EFFECTIVENESS OF CHANGE MANAGEMENT PRACTICES AT KENYA COMMERCIAL BANK (KCB) LIMITED

BY

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A Management Research Proposal submitted in Partial Fulfillment of the requirements for the Award of the Degree of Master of Business Administration (MBA), School of Business, University of Nairobi

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DECLARATION

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

Signature: ....Date: 13th November 2009........

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

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DEDICATION

To William Mbotela and Paul Magoto who encouraged me to embark on and complete the study.

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I am greatly indebted to my family, friends, lecturers and classmates for their support throughout the study period.

ABSTRACT

The cornerstone of any business success in the current dynamic environment is the company effectiveness in managing the change. Initiatives such as TQM, BPR and others require a significant change to the policies and procedures used by firms. It is obvious that to take advantage of strategic opportunities and address problems, companies have to implement effective change management practices to their business processes, products, and/or to the organization itself. The objective of this study was to determine the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd.

This study used a case study design. Primary data was collected using an interview guide. The interviewees were the functional heads and top managers in retail banking, finance and strategy, risk management, information technology, operations, marketing and research division and human resources. These interviewees were more versed with strategic issues for it is them that formulated and oversaw the implementation of strategic decisions and are as a consequence experienced in that area. The information obtained from the interview guide was analyzed using qualitative analysis, which was done using content analysis.

From the findings, the study found that change management practice at KCB was very effective. This is because the application of change management practices led to enhanced productivity per employee, growth through channel expansion, increased income and improved company profits, customer retention and increased customer base through global infrastructure, quality products & service delivery, increased revenues by exceeding sales targets, reduced costs through implementation of green agenda, enhanced relationships in the company/departments, team support and a competitive edge of an expansive network locally and regionally. The study recommends that in order to succeed in implementing change management practices in the bank, KCB should ensure that there are no delays in the implementation, the bank should work towards customer delight instead of working from customer complaints, continuous research and tests should be carried out to promote innovation and quality, tools and techniques to deal with the change should be provided and in addition to proper communication on change and staff being adequately prepared for change, staff who supersede change expectations should be recognized.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today's global economy, competition is getting more and more fierce. That means it becomes more difficult for products and services to differentiate themselves from other offerings than ever before. Not only is the number of competitive offerings rising due to globalisation of production, sourcing, logistics and access to information, many products and services face new competition from substitutes and from completely new offerings or bundles from industry outsiders (Fink, 2001). Since product differences are closed at an increasing speed and many companies try to win the battle for customers by price reductions, products and services tend to become commodities (Dean and Terziovski, 2000).

The banking environment of today is characterized by rapid changes, due to increased market competition, changing customer demands, and technology advancements. Such changes are ultimately reflected in the products and the delivery processes. The changes and modifications in forms, fits, materials, dimensions, functions, etc. of a product or component are usually referred to as change management practices. Change management practices can be as simple as documentary amendments, or as complicated as the entire redesign of products and manufacturing processes. However, business, organisational, and operational changes (e.g. schedule changes or order changes) are not directly related to product design, and are therefore not usually termed as management practices. Nevertheless, such changes may be the consequences of management practices, or they may become the dominating causes for management practices (Grant, 2000).

1.1.1 Change Management Practices

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1995). One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006).

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

It is for this reason that management must prepare and anticipate the likely reactions of employees and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level, (Mullins, 1995) Perception refers to the way we see or view things or simply our attitude towards things or people. We perceive things in different ways because we have our own image of the world. According to Mullins (1985), we all have our own 'world', our own way of looking at and understanding our environment and the people within it.

In the past, employees' feelings and contribution to the organization was not viewed as very important. However, in the early 1930's,the Human Relations Approach theory was advanced as a result of the experiments that were done by Elton Mayo which came to be known as the Hawthorne experiments. These experiments helped managers to see the importance of the employees and the necessity of putting their feelings into consideration. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. This helps us to understand the importance of employees to an organization and the approach an organization should adopt with them even when affecting any kind of changes.

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant, 2000). "Between the lines" a particular strategy is primarily about power and control, dominance and supremacy, whose access to resources will be enlarged or reduced, who can stay and who has to go. On the one hand, this struggle for supremacy, power and control is about personal interests. For example, senior managers are well aware of the fact that initiating a new strategic change initiative can, irrespective of the factual outcomes for the organization, increase their credibility (Staw and

Epstein, 2000) and their market value outside the organization as well as their position and influence inside the organization.

The change in management process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement.

There is much research reporting on implementation of change management programmes where the resulting picture is far from a replica of discrete set of economic, structural and technological contingencies (Senge, 1990; Pettigrew et al., 1992). A traditional assumption asserts customer satisfaction leads to customer loyalty and patronage (Oliver, 1997). This assumption has been challenged in recent years by researchers who provide data indicating that large numbers of customers who express high customer satisfaction may defect or switch to competing brands (Jones and Sasser, 1995; Reichheld, 2003). Consequently, Oliver (1999) suggests over time loyalty may become relatively independent of current customer satisfaction. Rather than independence, Shankar et al. (2003) argue the relationship between satisfaction and loyalty is bidirectional. They present results from a study of internet customers suggesting the path from loyalty to current satisfaction is stronger than the path from satisfaction to loyalty. The directionality of this path is important for managers who must decide whether to manage to improve satisfaction or undertake initiatives that will build loyalty.

In this study, we focus on the form of customer loyalty signified by a customer's affective commitment to a service organization. Affective commitment refers to a customer's emotional bonding to a firm as well as their sense of belonging and identification with the firm, and is a central construct in the relationship marketing literature (Morgan and Hunt, 1994). Affective commitment is distinguished from other forms of commitment such as normative commitment (commitment based on obligations), continuance commitment (commitment because of high switching or exit costs), and calculative commitment (commitment based on self-interest)

(Gilliland and Bello, 2002). Some services marketing studies have indicated a weak effect between customer satisfaction and affective commitment for consumers (Gruen et al., 2000). Broussine et al. (1998) argue that one reason may be an interactive relationship between commitment and satisfaction particularly when customer samples include both relational/high commitment and transactional/low commitment customers. The objective of this study is to examine the directionality of influence between affective commitment and customer satisfaction by testing competing models in a consumer services setting.

Owing to the intrinsic variability in quality of services, a firm's customers may have experienced a mix of dissatisfying as well as satisfying episodes. Previous research has indicated affective commitment may also affect customers' responses to service failures. Some research suggests that because of their strong emotional bonds, committed customers can experience feelings of betrayal by the firm (Lincoln and Nakata, 1997). Other researchers maintain affective commitment leads customers to be more forgiving of service failures (Tax et al., 1998). Customers who have experienced these disappointing encounters may also have negative expectations and anticipate adverse consequences in future encounters. In marketing, the anticipation of adverse consequences and the perception of uncertain outcomes is generally termed “perceived risk” (Rowley, 1998a). The second objective of this study is to examine directionality in the paths between affective commitment and perceived risk as well as the effects of perceived risk on customer satisfaction. The “betrayal” hypothesis suggests perceived risk may undermine affective commitment, whereas the “forgiveness” hypothesis indicates committed customers may minimize their perceptions of risk. In the managing of customer relationships it is important to understand not only customers' responses to past failures but also their orientations to future disappointment.

The core of customized customer contact service may be information collected, maintained and retrieved through a marketing database. Indeed, the customer database has been seen as a requirement for the future of a successful organisation (for example, Nakamoto (1999a); Maxwell, and Lyle, (2002); Maor, (1999); Kanter, (1983). Moreover, database marketing has grown from a narrow tool used for specialist direct mail and direct marketing campaigns through

to a widely used tool that has company wide implications for managing relationships with customers. Overall, database marketing continues to provide value to an organisation (Dawes and Worthington, 1996) through the ability to personalise contacts (Galbreath and Rogers, 1999); improve responsiveness (Fink (2001) and increase accountability (Delaunay, 1999).

1.1.2 Effectiveness and Efficiency of Change Management Practices

Organizational change is a form of social change which can either be strategic or operational. Strategic change ensures that the organization is heading in the right direction (effectiveness) while operational change focuses on excellence in whatever the organization does (efficiency). You can't achieve strategic change without operational change but you can achieve operational change without strategic change. Therefore, good ideas with no ideas on how to implement them are wasted ideas (Fullan, 1982). The implication therefore is that to successfully tackle the current situation, both the "what" of change (identifying change ideas that will really make a difference for the bank) and the "how" of change (making sure these ideas work in practice) must be addressed.

The operational environment of organisations is constantly changing as customer preferences change and competitors develop to threaten or create markets (Hammer and Champy, 1993). Much has been made in the literature of the need for organisations to maintain alignment with this changing operational environment through the revision of strategies, structures and cultural norms. The private sector has responded to such pressures by focusing on a combination of customer, quality and cost reducing strategies (Mintzberg, 1996; Pullen, 1993; Meyer *et al.*, 1990). With a focus on the bottom line western governments too have responded to the increasingly changing environment by adopting a (conceptually) similar "market-based" approach to public sector administration (Mintzberg, 1996). With many public sector organisations now obliged to operate in a private sector manner – that is as "profit making" enterprises – New Zealand has been at the forefront of this global phenomenon of "corporatisation" (Boston and Holland, 1987).

A total quality management (TQM) styled programme, was implemented to improve efficiency and effectiveness by transforming the organizations to customer focused "managerial" institutions through technological investment, cultural development and organisational delayering (Ten One, 1996, p. 8; Van Maanen, 1975). Understanding that the success of a change initiative is ultimately reliant upon the alignment of an organisation's culture with strategic goals, many researchers have explored how culture influences the acceptance of change (Isabella, 1992; Jick, 1993; Beer *et al.*, 1990; Isabella, 1990; Hage and Aiken, 1970).

As the dramatic change in business internal and external environment continue to bite in many organisations, the importance of business innovation has become quite obvious to most managers. In the process of exploring the basic differences between the Japanese and American change management approaches and applying a host of new methods and techniques, many firms have been redefining the very nature of their businesses thus enhancing their success (Patterson and Harmel, 1992).

1.1.3 Kenya Commercial Bank (KCB) Ltd

The history of Kenya Commercial Bank dates back to 1896 when its predecessor, the National Bank of India, opened a small branch in the coastal town, Mombasa. In 1958 Grindlays Bank of Britain merged with the National Bank of India to form the National and Grindlays Bank.

In 1970, the Government of Kenya acquired 60% shareholding in National and Grindlays Bank and renamed it the Kenya Commercial Bank. In 1976, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. The Government has over the years reduced its shareholding in the Bank to the current 26% with the public owning the remaining 74%.

A wholly owned subsidiary, Savings and Loan (K) Ltd. was acquired in 1972 to provide mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-salaam, Tanzania to provide banking and financial services and to facilitate cross-border trade within the East African region.

Since inception, the Kenya Commercial Bank Group has endeavored to provide quality and customer friendly services geared towards meeting the ever-changing customer needs. This has ensured consistent growth in customer deposits that have, in turn, provided a strong reservoir for steady growth in customer borrowings every year.

Since incorporation, KCB has achieved tremendous growth to emerge as a leader in Kenya's banking and financial sector. In 1999, the bank had 32 full- time branches, of which 25 were located in rural areas, five in Nairobi and two in Mombasa. Today, the KCB Group has the widest network of outlets in the country, comprising 95 full-time branches and 35 satellite branches all of which represent over 55% of the total banking outlets in Kenya. Of the total outlets, 80% are located in the rural areas, with representation in all administrative districts.

No other bank has accomplished this feat in the Kenyan banking scene. All branches provide a whole range of retail banking and financial services apart from acting as agents of development. In recognition of the need to strengthen the interdependence between domestic and external economies, KCB has continued to expand working arrangements with banks in other countries.

Today, the KCB Group has the widest network of outlets in the country comprising 203 outlets (167 in Kenya – including 10 S & Ls, 11 in Tanzania, 6 in Sudan, 11 in Uganda & 9 in Rwanda) & 280 own ATMs plus 110 Pesa Point ATMs. As a player in the global financial market, the group maintains working arrangements with over 400 correspondent banks throughout the world.

1.2 Statement of the Problem

The cornerstone of any business success in the current dynamic environment is the company effectiveness in managing the change. Initiatives such as TQM, BPR and others require a significant change to the policies and procedures used by firms. It is obvious that to take advantage of strategic opportunities and address problems, companies have to implement effective change management practices to their business processes, products, and/or to the organization itself. However, the literature contains numerous stories of company failure while

implementing change management practices. For example, in the context of BPR projects, 70 percent have been estimated to end in failure (Cafasso, 1993). Nevertheless, company ability to effectively manage change is widely proposed as essential for organizational competitiveness. Thus effectiveness managing business change is directly related to company performance.

There is much research reporting on effective implementation of change management programmes where the resulting picture is far from a replica of discrete set of economic, structural and technological contingencies (Pettigrew et al., 1992). Evaluating the literature appears preoccupied with evidence that firm management is losing its distinctiveness and becoming more Western-like. With such preoccupation, in conjunction with the renewed tendency to view change management practices in service firms as "outdated" and "irrational", there is limited evidence to suggest that the service industry can manage the changes in their dynamic business environment effectively.

Studies in change management practices have also been done in Kenya. Katembe (1976) studied the problems of workers participation in management, Mwangi (1983) carried out a statistical forecasting as a method of management and control of inventory, Ngene (2002) did a survey on empirical investigation into portfolio performance measures by pension fund managers and the challenges they face in portfolio management in Kenya while Lijungu (1976) industrial relations and personnel management in Kenya. However, there is little research about effectiveness of change management practices being a standalone and comprehensive area of knowledge. That is, the under-researched nature of effectiveness of change management practices means it is pre-paradigmatic and warrants further investigation. This study sought to fill the deficiency of knowledge by focusing on effectiveness of change management practices at Kenya Commercial Bank (KCB) Ltd.

1.3 Objectives of the Study

The objective of the study was to determine the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd.

1.4 Importance of the Study

The study is invaluable to the following:

To the Kenya Commercial Bank Stakeholders: the study provides KCB management with an insight into the various approaches towards change management practices and therefore, the ideals and potential pitfalls of steering the business in the right direction for a competitive advantage. Given that change management practices bear a cost outlay, KCB investors will use the study information to gauge the returns on their investment. To customers and the general public, the study has a bearing on their perception of the bank and therefore, influences their satisfaction with and loyalty to the bank.

To the government ministries and agencies: the study will provide complementary knowledge useful in formulation of policy and a regulatory framework on change management practices in commercial banks in Kenya. At the same time, the information could be used to reform public sectors by adopting managerial principles.

To accrediting institutions: the study provides significant input in establishing KCB's level of quality assurance and compliance to international banking or service standards.

To the academicians: the study will provide a useful basis for conducting further studies on effectiveness of change management practices and other related topics, not just at KCB but at other banks and industries.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are change management, change management practices, change management principles and implementation, benefits and drawbacks of change management practices, customer perception and change management practices in a bank and effectiveness and efficiency of change management practices.

2.2 Change Management

The regularity and intensity of change that most organisations are subject to highlights the importance of change management (Broussine et al., 1998; Breu and Benwell, 1999; Doyle, 2000) "Perhaps the two greatest challenges facing organisations today are leadership and change in management: recruiting, retaining and – most importantly – developing managers, and successfully managing organisational change" (Burnes, 2003).

Burnes (2003) suggests that most organisations tend to treat management development and the management of change as separate issues and areas of responsibility within the organisation. This means that many opportunities for individual and organisational improvement are missed. Many change efforts fail because of poor leadership and weak management. At the same time, management development programmes often fail because the needs of the individual manager are not aligned to the needs of the organisation and because there is too much reliance on classroom learning, as opposed to experiential learning. While accepting that organisational change and management development are not automatically linked in all situations, Burnes (2003) argues that organisations should recognize the overlaps that do occur and make every effort to combine the two areas where possible.

Doyle (2000) believes that management development and organisational change are intrinsically linked. He warns that management development will lose its relevance unless it becomes more closely integrated with the dynamics of organisational change. Doyle suggests that often

management development is too focused on technical and professional skills within specific job specifications, rather than the more complex context of change – a context that includes the structural, cultural, political, emotional and psychological influences involved in change.

Breu and Benwell (1999) propose a transition model of change that focuses on the stages that individual managers go through during periods of major change and the typical behaviours associated with these stages. Their stages are disintegration, euphoria, crisis, development and redefinition. The relevance of their transition model to management development is that different types of development activities are relevant for the different stages that managers may be at. For example, in the disintegration stage, they suggest activities that build a new worldview, including general, unhyped, informative sessions looking ahead to change and change pressures. In the development stage, activities should focus on creating situations where experiential development and reflective practice can be used to build both confidence and performance.

A management development programme for an organisation about to undergo significant structural change was developed by Broussine et al. (1998). They suggest that most approaches to learning about the management of change have been overly analytical and focused on knowledge and techniques to master change. Broussine and his colleagues found it was much more helpful to acknowledge the emotional aspects of change and to provide the time and space for participants to work through their anxieties in the "here and now" of the programme. They felt that if the emotional and political aspects of change were not recognised and worked with, the management development programme would be overly-technical, stilted and lead to further cynicism. Participants of management development programmes needed "to get among the organisational thorns and briars" of organisational complexity to be effective (Broussine et al., 1998). Longenecker and Fink (2001) also conducted interviews with 50 managers from ten large organisations to explore which management development practices are most helpful to improving management performance in rapidly changing organisations.

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2.3 Change Management Practices

The prevailing thinking on the issue of change management practices can be summarized in the argument that "irrational" and "outdated" human resources management practices will inevitably be replaced by more "rational" and "modern" practices (Fingleton, 1995). Indeed, amid Japan's gloomy economic conditions and even gloomier predictions (Fingleton, 1995), the view that Japanese management is declining is so strongly held that even a date for its eventual collapse has been boldly predicted (Nakamoto, 1999a).

The view that firm management is withering does not appear to be wholly unfounded in the light of evidence suggesting that few of the human resources management practices, identified as "firm's management" in the literature, have escaped change. For example, breaking with past practice, companies are slashing their annual intake of new recruits (Updike, 1995), while "structural" shifts are evident in recruitment, such as the growing emphasis on hiring experienced employees with specialist skills rather than inexperienced graduates from top universities (Lincoln and Nakata, 1997). Further, external recruitment and headhunting are getting wider acceptance among employees (Graham, 1998) signaling the erosion of internal promotion.

Furthermore, individual performance and results-oriented performance are replacing group performance and loyalty as the new criteria for establishing salary levels (Chiba et al., 1997). Salary systems linking annual compensation to the attainment of company targets are now found in several Japanese firms (Lincoln and Nakata, 1997). Changes in the salary system are in line with the development of the dual-promotion system which, by distinguishing between management responsibilities and titles on the one hand, and status and pay on the other hand, aims at making a smooth transition from seniority and length-of-service biased promotion to performance-based promotion.

Changes in firms management practices include a move away from group decision making (Benson, 1998), while formal management and supervisory training is gradually replacing informal on-the-job training (Umeshima and Dalesio, 1993). Another departure from firm

management practices is cutbacks in bonus and overtime payment (Benson, 1998; Abrahams, 1999). Notably, not even the "pillars" of firm management, lifetime employment and the seniority system, appear to be immune from change (Nakamoto, 1999a). Thus, retrenchments or "temporary" lay offs are included in restructuring plans of service firms (Thornton, 1998c), although, whenever possible, there appears to be preference for natural attrition rather than compulsory redundancies for shedding excess labor capacity (Abrahams, 1998a). The seniority system is also under heavy pressure, as not enough posts are available to accommodate all eligible employees following the economic downturn of the past several years.

Evaluating the above-mentioned changes, the literature appears preoccupied with evidence that firm management is losing its distinctiveness and becoming more Western-like. Such preoccupation, in conjunction with the renewed tendency to view management practices in service firms as "outdated" and "irrational" following the "learn from Japan" boom of the 1980s, is reflected in the uncritical use of anecdotal and, at times, limited evidence to suggest that Japanese management is at last shedding its irrationality to become like Western management. However, while changes pointing to Westernization of Japanese management should not be ignored, it is also critical to look at changes from the viewpoint of what differs from the West. This is because distinctive firms human resources management practices can be sustained largely due to the very nature of the "typical" Japanese firm which, as discussed in the next section, differs from its Western counterpart (Aoki, 1990), and distinctive inter-firm relationships and transactions in Japan (Grant, 2000).

During the late twentieth century, governments and institutions have been faced with an emerging public conviction that public sectors are too large and inefficient (Capling et al., 1998). In response to such pressure and faced with a more complex operating environment, public sectors have been reformed by adopting managerial principles grouped under the rubric of new firm management practices (Hood, 1991). These principles are aimed at changing the private and public sector in three areas, summarized by Maor (1999) as first, a change from hierarchical to economically-based structures, second from regulative to economically-based processes and third, from legally based to economically-based values. In seeking to achieve these goals, these

sectors have employed various means such as downsizing, devolution of managerial responsibility (Yeatman, 1994) and introducing change in management methods as total quality management and reengineering (O'Donnell, 1996). Many of these practices first emerged in the private sector with the result that the public sector has moved increasingly to resemble its private sector counterparts. DiMaggio and Powell (1983) describe this trend as a process of engaging in isomorphic behaviour. The extent to which such practices have been adopted has significantly varied between, not only public sectors of various countries, but institutions within those countries. Debates with regard to firm management and the variety of forms adopted have been based on the argument that while new management has encouraged private sector isomorphism, there may be risks associated with adopting wide-scale private sector practices.

The Department of Main Roads in Queensland Australia (DMR) has undertaken a unique change management strategy that adopts many of the underlying principles of public management while at the same time preserving certain elements of more traditional public sector culture.

2.4 Change Management Principles and Implementation

It has been proposed that one of the most significant contextual schisms between public and private sector management has been the over-arching presence of customer interests in the sectors (Dahl and Lindblom, 1953). Controls in the private sector are, in the main, set by market mechanisms and specific regulatory processes, while the activities of public management have been determined by structures and processes put in place by bureaucratic agencies or government legislation (Cole, 1988). The organisational structure of the public sector has been based on Weber's (1978) contention that bureaucracies are capable of attaining the highest degree of efficiency. Lane (1998) argues that Weber's notion of efficiency was supported by the belief that devotion to the specific duty of public office leads to commitment and therefore efficiency. Public choice theory proposes that it has been political self-interest, not public concern for providing a range of community services to citizens, which has caused the growth of government in the post-war era (Cole, 1988). Further, it is argued this growth has been accompanied by inefficiencies aggravated by the absence of market competition (Cole, 1988). This rationale has

been used as one of the primary arguments for the adoption of managerialist practices from the private sector under the umbrella of "new public management".

Hood (1991) describes new firm management as comprising seven main principles: hands-on professional management; explicit standards and measures of performance; greater emphasis on output controls; a shift to disaggregation of units in the public sector; a shift to greater competition in the public sector; a stress on private sector styles of management practice and a stress on greater discipline and parsimony in resource use.

These doctrines represent the most typical manifestations of firm management that have been espoused, to a greater or lesser extent, in private sector organisations inter and intra-nationally (Hood, 1991). Outcomes of the shift to firm management have been argued to be increased accountability, greater transparency and improved efficiency (Doyle et al., 2000). While the goals alluded to by the tenets of firm management appear both economically and operationally rational, their roots lie in the private sector where, it is now suggested, the reasoning behind the adoption of various management strategies has now changed. It is contended that no longer is organisational change in the private sector aimed at greater efficiency, but rather change is being directed to making organisations more similar (DiMaggio and Powell, 1983). Increasingly private sector organisations are attempting organisational change by cloning the techniques of other organisations in an effort to be more alike rather than relying on any objective evidence that such change produces greater productivity, cost reduction or efficiency (Burnes, 2003). Isomorphic efforts in the private sector have included downsizing, reengineering, devolvement of managerial responsibility and firm management. These practices have also formed the basis of the practical application of firm management philosophies in the private sector demonstrating the propensity of the public sector to replicate, through isomorphic behaviour, their private sector counterparts. The dilemma is that such private sector practices have not always been demonstrated to suit the public sector environment and that the isomorphic behaviour of importing private sector principles and practices has not been effected because of a "best practice" model but to "express ideological commitment" (Stewart and Walsh, 1992).

In espousing firm management principles, public sector organisations are adopting the same techniques as their private sector counterparts, following in a similar way, to uncertain performance outcomes. While firm management may hold the promise of improved performance, there have already been several examples of less than optimal political and organisational outcomes when its principles manifest themselves in private sector managerial strategies. Electoral failure (Hughes and O'Neill, 2000) and cultural "clashes" when implementing firm management programs or performance-based pay (O'Donnell, 1996, 1998) have been some of the outcomes of firm management programs when insufficient consideration has been given to the context in which public management operates, in particular issues of politicization and public sector culture. The following discussion investigates these issues further by establishing the unique environment of the public sector and analysing the benefits and drawbacks of some firm management practices.

2.5 Benefits and Drawbacks of Change Management Practices

It has been proposed that the public sector experiences greater difficulties in regard to implementing corporate change than the private sector and that this is caused by the unique environment in which the public sector operates, for example, the need to deliver bureaucratically impartial outcomes (Doyle et al., 2000). To meet the challenges of a global economy and the increasing public demand for a smaller but more responsive government, public sector organisations have been required to transform. This transformation has been greater than any shift experienced in the private sector starting, as it was, from a traditional bureaucratic base, where services were provided based on social values and equity (Doyle et al., 2000). It is argued that firm management practices have also meant the introduction of managerialist practices that are ideologically opposed to the traditional public service ethos. Unlike their private sector counterparts, public sector organisations have not been required to be inured to the ideals of a competitive market. They are now being required to implement such practices as sub-contracting, the creation of internal markets, local pay bargaining and performance-related pay (Doyle et al., 2000). The impact of the degree of change demanded and the culturally opposing nature of such change has been evidenced in the example of the Australian public service where

the introduction of performance-based pay failed to achieve the desired strong performance culture (O'Donnell, 1998). The ideology behind individual performance-based pay was demonstrated to undermine the culture of teamwork. Also of note was that the shift to an emphasis on individual employment relationships was unable to undermine the collective agency of the workforce and their commitment to unionism (O'Donnell, 1998). This demonstrates how firm management practices initiatives aimed at improving performance can stall when insufficient attention is paid to the culture of the organisation into which it is being implemented.

The initiative to overcome this problem is to seek a change of organisational culture, however, culture change programs in the public sector have also been problematic due to both its bureaucratic base and issues of politicisation not applicable in the private sector (O'Donnell, 1996; Brooks and Bate, 1994). Total quality management initiatives have suffered setbacks in the public sector due to the inability of workplace management to set aside managerial prerogative and defer to the recommendations of quality management teams. The evidence suggests that in not addressing the politicization and bureaucracy of public sector organisations, initiatives aimed at empowering more customer-focused work groups are destined to failure. This is especially the case where those same work groups are faced with the constant threat of privatization, cost-cutting and likely job loss (O'Donnell, 1996). Likewise, cultural change initiatives seeking a change-oriented public sector have been hindered by a culture that stresses stability and conservatism through bureaucratic processes aimed at minimising public uncertainty and risk (Brooks and Bate, 1994). This attachment to conformity has been based on the perceived need to deliver impartial outcomes to all individuals through the enforcement of bureaucratic rules and regulations (O'Faircheallaigh et al., 1999).

In seeking to distance themselves from such a bureaucratically impartial, seemingly unsympathetic, and therefore politically unattractive image, elected officials have been major instigators of public management reform through either legislation or initiatives aimed at "professionalising" the ranks of senior bureaucrats through increasing their authority over policy issues. Increased policy autonomy, however, disguises greater ministerial control through greater political intervention in administrative matters. Rather than allowing managers to manage, senior

civil servants have been faced with growing job insecurity creating a paradox of firm management practices reforms where control over policy decisions has, in reality, been removed through insecurity of tenure (Maor, 1999). This process has led to the greater involvement of elected officials in the management of public sector departments (Maor, 1999). However, a threat exists to elected representatives who overlook that their main function is politics, not management. The conservative government of the Australian State of Victoria made a serious miscalculation when it neglected to factor in that the management of the public sector needs to assist any government's prime aim – re-election. In this case, the over-zealous adoption of firm management philosophies, particularly contracting out and privatization (Barrett and Blackwell, 1998) resulted in a backlash against the conservative government resulting in a surprise electoral defeat. This case also supports the argument that initiatives required to achieve political re-election often conflict with what is purported to be managerial "best practice" (Hughes and O'Neill, 2000).

2.6 Customer Perception and Change Management Practices in a Bank

Although several factors have been reported as relevant for gaining customer loyalty, nonetheless, customer perception is highly recognized for its fundamental role (Javalgi, Martin and Young, 2006). Satisfied customers are more likely to concentrate their business with one bank (Reichheld, 1993), provide recommendations for the bank and invariably reduce a bank's cost of providing services because there are fewer complaints to deal with. Customer satisfaction is, thus, not only linked to loyalty, but is also linked to bank revenue generation (Barrett and Blackwell, 1998). However, it has been shown that the relationship between satisfaction and loyalty is neither linear nor simple (Jones and Sasser, 1995). High levels of measured satisfaction sometimes go hand in hand with a continuous increase in customer defection and within a banking context the reasons are not so clear (Diefenbach, 2006). The interactions between customer satisfaction and loyalty have, therefore, been hard to define (Oliver, 1999).

When the customer makes his buying decision, he evaluates the benefits he perceives from a particular product and compares them with the costs. The value a customer perceives when buying and using a product or service go beyond usability. There is a set of emotional values as

well, such as social status, exclusivity, friendliness and responsiveness or the degree to which personal expectations and preferences are met. Similarly, the costs perceived by the customer, normally comprise more than the actual price. They also include costs of usage, the lost opportunity to use another offering, potential switching costs etc. Hence, the customer establishes an equation between perceived benefits and perceived costs of one product and compares this to similar equations of other products.

The impact of satisfaction on customer loyalty is rather complex. Fisher (2001) believes that customer satisfaction accounts for only part of why people change product or service providers. Other studies have shown that customer satisfaction is a leading factor in determining loyalty (e.g. Broussine et al. (1998). Thus, there are conflicting reports on the relationship between customer satisfaction and loyalty, making it imperative for more empirical studies to address this relationship issue. The present study, however predicts that customer satisfaction will correlate positively with bank customer loyalty. Based on this, customer loyalty can be understood as to how customers feel about a product, service or brand and whether their perceived total investments with it live up to their expectations.

Customer satisfaction is believed to be influenced by some other variables, which include service, quality, perceptions and expectations (Patterson et al., 1997). This is exemplified in the disconfirmation paradigm, which explains that when perceived product performance is equal to expectation the consumer is satisfied but when it exceeds a customer's expectations (a positive disconfirmation) the customer feels "delighted". But if the perceived performance falls short of a customer's expectations (a negative disconfirmation), then the customer feels dissatisfied (Staw and Epstein, 2000). Researchers acknowledge the importance of customer satisfaction and service quality perceptions as predictors of customer loyalty (e.g. Bloemer et al., 2002). However, Newman (2001) believes that the true value of customer satisfaction and service quality in contributing to genuine attitudinal loyalty remains open to some debate (Newman, 2001). Such conflicting opinions make provisions for further studies (Jamal and Naser, 2002). It is predicted therefore that customer satisfaction and service quality perception would jointly predict customer loyalty.

The important point here is the involvement of feelings, emotions and perceptions. In today's competitive marketplace, these perceptions are becoming much more important for gaining sustainable competitive advantage. Though the role of customer expectations in predicting loyalty has been implied in the disconfirmation paradigm, but its measurement has been challenged. For instance, Teas (1993) questions the interpretation and operationalisation of expectations. Singh, (2000) notes a tendency to set expectations higher than perceptions thus making a gap between perceptions and expectations inevitable. These contradictory reports make it essential for contemporary studies to measure customer expectations, perceived service quality, and satisfaction separately and examine how they are associated with loyalty.

Customer perceptions are influenced by a variety of factors. Besides the actual outcome – i.e. did the product or service deliver the expected function and did it fulfil the customers need – the whole process of consumption and all interactions involved are of crucial importance. In today's globalised information-driven economy this can also comprise issues like: How other customers or influencing groups perceive the product or brand, the degree to which the customer feels the actual marketing campaign addresses the most important issues and responsiveness and service quality of any affiliates, e.g. distribution partners

Customer perceptions are dynamic. First of all, with the developing relationship between customer and company, his perceptions of the company and its products or services will change. The more experience the customer accumulates, the more his perceptions will shift from fact-based judgements to a more general meaning the whole relationship gains for him. Over time, he puts a stronger focus on the consequence of the product or service consumption.

Though satisfaction is modeled as the only immediate antecedent of loyalty, other key drivers of loyalty include service quality (Hui et al., 2001)) and customer expectations. Studies show that service quality has measurable impact on customer retention (e.g. Patterson and Harmel, 1992). Both satisfaction and service quality are opined as predictors of customer behaviours like purchase intentions and word of mouth advertising (Reichheld and Sasser, 1990) which are measures of loyalty. Literatures suggest that expectations for service quality are likely to be based on perceptions of excellence (e.g. Rust and Oliver, 1994). Other empirical researches

support the notion that satisfaction is caused by expectations (Chiba et al., 1997). Although many service firms, including retail banks, have been measuring customer satisfaction and service quality to determine how well they meet customer needs and requirements (Dawes and Rowley, 1998), understanding the nature of relationship with customer loyalty is of significant value to bank managers. It is desirable, therefore, to conduct a holistic study that relates customer expectations, service quality and satisfaction with customer loyalty. It is, thus, hypothesized that customer expectations, service quality perception and satisfaction will jointly predict customer loyalty.

Moreover, if the customers' circumstances change, their needs and preferences often change too. In the external environment, the offerings of competitors, with which a customer compares a product or service will change, thus altering his perception of the best offer around. Another point is that the public opinion towards certain issues can change. This effect can reach from fashion trends to the public expectation of good corporate citizenship. Shells intention to dump its Brent Spar platform into the ocean significantly altered many customers perception of which company was worth buying fuel from.

2.7 Effectiveness and Efficiency of Change Management Practices

Being efficient means producing results with little wasted effort. It is the ability to carry out actions quickly. However, by so doing, you may not be achieving effectiveness. Effectiveness involves achieving your worthwhile goals that support your vision and mission. In the bank scenario, you can't talk of effectiveness without talking of efficiency i.e. you cannot talk of quality services (effectiveness) without good facilities (efficiency) but you can have good facilities like a state-of-the-art management information system (efficiency) without necessarily improving on quality or speed of services (effectiveness).

One of the goals of change management is to overcome resistance. Resistance to change may be active or passive, overt or covert, individual or organized, aggressive or timid and on occasions totally justified. Sadly most significant change fails to meet the expectations and targets of the proposers. The failure is given the catchall name resistance, yet resistance can be principled and

creative as well as from vested interest. Top management is frequently unreasonable in its expectations and time scale, forgetting the process it went through when it decided to make the change (Dawes and Rowley, 1998).

An effective change manager will prepare an organisation for change in the early stages of project definition and stakeholder review, by taking managers through a similar sales process and responding to their apparent resistance: the creative conflict. This process is likely to improve the project definition and buy in. It will also ensure that it is clear the moment resistance becomes vested interest. It is unrealistic to expect an independent change manager to tackle vested interest resistance but the change director can use his or her intervention as a signal to the organisation - such interventions should be few but telling. An independent change manager is a cross between a foil and a lightning conductor - the foil ensuring that positive energy is deflected to the right place, the lightening conductor removing negative energy from the organisation (Grant, 2000).

Kotter (1995) identified 7 key reasons why change management practices fail as: The organisation had not been clear about the reasons for the change and the overall objectives. This plays into the hands of any vested interests; they had failed to move from talking to action quickly enough leading to mixed messages and giving resistance a better opportunity to focus; The leaders had not been prepared for the change of management style required to manage a changed business or one where change is the norm. "Change programmes" fail in that they are seen as just that: "programmers". The mentality of "now we're going to do change and then we'll get back to normal" causes the failure. Change as the cliche goes is a constant; so a one off programme, which presumably has a start and a finish, doesn't address the long-term change in management style; They had chosen a change methodology or approach that did not suit the business. Or worse still had piled methodology upon methodology, programme upon programme Maxwell and Lyle, 2002). One organisation had 6 sigma, balanced scorecard and IIP methodology all at the same time; The organisation had not been prepared and the internal culture had 'pushed back' against the change; The business had 'ram raided' certain functions with little regard to the overall business (i.e. they had changed one part of the process and not considered the impact up or downstream) In short they had panicked and were looking for a

quick win or to declare victory too soon and finally they had set the strategic direction for the change and then the leaders had remained remote from the change (sometimes called 'Distance Transformation') leaving the actual change to less motivated people. Very few organisations will manage all 7 however any one in isolation will make the change management programme inconsistent and aggravate resistance. Advance planning and stakeholder management will avoid some of these pitfalls (Mintzberg, 1996).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this section, the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically, the following subsections were included; research design, data collection and data analysis.

3.2 Research Design

This was a case study design. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). This is also advocated by Young (1960) and Kothari (1990) who both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. It's a method that drills down, rather than cast wide. Since this study sought **to determine the effectiveness of change management practices at Kenya Commercial Bank (KCB) Ltd**, a case study design was deemed the best design to fulfill the objectives of the study.

3.3 Data Collection

In this study, emphasis was given to primary data. The primary data was collected using interview guide. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003). It makes it possible to obtain data required to meet specific objectives of the study. The interviewees were the functional heads and top managers in retail banking, finance and strategy, risk management, information technology, operations, marketing and research division and human resources. The researcher sought to utilize the respondents since they are more versed with strategic issues given their participation in the

formulation and implementation of strategic decisions in their respective divisions or departments. The researcher administered the interview guides through personal interviews.

Since the researcher required getting in-depth information on issues surrounding **the effectiveness of change management practices at Kenya Commercial Bank (KCB) Ltd**, interviews were regarded as the best method since an interview guide gives a clear guidance on what questions to ask.

3.4 Data Analysis

The information obtained from the interview guide was analyzed using qualitative analysis. Qualitative data analysis makes general statements on how categories or themes of data are related (Mugenda and Mugenda, 2003). The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda 2003). It involves observation and detailed description of objects, items or things that comprise the object of study.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the interviewees. The study sought to determine the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd. The interviewees were the functional heads and top managers in retail banking, finance and strategy, risk management, information technology, operations, marketing and research division and human resources.

4.2 General information

From the study, the majority of interviewees (70%) were males, while 30% were females. The study found that the interviewees were the functional heads and top managers in retail banking, finance and strategy, risk management, information technology, operations, marketing and research division and human resources. Their designations were such as Branch Manager, Manager Operations, Business Development Manager, Head – Hardware Systems, Manager – IT Change, Manager – IT Security, Clearing Manager, Strategy and Planning Manager, IS auditor, Marketing Manager, Head – Retail Credit, Manager – Business System Re-engineering, Human Resource Manager and Risk Management officer. The majority of the interviewees (80%) were 35 years and above and also most of them (60%) had a master's degree as their highest level of education. The study also established that most of the interviewees (90%) had worked in the bank for over 5 years.

4.3 Change Management

On change management, the study found that the company/department had adopted change management and all the staff – managers, supervisors and clerks – had been involved, at one stage or the other, in the implementation of change management and leadership programs within the department. The management areas that the company had adopted leadership and change management (By retaining, recruiting, developing of leaders and managers) were business continuity, development and expansion into regional market, risk management, differentiation of products & services to suit target market and also aggressive marketing campaigns.

The study found that there was a need for change management in the organization, that is, technological advancement i.e. new banking system – change in some processes, need for competence, customer requirements, need for improving internal communication, product/programs changes, change of management/leadership style, need for performance improvement i.e. revenue increase, cost reduction and need to take in consideration customer preferences & special interest groups such as Islam community.

4.4 Change Management Practices and Effectiveness

According to the study, there been need for replacing some firm change management practices due to change in market conditions. Therefore, KCB adopted a number of change management practices such as individual performance measurement (Balanced Score card), retention of experienced retired staff on contract, sales targets for staff, staff training & development, standardization of processes & procedures (BSR), Business Continuity through contingency plans, development and expansion into regional market, aggressive marketing campaigns, differentiation of products & services to suit target market, participation and involvement in change management, culture change and restructuring. The application of these change management practices has affected the company's performance in terms of growth in revenues, increased customer base, enhanced productivity per employee, improved methods of production, increased income and improved company profits.

The study also found that change management in the bank was implemented in a set time period but more often than not, the actual timeframe goes beyond the budgeted period for instance, in the case of opening of new branches and roll-out of new system. The study established that there was a legal condition requiring change management in the company i.e. stakeholders have to be informed and be adequately prepared, the change must be documented, adequate support must be provided for its' sustainability and where there's a significant financial outlay, long term effect and an impact on the bank's image, the bank's board – and sometimes, Central Bank of Kenya and external auditors – must approve/endorse before implementation. The benefits of change management practices in the departments were technological advancement i.e. new core banking system, performance improvement i.e. revenue increase, cost reduction, consideration of

customer preferences and special interest groups such as Islam community, enhanced staff professionalism and ethics compliance, enhanced management skills, capacity building, improvement of communication in the organization and also job creation and advancement in the departments.

The study also established that there were some drawbacks to change management practices in the company. These drawbacks were as a result of anticipated delay on implementation which affects service delivery TAT (Turn-around time), reactive change response i.e. working from customer complaints instead of towards customer delight, inadequate tools and techniques to deal with increasing customer demands and changing customer preferences, staff not adequately prepared for change where the perceived risk remains greater than known benefits, unclear communication, fear of implementing unpopular changes, lack of internalization of change management practice i.e. not knowing what to do unless directed and negative attitude to change, especially when first attempt does not yield desired result(s).

Success of changes management made in the service delivery in the organization was gauged by customer retention and increased customer base through quality products & service delivery, increased revenues e.g. by exceeding sales targets, reduced costs e.g. implementation of green agenda, enhanced profitability, enhanced relationships in the company/departments, team support and the bank's sustained competitive edge over their competitors, in terms of network of outlets and ATMs as well as regional expansion.

On the competitor's perception on the change management practices made within the company, the interviewees felt that their competitors were watching them keenly for instance, after successful implementation of a global core banking system in such a large network, other banks felt confident in implementing the same. The perception, therefore, was that if it could work at KCB, it could also work elsewhere, perhaps with greater ease given their relative smaller size and the vibrant lessons to learn from KCB's experience.

The study also established that there were some revisions of strategies done at the bank to ensure effectiveness of change management practices. These revisions were that the bank's vision has

been extending its' scope from local to regional & now to Africa i.e. to be preferred Financial Solutions Provider in Africa with Global Reach by 2013, the introduction of Marketing and Research Division as a standalone unit to effectively position the KCB brand, the provision of a uniform & global platform through the T24 banking system, the continuing regional expansion for business development & growth. The changes in the cultural norms implemented at the bank in a bid to ensure effectiveness of change management practices were working together as a team, and also professionalism in everything they do.

Transforming organizations to customer focused "managerial" institutions through technological investment and cultural development enhances effectiveness in change management through sustained competitive advantage, customer satisfaction & loyalty, result-oriented employee capabilities through empowerment, innovative and quality products by listening and anticipating customer needs, quality service delivery by employee development, efficient infrastructure and reduced redundancies by confirming to standard procedures and processes.

The main business innovations employed by the bank in a bid to manage changes in the environment are the implementation of a global customer-focused banking system, T24 – which means transactions are online real-time and the customer can transact from any branch; the launch of competitive SME products dubbed "micro-banking" whereby the entrepreneurs will receive loans at interest rate of 1.5% per month – which places the bank on a head to head competition against micro-finance institutions which charge 1.75%; the opening of a state-of-the-art Contact Centre which offers a one-stop solution for all customer enquiries and therefore bridging the interaction gap with the customers; the introduction of the Green Agenda to sensitize the staff and community on the need to conserve the dwindling environment resources by, for instance, use of recycled paper, non-printing of emails and use of energy-saving bulbs; and in alignment with technological improvement, KCB launched a revamped mobile banking service, KCB Connect for which Computer Society of Kenya has declared KCB as the overall winner of the "Banking innovation of the Year Award" in 2009. The award will be issued on 25th November 2009 at Laico Regency Hotel at 7pm. (Circular Ref. No.: CEL No. 18/2009).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, conclusions and further it gives the recommendations of the study based on the objective of the study. The objective of this study was to determine the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd.

5.2 Summary

From the findings, the study found that KCB had adopted change management and the people involved in the implementation of change management were all the staff – Divisional Managers, Departmental Heads, Managers, Supervisors and Clerks. From the study, there was a need for change management in the organization because of technological advancement i.e. new banking system – change in some processes, need for competence, customer requirements, need to improve internal communication, product/programs changes, change of management/leadership style, performance improvement i.e. revenue increase, cost reduction and need to consider customer preferences & special interest groups such as Islam community.

According to the study, KCB had adopted a number of change management practices such as individual performance measurement (Balanced Score card), retention of experienced retired staff on contract, sales targets for staff, staff training & development, standardization of processes & procedures (BSR); participation and involvement in change management, culture change and restructuring. The application of these change management practices affected the company's performance in terms of growth in revenues, increased customer base, enhanced productivity per employee, improved methods of production, increased income and improved company profits.

The study also established that there were some drawbacks to change management practices in the company as a result of anticipated delay on implementation which affects service delivery TAT (Turn-around time), reactive change response i.e. working from customer complaints

instead of towards customer delight, inadequate tools and techniques to deal with change, staff not adequately prepared for change, communication unclear, difficult, barriers, fear of implementing unpopular changes, lack of internalization of change management practice and negative attitude to change. As a result of change management practices in the bank, there was customer retention and increased customer base through quality products & service delivery, increased revenues e.g. by exceeding sales targets, reduced costs e.g. implementation of green agenda, enhanced profitability, enhanced relationships in the company/departments, team support and also the bank has a competitive edge over their competitors.

5.3 Conclusions

The study concludes that Kenya Commercial Bank (KCB) Ltd adopted a number of change management practices such as individual performance measurement (Balanced Score card), retention of experienced retired staff on contract, sales targets for staff, staff training & development, standardization of processes & procedures (BSR), participation and involvement in change management, culture change and restructuring.

The study concludes that change management practice at Kenya Commercial Bank was very effective. This is because from the study, application of change management practices led to growth in revenues, increased customer base, enhanced productivity per employee, improved methods of production, increased income and improved company profits.

The study also concludes that as a result of change management practices in the bank, there was customer retention and increased customer base through quality products & service delivery, increased revenues e.g. by exceeding sales targets, reduced costs e.g. implementation of green agenda, enhanced profitability, enhanced relationships in the company/departments, team support and also the bank has a competitive edge over their competitors.

5.4 Recommendations

The study therefore recommends that in order to deal with the challenges in implementing change management practice in the bank, KCB should ensure that there are no delays in the implementation, the bank should work towards customer delight instead of working from customer complaints, adequate tools and techniques to deal with the change should be provided, staff should know their customers (KYC) in order to anticipate their needs and therefore advocate for change on their behalf, the staff should be prepared for change adequately, change management practices should conform to standard policies and procedures, there should also be proper communication on change in the bank especially where the perceived risk seem greater than the known benefits and, staff who supersede change management expectations should be recognized so as to encourage internalization of change management practices.

The study also recommends that the bank should fully adopt the change management practices as from the study, they lead to growth in revenues, increased customer base, enhanced productivity per employee, improved methods of production, increased income and improved company profits.

5.4 Limitations of the Study

Most of the respondents were busy throughout and had to be continuously reminded and even persuaded to provide the required information. Indeed, the data collection timing tended to coincide with official duties and that was a major concern.

The respondents, though enthusiastic, tended to go out of scope by indulging in organizational politics and airing their opinions. Therefore, for precision, the researcher had to remind the respondents to answer the questions as they have been asked.

Of the targeted audience, some respondents did not avail themselves or provide feedback. As such, the researcher had to engage other responsible officials in the respective departments.

Overall, in spite of the challenges, the research was interesting and informative.

5.5 Areas of Further Research

This study focused on the effectiveness of change management practices at the Kenya Commercial Bank (KCB). Further research should also be conducted to determine the effectiveness of change management practices and other related topics, in other commercial banks and industries in Kenya.

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APPENDICES

Appendix I: Letter of Introduction to Respondents

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a masters' program student at University of Nairobi, School of Business.

In order to fulfil the master's program requirements, I am undertaking a strategic management research project on "**effectiveness of change management practices at Kenya Commercial Bank (KCB)**".

Your department has been selected to form part of this study. Therefore, I kindly request you to assist me to collect data by filling out the accompanying interview guide.

The information provided will be used exclusively for academic purposes and will be held in strict confidence. Thank you.

Yours faithfully,

Christine Moraa Nyagari

Appendix II: Interview Guide

This interview guide consists of three parts; kindly answer all the questions by filling in the spaces provided.

Section A: General information

1. Please indicate your Gender.

   ( ) Male ( ) Female

2. Your department ....
3. Your designation..
4. What is your age bracket?

   ( ) 19 – 24 Years ( ) 30 – 34 Years

   ( ) 40 – 49 Years ( ) 35 – 34 Years

   ( ) 25 – 29 Years ( ) Over 50 years

5. What is your highest level of education?

   Secondary ( ) Masters degree ( )

   College diploma ( ) others (please state) ....

   University degree ( )

6. How many years have you worked in this institution?

   1-5 years ( ) 16-20 years ( ) 26-30 years ( )

   6-10 years ( ) 21-25 years ( ) Over 30years ( )

   11-15years ( )

Section B: Change Management

1. What changes in management has your company/department adopted?

....

....

2. Who are involved in the implementation of change management and leadership programs within your department?

a)..

b)...

c)..

3. In which management areas has your company adopted leadership and change management practices? (By retaining, recruiting, developing....of leaders and managers)

a)..

b)..

c)...

4. What are the needs for change in management in your organization?

....

....

What are the reasons for the need of change management in your department?

a)...

b)..

c)..

Section C: Change Management Practices, and effectiveness.

1. Has there been need for replacing some firm change management practices due to change in market conditions? ………………………………………………

If yes, how has their application affected the Company's performance?

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

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

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

2. Is there a set time period for a change management to be implemented?

……………………………………………………………………

If yes, what is the time period expected for change management?

………………………………………………………………

3. What are the legal conditions requiring change management in your company?

a)……………………………………………………………………………

b)……………………………………………………………………………

c)……………………………………………………………………………

Name the areas/departments affected by this requirement.

a)……………………………………………………………………………

b)……………………………………………………………………………

c)……………………………………………………………………………

d)……………………………………………………………………………

4. What are the benefits of change management practices in your department?

a)………………………………………………………………………………

b)………………………………………………………………………………

c)………………………………………………………………………………

5. What are some of the drawbacks to change management practices in your company?

a)………………………………………………………………………………..

b)………………………………………………………………………………

c)………………………………………………………………………………

6. How do you gauge the effectiveness of change management made in your service delivery?

a)…………………………………………………………………………..

b)……………………………………………………………………………

c)……………………………………………………………………………..

d)……………………………………………………………………………

7. How does your company view the competitor's perception on the changes management practices made within your company?

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

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

……………………..……………………………………………………………………………

8. What are the revisions of strategies done at your bank to ensure effectiveness of change management practices?

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

....

....

....

9. What are the changes in the cultural norms implemented at your bank in a bid to ensure effectiveness of change management practices?

....

....

....

....

10. In what ways does transforming the organizations to customer focused "managerial" institutions through technological investment and cultural development enhance effectiveness in change management?

....

....

....

11. What are the main business innovations employed by your bank in a bid to manage changes in the environment?

....

....

....

....

THANK YOU!!