

**CHANGE MANAGEMENT PRACTICES AND PERFORMANCE OF
NATIONAL BANK OF KENYA**

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DECLARATION AND APPROVAL

I, Eunice Mutanu Mumo hereby declare that this research project titled “**Change Management Practices and Performance of National Bank of Kenya**” is my original work and has not been submitted to any college/university or institution for award of any certificate, diploma or degree.

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This research project prepared by Eunice Mutanu Mumo titled “**Change Management Practices and Performance of National Bank of Kenya**” has been submitted for examination with my approval as the appointed university supervisor.



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DEDICATION

I dedicate this project to my loving husband Lucas Nyaribo, my son Michael Nyaringita and my daughter Michelle Kemunto for the unwavering support and encouragement throughout my academic journey. I wish you God's blessings.

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LIST OF ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
BSC	Balanced Scorecard
CBK	Central Bank of Kenya
COVID	Corona Virus Disease
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
KPI	Key Performance Indicator
KWS	Kenya Wildlife Service
NBK	National Bank of Kenya
PLC	Public Limited Company
UNOPS	United Nations Office for Project Services

ABSTRACT

Change management practices entails the organized activities and processes that are implemented to deal with the transformation or transition of an organization's technologies, processes and goals. Change management is continually being seen as a practical instrument that offers answers to a range of performance problems confronting organizations. The objective of the research was to examine the effect of change management on performance of National Bank of Kenya. Lewin's change theory and dynamic capabilities theory were used to anchor the study. A case study design was applied in this study where an interview guide was used to gather the qualitative data that was used in the study. The key informant interviews were directed to four senior management personnel at National Bank of Kenya. These were Senior Managers in Marketing & Corporate Affairs, Finance, Internal Audit and Human Resource departments. The qualitative information gathered from the four interviews was analysed through the use of content analysis in the research. The study results determined that there were various changes that were undertaken by NBK immediately it was acquired by KCB bank in 2019. The main changes that took place included business realignment, capital injection, top management changes, organization culture change, organizational structure change, board reorganization, and process reengineering. The study also determined that NBK has been on an upward trend in all areas, including the bottom-line profit before tax metric, ever since it adopted changes after its acquisition by KCB. The positive outcomes of the changes were made possible by successful implementation of the new business model, business realignment, and changes in senior management and structure. The study also determined that one of the significant changes implemented at NBK was business realignment or restructuring. Business realignment enabled the bank to boost employee productivity, which improved financial outcomes. NBK recorded a net profit of KES 717.6 million for the first half of 2021, up from a deficit of KES 381.3 million in 2020, which is supported by an examination of financial records. This was a 307% increase, which was fuelled by increasing loan interest income, foreign exchange trading income, and decreased loan loss reserves. The research also determined that changes to the board and to senior management had favourable outcomes to performance of NBK. The study further established that the NBK's change to its organizational culture was one of the most important changes that boosted worker productivity and financial results. The study recommends that when implementing any changes, the organization should first identify the root problems necessitating the changes, communicate the expected changes to all stakeholders including employees and ensure that employees participate in all the phases of the change process. The study also recommends that to encourage and motivate employees to adhere to the changes, there should be training and positive reinforcements. An organization should hence consider salary increments and bonus payments based on performance and adherence to the new ways of doing things. Lastly, there should be plans to be followed in executing change and these should be adhered to ensure that implemented changes bring the desired outcomes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Change management practices entails the organized activities and processes that are implemented to deal with the transformation or transition of an organization's technologies, processes and goals (Pearce & Robinson, 2005). Change in an organization is triggered by many internal and external factors such as performance gaps, new technologies, and mergers and acquisitions among others. Change management is continually being seen as a practical instrument that offers answers to a range of performance problems confronting organizations (Fred, 1997). Change management enables the organization to make adjustments in a coordinated manner and thus enabling the organization to attain its performance objectives. Effective change management could lead to organizational performance through ensuring enhanced communication, improved decision-making, effective and timely execution of business-required changes, appropriate risk management, and compliance and governance expectations are met (Hiatt & Creasey, 2021).

This study was anchored on Lewin's change theory by Lewin (1951), and supported by the dynamic capabilities theory by Teece and Pisano (1994). According to dynamic capabilities theory, top management of successful organizations must develop strategies for acclimatizing to severe sporadic transformations while maintaining optimum capabilities to enable their organizations to attain their performance objectives and be competitive in their industry (Teece & Pisano, 1994). Lewin's change theory, on the other hand, indicates that organizations must implement planned change activities utilizing

three-step paradigm in order to shift the status quo. The stages in this paradigm are unfreezing, changing and refreezing (Lewin, 1951). Unfreezing entails making individuals aware of the situation, enabling them to let go of ingrained behaviours, and upending the status quo equilibrium. Changing entails highlighting the advantages of change, looking for alternatives, and reducing the influences that have a negative impact on it. Refreezing involves incorporating and maintaining a new steadiness in the system enabling the system to be stable and discourage additional changes (Hussain et al., 2018).

The banking sector plays an essential role in any country's economy. However, there are challenges that commercial banks in Kenya face which include global financial crises, non-performing loans, sustainability pressure and subpar leadership that hinder them to play their rightful role (Central Bank of Kenya, 2022). The study was a case of National Bank of Kenya, which experienced a period of poor performance that culminated in its takeover by Kenya Commercial Bank (KCB) in 2019 (Juma, 2019b). However, after the takeover, various strategic changes were implemented and within a year by 2020, the bank returned to profitability (National Bank of Kenya, 2019). National Bank is still a subsidiary of KCB Group. The study sought to explore the change management practices implemented and how they link to the performance of the bank.

1.1.1 Change Management

Change management is the systematic plan of dealing with alteration of an organization's procedures, objectives, or technology (Kotter, 2012). Besides, organizational change management according to McCalman and Paton (2015), is any process followed for the

modification of an organization's operations. An organization's structure may have changed, a new product may have been introduced, duties may have been transferred, group members' attitudes toward the process may have changed, or any number of internal or external factors might have caused this shift in activity. Hence the strategies, method, and tools used to manage the human resource aspect of organizational change in order to actualize business transformation successfully within the social set-up of the workplace are described as change management (Cameron & Green, 2004). Enabling employees to adapt to change, executing plans for undertaking change, and managing change are the objectives of change management (Hayes, 2010).

To enable an organization to attain its performance objectives, the organization's systems, culture, practices, processes and technology must be changed commensurate to the external environmental changes (Hiatt & Creasey, 2021). In recent years, there have been various disruptions, and changes emanating from political, economic, technological, social and regulatory forces in the external environment. This has resulted to a wide range of various management ideas that have been created to assist in addressing the difficulties brought about by the corporate environment's complexity and dynamism (Kotter, 2012). Though different components of the change management process are likely to be emphasized by organizations in various settings, there are five critical steps in the change management process. These steps include preparing the organization for change, formulate a plan and vision for change, execute the change, embed the changes within the practices and culture of the organization and then review progress analyze results and take corrective

action (Hayes, 2010). This study assessed how National Bank of Kenya applied these steps in its change management.

1.1.2 Organizational Performance

Organizational performance is the process used to evaluate and measure a company's success and effectiveness in achieve its objectives. According to Williams (2019), non-financial and financial information which has the ability to influence management decision-making and action may be used to represent the measure. Besides, utilizing measures for efficiency and effectiveness, organizations may measure their performance. The effectiveness meter takes into account the extent to which clients' demands are satisfied, while the efficiency indicator assesses how effectively the resources of the organization are utilized while achieving a certain level of service to customers. Phina (2020) indicates that the concept of organizational performance is challenging to describe owing to its varied meanings, despite its frequent use in academic literature. Organizational performance is often thought of as the ability to produce outcomes that are connected to predefined objectives. In order to assess a company's performance with objectives and market competitiveness in mind, a number of metrics have been utilized, including market share, profitability, customer and employee satisfaction, and corporate growth.

Accurate assessments of the performance of the organization might offer insights into efficient allocation of resources, successful strategies, and increased customer satisfaction regarding how the organization meets expectations and demands from its customers (Ahmad & Zabri, 2016). To fine-tune the tactics and actions required to achieve them,

Zubairu, Dinwoodie, Govindan, Hunter, and Roh (2021) observe that organizational targets and metrics that demonstrate whether the business is on the right track are defined and regularly reviewed. Kaplan and Norton (1992) developed the balanced score card (BSC), a method for measuring organizational performance from all angles. It takes into account the innovation and learning, customer, financial, and internal business perspectives. Gathungu and Nyang'au (2018) observe that the BSC plays a significant role in monitoring and overseeing change and thus ensures better execution. The BSC framework was thus used in this research since it is a comprehensive approach that assesses performance from four important angles.

1.1.3 The Banking Sector in Kenya

The banking sector in Kenya comprises of 52 organizations, including 43 commercial banks, one mortgage financier, and 8 microfinance institutions that take deposits from customers. The 43 commercial banks operate under the Banking Act, Company Act and Central Bank of Kenya (CBK) Act and regulations (CBK, 2022). The Ministry of Finance oversees the development and implementation of monetary policy, the promotion of the banking sector's liquidity, the assurance of creditworthiness, and the efficient operationalization of the banking sector in Kenya.

According to the Central Bank of Kenya (2020), Kenya Bankers Association (KBA), the umbrella organization for commercial banks in Kenya, represents and unifies all commercial banks and addresses issues that affect both its members and the interests of the sector as a whole. Though commercial banks have relatively performed well in Kenya,

some commercial banks, including Charterhouse Bank, Dubai Bank, the Imperial Bank, Euro Bank, and Kenya Finance Bank have closed or been placed under receivership in Kenya's commercial banking industry (CBK, 2022). Additionally, there have been various banks such as Consolidated Bank of Kenya, Spire Bank Limited and UBA Kenya Bank Ltd which have reported losses for 2019/20, and 2020/21 financial years (CBK, 2022).

1.1.4 National Bank of Kenya Limited

This study will be on National Bank of Kenya (NBK), which is a subsidiary of KCB Bank Limited. As a fully owned financial organization by the government, NBK was founded in 1968 (National Bank of Kenya, 2019). The Kenyan government sold 32 percent of its shares to the general public in 1994, bringing its ownership down to 68 percent. Over time, the government continued to sell its shares in NBK, and as of April 2019, it owned just 22.5 percent of the company (National Bank of Kenya, 2019). The bank returned to profitability in 2010 after 12 years of subpar financial performance, and continued performing well until 2016.

NBK started performing poorly in 2017 until 2019. In April 2019, KCB Bank Kenya Limited, declared its intention to fully acquire the liabilities and assets NBK, subject to regulatory and shareholder clearances. The transaction was completed on September 16, 2019 (Juma, 2019a). After acquisition by KCB, NBK effected several changes which culminated into returning to profitability by 2021 (CBK, 2022). This study investigated the change management process at NBK and how it influenced its performance after its takeover by KCB Bank.

1.2 Research Problem

Organizations are adopting change management practices more often in the hope that this would lead to increased performance and the consequent accomplishment of organizational objectives (Zubairu et al., 2021). Change management practices have been adopted by organizations in various sectors with diverse outcomes. There is a raging debate about the real value of adopting change management practices and how such impacts on the organizational performance. For instance, Phina (2020) indicates that change management has a lot of advantages towards performance through enabling higher productivity, fostering a good working environment, enhanced decision-making, and improved communication. However, Oh and Oetzel (2011) notes that one common criticism of the change management practices is that the process produces a document that organizations miss or fail to appropriately implement. Besides, Bosler, Burr, and Ihring (2021) indicate that due to poor implementation, change management practices rarely attain the planned objectives.

Every nation's economy is fundamentally dependent on the banking industry. The main issues affecting the commercial banks in Kenya include the global financial crisis, non-performing loans, sustainability pressure, and poor leadership (Central Bank of Kenya, 2022). The current study focusses on the National Bank of Kenya, which underperformed for a while until Kenya Commercial Bank (KCB) acquired it in 2019 (Juma, 2019b). However, after the takeover, some tactical adjustments were made, and by 2020, the bank had become profitable once again (National Bank of Kenya, 2019). National Bank

continues to be a part of the KCB Group. The goal of the research was to examine the strategic change management techniques used and how they related to the bank's performance.

Though numerous studies on change management practices and organizational performance have been undertaken, these previous studies leave conceptual, methodological and contextual gaps. A study in Indonesia by Sinaga, Asmawi, Madhakomala, and Suratman (2018) used a quantitative methodology and the path analysis technique to assess the influence of change management on employee performance at PT. Adhya Tirta Batam. The study findings showed that change management has a direct influence on employee performance. The study however had some conceptual, methodological and contextual gaps as it was undertaken in Indonesia, used questionnaires and used employee performance as the dependent variable. Another study in Nigeria by Uzoamaka and Kingsley (2015) aimed to examine the impact of change management on workers' performance in the selected business organizations and the difficulties that organizations confront when faced with change. The study determined that change management when executed effectively has a positive influence on employee performance. However, this research had some methodological gaps since it applied a questionnaire to collect data while the current study used key informant interviews which can provide deeper insights. In Kenya, Osoro (2020), undertook a study with the purpose of examining how the performance of United Nations Office for Projects and Services (UNOPS) was impacted by change management approaches. The study determined that change in culture and leadership impacted performance. The study, however, had some

contextual gaps since it was not undertaken in the banking sector. Another study in Kenya by Mukonyo (2014) investigated how strategic change affects organizational performance using the Kenyan Capital Markets Authority as a case study. This study was however, conducted in a firm in the non-financial sector while the current study was undertaken in the financial sector. Another study in Kenya by Atieno and Kyongo (2017) sought to determine how Kenya Wildlife Service's (KWS) performance was impacted by change management. The study findings indicated that KWS' performance was strongly impacted by strategy change. This study, however, had some contextual gaps because it was undertaken on a firm in the environmental and natural resources sector while the current study was performed on a commercial bank.

Based on the reviewed empirical studies, it is evident that they have methodological, contextual and conceptual gaps that justified further research into change management and organizational performance. The current study sought to bridge these gaps in knowledge by providing an answer to the question, what is the influence of change management practices on performance of National Bank of Kenya?

1.3 Objective of the Study

The study objective was to determine the influence of change management practices on performance of National Bank of Kenya.

1.4 Value of the Study

The research findings will be valuable to theory as it will add to the existing empirical and theoretical literature on the link between organizational performance and change management. This research will provide evidence on how change management has influenced performance of NBK which will be used by students, scholars and academicians to get insights into the outcomes of change management in the banking industry. The research results will also detail the study's limitations, which will help researchers who want to do more research on change management and organizational performance. Additionally, the study will provide recommendations for other areas of research for scholars to look into.

It is also anticipated that the study's results would influence practice. Senior management of NBK will get proof from the research on how the performance of the commercial bank is influenced by change management. Additionally, the analysis will provide proof of any change management shortcomings that top management in the NBK may address. Besides, the study findings will provide insights to other managers in other commercial banks in Kenya on how to execute changes in pursuit of attaining organizational performance objectives.

Finally, the findings from the current study are anticipated to significantly advance policy. In terms of policy, the findings may inform decision-makers, including those in the CBK, Ministry of Finance and KBA to formulate new policies or provide regulations or guidance on how change should be implemented in commercial banks to have the required outcomes

in terms of organizational performance. In addition, the study's results may provide policymakers in the banking sector with information on crucial change management practices that might impact their decisions about the adoption, execution of effective change management practices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the extant literature on change management and organizational performance. The theoretical underpinning, general literature pertaining to change management and organizational performance, empirical review, and knowledge gaps are all included in this chapter.

2.2 Theoretical Foundation

The theories that serve as the study's framework are provided in this section. Lewin's change theory and dynamic capabilities theories, as well as their proponents, criticisms, and advances are covered in this part, along with how the theories relate to this research.

2.2.1 Lewin's Change Theory

The Lewin's change theory advocates for three phases that include unfreezing, modifying, and refreezing when managing change (Lewin, 1951). The implementation of change based on the theory entails changing the organization's present condition into the intended one, through the three steps. For change to be effective in an organization, it must first be unfrozen, then moved to a new state, and then again frozen to make the new change permanent (Hussain et al., 2018). When the present situation is considered as an equilibrium state, unfreezing is vital in order to break away from this steadiness and deal with the pressures of both social compliance and individual resistance. According to Bridges (2011), this may be accomplished by either decreasing the restrictive factors that

hinder progress away from the current steadiness, by improving the catalysts that influence behavior away from the status quo, or by combining the previous two methods. Practices that organizations engage in in the unfreezing phase include making employees aware of the situation, upending the status quo or equilibrium and enabling them to let go of ingrained behaviors (Hayes, 2010). This is actualized through demonstrating problems or issues, training, and challenging status quo.

Changing entails highlighting the advantages of change, looking for alternatives, and reducing the influences that have a negative impact on changes. This is actualized through role modeling, mentoring, coaching, providing leadership, brainstorming, involving of employees in the change, effective communication and training (Kotter, 2012). Refreezing, according to Cameron and Green (2004), does not seem to be a possibility given that continual alteration is now the norm, and thus permanent thaw is preferred. To continuously enhance performance, organizations have to continually change based on the tumultuous and quickly changing external environment. Refreezing, thus, involves incorporating and maintaining a new steady state in the system that discourages additional change (McCalman & Paton, 2015). This is operationalized through retraining, celebrating success, and continuous monitoring key performance indicators.

2.2.2 Dynamic Capabilities Theory

The dynamic capabilities theory was developed by Teece, Pisano, and Shuen (1997) and it posits that organizations may adapt to surroundings that change fast by rearranging, integrating, and expanding their resource portfolios and capabilities. According to the

theory, dynamic competences enable the firm to mix, modify, and create external and internal competences to meet dynamically changing situations and achieve organizational performance goals (Peters, 1987). The theory further posits that organizations use dynamic capabilities as part of their strategic and organizational routines to achieve unique resource alignments for the configuration of their purpose when markets compete, emerge, evolve, perish and split (Fred, 1997). Effective change management is considered to be a dynamic capability that enables the organization to evolve according to the dynamism of the external environment.

In this research, the theory was used to explain how change management practices such as change in leadership, planning for change, creating a vision of change, employee involvement in the change process and culture change which are dynamic capabilities, might affect organizational performance. According to the theory, effective change management practices may help an organization design and improve its resources so that it can survive in a dynamic and complex environment while still achieving its predetermined organizational goals (Hiatt & Creasey, 2021). Dynamic capabilities theory's core concepts are related to actual change management practices used in firms and how they influence the performance of the organizations (Atieno & Kyongo, 2017). Change management practices like developing an agile culture, employee participation in the change process, transformational leadership, and management support could help the organization to change into the desired state and to achieve performance objectives of the organization.

2.3 Change Management and Firm Performance

Today's technological advancements, shifting demographics of the workforce, information explosion, and accelerated product life cycles present many firms with very distinct issues. This requires organizations to be agile and ready to change in line with the changing external and internal environment factors. However, in their change endeavors, organizations face major obstacles to change management that include poor communication, insufficient planning, reluctance to change, group conformity, disputes, and inadequate resources (Osege & Anyieni, 2016). These hindrances can make change initiatives to have an adverse influence on organizational performance. Additionally, Tayari and Mutinda (2019) determined that human resources strategy, good planning, motivation, consultation, building unique talents, employee involvement, and effective communication during the change process are required to manage organizational change successfully and attain performance objectives.

Change is relentless in contemporary organizational environment, and organizational leaders who anticipate change and respond responsibly and quickly enable their organizations to succeed (Bridges, 2011). In today's dynamic and turbulent environment, that is characterized with rapid pace of change and the extreme degree of obsolescence brought on by opposition to change, organizations have no alternative but to change or perish (Cameron & Green, 2004). It is imperative that businesses gain the skills necessary to alter and adapt to their advantage in this environment. Change is sometimes a lengthy and challenging process, but it is also unavoidable (Hayes, 2010). Today, no organization, regardless of scope, location or size is immune to change. This is especially true because

of the improvements in information technologies, shifting demographic and social trends, quick pace of technological innovation, globalization, e-business, deregulation, external and internal pressures, and a growing knowledge workforce, all of which foster a fiercely competitive environment.

The performance and viability of an organization is based on how it responds, functions, and adapts in response to any changes (Kotter, 2012). The ability of these organizations to manage change in the context of muddled organizational boundaries, technology disruptions, and a more globalized workforce is commonly seen as the distinguishing element (Hiatt & Creasey, 2021). Therefore, any organization that wants to be relevant in its field of endeavor must be able to react to change in a way that is suitable even while the world changes in every conceivable way (Hayes, 2010). According to Bridges (2011), despite many difficulties and problems, change is still necessary to ensure that the organization thrives and attains its performance targets in the environment of today. Change is the only approach for an organization to continually respond to the competition, adjust to the latest trend, and meet client needs.

An organization needs to continuously track the development of a change management model or set of policies throughout the execution process so that positive impact or effect of the change on performance becomes apparent (McCalman & Paton, 2015). The positive effects of change on organizational outcomes include employee satisfaction, competitive advantage, organizational development, dynamism, and sustained high performance (Hiatt & Creasey, 2021). However, these benefits can only be attained if the change process is

effectively undertaken while adhering to the best practices of change management that include having a clear change vision, being transparent and honest about the change to all stakeholders, employee training and development, effective two-way communication, and employee involvement (Kotter, 2012). Others include transformational leadership, knowledge sharing, and effective reward management.

2.4 Empirical Studies and Research Gaps

Numerous research linking change management to organizational performance have been undertaken. A study in Indonesia by Sinaga, Asmawi, Madhakomala, and Suratman (2018) used a quantitative methodology and the path analysis technique to determine the influence of organizational culture, change management and transformational leadership on productivity of employees at PT. Adhya Tirta Batam. The population of the study was 233 workers of PT. ATB. The study used questionnaires to gather data and analysis was through path analysis. The study findings indicated that management change has a direct impact on employee performance worth 17.7%. The study found that planning for change, sharing the vision for change, communication during the change process and employee involvement were the vital aspects that made change management successful. This study, however, has some conceptual, methodological, and contextual gaps. The research was conducted in Indonesia and hence the findings would not be generalizable to the Kenyan context. The study also applied employee performance as the dependent variable not organization performance which was used in the current study.

Onuche (2021) conducted a study in Ghana to investigate how change management affects organizational performance. A content analysis technique was applied as the data analysis method for the study. The study used key informant interviews to gather data from three senior managers of MTN in Ghana. The research comes to the finding that adjustments need to be made to system architecture, organizational procedures, or job responsibilities in order to increase performance. As a result, the research suggests that change managers should use proper change strategies to avoid resistance to change. Besides the study recommended managers to involve employees in all change management phases. Additionally, firms should use the assistance of its managers to partner with the experts hired outside in order to enable seamless change implementation and improvement of performance. The study left contextual gaps as it was conducted in Ghana and current research was conducted in Kenya.

A study in Nigeria by Uzoamaka and Kingsley (2015) assessed the influence of change management on workers' performance in the selected business organizations and the difficulties that organizations confront when faced with change. Survey research design was used as the research strategy for this study. The study employed secondary and primary data sources. The research determined that change management when executed effectively has a positive influence on employee performance. However, there are obstacles that affect change management which include poor communication, insufficient planning, reluctance to change, group conformity, disputes, and limited resources. This research has some methodological gaps because it applied questionnaires to collect data while the current study used key informant interviews which can provide deeper insights.

In Kenya, Osoro (2020), undertook a study with the purpose of examining how the performance of UNOPS was impacted by change management approaches. On a population of 121 workers working at the UNOPS in Nairobi, this research employed a descriptive research approach. The sample of 93 workers was selected and a questionnaire employed to gather data. Regression and correlation analysis were employed in analyses of the gathered data. The research determined that change in culture and leadership impacted organizational performance. The study, however, has some contextual gaps because it was not undertaken in the banking sector.

Mukonyo (2014) undertook a study with the purpose of investigating how strategic change affects organizational performance of the Kenyan Capital Markets Authority. The target demographic for a descriptive survey research was the employees employed by CMA in Kenya. A systematic questionnaire was used in data collection. The results of the correlation study indicated that strategic change management had a significant positive association with organization performance. This study was however, conducted in an organization in the non-financial sector while the current study was undertaken in the financial sector.

Another study in Kenya by Atieno and Kyongo (2017) sought to determine how Kenya Wildlife Service's (KWS) performance was impacted by strategic change. The study population was the senior employees at KWS in its headquarters in Nairobi, Kenya. The study utilized a descriptive research design and applied convenience sampling approach. Analysis of the data was through simple regression analysis. The research findings showed

that KWS' performance is strongly impacted by strategy change. This study however, has some contextual gaps because it was undertaken on a firm in the environmental and natural resources sector while the current study was performed on a commercial bank.

Table 2.1: Summary of Empirical Studies and Research Gaps

Study	Methodology	Key Results/findings	Research gaps	Focus of current study
The impact of organizational culture, transformational leadership, and change management on productivity of workers at PT. Adhya Tirta Batam. (Sinaga et al., 2018)	The study used questionnaire s to gather data and analysis was through path analysis	Planning for change, sharing the vision for change, communication during the change process and employee involvement were the vital aspects that made change management successful.	The study was conducted in Indonesia. The study also applied employee performance as the dependent variable not organization performance which was applied in the current research	Current study was on NBK in Kenya and used organizational performance as dependent variable
To examine the effect of change management on workers' performance (Uzoamaka & Kingsley, 2015)	Survey research was used. Regression and correlation applied	Change management when executed effectively has a positive influence of productivity of workers	The research applied questionnaires to collect data	The current study used key informant interviews which can provide deeper insights.
Examining how the performance of UNOPS was impacted by change management approaches (Osoro, 2020)	Descriptive research approach. Regression and correlation analysis	Change in culture and leadership impacted organizational performance at UNOPS	The study was not conducted in the banking sector.	Current study was undertaken on NBK in the banking sector
To determine how Kenya Wildlife Service's (KWS) performance was impacted by strategic change	Descriptive research design. Simple regression analysis.	KWS' performance is strongly impacted by strategy change.	This study was conducted on a firm in the environmental and natural	The current study was performed on a commercial bank.

(Atieno & Kyongo, 2017)			resources sector	
The effect of strategic change on organizational performance of CMA in Kenya (Mukonyo, 2014)	Descriptive survey research. Correlational analysis	Strategic change management had a significant positive relationship with organization performance.	This research was undertaken in a firm in the non-financial sector and applied correlation analysis	Current study was conducted in the financial sector and applied content analysis

Source: Researcher (2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the research approach that was used in the study. The study design, data gathering procedures, and data analysis strategies are provided in this chapter.

3.2 Research Design

This study adopted a case study design. This calls for concentrating on a single organization (NBK) in order to have a thorough understanding of its change management process and how it affected the performance of the bank. A case study is a research strategy used to gather in-depth information of a research subject in its natural setting (Saunders, Lewis, & Thornhill, 2019). Further, Leigh and Brown (2021) points out that a case study may be defined in a variety of ways, with the most crucial one being the need to thoroughly and in-depth analyze an event or phenomenon. This approach was appropriate for the research since it aimed to investigate in-depth how change management at NBK has influenced the commercial bank's organizational performance.

3.3 Data Collection

The research used an interview guide in gathering the qualitative data that was required for this study. The key informant interviews were directed to four senior management personnel at National Bank of Kenya. These were senior managers in the departments of Marketing & Corporate Affairs, Finance, Internal Audit and Human Resources. The four senior managers targeted as interviewees in this study were expected to have in-depth

information on the change management practices implemented by NBK, and the performance that can be linked to those change management practices. The study also collected secondary data about financial performance of NBK to triangulate the qualitative data on organizational performance that was collected through the key informant interviews.

3.4 Operationalization of Study Variables

The independent variable in this study was change management while the response variable was organizational performance. The operational indicators of the variables, data collection tool and data analysis techniques are provided in Table 3.1.

Table 3.1: Operationalization of Study Variables

Variable	Operational indicators	Data collection tool	Data analysis
Business Realignment	<ul style="list-style-type: none"> • Developing vision for change • Employee training and development • Communication of the change process • Employee involvement • Transformational leadership • Knowledge sharing 	Key informant interview	Content analysis
Change in Structure	<ul style="list-style-type: none"> • Steps in the change process • Change in reporting structures • Communication of the change process • Organogram changes 	Key informant interview	Content analysis
Change in Culture	<ul style="list-style-type: none"> • Developing vision for change • Transparency and honesty during change • Employee involvement • Communication of the change process • Employee training and development • Rewarding performance 	Key informant interview	Content analysis
Top Management Change &	<ul style="list-style-type: none"> • Transformational leadership • Developing vision for change • Organogram changes • Changes in key top managers 	Key informant interview	Content analysis

Variable	Operational indicators	Data collection tool	Data analysis
Board Reorganization	<ul style="list-style-type: none"> • Alignment of top leadership with strategic goals. • Special AGM 		
Organizational Performance	Innovation and learning Financial measures Customer perspective Internal business process	Key informant interview Documentary review	Content analysis

Source: Researcher (2022)

3.5 Data Analysis

The qualitative information gathered from the four interviews was analyzed through the use of content analysis in the research (Clarke & Braun, 2022). Content analysis is a data analysis technique applied on qualitative data that is in form of human artifacts including diaries, manuscripts, and voice recordings (Easterby-Smith, Thorpe, Jackson, & Lowe, 2019). The analytical method was used to evaluate how change management principles have been adopted by NBK and how this has affected the organization's performance.

As noted by Leigh and Brown (2021), the research used eight steps in analyzing the interview data. To start, the data was transcribed into text format, and then the text data was categorized into themes, and finally sub-categories and a coding system was developed for the study. From a survey of empirical and theoretical literature, these subcategories were developed. The next step was to code, then improve the codes, and finally deduce conclusions based on the coded themes. Last but not least, a research report was used to present the study's findings.

CHAPTER FOUR

DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

This chapter outlines the data analysis procedure that was used, the findings of the study, and a discussion of the research findings in light of the reviewed theoretical and empirical literature. The proposed research process was followed for doing the data analysis in this chapter, and the study outcomes were intended to achieve the research objectives. Thus, the results aim to examine the effect of change management on the performance of National Bank of Kenya.

4.2 Background Information

This study was a case of NBK which is a subsidiary of KCB Group PLC. The study was conducted through interviews which were directed to four senior management personnel at National Bank of Kenya. These were managers in Marketing & Corporate Affairs department, Finance department, Internal Audit and the Human Resources departments. The study investigated demographic characteristics and information of the study participants. The demographic information sought include highest education level the study participants had accomplished, the number of years they had worked in NBK and the number of years they had served in their current role in NBK. Regarding education, three of the study participants indicated that they had attained a master's degree level of education while one indicated to have attained a bachelor's degree as their highest education level.

Concerning the length of time the study participants had worked at NBK, the longest serving study participant had served NBK for 23 years while the shortest serving had served the bank for six years. The other two participants had served for 14 years and 8 years at NBK. The study further explored the length of time the study participants had served in their current positions at NBK. The longest serving had served for 10 years while the other three had served for six, five and four years in their current positions at NBK.

4.3 Changes Undertaken by NBK After Acquisition by KCB Group PLC

The study investigated the changes that were undertaken by NBK immediately it was acquired by KCB group PLC. Study participants indicated that the changes that took place included business realignment, top management changes, organization culture change, organizational structure change, capital injection, board reorganization, and process reengineering.

4.3.1 Business Realignment

The study determined that business realignment was one of the key changes undertaken at NBK. The study participants indicated that business realignment entailed basically modifying the way the bank conducts business. One interviewee indicated that the top management in the bank identified the root problems such as lack of coordination, culture clash, focus shift and ethical issues and took remedial action to realign the business to its goals and objectives. The study determined that the changes which included restating the bank's goals and functions, defining the core processes of the bank, mapping and creating functions for each business unit or department, mapping functions against existing

organizational chart and aligning the business functions with specific metrics and key performance indicators (KPIs).

One interviewee indicated that the first stage entailed 'listing every duty performed by each of the banks departments and sure to mention each one in detail'. This was followed by the second step which was to identify the bank's fundamental procedures. Another interviewee indicated that this comprised of "identifying which of the bank's functions contain procedures that were regarded to be essential to the operation of the bank." The study determined the third step of business realignment at NBK was mapping and developing the functions for each business unit and department. Another interviewee indicated that this entailed "mapping out and developing functions for each process after establishing the basic processes".

The fourth step in the business realignment was comparing the job responsibilities with the present organizational structure. One interviewee indicated that this was necessary at NBK to determine where the bank's previously allocated resources may not be in the best place when the bank compare the functions to the organizational chart. Another interviewee said that this enabled NBK to discover where it had excess skills and employees and where it had shortages. Another employee also posited that the most important adjustments and the greatest clarity was shown in this stage. The last state was aligning bank's operations with relevant measurements and key performance indicators (KPIs). One of the interviewees indicated that this was the phase that entailed developing

KPIs and measurements for the newly structured NBK that went beyond financial indicators.

4.3.2 Top Management Changes and Board Reorganization

The study determined from the interviewees that NBK engaged in change of senior leadership. One of the interviewees indicated that this occurred in organogram changes and in change of senior bank personnel. One interviewee indicated that the senior leadership changes were triggered by the acquisition of NBK by KCB and the various other changes that occurred. Besides, another interviewee indicated that major board changes occurred during the period and this also triggered senior management changes. Besides, a third interviewee indicated that changes in organizational structure, culture and business realignment necessitated the change in senior leadership so that to align the top leadership with the new organization and its KPIs and goals.

The interviewees indicated that the senior leadership changes were preceded by governance changes (changes in board structure). This was undertaken after NBK and KCB Group PLC undertook a joint publication to inform shareholders, and thereafter sought approval from shareholders for the acquisition. Another interviewee indicated that after approval from shareholders, an agreement of share swap was reached and a special AGM was convened to ratify the acquisition. Board changes were then undertaken and this paved way or senior management changes.

4.3.3 Organization Culture Change

The study also established that NBK was engaged in organizational culture change. The interviewees posited that the change process began by encouraging and positively reinforcing employees to adopt actions and attitudes that are in line with the new organization's ideals. One interviewee indicated that “to better match employee behaviours with present and future corporate goals, cultural change of NBK was required”. Besides, the acquisition by KCB indicated a merger between two distinct cultures and hence NBK’s culture was to be changed to align to KCB’s culture.

To encourage and motivate employees to adhere to the changed culture, one interviewee indicated that there were salary increments and bonus payments based on performance. Another interviewee indicated that employees were trained to align their skills and knowledge to the new culture. Besides, another interviewee indicated that employees were continuously involved through constant e-mail communication, townhall meetings, teams meeting and empowered through e-learning.

Regarding the steps taken in changing the culture of NBK, interviewees indicated that there were five steps. The first, according to one interviewee was to ensure awareness of mission, vision, and values Awareness. This was followed by adopting business practices that supported the new culture and then moulding leaders’ behaviour to align to the new culture. Another interviewee indicated that changing employee behaviours to align to the new culture was the fourth step while engaging in continuous improvements was the fifth step in culture change.

The interviewees indicated that the cultural change at NBK was successful though it was habitually slow and was undertaken at a bearable pace to enable the employees in the bank to acclimatize with the changes without being fatigued, showing resistance or losing interest. One of the vital things that made the culture change successful; according to one of the interviewees, was leadership that was proactive and purposeful. Another interviewee indicated that NBK aligned culture, strategy, and structure with purpose. The bank ensured that the cultural shift and the organization's structure change aligned with the bank's and group's strategic plan. Another interviewee said that the bank examined the formal reporting structures, incentive or pay systems, methods of hiring and selection, job descriptions, methods of performance evaluation, and methods of training and development and ensured that all were aligned to the new culture.

Interviewees also indicated that during the culture transformation, the bank ensured that stakeholders and employees were involved. There was genuine participation of employees throughout the company which was actualized through teams meetings, and e-mail cascade. Besides, one interviewee indicated that suggestions of employees were actively sought throughout the culture change process.

4.3.4 Organizational Structure Change

The interviewees posited that the goal of structural organizational change was to increase division of responsibility, success-based accountability, and attention among a wider spectrum of leaders. The structural change enabled the organizational structure to reflect

the new reality of NBK as a subsidiary of KCB Group PLC. One of the interviewees indicated that adherence to best-practice organizational metrics was one result the bank aimed for by structural changes. Another interviewee indicated that NBK was careful to record the KPIs, the guiding principles, and the ideal outcome. These served as crucial guidelines as NBK organized and explained the organizational structure change to employees and other stakeholders.

After making the decision to change the organizational structure, NBK embarked on coordinating, planning, and communication, according to the interviewees. One of the interviewee's indicated that NBK used and applied the white-box strategy which was structuring the bank to satisfy KPIs. Another interviewee indicated that after NBK created the optimal organizational structure, it started conveying the new structure to all stakeholders starting with employees. Besides, one of the interviewees intimated that NBK began by ensuring that the highest-ranking executives who were expected to play future roles are on board with the structural changes.

The study also determined that NBK engaged in extensive communication about the structural changes. One interviewee indicated that there were communications to employees through meetings, and e-mails. Besides, employees were asked for suggestions regarding the structural changes. NBK ensured that all employees were told in advance if they had a new manager or their objective or scope had changed. Another interviewee indicated that NBK ensured that every employee in the bank received the same information. This was undertaken by making more extensive announcements in a meeting,

followed by email messages. Another interviewee indicated that the objectives of the structural changes, the data-related information that called for the structural change, the changes being implemented and metrics to ascertain if the change has been effective were all communicated.

4.4 Performance of NBK

Interviewees were asked to indicate how performance of NBK was measured. One interviewee indicated that performance of NBK was measured through BSC. On innovation and learning, one interviewee indicated that measures used included the number of accumulated learning hours on Nat academy. Another interviewee indicated that measures included performance review on productivity while another interviewee indicated that innovation and learning measures included learning hours amassed by employees.

The financial measures of performance at NBK according to the interviewees included cost income ration, growth in profit before tax, assets growth and liabilities growth. Another interviewee indicated financial measures used at NBK to include return on assets, return on equity and non-performing loans ratio. Further, another interviewee indicated that loans to deposit ratio, effective tax rate and liquidity ratio were other financial measures of performance applied at NBK.

Regarding customer perspective measures applied by NBK, interviewees indicated that the bank used measures such as Customer Effort Score, and Net promoter score. Another

interviewee indicated that the measures used include growth in customer base, increase in products per customer, and number of customer referrals. Concerning internal business process, measures include turnaround time in serving a customer and audit rating. Another interviewee posited that measures include customer effort to serve rating, and net promoter score rating.

4.5 Change Management and Performance of NBK

The study's objective was to determine the influence of change management practices on performance of National Bank of Kenya. The interviewees were unanimous in their assertion that since NBK implemented changes after acquisition by KCB Group PLC, it has been on an upward trajectory in all areas including the bottom-line profit before tax measure. One of the interviewees indicated that the new business model, the business realignment and the changes in structure and senior management had enabled realization of positive results.

Business realignment was one of the major changes made at NBK, according to the interviewees. Participants in the survey said that business realignment essentially included changing the way the bank operates. According to one interviewee, the bank's senior management recognized the underlying difficulties, such as a lack of coordination, cultural differences, a change in emphasis, and ethical concerns, and corrective action was taken to realign the company with its aims and objectives. This enabled the bank to increase staff productivity, and also resulted in growth in financial results. Perusal of financial records corroborates this assertion since NBK reported a net profit of KES 717.6 million for the

first half of 2021, from a loss of KES 381.3 million in 2020. This was a 307% rise driven by higher loan interest income and foreign currency trading revenue together with reduced loan loss reserves. Before takeover, loans & advances were KES 47.3 billion, customer deposits were KES 91.7 billion, and operating revenue was KES 3.8 billion for the first half of 2019. After takeover, there was continuous improvement on the several financial lines in the year 2020 and the same growth was reflected in year 2021. As at the first half of 2021 financial report, loans & advances had increased to KES 60.4 billion, customer deposits had increased to KES 99.9 billion, and operating revenue had increased to KES 5.1 billion. This shows that the bank improved in various financial performance indicators after the takeover and the executed changes.

The study also redetermined that top management changes and board restructuring bore positive results. One interviewee indicated that the new top management was able to steer the company and ensure improved performance by enabling the bank to utilize its resources optimally. According to another interviewee, governance that came after the senior leadership changes enabled NBK to have a clearer vision and to change its processes and culture to be a customer centric bank. Another interviewee indicated that change in governance ensured that the governance of NBK improved and thus aligning the needs of stakeholders to the strategy and culture of the bank. This has enhanced staff morale, improved business performance, and enhanced processes by integrating technology.

The change in organizational culture by NBK was indicated by the study participants as one of the most critical changes that led to improved employee productivity and financial

performance. The interviewees indicated that encouraging and positively rewarding employees to adopt behaviours and attitudes consistent with the new organization's goals was very instrumental towards enhancing employee productivity and having a service culture at NBK. This has enabled the bank to improve on internal business processes, customer perspective measures, learning measures and financial performance.

4.6 Discussion of Results

4.6.1 Link of the Results to the Theories

This study determined that there were various steps taken in implementation of the various changes at NBK. Regarding the steps taken in changing the culture of NBK, interviewees indicated that there were five steps. The first, according to one interviewee was to ensure awareness of mission, vision, and values. This was followed by adopting business practices that supported the new culture and then moulding leaders' behaviour to align to the new culture. Another interviewee indicated that changing employee behaviours to align to the new culture was the fourth step while engaging in continuous improvements was the fifth step in culture change. These phases relate to Lewin's change theory that advocates for three phases that include unfreezing, modifying, and refreezing when managing change (Lewin, 1951). The implementation of change based on the theory entails changing the organization's present condition into the intended one, through the three steps. For change to be effective in an organization, it must first be unfrozen, then moved to a new state, and then again frozen to make the new change permanent (Hussain et al., 2018). This was what NBK did in most of its changes relating to structure, culture, top leadership and governance.

The study determined that NBK's change in organizational culture as one of the most important adjustments that boosted worker productivity and financial results. The interviewees said that boosting employee productivity and developing a service culture at NBK depended greatly on encouraging and positively rewarding workers to adopt behaviours and attitudes congruent with the new organization's aims. As a result, the bank has been able to enhance its internal business procedures, client viewpoint metrics, learning metrics, and financial performance. These results also aligned with the Lewin's change theory which advocates for refreezing after a change has taken place (Lewin, 1951). The interviewees indicated that the refreezing stage's purpose and significance was to raise consciousness about how the company has been doing business. The obstacles, strategy, setbacks, drivers for change, and chances that the functional organization should have taken advantage of are all described. unfreezing enabled NBK to understand the significance of change and the reasons it is urgently required for the bank's survival. The refreezing was accomplished through business realignment, top management changes, organizational culture changes, organizational structure modifications, and process reengineering. These processes enabled the organization and its employees to accept new ways of doing things. Besides, the study established that NBK positively reinforced new ways of doing things by rewards, trainings and coaching and mentoring. These practices align to the refreezing stage of Lewin's change theory.

The study determined that NBK went through the process of stabilizing, consolidating and bolstering the new state after the changes. This entailed recognizing the changes made to

NBK's, structure, objectives, personnel and processes as the new normal and thus were refrozen. This aligns to the refreezing stage of Lewin change theory which postulates that refreezing is vital as it prevents employees from degenerating to their before-change patterns of doing or thinking (Lewin, 1951). Refreezing provides safeguards that the change is sustained by undertaking efforts to entrench it in the culture of the organization and sustain it as the desired mode of behavior. Since it is expected that favorably rewarded actions are often repeated, positive reinforcement techniques like increased remuneration, positive incentives, and acknowledging individual efforts were often utilized by NBK to reinforce the new changed condition.

The findings indicated that NBK made a decision to effect various changes due to its sustained poor performance and the changes in the environment. The various changes effected included business realignment, top management changes, organizational culture changes, organizational structure modifications, capital injections, board reorganizations, and process reengineering. These results support the dynamic capabilities theory by Teece, Pisano, and Shuen (1997) which posits that businesses may adapt to environment changes by reordering, integrating, and increasing their resource portfolios and capabilities. The changes by NBK were considered to be dynamic competences that enabled the bank to combine, alter, and develop internal and external competencies to respond to dynamically changing events and satisfy organizational performance objectives (Peters, 1987). The theory also suggests that as markets compete, arise, evolve, perish, and divide, businesses must employ dynamic capabilities as part of their organizational and strategic routines to accomplish specific resource alignments for the configuration of their mission (Fred,

1997). NBK enhanced their dynamic capabilities by changing their culture, processes, leadership and structure and enabled the bank to adapt in response to the external environment's dynamism.

The dynamic capabilities theory was supported by the results of this study as it explained dynamic skills in change management techniques, such as change leadership, planning for change, including employees in the change process, developing a change vision, and cultural transformation, impacted organizational performance of NBK. The findings determined that change management techniques applied by NBK were effective in enabling the company in designing and enhancing its resources so they may help it achieve its specified organizational objectives as it survives in a dynamic and complicated environment as indicated by Hiatt and Creasey (2021). The study findings further indicated that employing change management techniques include cultivating an agile culture, getting employees involved in the process, providing transformational leadership, and receiving management support might assist the firm in changing into the desired state and achieving its performance goals. This aligns to the dynamic capabilities theory by Teece, Pisano, and Shuen (1997) which posits that dynamic competences such as change in culture to reflect reality, can enable the firm to integrate, modify, and create internal and external competences to meet dynamically changing situations and achieve organizational performance goals. This is supported by the findings in this study that linked culture change to improved organizational performance by NBK.

4.6.2 Link of the Results to Empirical Studies

The objective of the research was to ascertain how the National Bank of Kenya's performance was impacted by change management approaches it undertook. The interviewees agreed that NBK has been on an upward trend in all areas, including the bottom-line profit before tax metric, ever since it adopted improvements after its acquisition by KCB Group PLC. One of the interviewees said that the implementation of successful outcomes was made possible by the new business model, business realignment, and changes in senior management and structure. The process was conducted with staff involvement and buy in and thus positive performance outcomes such as employee productivity were achieved. These findings concur with the findings by Sinaga, Asmawi, Madhakomala, and Suratman (2018) that change management has a direct impact on employee performance worth 17.7%. The study found that planning for change, sharing the vision for change, communication during the change process and employee involvement were the vital aspects that made change management successful. These findings were thus comparable to the findings from this study.

According to the study findings, one of the significant changes implemented at NBK was business restructuring. Business realignment mainly included altering how the bank functions. One interviewee said that the bank's top management understood the underlying issues, including a lack of coordination, cultural differences, a shift in focus, and ethical problems, and that remedial action was then taken to realign the business with its goals and objectives. Due to this, the bank was able to boost employee productivity, which improved financial outcomes. NBK recorded a net profit of KES 717.6 million for the first

half of 2021, up from a deficit of KES 381.3 million in 2020, which is supported by an examination of financial records. This was a 307% increase, which was fuelled by increasing loan interest income, foreign exchange trading income, and decreased loan loss reserves. These study findings collaborate the findings by Onuche (2021) that adjustments need to be made to system architecture, organizational procedures, or job responsibilities in order to increase performance.

The results from this study also agree with the findings by Uzoamaka and Kingsley (2015) that change management when executed effectively has a positive influence on employee performance. However, there are obstacles that affect change management which include poor communication, insufficient planning, reluctance to change, group conformity, disputes, and limited resources. Besides, the results concur with the results by Osoro (2020) that change in culture and leadership impacted organizational performance. Additionally, the results from this study also support the findings by Mukonyo (2014) that strategic change management had a significant positive relationship with organization performance. Moreover, another study in Kenya by Atieno and Kyongo (2017) had similar findings to the results of this study that performance of an organization is strongly impacted by strategy change.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The research's main results, suggestions based on the study, and conclusions are all presented in this chapter. The chapter also discusses the study's shortcomings and suggestions for more research that might fill in the gaps left by the present study.

5.2 Summary of the Study

The study determined that there were various changes that were undertaken by NBK immediately it was acquired by KCB Group PLC in 2019. The main changes that took place included business realignment, capital injection, top management changes, organization culture change, organizational structure change, board reorganization, and process reengineering.

The study's main objective was to determine how the National Bank of Kenya's performance was impacted by change management. The study determined that NBK has been on an upward trend in all areas, including the bottom-line profit before tax metric, ever since it adopted changes after its acquisition by KCB Group PLC. The positive outcomes of the changes were made possible by successful implementation of the new business model, business realignment, and changes in senior management and structure.

The study also determined that one of the significant changes implemented at NBK was business realignment or restructuring. Business realignment, mainly included altering how

the bank functions. The study also established that the bank's top management understood the underlying issues, including a lack of coordination, cultural differences, a shift in focus, and ethical problems, and that remedial action was then taken to realign the business with its goals and objectives. Due to this, the bank was able to boost employee productivity, which improved financial outcomes. NBK recorded a net profit of KES 717.6 million for the first half of 2021, up from a deficit of KES 381.3 million in 2020, which is supported by an examination of financial records. This was a 307% increase, which was fuelled by increasing loan interest income, foreign exchange trading income, and decreased loan loss reserves.

The research also determined that changes to the board and to senior management had favourable outcomes to performance of NBK. The study further determined that by allowing the bank to make the most use of its resources, the new top management was able to guide the business and assure greater performance. Additionally, the study established that NBK was able to have a clearer vision and modify its procedures and culture to become a customer-centric bank due to the governance changes that came before the senior leadership changes. Besides, the study determined that a change in governance made sure that NBK's governance improved, matching shareholder demands with the bank's strategy and culture.

The study further established that the NBK's change to its organizational culture was one of the most important changes that boosted worker productivity and financial results. The study determined that boosting employee productivity and developing a service culture at

NBK depended greatly on encouraging and positively rewarding workers to adopt behaviours and attitudes congruent with the new organization's aims. As a result, the bank was able to enhance its internal business procedures, learning and financial performance.

5.3 Conclusion of the Study

The study concludes that immediately NBK was acquired by KCB Group PLC in 2019, it embarked on various changes that included business realignment, top management changes, organizational culture changes, organizational structure modifications, capital injections, board reorganizations, and process reengineering. The findings also determined that these changes were able to reflect positively on the performance of NBK as measured using BSC. This was confirmed from financial results which indicated that before NBK was acquired by KCB Group PLC in 2019, it reported losses but the acquisition and the ensuing changes enabled NBK to become profitable by 2021.

5.4 Implications of the Study

5.4.1 Implications to Theory

The findings from this study have implications for theory. The findings show the importance of following the three steps of unfreezing, changing, and refreezing as recommended by Lewin's change theory. Besides, the theory indicates that for successful change management the organization must draw attention to the benefits, explore for alternatives, and lessen the forces that are detrimental to it. Role modelling, mentoring, coaching, giving leadership, brainstorming, including staff in the transformation, good communication, and training are used to make this a reality. The findings also have

implications to the applicability of dynamic capabilities theory in effective change management.

The findings imply that the dynamic capabilities theory is suitable for understanding and explaining change management and its influence on organizational performance. The theory indicates that organizations should adapt to environments that change quickly by reordering, integrating, and increasing their resource portfolios and capabilities. The idea contends that dynamic competences provide a company the ability to combine, alter, and develop internal and external competencies to respond to dynamically changing events and satisfy organizational performance objectives. This theory explained the change management processes by NBK that involved business realignment, top management changes, organizational culture changes, organizational structure modifications, capital injections, board reorganizations, and process reengineering which had positive outcomes towards performance of the bank.

5.4.2 Implications to Practice and Industry

This study has implications to practice and the industry regarding change management and its influence on organizational performance. The study's results have shown the need of effective change management on enhancing performance of an organization. This has practical consequences since it advises management in financial services organizations generally and NBK in particular on the actions required to successfully implement key changes that positively influence organizational performance. Senior executives in other

sectors may also be informed by the findings highlighting the need of incorporating effective change management practices for enhanced organizational performance.

5.4.3 Implications to Policy Development

The results of this research have a number of implications for policy. The research assists in the design of policy and assessment of methods to encourage effective change management not only at NBK but also on other financial and non-financial firms. By assuring enhanced performance, sustainability, and high-quality services, this will speed the development of the sectors and increase total economic growth. The study has implications for regulators and policymakers, including the Central Bank of Kenya, and the Capital Markets Authority, who can use the findings to effect regulations relating to management of change in the financial services sector. A stronger regulatory and policy framework would follow from this, fostering the expansion of the industry.

5.5 Recommendations of the Study

The study recommends that when implementing any changes, the organization should first identify the root problems necessitating the changes, communicate the expected changes to all stakeholders including employees and ensure that employees are involved in all the phases of the change process. This should be done to ensure buy in for all the key stakeholders who includes the employees. Involving employees in change management is vital since they are the ones who are directly affected by the change and the ones expected to implement the changes.

The study also recommends that to encourage and motivate employees to adhere to the changes, there should be training and positive reinforcements. An organization should hence consider salary increments and bonus payments based on performance and adherence to the new ways of doing things. Lastly, there should be plans to be followed in executing change and these should be adhered to ensure that implemented changes bring the desired outcomes.

5.6 Limitations of the Study

This research has certain limitations, despite the fact that it offers important empirical information about the impact of change management on performance of NBK. These limitations should be taken into account while interpreting, applying, and generalizing these results. The research began with a case study of NBK that was done through in-depth, unstructured interviews. The research was able to get a thorough understanding of how change management influenced the organizational performance of NBK, but the results can only be applied to businesses in the financial services industry that are similar to NBK.

Additionally, since the research only used one way of gathering data (interviews), it was unable to provide a comprehensive perspective of how change management influences the organizational performance of NBK. Additionally, other NBK employees who would have offered a different viewpoint on their involvement in change management and how it influenced organizational performance were left out of the research. In-depth knowledge of change management at NBK and how it impacts performance is provided by including

only senior management staff in the study, but this may also induce bias in the research's conclusions.

5.7 Suggestions for Further Research

This study provides significant empirical information on the effects of change management on the performance of NBK. The study does, however, have several known limitations, leaving some information gaps that call for more investigation. First, a case study of NBK was used in the research along with unstructured in-depth interviews. Although this helped the researcher better understand how change management influenced performance, of NBK, the findings are only applicable to businesses in the banking sector. Another research should be done to demonstrate how change management influences organizational performance in various other industries, including petroleum, business and services, and the manufacturing industry.

Additionally, since the study only employed one method for gathering data (interviews), it was unable to provide a complete perspective of how change management influences organizational performance of NBK. To fill up these gaps, another research should be carried out using other data gathering tools, such as secondary historical data and surveys. Additionally, other NBK employees who would have provided a different perspective on change management at the bank and its effect on the bank's performance were left out of the research. Therefore, the research suggests that another study should be undertaken at NBK to include all of its employees in order to have a comprehensive understanding of how change management influence performance.

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APPENDICES

Appendix I: Interview Guide

CHANGE MANAGEMENT AND PERFORMANCE OF NATIONAL BANK OF KENYA


- i) Kindly indicate the highest education level you have accomplished
- ii) How long (in years) have you worked in this bank?
- iii) How many years have you served in your current role in this bank?
- iv) Indicate the changes undertaken by NBK from when it was acquired by KCB Group PLC.
- v) What were the key steps that were undertaken in the change process?
- vi) Which change management practices did NBK engage in?
- vii) How was the vision for the change developed and communicated?
- viii) Was NBK transparent and honest about the change to all stakeholders? How?
- ix) Was there any employee training and development?
- x) How was the change process communicated?
- xi) How were employees involved in the change process?
- xii) Did NBK engage in transformational leadership?
- xiii) How was knowledge shared and rewards structure?
- xiv) Does NBK assess its performance in accordance with;
 - a) Innovation and learning measures? Which
 - b) Financial measures? Which
 - c) Customer perspective measures? Which
 - d) Internal business process measures? Which
- xv) Based on the four perspectives above, how can you rate NBK's performance after it was acquired by KCB Group PLC?
- xvi) In your opinion, did the change management influence organizational performance of NBK? How?

Appendix II: Secondary Data Collection Sheet

Measure	2019	2020	2021
Loans & advances			
Deposits			
Operating revenue			
Net profit			

Appendix III: Research Permit

REPUBLIC OF KENYA
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Date of Issue: 21/November/2022
Ref No: 155981
RESEARCH LICENSE




This is to Certify that Ms. EUNICE MUTANU MUMO of University of Nairobi, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Change Management Practices and Performance of National Bank of Kenya. for the period ending : 21/November/2023.

License No: NACOSTI/P/22/22288

155981
Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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See overleaf for conditions

Appendix IV: Data Collection Letter

D61/36446/2020 **UNIVERSITY OF NAIROBI**

FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

OFFICE OF THE DEAN

Telegrams: "Varsity",
Telephone: 020 491 0000
VOIP: 9007/9008
Mobile: 254-724-200311

P.O. Box 30197-00100, G.P.O.
Nairobi, Kenya
Email: fob-graduatestudents@uonbi.ac.ke
Website: business.uonbi.ac.ke

Our Ref: **D61/36446/2020**

October 27, 2022

TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER: EUNICE MUTANU MUMO

The above named is a registered Master of Business Administration Student at the Faculty of Business and Management Sciences, University of Nairobi. She is conducting research on: "**Change Management Practices and Performance of National Bank of Kenya.**"

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.



PHILIP MUKOLA (MR.)
FOR: ASSOCIATE DEAN, GBS & R
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

PM/fmi

Appendix V: Introduction Letter

Eunice M Mumo,
University of Nairobi,
P.O. Box 30197 - 00100,
Nairobi, Kenya

Dear Respondent,

My name is Eunice Mutanu Mumo, a Master of Business Administration student in the Faculty of Business and Management Sciences in the University of Nairobi. I am doing research on **Change management practices and performance of National Bank of Kenya**. Your organization has been selected as part of my research to understand how change management practices influence organization performance.

In this regard, I kindly request you to spare a few minutes to respond to my interview questions which will help me compile a detailed report on the research phenomena. The information you provide will be treated with strict confidentiality as per the ethical considerations of academic research.

Kind regards,

Eunice M Mumo

Appendix VI: Originality Report



14TH NOVEMBER 2022.

CHANGE MANAGEMENT PRACTICES AND PERFORMANCE OF NATIONAL BANK OF KENYA

ORIGINALITY REPORT

12% SIMILARITY INDEX	12% INTERNET SOURCES	1% PUBLICATIONS	4% STUDENT PAPERS
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PRIMARY SOURCES

1	erepository.uonbi.ac.ke Internet Source	7%
2	erepository.uonbi.ac.ke:8080 Internet Source	1%
3	ir-library.ku.ac.ke Internet Source	<1%
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Appendix VII: Supervisor Allocation Form



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS MASTERS PROGRAMME
MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM**

SECTION A: (To be completed by the student)

Name of student: EUNICE MUTANU MUMO..... Reg. No.: D61/36446/2020.
Department:BUSINESS ADMINISTRATION.....

Specialization (Tick as appropriate)

- i) Marketing
- ii) Human Resource Management
- iii) Strategic Management
- iv) International Business
- v) Insurance/Risk Management
- vi) Entrepreneurship
- vii) Finance
- viii) Accounting
- ix) Operations Management
- x) Management Information Systems
- xi) Procurement & Supply Chain Management

.....

Mobile phone: +254 721 515 329 or +254 733 548 628 Email: emumo@students.uonbi.ac.ke

Proposed Title of Study: **Change management practices and performance of National bank of Kenya.**

Name of Preferred Supervisor(s): (i) Prof.Martin Ogutu (ii) Prof.James Gathungu (iii) Prof.Evans Aosa

Signature of student: *Eunice Mutanu* Date: *07/06/2022*

SECTION B: (For Official Use only. To be completed by the Department)

i) Name of Supervisor Allocated:

Supervisor: *Prof. Gathungu* Mobile No.: *07 33 783 625*

Co-Supervisor (If any): Mobile No.:

Moderator: *Prof. E. Aosa* Mobile No.:

Proposal Presentation/Submission Dates:

Proposal Presentation: Oral Defence: Project Report Submission Date:

ii) Approved by Thematic Coordinator:

Name..... Signature: Date:

Approved by Chairman of Department:

Name: *Dr. F. Mwangi* Signature: *[Signature]* Date: *28/6/22*

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.
2. Original Transcript, Fees Statement and Synopsis should be attached to this form. This form is available in the Department, SOB website or Ambank House. Students get their copy later from the Department after allocation is done.
3. The approved copy of this form must be attached to the proposal when submitting for moderation and presentation and when submitting the final project.
4. Original to be filed in the Department.
5. Turnitin report **MUST** be attached to the proposal when submitting for moderation, presentation and when submitting the final project.
6. Each student **MUST** fill in the attached declaration form on plagiarism and collusion.