CHANGE MANAGEMENT PRACTICES ADOPTED BY BARCLAYS BANK OF KENYA LIMITED

BY

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A Management Research Project Presented In Partial Fulfilment for the Requirements Of the Award Of Master Of Business Administration (MBA) Degree, School Of Business, University Of Nairobi

October, 2010

DECLARATION

This Research Project is my original work and has not been presented for award of a degree in any other University.

Signed………………………………….. Date …………………....................

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This Research Project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This project is dedicated to my loving mother Mary Nduku, my grandmother Alice Mutete, my brothers, sisters and cousins for their moral support during the entire period of the project.

To my beloved fiancee Caroline Nkatha for her encouragement this project is affectionately dedicated.

Special dedication to my late aunt Dorothy Muthoki who implanted the urge for education in me during my teenage days with her saying “tuma nduu na ivuku” meaning always befriend the book.

To Almighty God who enabled me begin and bring it to completion.

ACKNOWLEDGEMENT

I am indebted to my supervisor Mr. Eliud Mududa for his immeasurable support, guidance and contributions to shape the final outlook of this project.

My gratitude to my MBA colleagues and all the respondents who participated and contributed in making this work a success.

Finally, special thanks to my family members, friends, workmates and well-wishers for the belief they have in me.

ABBREVIATIONS

ADKAR – Awareness, Desire, Knowledge, Ability and Reinforcement

ATM – Automated Teller Machine

BBK – Barclays Bank of Kenya

BRAINS – Barclays Retail and Information Network System

CBK – Central Bank of Kenya

FOS – Front Office System

IT – Information Technology

KBA – Kenya Bankers Association

KRA – Kenya Revenue Authority

PLC – Public Limited Company

SME – Small and Medium Enterprises

UK – United Kingdom

USD – United States Dollar

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ABSTRACT

Organizations nowadays are under intense pressure to fundamentally change how they operate and do business if they are to ensure their survival and competitiveness. As organizations go through these motions, it is important to understand the change management practices. Moreover, the idea that organizations have ever operated in a stable state or a predictable environment, other than for relatively brief periods is difficult to sustain. Due to economic fluctuations, the development of new products and processes, social and political change or war, organizations and entire industries tend to face change. This phenomenon of managing change is a complex issue facing management in organizations today.

Motivated by this concern, this research sought to inquire whether there are strategies which organizations going through change can use. Barclays bank of Kenya which is the subject of this study undertook changes to its strategic direction, information technology, performance management system, product changes and changes in the compensation plan. A case study was thus conducted to determine how the changes were managed. The researcher carried out in-depth personal interviews with the top and middle management at Barclays bank of Kenya.

According to the study findings, Barclays bank of Kenya was able to successfully manage change by using strategies like adjusting culture, support by top management, communication, participation, scheduling change and training. The study also revealed three recommendations which organizations should take cognizance of when faced with change. The first one is that it is crucial for managers or change agents to be competent in managing the change process. Secondly, organizations going through change should involve their employees through proper communication in order to ensure their commitment. Finally, the positive aspects of change should not be ignored. This research contributes to the existing literature and can serve as guidance for managers on how to introduce organizational change in a way that decreases the potential for resistance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Change Management is an area which has a lot of considerable interest. According to Pearce and Robinson (1997), the impetus of change in most cases usually comes from the external environment. As more and more organizations operate in a random, turbulent environment, the need for change is felt more strongly. The most important aspect is how managers and organizations adapt to changes in the environment and among their employees. The static or totally reactive organization will have a difficult time surviving in a changing society. Yesterday's successes mean very little in an environment that wants, needs, and uses products and services that were not available last year. In other words, a key to success for the future of many organizations is the degree to which they can become proactive, the ability to diagnose change, plan and rework activities to adapt to changing conditions (Wallace and Szilagyi, 1982). Heller, (1998) pointed out that change is the single most important element of successful business management today. To remain competitive in increasingly aggressive markets, organizations (and individuals in them) have to adopt a positive attitude to change.

A key role for organizations and their managers is to understand the approaches of change management identify their own circumstances and needs and choose the approach that is most appropriate for their circumstances. The scope and nature of the choices managers face and make are constrained by a range of external factors such as natural characteristics, business environment and industry norms. Other factors are Internal organizational characteristics especially structure, culture, politics and managerial style. This argument goes further by challenging the assumption that managers are in some way the passive agents of forces beyond their control, but it still leaves them as prisoners of circumstances. Change can be viewed as a one-off event, an exception to the normal running of an organization and therefore, something to be dealt on an issue-by-issue basis as it arises. On the other hand, some organizations see change not as an exception, but as a norm, a continuous process that forms part of the organization's day-to-day activities. However, in organizations where change is seen as a continuous process, the management appears to be able not only to treat each project as a learning opportunity, but to capture this learning and pass it on (Burnes, 2004).

1.1.1 Change Management

Organizations' change is the way to stay competitive and grow. In individuals, the opportunities created by change enrich careers and personal lives (Heller, 1998). Change is a multilevel, cross-organizational process that unfolds in an iterative and messy fashion over a period of years and comprises a series of interlocking projects (Burnes, 2004). According to Cummings & Worley (2009), change has always been a feature of organizational life, though many argue that the frequency and magnitude of change are greater now than ever before. Organizational change has been described as an episodic activity that starts at some point, proceeds through a series of steps, and culminate in some outcome that those involved hope is an improvement over the starting point. It has a beginning, middle and an end. If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating and if tomorrow was always exactly the same as today, organizational change would have little or no relevance to managers. But the real world is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels (Robbins, 2003).

Cummings & Worley (2009) also state that organizational change involves moving from the known to the unknown. The future is uncertain and may adversely affect people's competencies, worth, and coping abilities, organization members do not support change unless compelling reasons convince them to do so. Similarly, organizations tend to be heavily invested in the status quo, and they resist changing it in the face of uncertain future benefits. Change is almost always disruptive and, at times, traumatic. Due to this, many people try to avoid it. Nevertheless, change is part of organizational life and essential for progress. Accepting the necessary and inevitability of change enables managers to see times of transitions not as threats, but as opportunities for reinventing their companies and themselves. Managers who approach change with an open mind and focus on its positive elements find ways to motivate others and harness enthusiasm for further progress (http://pet.ir.co.za/barclays/).

Robbins (2003) notes that in order for an organization to survive, it must respond to changes within its environment. When competitors introduce new products or services, government agencies enact new laws, important sources of supply go out of business, or similar environmental changes take place, the organization need to adapt.

Efforts to stimulate, innovation, empower employees, and introduce work teams are examples of planned change activities directed at responding to changes in the environment.

1.1.2 The Banking Industry in Kenya

The Banking Industry in Kenya is regulated by the Central Bank of Kenya (CBK) Act (Cap 491) and the Banking Act (Cap 488). These Acts are primarily to facilitate the development and maintenance of a sound monetary Policy. The Central Bank of Kenya is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The banking sector was liberalized in 1995 and exchange controls lifted. The Banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and also addresses issues affecting its members. Currently, we have 49 commercial Banks, 11 Non Banking institutions, 15 Microfinance and 48 Foreign Exchange Bureaus.

The industry is dominated by a few large banks most of which are foreign owned, though some are locally owned. The commercial banks and non-banking financial institutions offer corporate and retail banking services, but a small number, mainly comprising of larger banks offer other services including investment banking. Key issues affecting banking industry in Kenya are; changes in the regulatory framework, where liberalization exists but the market still continues to be restrictive, declining interest margins due to customer pressure, leading to mergers and re-organizations, increased demand for non-traditional services including the automation of a large number of services and a move towards emphasis on the customer, rather than the product.

1.1.3 Barclays Bank of Kenya Business Structure

Barclays Bank PLC is one of the world's largest global financial services provider (present in over 60 countries) primarily offering banking, investment banking and investment management services. With over 300 years of history and expertise in banking, Barclays Bank PLC has six major divisions: UK banking, Barclaycard, Barclays Capital, Barclays Global Investors, Barclays Wealth Management, International Retail and Commercial Banking. Barclays Africa is the leading Bank in Africa with business in eleven countries in Africa namely Botswana, Egypt, Ghana, Kenya, Mauritius, Seychelles, South Africa, Tanzania, Uganda, Zambia, Zimbabwe and the Indian Ocean.

Barclays Bank of Kenya is one of the leading banks in Kenya, having opened its door in 1916. It is currently the largest business unit in Barclays Africa family in terms of contribution to profits and size of operation. In Kenya, it has a balance sheet worth of USD 1 billion. Barclays bank of Kenya is a listed company in the Nairobi stock exchange with more than 60,000 shareholders (http://www.barclays.com). Currently, Barclays Bank of Kenya has an extensive network of 117 outlets, 234 ATMs countrywide and a customer base of about 450,000 spread across the country. Barclays' business unit fall under Consumer Banking, Corporate Banking, Treasury and Barclaycard services, with cross functional relationships to support the segments of local business, Small and Medium Enterprises (SME). Barclays increased its staff capacity from 2197 in 2006 to 6900 by the end of 2009. In 2006, the bank won several awards which included; Bank of the year, Employer of the year, group chairman's award for equality and diversity, best bank in product innovation and best bank in asset financing (BBK Annual report 2006). In 2007, Barclays was voted the bank of the year by "The Banker Magazine" and was named the best bank in Kenya by the "Global Finance".

1.2 Research Problem

Organisations and society at large are in a period of rapid and unprecedented change. A period where old certainties no longer hold good and new ones have yet to emerge. At any one point in time, some organizations will be experiencing extreme turbulence whilst others appear to operate in a relatively stable environment. The pertinent issue is how organizations can cope with both the environment in which they operate and the constraints, challenges and threats they face (Burnes, 2004).

Barclays Bank of Kenya Ltd has undergone various changes in the recent past. Massive network expansion has been experienced in the last two years, new products have been introduced, restructuring of its retail banking to consumer banking and branch operations, change of market focus and most recent, change of its IT systems from the current BRAINS FOS to Flexcube. Barclays Bank unlike any other bank in Kenya is the biggest bank, major player in the industry, the bank with the highest number of employees, first bank to issue bond through Nairobi Stock Exchange and an international bank whose regional offices are in Emerging markets (Dubai) and Headquarters in United Kingdom (UK).

Considerable studies on change management in Kenyan companies have been done (Mugo, 2006; Muraguri, 2007; Kagiri, 2007; Odundo, 2007; Bwibo, 2000; Ndope, 2007 & Gekonge 1999). Odundo (2007) found out that KRA had adopted popularly accepted practices in managing change, though there was need for creating long-term wins and communication to and involvement of all staff in the change process. Ndope (2007) found out that leadership was instrumental in change implementation at Nairobi Stock Exchange leading to successful implementation of the strategic plan.

None of the studies found has addressed how Barclays Bank of Kenya has effectively managed changes that have occurred in the organization. This research seeks to fill this knowledge gap by finding out the practices that Barclays Bank of Kenya has adopted to manage change and the factors affecting the change management. Barclays bank of Kenya needs to determine its change management practices as this is important for organizations in implementing strategic changes. What are the change management practices adopted by Barclays Bank of Kenya? What are the factors affecting change management at Barclays Bank of Kenya?

1.3 Research Objectives

The objectives of the study were:

i) To establish the change management practices adopted by Barclays Bank of Kenya.

ii) To determine the factors affecting the change management at Barclays Bank of Kenya.

1.4 Significance of the Study

The findings of the study will be important to the following groups of people:

Management may benefit in making appropriate strategic change decisions that deliver improvement in performance. When management understands change and its effect on the organization and its people, it minimizes disruptive aspects and enhances positive opportunities in the change process. These opportunities can include containing costs, realigning resources and respond more quickly to customer demands.

Management can also use the findings of the study to detect potential resistance to change and the appropriate approaches to use in managing change. This enables resistance to be identified and dealt with early in the process of change making it easier for employees to engage in both the solution and the change once they understand why the change is happening.

Employees will appreciate change once management uses the findings of the study to communicate effectively about the change. The employees will then be assured that they have a voice and that their concerns and ideas are heard and valued. The more informed the employees are on change, the more comfortable they will be and will likely be more willing to accept and accommodate change.

Academicians who will do further research in the area of change management will benefit as the findings of the study will contribute to the existing literature in the area of change management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Organizational Change

Change can be viewed as a one off event, an exception to the normal running of an organization and, therefore, something to be dealt with on an issue by issue basis as it arises. On the other hand some organizations see change not as an exception but as a norm, a continuous process that forms part of the organization's day to day activities. However, in organizations whose change is seen as a continuous process, the management appears to be able not only to treat each project as a learning opportunity, but to capture this learning and pass it on. This allows them to select the most appropriate approach for each situation. In such organizations, not only is change seen as an everyday event, but the management of it is seen as a core capability that needs to be developed and in which all staff need to become competent (Burnes, 2004).

Lewin (1947) says that an issue is held in balance by the interaction of two opposing sets of forces, those seeking to promote change (driving forces) and those attempting to maintain the status quo (restraining forces). The process of change has been likened to individuals as Conner (2003) states that organizations like individuals, have a speed of change at which they operate best. This speed reflects the degree to which the organization can absorb major change while minimizing dysfunctional behavior. Also an organization's speed of change is variable and can fluctuate dramatically based on specific circumstances. At any point in time an organization's capacity to effectively assimilate transition it encounters is limited by its level of resilience or speed of change. Organizational change is any alteration of activities in an organization. This alteration of activities may be the result of changes in the structure of the organization, or changes in attitudes of group members or process, or any number of events inside and outside the organization. Today the term "change management'' takes on a variety of meanings. The most practical and useful definition states that, change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome, and to realize business change effectively within the social infrastructure of the work place (Kotter, 1996).

Organizational change has been described as an episodic activity that starts at some point, proceeds through a series of steps, and culminate in some outcome that those involved hope is an improvement over the starting point. It has a beginning, middle and an end. If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating and if tomorrow was always exactly the same as today, organizational change would have little or no relevance to managers. However, since the real world is turbulent, it requires organizations and their members to undergo dynamic change if they are to perform at competitive levels (Robbins, 2003).

2.2 Forces of change

A force of change is any factor in the environment that interferes with the organization's ability to attract the human, financial and material resources it needs, or produce and market its services or products. Forces for change are of two types: internal and external. Internal forces include change in size of the organization, performance gaps, employee needs and values and change in the top management. Change in the organization's size leads to change in the internal structure and complexity of the operations in the organization. Organizations change their policies with changing needs and values of the employees. For example, attractive financial incentives, challenging assignments, vertical growth opportunities and autonomy at work may be provided in an organization to attract and retain its effective employees. Change in the top management and consequent change in the ideas to run the organization also leads to change in the system, structure and processes (Sengupta, Bhattacharya and Sengupta, 2006).

External forces of change include technology, business scenario and environmental factors. Technological change is greater today than any time in the past and technological changes are responsible for changing the nature of the job performed at all levels in an organization. Due to rapid changes in the business scenario with increasing competition and global economy, the needs and demands are also changing among the customers, suppliers and other stakeholders. Organizations are, therefore, forced to change their operational methods to meet the demands of the stakeholders. Environmental factors such as economic, political and demographic

factors play a vital role in devising organization policies and strategy. For example, organization may have to change their employment policies in accordance with the government policy, demand of the non government organizations and changing economic conditions of a country (Sengupta, Bhattacharya and Sengupta, 2006).
As organizations are operating in a volatile environment, it may not always be able to direct changes in a planned fashion. Thus, changes may occur spontaneously or randomly in an organization. Such changes may be termed as unplanned changes as they occur spontaneously and without a change agent's direction. They may be disruptive, like a sudden strike which may result into plant closure and so on. In comparison, planned change is a result of specific efforts by a change agent and more intentional in nature. Planned changes are undertaken by an organization with the purpose of achieving a goal that might otherwise be difficult to accomplish. It is also undertaken to reach new horizons and progress rapidly towards a given set of goals and objectives. Most planned changes are directed at dealing with performance gaps to bridge the discrepancy between the desired and actual state of affairs (Sengupta, Bhattacharya and Sengupta, 2006).

Johnson and Scholes (2005) include other forces of change such as convergence of markets, cost advantage government policies and globalization. Convergence of markets refers to the tendency of worldwide customer need and preferences becoming similar as the world globalizes. Cost advantage of global operations occurs mostly in industries in which large volume, standardized production is required for optimum economies of scale. Central sourcing efficiencies from low cost suppliers across the world also lead to cost advantages. Political changes in the 1990s meant that all trading nations function with market-based economies and their trade policies have tended to encourage free market among nations. Internal forces for change usually originate from inside the organization and may manifest themselves in signs such as low morale, low productivity as well as conflict. Aosa (1996) notes that there is need to synchronize the management and implementation of change within the context where management has been shown to be different. Many signals of change abound in the current business environment can be traced to some fundamental forces of change. Examples are the growth of capital intensive manufacturing, accelerated tempo of new technology, concentrated patterns of consumption and liberalization of the world economy after the fall of communism.

2.3 Managing change

Organizations today are beset by change. Many managers find themselves unable to cope up with an environment or an organization that has become substantially different from the one in which they received their training and gained their early experience. Some managers have trouble transferring their skills to a new assignment in a different industry. A growing organization, a new assignment, and changing customers needs all may be encountered by today's managers. If managers are to be successful, they must be able to adapt to these changes (Rue and Byars, 1992). Heller (1998) points out that understanding and managing change are the dominant themes of management today. Adapting to the ever changing present is essential for success in the unpredictable future. Strategic responsiveness can be institutionalized within a firm through a series of related measures which jointly protect strategic work from the operational, make the strategic work more effective, and create a change supporting climate within the firm (Ansoff and McDonnell, 1990).

There are instances when the political situation under control and implementing change, that is managing and evaluating change raises several questions. For instance, who should actually carry out the change; internal managers or external consultants? Although internal managers may have the most experience or knowledge about a company's operations, they may lack perspective because they are too much a part of the organization's culture. They also run the risk of appearing to be politically motivated and of having a person's stake in the changes they recommend. Companies, therefore, often turn to external consultants, who can view a situation more objectively. Outside consultants, however, most spend a lot of time learning about the company and its problems before they can propose a plan of action (Hill and Jones, 2001).

Hill and Jones, (2001) also notes that strategic managers need to evaluate the results of each change process and use this analysis to define the organization's present conditions so that they can start the next change process. Well run companies are constantly aware of the need to monitor their performance and strategic managers institutionalize change so that they can continually realign their strategy and structure to suit the competitive environment. Cummings and Worley (2009) notes that change can generate deep resistance in people and in organizations, thus making it not possible, to implement organizational improvements. At a personal level, change can arouse considerable anxiety about letting go the known and moving to an uncertain future.

People may be unsure whether their existing skills and contributions will be valued in the future, or may have significant questions about whether they can learn to function effectively and to achieve benefits in the situation.

2.4 Change Management Practices

Organizational change is managed effectively when; the organization is moved from it's current state to some planned or expected future state that will exist after the change, functioning of the organization in the future state meets expectations (i.e. change works as planned), and the transition is accomplished without excessive cost to the organization and individual organizational members(Bateman & Zeithaml, 1990).

There are four basic strategies that can be adopted to manage change. Firstly, empirical - rational strategy, people are rational and will follow their self interest once a change is revealed to them. Change is based on the communication of information and the proffering of incentives. Secondly, the normative re-educative, people are social beings and adhere to cultural norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing people's commitments to new ones. Third is power –coercive, people are basically complaints and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the imposition of sanctions. Fourth is environmental-adaptive, people opposing loss and disruption but they adapt readily to new circumstances. Change is based on building a new organization and gradually transferring people from the old one to the new one (Sengupta, Bhattacharya and Sengupta, 2006).

According Sengupta, Bhattacharya and Sengupta (2006), a planned change is a systematic and organized effort on the part of the organizations to anticipate and bring about changes to be able to meet the future requirements. It basically believes in the fact that a deliberate attempt to foresee things and then plan for it, taking into consideration the past practices and experiences, helps to effectively meet the future demands. On the other hand, to understand the very essence of contingency theory means to abandon the view that there is one best way to organize, rather to believe that the best way to organize depends on the nature of the environment to which the organizations relate. Finding out which approach, whether a planned change or a contingency approach, is better for organizations today, is big debate.

When one looks at it from the point of view of corporate restructuring, usually a combination of both works for example, mergers and acquisitions are undertaken after a lot of deliberations by management. It is not a sudden change that happens; rather it depends on the past performance and the company's new strategy for growth. Similarly, a disinvestment, demerger or divestiture is undertaken after taking into account the company's past performance and the capability of the company to sustain itself in the long run. However, there are certain corporate restructuring initiatives like joint ventures and strategic alliances which are undertaken from a short term perspective (Sengupta, Bhattacharya and Sengupta, 2006).

For example, in a strategic alliance, two companies join hands to share and leverage each other's strengths till the time the requirement is there and then part ways after a particular time period. These alliances and joint ventures are undertaken in the areas of marketing, technology, research and development. The need to go in for a joint venture or a strategic alliance thus arises from the environmental and technology related changes, which make it necessary for the organization to take reactive steps depending on the contingency or change happening. Also, with so much of cut throat competition existing in the market and with the competitors taking restructuring initiatives to survive, all others have to ensure that their company is on the right path and act accordingly (Sengupta, Bhattacharya and Sengupta, 2006).

Some of the features of planned change are: It is deliberate, systematic and well thought of; velocity of change depends on the degree of level of significance, status quo is challenged; reaction can be both positive and negative; focuses on long term change. The forces for planned change can be found in the following: First is the organization – environment relationship (merger, strategic, alliances) where organizations attempt to redefine their relationships with changing social and political environment. Second is the organizational life cycle (changes in culture and structure of organization's evolution from birth through growth towards maturity). Third is the political nature of organization (changes in internal control structures) to deal with shifting political current. Planned change, based on any of these above mentioned forces, can be aimed at changing organizational purpose, strategy, structure, people, objectives, task, culture and technology (Sengupta, Bhattacharya and Sengupta, 2006).

It must be remembered that though conceptual they are being categorized separately, in reality, they are highly intertwined since changes in any one are likely to require changes in the other. For example, if technology changes, tasks too change, bring in alternations in structures, changes in pattern, authority, communication as well as the role of the workers. To initiate planned changes, organizations have to undertake two processes. Remove or lessen the restraining forces and move towards strengthening the driving forces that exist within the organization. Kurt Lewin (1951) has applied his theory of force field analysis to study the process of bringing about effective change. Lewin's model assumes two obstacles which generally affect the change process (Sengupta, Bhattacharya and Sengupta, 2006).
First, individuals experience obstacles to change as they are unable or unwilling to alter long established attitude or behavior for various reasons. Secondly, they may try to do things differently but may have the tendency to return to traditional ways after a short time (Sengupta, Bhattacharya and Sengupta, 2006).

2.5 Change Management Models

Scholars who have studied change management have come up with various models. Such models include Lewin's three step sequential model of change process, Kotter's eight steps to leading successful change, the Five step model for managing change, Bate's Five stage Model to manage cultural change and ADKAR" Model for change management.

2.5.1 Lewin's three step sequential model of change process

Lewin (1951) proposed a three step sequential model of change process. First is unfreezing. At this stage, the forces, which maintain the status quo in the organizational behavior, are reduced by refuting the present attitude and behavior to create a perceived need for something new. It is facilitated by environmental pressure such as increased competition, declining productivity and performance, and felt need to improve the style of work. Second is changing, which involves a shift in behavior of organizations by modifying system, process, technology and people. This phase can be explained in terms of compliance, identification and internalization (Rao and Hari Krishna, 2002).

Compliance or force occurs when individuals are forced to change, whether by reward or by punishment. Internalization occurs when individuals are forced to encounter a situation that calls for new behavior. Identification occurs when individuals recognize one among various models provided in the environment that is most suitable to their personality. Third is refreezing, whereby actions are taken to sustain the drive for change and to facilitate the institutionalization process of the change even in a day to day routine of the organization. Here, the desired outcomes are positively reinforced and extra support is provided to overcome the difficulties. Lewin's model provides a general framework for understanding the organizational change. At the later stage, this model has been modified by Lippitt et al (1958) who proposed a seven step model of planned change. In this model, seven steps of change have been discussed: Scouting entry, diagnosis, planning, action, stabilization and evaluation (Sengupta, Bhattacharya and Sengupta, 2006).

The below diagram summarizes the three steps.

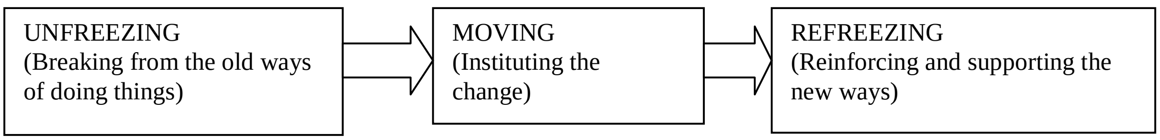


Fig 2.1: Source: Beteman, T. S & Zeithaml, C. P. (1990) Management Function & Strategy. Boston: Von Hoffmann Press, Inc.

2.5.2 Five step model for managing change

The management of change can be broken down into sub-processes or steps. A model describing this consists of five steps linked in a logical sequence. The prospects for initiating successful change and minimizing resistance are enhanced when the manager explicitly and formally goes through each successive step. A flexible forward-looking stance for mangers is an essential attribute for using this change model and the model assumes that forces of change continually act on the firm reflecting the dynamic character of the modern world (Donnelly, Gibson and Ivancevich, 1992).

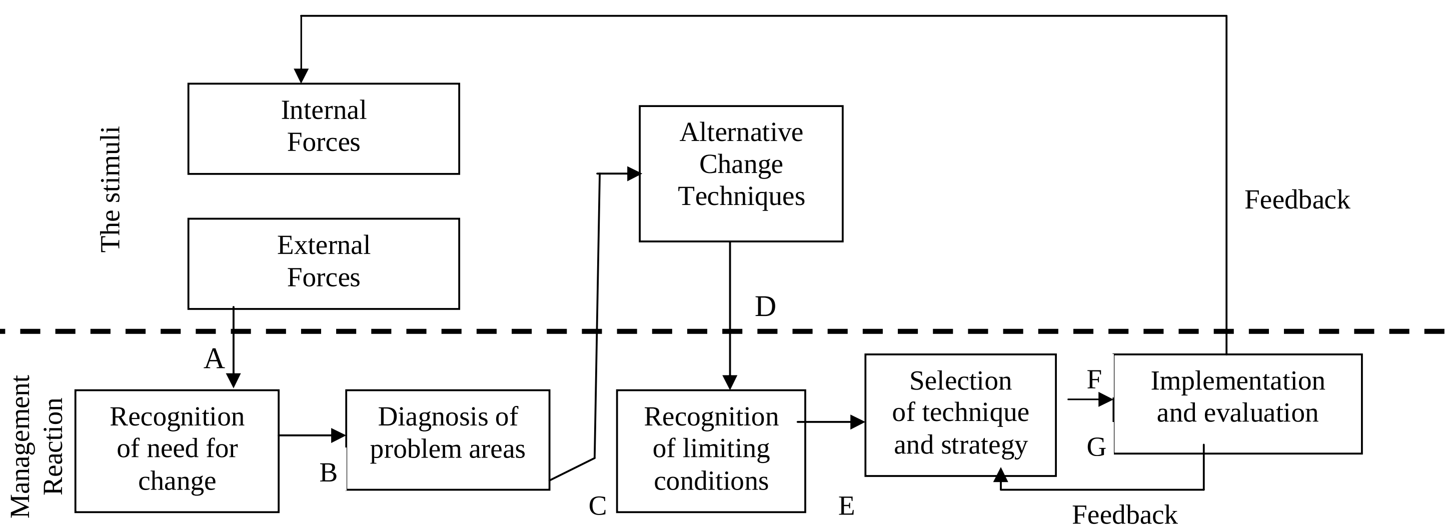


Fig 2.2*:* Source: Donnelly, Gibson and Ivancevich 91992), Fundamentals of Management, 8th edition). Boston Van Hottman Press, Inch, pp 499.

Sengupta, Bhattacharya and Sengupta (2006) also point out that the first three steps refined the unfreezing step, the fourth and fifth steps represent the changing stage and the sixth and seventh step represents the refreezing stage. Action and research model is another model of planned change. According to his model, planned change is a cyclical process in which initial research about organizations provide the data to guide the subsequent action to bring the required changes. It emphasizes on the significance of data collection and diagnosis, prior to action planning and implementation and careful evaluation of the actions. This model describes change in eight steps.

First is problem identification. This is the identification of one or a combination of problems in the organization and consequent requirement of bringing change in organizational practices. Second is consultation with the expert. It is the phase where the organization consults with the experts in the same field to generate the ideas for improvement of the situation. At this stage, an open and collaborative atmosphere is intended to be set up. Third is data gathering and preliminary diagnosis. This stage is usually completed by the expert often with the organizational members help. The four basic modes of data gathering are interview, process observation, questionnaires and organizational performance data. Fourth is feedback to key client or group. This is where the consultant provides the client with all the necessary data. Fifth is joint diagnosis of the problem. At this point, the clients and the expert jointly decide whether they want to work on the identified problems. Sixth, is joint action planning where the consultant and the client then jointly decide on the further action. At this stage, specific actions are taken depending on the culture, technology and the environment of the organization. Seventh, is action stage, which involves actual change from one organizational state to another. It may include new methods and procedures, recognizing structures and work designs and new behaviors. Eight is data gathering after action. Since action research is a cyclical process, data must also be gathered after the action has taken place (Sengupta, Bhattacharya and Sengupta, 2006).

2.5.3 Kotter's eight steps to leading successful change

Kotter (1996) suggests eight steps model shown in diagram 2.1. Kotter argues that if implemented systematically, one step after the other, it will lead to successful change. These stages are as follows; establishing a sense of urgency, creating the guiding coalition, developing a vision and strategy, communicating the change vision, empowering employees for based action, generating short-term wins, consolidating gains and producing more change and finally anchoring new approaches in culture.

Fig 2.3: Kotter's eight steps to leading successful change

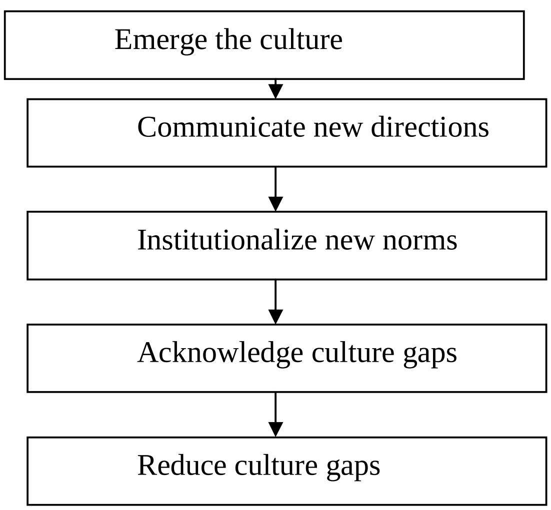
Activity	
Establishing a sense of urgency	
Examining market and competitive realities	1
Identifying and discussing crises, potential crises, or major opportunities	
Forming a powerful guiding coalition	
Assembling a group with enough power to lead the change effort	2
Enhancing the group to work together as a team	
Creating a vision	
Creating a vision to help direct the change effort	3
Developing strategies for achieving that vision	
Communicating the vision	
Using every vehicle possible to communicate the new vision and strategies	4
Teaching new behavior by the example of the guiding coalition	
Empowering others to act on the vision	
Getting rid of obstacles to change	5
Changing systems or structures that seriously undermine the vision	
Encouraging risk taking and non-traditional ideas, activities and actions	
Planning for and creating short-term wins	
Planning for visible performance improvements	6
Creating those improvements	
Recognizing and rewarding employees involved in the improvements	
Consolidating improvements and producing still more change	
Using increased credibility to change systems, structures and policies that do not fit the vision	7
Hiring, promoting and developing employees who can implement the vision	
Reinvigorating the process with new projects, themes and change agents	
Institutionalizing new approaches	
Articulating the connections between the new behavior and corporate success	8
Developing the new means to ensure leadership development and success	

Source: Kotter J. (1996) Leading Change, *Harvard Business Review, pp 105*

2.5.4 Five stage process to manage cultural change

Bate (1995) identified what he terms as design parameters for cultural change and suggests that their relative importance, weight and value will differ both between organizations and with time, within an organization. A top-down approach apparently can be effective, but only if the leader controls the levers of recruitment, promotion, incentives and dismissal, and at the same time pays attention to the people factor and is open to feedback. The model for managing culture change highlighting the five steps is as shown in the diagram below;

Fig 2.4: Five stage Model to manage cultural change



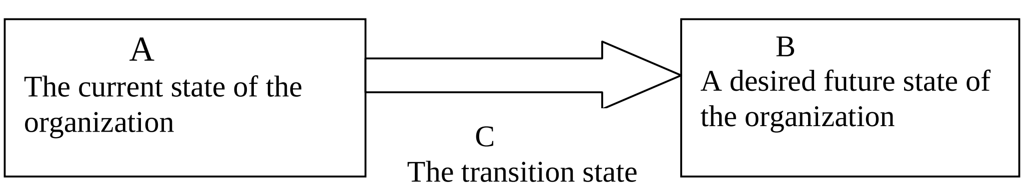
Source: Sengupta, N., Bhattacharya, M. S. & Sengupta, R. N. (2006). *Managing Change in Organization.* India: Prentice Hall, pp 61.

New behavior will eventually be accepted and become the culture. Five parameters can therefore be identified in organizational context; first is expressiveness, which is the ability of cultural change approach adopted to express a new symbol, which captures employees' attention and excites or converts them. Second is Commonality, which is the ability of cultural change approach adopted to create a shared common purpose amongst a group of employees or the whole organization. Third is penetration, which is the ability of the cultural change approach adopted to spread throughout all levels of an Organisational and to affect employees' basic underlying assumptions. Fourth is adaptability which is the ability of the cultural change approach adopted to adjust to changing Organisational and wider environmental circumstances. Fifth is durability, which is the ability of the cultural change approach adopted to create a lasting culture (Sengupta, Bhattacharya and Sengupta, 2006).

In order to manage cultural change effectively, the first stage is to acknowledge the need for change. Top management must understand the organization's current culture by collecting information on the types of behaviors being practiced and the level of resistance to change which may be expected. The second step is to select the strategy. In this step, a strategic plan is designed. Here it is important to develop the enabling forces for culture change developing awareness among employees, communicating the vision of the top management, getting feedback and involving the people who will be affected by the change. The third step is modification of change strategy and developing suitable culture for change. Here the change strategy may be modified and altered considering the resistance and requirement of the organization. The fourth step is creating the culture for enduring the change. A culture for enduring change has to be nurtured and maintained to have long-term benefit out of te change programme. Role of the top management and human resource activities to reinforce the change at this stage is very important. Step five is follow-up and evaluation. It is important to keep measuring progress, seek feedback and continue to adjust and improve (Sengupta, Bhattacharya and Sengupta, 2006).

Another model of change management is the organizational change as a transition state. Effective change management requires three steps. First is assessing (diagnosing current state) so as to identify current situation, problems and possible causes of problems. Second, design the future state. This step involves determining the idealized, expected state of affairs after the change is implemented and third step is the actual implementation of the change (Bateman & Zeithaml, 1990).

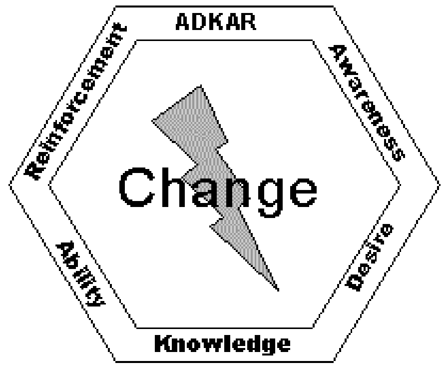
Fig.2.5 Organizational change as a transition state



Source: D. A. Nadler, "Managing Organizational Change: An integrated approach" The journal of Applied Behavioral Science, 1981. pp 191-211

2.5.5 "ADKAR" Model - Awareness, Desire, Knowledge, Ability and Reinforcement

Fig 2.6: **ADKAR" Model for change management**



Source: http://www.change-management.com/tutorial-adkar-overview.htm

The power of the ADKAR model is that it creates focus on the first element that is the root cause of failure. When one approaches change using this model, one can immediately identify where the process is breaking down and which elements are being overlooked. This avoids generic conversations about the change that rarely produce actionable steps. This results-oriented approach helps focus energy on the area that will produce the highest probability for success. ADKAR can help one plan effectively for a new change or diagnose why a current change is failing. In some cases, corrective action can be taken and the change successfully implemented. The five elements of ADKAR are; awareness of the need for change; desire to make the change happen; knowledge about how to change; ability to implement new skills and behaviors; reinforcement to retain the change once it has been made (http://www.change-management.com/tutorial-adkar-overview.htm).

ADKAR is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. The model was initially used as a tool for determining if change management activities like communications and training were having the desired results during organizational change. The model has its origins in aligning traditional change management activities to a given result or goal. For example, Awareness of the business reasons for change is a goal of early communications related to a business change (http://www.change-management.com/tutorial-adkar-overview.htm).

Desire to engage and participate in the change is the goal of sponsorship and resistance management. Knowledge about how to change is the goal of training and coaching. By identifying the required outcomes or goals of change management, ADKAR becomes a useful framework for change management teams in the planning and execution of their work. The goals or outcomes defined by ADKAR are sequential and cumulative. An individual must obtain each element in sequence in order for a change to be implemented and sustained. As a manager, one can use this model to identify gaps in the change management process and to provide effective coaching for employees. The ADKAR model can be used to: Firstly, diagnose employee resistance to change and second, help employees transition through the change process. It can also be used to create a successful action plan for personal and professional advancement during change and to develop a change management plan for your employees (http://www.change-management.com/tutorial-adkar-overview.htm).

No approach to change management appears to be exactly the same and in some cases they almost entirely contract each other. Burnes (2004) argues that though most experts would claim some sort of universal applicability for their favored approach or theory, the reality is that such approaches are developed on particular circumstances, at particular times often with types of organization in mind.

2.6 Factors Affecting Change Management

The outcome of any change process is influenced by a number of factors. Among them are organizational culture, resistance to change, leadership and teamwork as discussed by different scholars who have studied change management.

2.6.1 Organizational Culture

Organization culture is the total sum of shared values, attitude, beliefs, norms, expectations and assumptions. The pattern of assumptions has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems. Organizational culture is embedded and transmitted through various mechanisms. First is the formal statement of organizational philosophy and materials used for recruitment, selection and socialization of new employees. Second is the promotion criterion. Third the stories, legends and myths about key people and events. Fourth is what leaders pay attention to measure and control. Fifth is an implicit and possibly unconscious criterion that leaders use to determine who fits slots in the organization (Cascio, 2006).

Organizational culture has two implications for staffing decisions. First cultures vary across organizations; individuals will consider this information if it is available to them in their job search process. Recruiters assess person or job fit by focusing on specific knowledge, skills and abilities. They assess person or organization fit by focusing more on values and personality characteristics. Linking staffing decisions to cultural factors enables companies to ensure that their employees have internalized the strategic intent and core values of the enterprise (Cascio, 2006).Thomson and Strickland (1993) argues that there must be a fit between strategy, structure systems staff, skills, shared values and style for strategy implementation to be successful. Organizational culture and values held by managers and other employees within an organization are key in influencing on strategies of change. Johnson and Scholes (2002) referring to culture as routines notes that such routines which give an organization a competitive advantage may act as bottlenecks when implementing change. When planning for change it is important to identify such routines and change them.

2.6.2 Resistance to Change

According to Sengupta, Bhattachanya and Sengupta (2006), change leads to insecurity among the employees because of its unknown consequences. Employees do not know for certain whether change will bring in better prospects. For example, because of technological change, people may feel threatened due to the fear of obsolescence of skills, less wages and losing the job. Change sometimes leads to new dimensions of work relationships. Due to organizational redesign, the employees may have to work with other set of people than their existing co-workers with whom they have direct relationship, and it is generally not welcome by most of the employees.

According to Rue and Byars (1992), most people profess to be modern and up to date; however, they still resist change mostly when the change affects their jobs. Resistance to change is a natural normal reaction and it is not a reaction reserved only for troublemakers. Resistance to change may be very open, or it may be very subtle. The employee who quits a job because of a change in company policy is showing resistance to change in a very open and explicit manner. Another employee who stays but becomes very sullen is resisting in a more passive manner. Most organizational change efforts eventually run into some form of employee resistance. Change triggers rational and irrational emotional reaction because of the uncertainty involved (Donnelly, Gibson & Ivancevich, 1992).

At organization level, resistance to change can be from three sources; technical, political and cultural resistance (Cummings & Worley, 2009). Resistance to change is any conduct that serves to maintain the status quo in the face of pressure to alter the status quo (Zaltman and Duncan, 1977). According to Ansoff and McDonnell (1990), resistance to change could either be systematic or behavioral. Systemic resistance is caused by the passive incompetence of organization. It is proportional to the difference between the capacity required for new strategic work and the capacity to handle it. This type of resistance occurs wherever the development of capacity lags behind strategy development.

The systemic resistance can be minimized by planning and budgeting for it, integrating management development into the change process and by stretching the change duration to maximum time possible. Ansoff and McDonnell (1990) stated that major strategic changes are frequently introduced without regard for the consequent resistance. The change is planned, 'explained' to those who are responsible for carrying it out, and then launched. When implementation lags and inefficacies occur, they are treated one at a time, typically on the level of the change process and not at the roots and sources of the resistance. Control meetings are convened to diagnose deficiencies; remedies are addressed to the process and not to the underlying fears, frustrations and opposition of individuals. Power is used to overcome deficiencies: orders are given to reluctant groups or individuals; punishment is meted out for slipped schedules and cost overruns. In managing resistance, a useful approach is to start by building a launching platform (Ansoff and McDonnell, 1990).

The importance of managing change was realized during the heightened popularity of business process re-engineering (BPR) in the late 1990s and increased with the huge enterprise-wide information Technology (IT) initiates. It is recognized as one of the foremost factors that have accelerated the pace of change. Change management software, collaboration tools and effective communication tools claim to make life easier when an organization is faced with managing sweeping changes. These tools, however, come packaged with the regular side effects, primarily a change in the way change management is handled in the organization. With a visionary top management and informed employees working towards a common goal, these tools can prove to be powerful change management aids (Sengupta, Bhattacharya and Sengupta, 2006).

2.6.3 Leadership

Leadership is one of the most enduring universal human responsibilities. The practice of leadership is sufficiently similar across historical eras and civilizations. Dessler (2005) goes on to state that many leaders of historical renown and many contemporary leaders of traditional institutions succeed by focusing on the need of their own organization and by being the best advocates of their own groups.

For any meaningful change to take place, the support and inspiration of leadership is absolutely necessary. In doing so, leaders follow various methods to achieve these objectives. Dessler (2005) argues that for any change to stick, leaders must design and run an efficient persuasion campaign. Like a political campaign, a persuasion is leading differentiation from the rest. An efficient change leader provides opportunity for employees to practice desired behavior repeatedly, while personally modeling new ways of working and providing coaching and support. Johnson and Scholes (2002) contend that management of change is often directly linked to the role of a strategic leader. Leadership is the process of influencing an organization in its effort towards achieving an aim or goal.

A leader is not necessarily someone at the top of an organization, but rather someone who is in a position to influence others. The leaders' role includes creating vision, empowering people, building teamwork and communicating the vision. According to Dessler (2005), the human resource managers require leadership proficiencies. For example, they need the ability to work with and lead management groups, and to drive the changes required, for instance, to implement new world-class employee screening and training systems. Finally, because the competitive landscape is changing so quickly and new technologies are being continually introduced, the human resource manager needs learning proficiencies. He must have the ability to stay abreast of and apply all the new technologies and practices affecting the profession.

2.6.4 Teamwork

According to Dessler (2005), a team is a group of people with the appropriate knowledge, skills and experience, who are brought together specifically by management to tackle and solve a particular problem, usually on a project basis. They are cross functional and multi-disciplinary. He argues that team approach to change implementation removes artificial organizational barriers and encourages openness. Teams share common goals and help to focus energy by emphasizing self-control on participants.

Teams that are cohesive, that interact co-operatively with members possessing compatible personality characteristics and that are operating under mild to moderate pressure appear to be most effective. According to Cascio, (2006) to survive, to serve, and to succeed, organizations need to accomplish goals that are defined more broadly than ever before such as world-class quality, reliability and customer service. This means carrying out strategies that no one part of the organization can execute alone. For example, a firm's business strategy emphasizes speed in every function such as developing new products, producing them, and responding to feedback from customers.

Teams mean diverse workforces, whether as a result of drawing from the most talented or experienced staff or through deliberately structuring diversity to stimulate creativity. Firms have found that only through work teams can they execute newly adopted strategies stressing better quality, innovation, cost control or speed. Indeed, virtual teams, domestic or global, promise new kinds of management challenge. In a virtual team, members are dispersed geographically or organizationally. Their primary interaction is through some combination of electronic communication systems. Further, team membership is often fluid, evolving according to changing task requirements. This has created a rich training agenda, as members from diverse backgrounds must learn to work productively together. Diversity is an inevitable byproduct of teamwork, especially when teams are drawn from a diverse base of employees (Cascio, 2006).

There are two broad principles regarding the composition and management of teams. First, the overall performance of a team strongly depends on the individual expertise of its members. Thus, individual training and development are still important. However, individual training is only a partial solution because interactions among team members must also be addressed. This interaction is what makes team training unique as it always uses some form of simulation or real-life practice, and it always focuses on the interaction of team members, equipment and work procedures. Second, managers of effective work groups tend to monitor the performance of their team members regularly, and they provide frequent feedback to them (Cascio, 2006).

2.7 Strategic change

Strategic change is the movement of a company away from its present state toward some desired future state to increase its competitive advantage. In the last decade, most large fortune 500 companies have gone through some kind of strategic change as their managers have tried to strengthen their existing core competencies and build new ones to compete more effectively. More of these companies have been pursuing one of three major kinds of strategic change; reengineering and e-engineering; restructuring; and innovation (Hill and Jones, 2001). According to Johnson and Scholes (2002), strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder's expectations. Strategies are influenced by the values and expectations of stakeholders in and around the organization and the extent of the power they exert. The culture within and around the organization also influence its strategy.

Strategic responsiveness can be institutionalized within a firm through a series of related measures which jointly protect strategic work from the operational, make the strategic work more effective, and create a change supporting climate within the firm (Ansoff and McDonnell, 1990). According to Thompson (1997), strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial, that organizations seek to create a competitive advantage and wherever possible, innovate to improve their competitive position. This implies the readiness to change within the organization and the ability to implement the proposed change. There are different types of strategic change which can be thought of in terms of their scope, the extent to which they involve paradigm change or their nature in terms of whether they can be achieved. Through incremental change, different approaches and means of managing change are likely to be required for different types of change (Johnson and Scholes, 2002).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was conducted using a case study design since the data required was qualitative. A case study is a very powerful form of qualitative analysis that involves a careful and complete observation of social units (Young, 1960). A case study was thus chosen because it is a method that emphasizes depth rather than breadth. Cooper and Schindler (2003) assert that case studies place more emphasis on a full contextual analysis of fewer events or conditions. An emphasis on detail provides valuable insight for problem solving, evaluation and strategy.

This was a case study on Barclays bank of Kenya which sought to gain insight on the change management practices and factors affecting change management. The method enabled the researcher to have an in-depth account of change management practices at Barclays bank of Kenya. Kothari (1990) states that a case study is a very popular method of qualitative analysis and involves careful and complete observation of a social unit such as a person, a family, an institution, cultural group or community. It is a form of qualitative analysis where the study is done in an institution or situation, and from the study, data generation and inferences are made.

3.2 Data collection

Primary data was collected and used for the study in order to comprehensively study the change management practices adopted by Barclays bank of Kenya and make valid conclusions. This is an important approach in a case study design as it requires that several sources of information be used for verification and comprehensiveness (Cooper and Schindler, 2003). The primary data was collected using an interview guide. An interview guide is preferred in a case study because it allows an in-depth exploration of the issues under investigation. It also allows an interviewer to seek clarifications to obtain a clear understanding of the issues. Personal interview is selected as the most appropriate primary data collection method taking into account the strategic approach of the study, as well as the complexity and the predominantly qualitative dimension of the phenomenon under investigation. This method is suitable for intensive investigations (Kothari, 1990).

Personal interviews were conducted to ten managers at Barclays bank of Kenya. Four of them were in top level management (directors) while six of them were in middle level management (heads of departments and regional managers). The interviews were conducted on managers because they comprise of individuals who make policy decisions and therefore directly involved in change management. The interview guide was open-ended and was accompanied by probing questions when the need arose to allow for elaboration and in order to get in-depth information. Utilizing probing technique allowed for vast and rich data including respondent's feelings, attitude and facial expressions to be obtained.

3.3 Data Analysis

The data, which was predominantly qualitative in nature, was analyzed using content analysis. The information obtained from the interview was grouped into themes and categories (concepts) that defined the strategies applied by the firm. Nachmias and Nachmias (1996) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends. The researcher made meanings from interviewees' responses through conceptualization and explanation building.

CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents primary data findings of the study. The study was done using interview guides and by use of probing questions. The total number of respondents who were interviewed was ten. Four were in top level management while six where in middle level management. The study had two main objectives, firstly to establish the change management practices adopted by Barclays bank of Kenya and secondly the factors affecting change management at Barclays Bank of Kenya.

The presentation of this chapter starts with the analysis of the changes at Barclays bank as provided by the respondents. Secondly, it discusses the change management practice used. Thirdly, it discusses the factors affecting change management at Barclays Bank of Kenya. During the interview, different changes were identified by the respondents. Firstly, changes in the information technology, secondly, changes in the compensation plan, third, product restructuring to suit the market demands, fourth, changes in the work environment, fifth, changes in the marketing strategy and sixth, merging of branches and products changes.

4.2 Changes at Barclays Bank of Kenya

All the respondents cited that the forces of change in the organization were both external and internal. The external forces of change identified were changes in technology, changing demands by consumers and competition from other banks. Internal forces of change identified were changes in employee demands, changes in the information technology systems and change of the compensation plan. It was also identified that change is implemented by top and middle level management staff, project teams and a change management team.

There were some instances where change generated great resistance by staff thus making it impossible to implement organizational improvements. All the ten respondents stated that such instances occurred when change was imposed on the people, when change was not communicated well and when change brought very significant impact to the organization.

Other respondents cited that this occurred when either the change was not systematically implemented, when there was fear of retrenchment or when change affected staffs' work life balance.

According to all the managers' interviewed, there was strategic change whereby the company moved away from its present state toward some desired future state to increase its competitive advantage. This occurred when there was a change in human resources policies that were geared towards creating and retaining competent staff and ensuring their wellness. A major change also occurred in the lending processes by the introduction of unsecured lending. The most recently introduced change was the change of the information technology systems, the BRAINS to a more efficient and effective system, the Flexcube.

4.3 Change Management Practices

Seventy percent of the executives interviewed agreed that change was based on redefining and reinterpreting existing norms and values. They added that Barclays bank of Kenya took time to explain to their employees the importance of change and its impact. It was cited that Barclays Bank spent a lot of resources in terms of time and money to develop the human commitment required to implement the changes. It was also noted that before any change, Barclays bank undertook training to all the staff.

Table 4.1 Change Management Practices rating at BBK

The respondents rated their own opinion on change management practice at Barclays Bank of Kenya as follows:-

Description	**Frequency**	**Percentage**
Very Effective	7	70
Effective	2	20
Not Effective	1	10
Total	**10**	**100**

Table 4.1 above indicates how the respondents rated change management practices at Barclays Bank of Kenya. The study findings indicate that 70% of the respondents rated it as very effective while 20% rated it as effective. One respondent representing 10% of the

respondents indicated it as not effective. This indicates that the majority of the respondents rated change management as very effective.

According to eight out of the ten managers interviewed, change was systematic and organized effort on the part of the organization. This for instance was the case with the new information technology system that was characterized by lots of campaigns and countdowns all aimed at getting each employee to own the change processes. There were also a series of training for those who would use the system to ensure that they mastered it well prior to the implementation. A second example was the change in the compensation plan of the sales staff to ensure that both the bank and the staff benefited as well as rewarding efforts by the staff.

In some instances as cited, individuals were forced to change either by reward or by punishment. Firstly, this was by pegging an individual's performance on their participation in the change process. Secondly, the compensation plan was cited as a reward that focused on bringing change to the sales people based on the sales they make. Thirdly, the appraisal system was tailored in such a way that the good performers were rewarded through salary increment and bonus. The poor performers were not rewarded but were put on performance improvement plan and those who did not improve risked termination of their contracts. Fourth, was the new information technology system whereby everybody was forced to learn how the new information technology system functioned or risk scoring poorly during the end of year performance review.

The executives cited several methods that the organization used in ensuring that change were successful. Firstly, the management conducts vigorous training and do mock tests to ensure that the desired change is tested before the actual roll out. Secondly, incentives are given for top performers. Thirdly, competent teams to implement change are set to ensure that the need for change is fully understood. Fourth is proper communication to staff on the change and testing of new systems put in place.

The managers gave their own opinion on the change management practice at Barclays Bank of Kenya. Eight of the ten respondents indicated that change management practices had flexibility and open communication, it was participative and effective. Two out of the ten respondents indicated that, sometimes, change was not well planned and there were

misunderstandings among the change agents. They therefore rated the change management practices at Barclays bank of Kenya to be fairly managed. All the managers also cited that sometimes change involved the restructuring .An example was when the loan processing centre and card centre credit department were merged into credit operations department.
The employees had to relocate from their departments to merge into one under the same management.

4.4 Factors Affecting Change Management

Loss of job security was cited by eight out of the ten management staff interviewed as one of the factors affecting change management that every employee would not accept. This was so especially with the new banking system which would render some jobs irrelevant especially the back office team. There were some employees who were previously given early retirement and had since been rehired on contractual terms. Examples of these were the drivers and some compliance coordinators. Such employees operated in anxiety towards the end of their contracts as they were not sure whether their contracts would be renewed.

Table 4.2 Loss of Job Security as a factor affecting Change Management

On whether loss of job security had an effect on change management at Barclays Bank of Kenya, the respondents indicated the following:-

Loss of Job Security	Frequency	Percentage
Yes	8	80
No	2	20
Total	**10**	**100**

Table 4.2 above shows the effect of loss of job security on Change Management at Barclays Bank of Kenya. Based on the analysis, 80% of the respondents indicated that loss of job security had an effect on change management at Barclays Bank while 20% of the total respondents stated that loss of job security did not affect employee performance. From the study, it can be concluded that loss of job security has an effect on change management.

There were some factors which the executives cited as important in managing change. Firstly, change should be introduced systematically and well spread over time to allow the employees to be ready for the change. Secondly, change should conform to the laws of the land to avoid conflict with the authorities. Third, effect of change on the staff, customers and competition needs to be considered. Fourth, is creating awareness on the need for change. Fifth is training people where applicable on the changes, such as change in technology.

There was a challenge where employees sometimes felt stressed because of the changes that occurred in the organization. Several methods were used by the management to address this challenge. Firstly, information on how to manage stress was shared and counselors were available to handle the stress that accompanied the change. Secondly, team building activities were organized to allow people to interact with one another. Third, employees were prepared in advance to handle the change as well as sharing information on the expected challenges of the change. Fourth, is through proper communication of the benefits that the change would bring.

Other challenges experienced as cited by the respondents were firstly, resistance to change where some staff did not support the change. Secondly, information technology software changes had problems as users needed time to get used to the new ways of doing things. However, ninety percent of the executives interviewed viewed change as positive. They commented that change enabled continuous improvement in service delivery.
Change was also positive in improving productivity and efficiency. They also viewed change as important in order to remain competitive in the market and meet customers' needs in order to increase profitability of the organization.

Eighty percent of the respondents cited circumstances in which employees lacked faith on the management and this had various effects on change management. Firstly, time was wasted as the management tried to force change to the employees. Secondly, change was sometimes implemented on the basis of threats instead of trust, thus straining the relationship between management and employees. Third, employees' morale was lowered due to lack of cooperation between employees and management. Fourth, it occurred when management had not previously kept its promise on previous change commitments. It thus became difficult for the junior staff to believe in the change.

There were various methods cited by the managers as ways in which the organization had made an effort to ensure that change was successful. Firstly, the managing director used voicemail talk to each of the employees as well as personalized individual letters to the

employees, when a new banking system was introduced. This encouraged all the employees as they felt important. Secondly, management had given additional resources such as extra time for change projects. Third, management had used open forums to discuss the changes to be undertaken and prior testing of the change before implementation.
Fourth, by close monitoring before, during and after the change, setting targets and mile stones, training and acting on feedback.

According to all the ten respondents, resistance to change, culture, teamwork and leadership have influenced the bank's change management practices. Firstly, a lot of time and resources were wasted due to resistance to change. Resistance to change has thus enabled management to consider the need of employees to participate in the change process. Secondly, the culture at Barclays bank of Kenya has facilitated the changes that have taken place. This is due to a sense of belonging among the employees; every employee is able to own the change thus making its implementation easier. Thirdly, team work was considered to be very important in successful implementation of change. At Barclays bank, teamwork was emphasized thus resulting in synergy.
For instance, during the introduction of the new information technology system, each department had a part to play thus easing the work done by each member of the organization. Fourth, the leadership at Barclays Bank of Kenya is visionary and therefore it has led to high motivation of the employees resulting to more employee participation and a sense of ownership.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

There were two objectives of this study. In order to arrive at the results, the researcher carried out in depth interviews with the management. It was observed from the study findings that there were changes in the human resource policies that were geared towards creating, retaining and ensuring people wellness. All the respondents also added that Barclays bank of Kenya took time to explain to their employees the importance of change and its impact. It was also found out that before any change took place, Barclays Bank undertook training to all the staff affected by change. One of the factors affecting change management that was cited was loss of job security.

The first objective of the study was to establish the change management practices adopted by Barclays Bank of Kenya. Most of the respondents indicated that there has been change which was based on redefining and reinterpreting existing norms and values. All the respondents cited that before any change, Barclays bank undertakes training to all the staff affected by the change. Change management at Barclays Bank was found to be systematic and organized especially with an example of the new information technology system that was rolled out in June 2010. There were also some instances where individuals were forced to change, whether by reward or by punishment. The appraisal system for instance, is set in such a way that good performers are rewarded through salary increment and bonus. The company had launched a new compensation plan which was cited as a reward and focused on bringing change to the sales people such that each person would be rewarded according to the sales they make.

There were several methods that were cited as useful in ensuring that change was successful. Rewarding top performers by giving them incentives acted as a way of encouraging and motivating every employee in the organization to implement change. There were competent teams put in place in order to train every employee on the change and ensure that the need for change is fully understood. The change management practices were indicated to be flexible, participative and effective. Open communication about change was one of the main factors found to make change successful at the Barclays Bank of Kenya.

The second objective was to determine the factors affecting the change management at Barclays Bank of Kenya. The major factor which was cited was loss of job security. The new information system, for instance, would render some jobs irrelevant especially for the back office team. Another factor affecting change management was hiring workers on contractual terms. Once workers were on contract, they would not available when required to train new workers in the organization. There was therefore need to train every new worker on organizational changes.

In order to manage change effectively, the executives cited that change should be introduced systematically. It was also cited that change should be spread overtime to allow employees to be ready. It should conform to the laws of the land to avoid conflict with the authorities. The effect of change on the staff, customer and competitors also need to be considered as cited by the respondents.

5.2 Conclusions

Several useful observations can be deduced from the above summary regarding the change management practices adopted by Barclays Bank of Kenya. First, support by top management was critical in change management. This was done by providing available resources such as time and money which were required for implementation of various changes. Intensive training was also done to all the staff on the change that would affect them.

Secondly, individuals were encouraged to adapt to the new changes in the organization. This for instance was the case when the new information technology system was being launched. Every individual was forced to learn how the new system functioned or risk performing poorly during the end of year performance reviews. The good performers were rewarded through salary increment and bonus. Those employees who did not perform well were not ignored but were put on a performance improvement plan.

Third, the management realized that in order to successfully implement change, it was necessary to avoid circumstances in which employees lacked faith in the management. Firstly, there were times when change was implemented based on threats from management. The organization should have aimed at avoiding threats in order to encourage trust from employees. The management should foster cooperation between them and junior employees.

Through cooperation, there will be synergy which ensures that change is successfully implemented. Management should also aim at leading the implementation of change to the end. This would show their commitment to the change hence the employees would believe in the change.

Some of the challenges experienced during the change management of Barclays Bank of Kenya were resistance to the change. This was for instance found in the long serving employees. There was also misunderstanding by some employees on the intention of the change due to lack of proper communication. Lack of cooperation between management and junior employees was also a challenge which affected the trust of the employees towards the effectiveness of the change. This also affected employees' commitment to implementing change.

This was a case study and therefore it may not be used for generalization purposes. The corporate culture of Barclays bank of Kenya may not be the same with other organizations. This is because other organizations may have different cultures, competencies, resource capabilities and structures thereby displaying different change management practices.

The study may also have some weaknesses inherent in using interview guides for data collection purposes. First is the misinterpretation of words by respondents. This results in some answers which reflect an ideal situation rather than the actual occurrence. Some respondents may also have withheld some information which is important for the study. There was also bias as some respondents were not willing to give information which might give negative reputation of the organization to the public.

Time constraint was also another limitation which resulted in having some managers very busy and not willing to give the researcher enough time to probe further for in-depth information. Most of the respondents postponed the researcher till when they were available for the interview to be carried out. The researcher was also limited to the time allocated to complete the study.

The respondents were from a financial institution and it was difficult to obtain some crucial information which they termed as confidential. It was thus difficult to get some respondents respond to such questions. The researcher had to be cautious not to appear to be getting classified information to give to a competitor firm by making the respondents understand that it was an academic research project.

5.3 Recommendations

It is clear from the study that change management need to be understood by managers in order to identify the change management practices and also determine the factors affecting change management. It is also important for management to ensure that change is introduced systematically and well spread over time to allow the employees to be ready for the change. Further research could be conducted in different organizations since they have different cultures, management styles and resource capabilities. The study was conducted on a multinational firm and it would be necessary to study change management practices in a local firm to find out if there are any differences. Traditionally, change has been viewed in a negative context and it is recommended that further research be done to find out how organizations can positively leverage on this phenomenon to create competitive advantage.

It is important for organizations going through change to consider the following three recommendations. First, management needs to be trained in order to acquire skills in change management. Outsourcing could also be done when certain skills are not available within the organization. There is need for trained counselors to handle stress of employees as a result of a change. This is because people prefer their status quo and are not willing to welcome change.

Secondly, employee participation in the change process is also important. This is effectively addressing peoples' concerns during the change process. This prevents an organization from losing experienced, hardworking and knowledgeable employees who would have otherwise been costly to replace in the long run. When employees participate in the change, they have faith and confidence in the management that the change will have benefits for the organization.

Thirdly, it is essential that managers clearly identify factors affecting change management practices. According to management of Barclays bank of Kenya, loss of job security was one of the factors that negatively affected change management. The management should practice job rotation to ensure that employees have multiple skills such that an employee can perform more than one task. This would be the solution to some of the workers whose jobs would be rendered irrelevant with the introduction of the new information technology system.

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APPENDIX

Appendix 1: Interview Guide

Instruction: To be answered by top and middle managers at Barclays Bank of Kenya.

Section 1: Personal Details

1. Position in the company ---

2. Years of experience ---

Section 2: Change Management

1. What changes are you aware of in your organization? --

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2. How do you describe the forces of change in your organization? Do they arise internally such as change in employer needs or externally, such as change in technology? ---
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3. Who actually implements the change at Barclays Bank of Kenya? ------------------------
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4. What are some instances where change can generate deep resistance in people and in organizations, thus making it impossible to implement organizational improvements? -
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5. Strategic change is the movement of a company away from its present state toward some desired future state to increase its competitive advantage. What instances of strategic change have occurred at Barclays Bank of Kenya? --------------------------------
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Section 3: Change Management Practices

6. Change is based on redefining and reinterpreting existing norms and values, and developing people's commitments to new ones. Is this so here? ---------------------------
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7. At times, change is a systematic and organized effort on the part of the organizations to anticipate and bring about changes, to be able to meet the future requirements is this so at Barclays Bank of Kenya? ---
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8. Are there instances where individuals are forced to change, whether by reward or by punishment? ---

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9. Does the management make an effort in ensuring that the change is successful? If yes, how have they managed to do this? Kindly give examples of the methods that they have used. ---

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10. Are there any necessary preparations for change? ---

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11. Sometimes, change may involve restructuring the organization and employees may be transferred out of their work locations. Have you ever experienced such? ---------------

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12. In your own opinion, how would you describe the change management practice at Barclays Bank of Kenya? ---

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Section 4: Factors Affecting Change Management

13. Loss of job security is one of the major factors that every employee would not accept. Are there such instances in this organization? ---
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14. Does your organization simply carry out the intended change for instance by adding products or services or does it adopt a more participative approach through flexibility and open communication? --
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15. What other factors do you consider important in managing change? ---------------------
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16. Do you have change management software with collaboration tools which ensures effective communication at Barclays Bank? ---
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17. Sometimes employees feel stressed because of the changes that occur in organizations. How is this challenge addressed? --- --- --- --- --- --

18. In your own opinion, what are the benefits realized in your change management practices? -- --- --- --- --

19. Communicating change is important during change management do you consider doing so? -- --- --- --- --- --

20. Are there any challenges experienced in your change management practice? If yes, please describe them. -- --- --- --- ---

21. Do you consider change as positive or negative for the organization, please explain. --- --- --- --- ---

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22. When the employees are well informed about the fourth coming change, they may resist it if there are some perceived flaws or weaknesses. Is this true? If yes, tell me your experience. ---
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23. Are there circumstances in which employee lack faith on the management? How does this affect change management? ---
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24. Does management make an effort in ensuring that the change is successful? If yes, how have they managed to do this? Give examples of the methods they have used.-----
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25. Are employees involved in the initiation or implementation stage of the change process? Please explain how this happens. --
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26. Do you have some occasions where people are influenced to accept change? Such as through promise of salary increment and promotions?---------------------------------------

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27. How have the following factors influenced the change management practices?

    i) Resistance to change---

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    ii) Culture --

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    iii) Teamwork ---

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    iv) Leadership --
