of the study, the organizational structure should be able to incorporate network of roles and relationships; to control, coordinate, integrate and allocate activities appropriately; to have a framework of getting things done; and to direct, coordinate and clearly define management hierarchies.

4.8.2 Changes in leadership

The study was to determine the influence of changes in leadership on performance. The findings of the study was that changes in leadership significantly affects performance of Kenyan commercial banks. The study established that there must be a strong committed and visionary leadership with temperament and skills to manage change strategies so as to achieve the desired change. In addition the leadership of the commercial banks should be able to understand the organizational culture and the drivers of change that enhance effective organizational norms and culture. The study also established that leadership must have the ability to motivate the change agents so as to drive the change process, and use approaches that can develop new means to ensure leadership development and succession.

This is in line with studies carried out by Okenda (2017), on the effects of change on organizational performance in the ministry of environment, water and natural resources in Nairobi. From the study, it was established that leadership affected performance by changing information systems, organization structure, and expanding the size of an organization.

For change to take place, there must be a strong, committed and visionary leadership with temperament and skills to manage the change strategies. In addition the leadership must understand the organizational culture and drivers of change that enhance effective organizational norms and culture. The leadership should also be able to motivate the change agents; and develop strategies that ensure smooth succession.

4.8.3 Changes in Technology

The study was to determine the influence of changes in technology on performance of commercial banks in Kenya. From the findings changes in technology affect the performance of Kenyan commercial banks. The study established that the commercial banks have structures for technological innovation, and have the ability to respond to market demands by continuously building on the existing IT systems. The study also established that commercial banks in Kenya prepare their employees well before introducing new technology. In addition the commercial banks have strong data processing and communication systems with ability to cope with fast changing business environments.

The result of the research is in line with the study done by Munyalo (2015), which established that the electronic business, and new innovations largely influence change management on organizational performance. Thomas (2014), established that changes in technology result in increased organizational and customer performance. Ghasemaghaei (2020), sort to investigate the role of tools sophistication, big data utilization, and employee analytical skills in improving organizational performance. The finding was that firms that process big data and use sophisticated tools experience high organizational performance as compared to firms that do not process big data.

Due to rapid changes in technology, there must be structures to encourage technology innovation. Banks should be able to respond to the rapid changes by continuously building on the existing IT systems. The banks should also be able to train the employees on the impending technological changes. In addition introduction of new technologies should be done gradually. Very important banks should ensure that they develop strong data processing and communication systems that are able to respond to the fast changing technological developments.

4.8.4 Changes in self-management, emotional intelligence, self-awareness and social awareness

The researcher was to get reasons as to how management of change policies impact on emotional intelligence dimensions of self-awareness, social awareness, self-management, and social awareness on performance of commercial banks in Kenya. The findings of the study was that changes in emotional intelligence dimensions of self-awareness, social awareness, self-management are not very significant and therefore affect the performance of Kenyan commercial banks. The researcher established that Kenyan commercial banks have structures that allow full participation in planning and implementation of the change strategies. In addition the researcher established that the reward systems and mechanisms to encourage innovations in achieving change do exist.

In line with the above findings, Widyani (2020), carried out a study to determine how ethical behavior and entrepreneurial leadership improve organizational performance at the management of Lembaga Perkreditan Desa (LPD) in Bali. It was established that ethical behavior is part of entrepreneurial leadership behavior. According to Widyani (2020), ethical behavior can significantly improve LPD performance and that integrating ethical behavior with entrepreneurial leadership is significantly able to improve organizational performance

The banks should therefore ensure that there are enough structures to allow for full participation of employees in planning and implementation of the impending changes. The reward systems should be developed to encourage innovation in achieving change. More important is the existence of systems and mechanisms to understand peoples' moods, emotions and drives and their effects on others in achieving change. Lastly banks should develop systems to manage relationships and build networks to achieve common ground and build rapport that result in desired changes.

4.8.5 Changes in communication structures

The researcher sought to establish how changes in communication structures affect the performance of Kenyan commercial banks. The findings of the study was that changes in communication structures affect performance of Kenyan commercial banks. The researcher established that there were proper communication systems to communicate new vision and strategies. The banks have the ability to originate and use information effectively. In addition there are structures to manage temperament and leadership skills appropriate to the change strategies. The banks also have structures to identify change agents that can communicate effectively on desired changes.

In related studies by Wachira (2015), on effect of management of change practices on performance of TSC in Nairobi, Kenya, it was established that communication had positive influence on performance of Teachers Service Commission. Musheke (2021), sort to examine the effects of effective communication on organizational performance by identifying factors affecting effective communication, and devising a communication model that addresses the factors to improve organizational performance. The finding was that there is no evident relationship between management and communication channels while performance is as a result of effective communication.

Banks should develop proper communication systems to communicate new visions and strategies; come up with structures with ability to originate and use information effectively; develop structures for the managers of change to manage temperament and leadership skills appropriate to the change strategies; and develop structures to identify change agents that can communicate effectively on desired changes.

4.8.6 Changes in HR Policies

The researcher sought to find out if changes in human resource policies affect performance of Kenyan commercial banks. It was established that changes in human resource policies are less significant in determining the banks performance. The researcher also established that the banks have policies that encourage employees to work together as a team, and motivate people to adapt new behaviors for effective change. In addition the researcher established that there are policies that recognize and reward employees involved in the improvements; and policies for recruitment, training and development, promotion of employees, and finally policies that deal with resistance to change.

The findings are related to a study by Alkalha (2012), sort to establish the effect of human resource policies on organizational performance in the banks in Jordan. The finding was that human resource policies are positively related to organizational performance. For change to take place effectively, the commercial banks in Kenya should develop and strengthen policies that encourage employees to work together as a team; develop policies that motivate people to adapt new behaviors for effective change; develop policies that recognize and reward employees involved in the improvements of HR policies; develop policies for recruitment, training and development, promotion of employees to implement the desired changes; and develop policies that deal with employees resistance to change.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the research, highlights the conclusion and makes recommendations on way forward. The researcher sort to study the effect of change management on performance of Kenyan commercial banks. In this chapter, the researcher will identify the findings of the study and discuss them briefly. The conclusions made by the researcher will be based on facts of findings. The conclusion will indicate the outcome and will briefly discuss some of the strategies highlighted by the respondents. The researcher will state how the study contributed to knowledge. In addition, the researcher shall state the challenges and limitations encountered during the study.

5.2 Summary of findings

The researcher cited various definitions of change and performance from different scholars. The researcher studied the banking Industry in Kenya which comprises of the Central Bank, the Commercial banks, mortgage financing societies and companies, representatives of the foreign Banks, money remittance providers, forex bureaus among others. The study was seeking to investigate and address the gaps associated with change management, and was to determine the influence of change management on performance. The study was to confirm or validate the existing theories in change management. The study was based on the Three-step change theory and Phases of change theory where the three-step change theory is the anchoring theory. The study focused on various forms of change management. The researcher applied descriptive survey research design method. A census study targeting all the 42 commercial banks was done. Primary data was collected from the bank managers through questionnaires.

The data was summarized and organized in a manner that answers the target reason of study, and it was collected from 23 commercial banks and analyzed using SPSS. From the analysis the response rate was 54.76% while 45.24% of the banks never responded. The analysis also showed that 78.26% of the banks were privately owned, 13.04% were government owned, while 8.7% were jointly owned by private entities and the government of Kenya. In terms of the workforce, 39.13% of the banks had less than 500 employees, 17.39% had a workforce ranging between 500 and 1000, while 43.48% of the commercial banks had more than 1000 employees.

The study was based on Change Management dimensions of changes in organizational structure; changes in leadership; Changes in Technology, Changes in self-management, emotional intelligence, self-awareness and social awareness; Changes in communication structures, and Changes in HR Policies. The data was analyzed using regression analysis while coefficient of determination was used to explain how variations in change management practices will affect the banks performance. In addition correlation analysis was done to measure the degree of association between the variables.

The adjusted R square (R^2) was used to measure the percentage change in the dependent variable as a result of changes in the independent variable. From the study changes in the organizational structure resulted to a variation of -3.34% meaning that -3.34% of performance of the commercial banks is as a result of changes in organizational structures; 20.22% of the commercial banks performance was explained by the success of the changes in leadership; 19.89% of the commercial banks performance can be explained by the success of the changes in technology; 29.88% of the commercial banks performance can be explained by the success of the changes in Emotional Intelligence dimensions of self-awareness, self-management, and social awareness; 37.67% of the commercial banks performance can be explained by the success of the changes in communication structures; and 24.34% of the commercial banks performance can be explained by the success of the changes in HR Policies. The researcher also carried out a correlation analysis to establish the degree of association between the variables. The strongest positive correlation appears between changes in communication structures and performance of the commercial bank with a coefficient of 0.518; followed by changes in HR policies at coefficient of 0.166; and changes in leadership at coefficient of 0.159.

5.3 Conclusion

It can be concluded that changes in organizational structures affects performance of Kenyan commercial banks. The organizational structures should be less formal, and should incorporate a network of roles and relationships so as to be effective. The organizational structure should be good enough to ensure that there are controls and be able to coordinate and allocate all the desired activities. The organizational structures should be able to foster accountability for directing, coordinating and integrating the activities of the commercial banks by clearly defining the management hierarchies. From the study it can also be concluded that changes in leadership significantly affects performance of Kenyan commercial banks. There must be a strong committed and visionary leadership with temperament and skills to manage change strategies so as to achieve the desired change. In addition the leadership should understand the organizational culture and change drivers that enhance effective organizational norms and culture. The leadership must have the ability to motivate the change agents so as to drive the change process, and use approaches that can develop new means to ensure leadership development and succession.

It can be concluded that changes in technology affects the banks performance, and that banks should have structures for technological innovation, and the ability to respond to market demands by continuously building on the existing IT systems. The employees should be prepared well before introducing new technology. The commercial banks should have strong data processing and communication systems with ability to cope with fast changing business environments.

From the study it can be concluded that emotional intelligence dimensions of self-awareness, social awareness, Self-management affect the banks performance. The banks have structures that allow full participation in planning and implementation of the change strategies. In addition there should be reward systems and mechanisms to encourage innovations. Changes in human resource policies also have influence on performance. The banks have policies that encourage employees to work together as a team, and motivate people to adapt new behaviors for effective change. There are policies that recognize and reward employees involved in the improvements; and policies for recruitment, training and development, promotion of employees, and finally policies that deal with resistance to change.

5.4 Recommendations

It is evident that banks should incorporate network of roles and relationships; to control, coordinate, integrate and allocate activities appropriately; to have a framework of getting things done; and to direct, coordinate and clearly define management hierarchies in their respective organizational structures. They should have a strong, committed and visionary leadership with temperament and skills to manage the change strategies. The leadership must understand the organizational culture and drivers of change that enhance effective organizational norms and culture. The leadership should also be able to motivate the change agents; and develop strategies that ensure smooth succession.

Due to rapid changes in technology, there must be structures to encourage technology innovation. Banks should be able to respond to the rapid changes by continuously building on the existing IT systems. The banks should also be able to train the employees on the impending technological changes. In addition introduction of new technologies should be done gradually.

Very important banks should ensure that they develop strong data processing and communication systems that are able to respond to the fast changing technological developments. The banks should ensure that there are enough structures to allow for full participation of employees in planning and implementation of the impending changes. The reward systems should be developed to encourage innovation in achieving change. More important is the existence of systems and mechanisms to understand peoples' moods, emotions and drives and their effects on others in achieving change. Lastly banks should develop systems to manage relationships and build networks to achieve common ground and build rapport that result in desired changes.

Banks should develop proper communication systems to communicate new visions and strategies; come up with structures with ability to originate and use information effectively; develop structures for the managers of change to manage temperament and leadership skills appropriate to the change strategies; and develop structures to identify change agents that can communicate effectively on desired changes. Lastly commercial banks in Kenya should develop and strengthen policies that encourage employees to work together as a team; develop policies that motivate people to adapt new behaviors for effective change; develop policies that recognize and reward employees involved in the improvements of HR policies; develop policies for recruitment, training and development, promotion of employees to implement the desired changes; and develop policies that deal with employees resistance to change.

5.5 Limitations of the research

It was impossible to obtain the email addresses of the respective banks from the respective banks websites. Even where the researcher had contact persons in the respective banks, the persons were not ready to give the emails due to the confidential nature of how the bank information is handled. The researcher resorted to visiting the branches of the respective banks physically to obtain the data from the managers.

It was not easy to make the management understand that the questionnaires were for academic purposes. This is because most of the bank managers claimed the data was confidential and could not be availed to unauthorized persons. The researcher had to skillfully engage the respective managers so as to get the questionnaires filled. In addition, the managers (respondents) had no time or had little time to attend to the questionnaires. The researcher had to leave the questionnaires behind to be collected on agreed day or time.

Most of the managers could not meet the agreed deadlines in terms of specific time or day to pick the questionnaires and this resulted to more waiting time. The researcher was unable to secure an appointment from some of the bank managers since they could not be found or were engaged in meetings. This mainly contributed to the low response rate where only 23 banks responded from the expected 42 banks.

The reluctance by most Bank Managers to give information due to the strict policies on information sharing made it impossible to obtain a higher response rate. The researcher only managed 54.76% as the response rate. This may be statistically insufficient to draw inferences.

5.6 Suggestions for further research

From the studies, more research should be done on effect of incorporating network of roles and relationships on performance; leadership influence on effective organizational culture; effects of changes in technology on performance; effects of changes in political, social and cultural environments on performance; effect of change management strategies on performance ; effect of a strong, committed and visionary leadership with temperament and skills on management of change strategies; effect of standard policy and legal framework in governing change management practices in commercial banks.

Further studies should also be done on effect of employee policies on employee performance; effect of employee training on impending technological changes ; influence of reward systems on technological innovation; the effect of fast changing technological developments on data processing and communication systems; effect of communication systems in communicating new visions and strategies; influence of communication structures in originating and using information effectively in Kenyan commercial banks.

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APPENDICES

Appendix I : Letter of Introduction

Dear Sir/Madam,

The University of Nairobi, School of Business wishes to certify and introduce to you Mr. Davis Chele Edewa who is carrying out research in Effect of Change Management on Performance of Commercial Banks in Kenya of which your bank is one of them. You are kindly requested to respond to the attached questionnaire to aid in the research by ticking under the appropriate section/option.

The information you provide will be processed with utter most confidentiality whereas the outcome will be strictly used to serve the objectives of the research.

Thanking you in anticipation.

DAVIS CHELE EDEWA

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Appendix II: Questionnaire

PART I: Organizational Data

1. Bank Location ____

2. Total population of employees in your bank (Tick as appropriate)

   a) Less than 500 { }

   b) Between 500 and 1000 { }

   c) Above 1000 { }

3. Nature of ownership structure? (Tick as appropriate)

a) Private ownership { }

b) Government ownership { }

c) Private and Government ownership { }

PART II: Change Management Practices

To what extent do you agree with the management policies and practices in your Bank on a scale of 5 - 1? **5 – Highly Agree; 4 - Agree; 3 - Averagely Agree; 2 - Slightly agree and 1 - Do not agree**

NO.	**Changes in Organizational Structure**	5	4	3	2	1
1	There exists an organizational structure that is less or more formal					
2	There exists organizational structure that incorporates a network of roles and relationships					
3	There exists structures to control, coordinate and integrate and allocates activities					
4	There exists a structure with a framework of getting things done					
5	There exists a structure that is accountable for directing, coordinating and clearly defines management hierarchies					
	Changes in Leadership					
1	There exists a strong committed and visionary leadership					
2	There exists leadership with temperament and skills to manage change strategies					
3	There exists leadership that understands the organizational culture and Drivers of change that enhance effective organizational norms and culture					
4	There exists leadership with the ability to motivate the change agents					

5	There exists approaches that can develop new means that can ensure leadership development and succession					
	Changes in Technology					
1	There exists structures for technological innovation					
2	The bank has the ability to respond to market demands by continuously building on the existing IT systems					
3	The employees are prepared well before the introduction of new technology					
4	The organization introduces the new technology gradually					
5	The organization has strong data processing and communication systems that respond to fast changing operating environment					
	Changes in Self-management, Emotional Intelligence, self-awareness and social awareness					
1	There exists structures that allow fully participation in planning and implementation of those affected by change					
2	There exists reward systems and mechanisms to encourage innovation in achieving change					
3	There exist systems and mechanisms to understand peoples' moods, emotions and drives and their effects on others in					
	achieving change					
4	There exist systems to manage relationships and build networks to achieve common ground and build rapport that result in desired changes					

	Changes in Communication Structures					
1	There exist proper communication systems to communicate the new vision and strategies					
2	The bank has the ability to originate and use information effectively					
3	There exist structures for those concerned with managing change to manage temperament and leadership skills appropriate to the change strategies					
4	There exist structures to identify change agents that can communicate effectively on desired changes					
	Changes in HR Policies					
1	There exist policies that encourage employees to work together as a team					
2	There exist policies that motivate people to adapt new behaviors for effective change					
3	There exist policies that recognize and reward employees involved in the improvements					
4	There exist policies for recruitment, training and development, promotion of employees to implement the desired changes					
5	There exist policies that deal with employees resistance to change					

PART III: Organizational Performance

To what extent do you agree with the management policies and practices in your Bank on a scale of 5 – 1, **5 – Highly Agree; 4 - Agree; 3 - Averagely Agree; 2 - Slightly agree and 1 - Do not agree**

NO.	Statement	5	4	3	2	1
1	There exist systems to manage and develop employees so as to gain their trust and cooperation to achieve desired results					
2	There exist structures to measure performance and factors that hinder performance					
3	There exist proper information processing mechanisms for decision making					
4	There exist motivation mechanisms and systems for effective relationships to achieve desired results					
5	There exist systems to ensure quality and continuous improvement					
6	The employees positively accept change					
7	The bank has the capacity to originate and use information effectively					
8	There exist policies and structures that encourage Innovations					
9	The bank experiences expansion in the market share					
10	The bank experiences high returns on capital employed					
11	The bank experiences high increase in earnings					
12	There is improvement in cash flow in operations					

LIST OF BANKS

1. Diamond Trust Bank (DTB)
2. I & M Bank
3. M Oriental Bank Limited
4. Paramount Bank Limited
5. Credit Bank Plc
6. Consolidated Bank Of Kenya
7. KCB Bank Kenya Limited
8. National Bank of Kenya
9. Post Bank
10. Gulf African Bank Limited
11. Development Bank of Kenya Limited
12. NCBA Bank
13. The Co-operative Bank of Kenya
14. Habib Bank AG ZURICH
15. Equity Bank (K) Ltd
16. ABSA Bank Kenya Plc
17. Family Bank Limited
18. Ecobank The Pan African Bank
19. Sidian Bank Limited
20. Bank of India
21. Access Bank Kenya
22. Stanbic Bank Kenya Limited
23. SBM Bank Kenya Limited