CHALLENGES FACING THE IMPLEMENTATION OF STRATEGIC CHANGE AMONG COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

This research proposal is my original work and has not been submitted for examination in any other university.

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DEDICATION

This research work is dedicated to my employer and to all who assisted me this project. To my family members who gave me unwavering support in undertaking this research project with more emphasis to my beloved wife who has been there for me right from start of this journey. I was indebted if I don't mention my parents who inculcated the spirit of hard-work and determination in me.

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ABSTRACT

The purpose of this study is to determine challenges facing the implementation of strategic change among commercial banks in Kenya. This study will cut across all Commercial Banks in Kenya and also establish whether commercial banks base their change strategies on the key challenges they face.

This study is of importance to various stake holders of commercial banks and other organizations. It has helped in management of challenges facing implementation of strategic change and how different firms can achieve competitive edge. The study has brought about the concept of change management in chapter two where the need and benefits of Strategic Change and challenges facing commercial banks today are leadership and change in management.

The research design used in this study is the explanatory research and descriptive in nature design to determine challenges facing the implementation of strategic change among commercial banks. The population of the study consists of all 47 commercial banks in Kenya. The collected data was analyzed by the use of Statistical Package for Social Sciences (SPSS) and the results presented by the use of charts and conclusion and recommendation made on challenges facing the implementation of strategic change among commercial banks.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls lifted. We have to date 47 commercial banks in Kenya registered by Central Bank of Kenya.

It has become very important to study the challenges facing the implementation of strategic change among commercial banks in Kenya as this will help us understand the particular challenges and how best we can use them for the success of these banks.

Major challenges that are affecting strategic change in commercial bank in Kenya therefore are as follows;

New regulations; For instance, the Finance Act 2008, which took effect on 1 January 2009 requires banks and mortgage firms to build a minimum core capital of Kshs 1 billion by December 2012. This requirement, it's hoped, will help transform small banks into more stable organisations. The implementation of this requirement poses a challenge to some of the existing banks and they may be forced to merge in order to comply.

Global financial crisis experienced in late 2008 is expected to affect the banking industry in Kenya especially in regard to deposits mobilisation, reduction in trade volumes and the performance of assets.

The broad objective of the study is to analyze the challenges facing the implementation of strategic change among commercial banks in Kenya; this will enable the Commercial Banks to weather the storm and succeed in the market.

1.1.1 Concept and Significance of Strategic Change

Strategy is depicted as a set of beliefs on how a firm can achieve success (Woods and Joyce. 2003). Arguably strategy is the main route to attain corporate goals and objectives. leading to enhanced long-term performance. That is to say, strategy is much more than beliefs and encompasses a deliberate search for a plan of action that will develop a business's competitive advantage and compound it (Henderson. 1989).

The iterative process includes predictions and forecasts on challenges and opportunities that an organisation is likely to encounter in the external environment. However, an iterative process assumes a rational process and approaching strategy in the right way (Sauer and Willcocks. 2003). Even if there were strong pointers to a possible right way, it is arguably difficult for strategists to make decisions without reference to their own views on how strategy should be determined (Kotey and Meredith, 1997).

Strategic change means changing the organizational vision, mission. objectives and of course the adopted strategy to achieve those objectives. Strategic change is defined as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Hofer and Schendel 1978). Strategic change can also be defined as a difference in the form. quality, or state over time in organization's alignment with its external environment (Rajagopalan and Spreitzer, 1997).

Considering the definition of strategic change. strategic change could be affected by the states of firms and their external environments. Because the performance of firms might dependent on the fit between firms and their external environments, the appearances of novel opportunities and threats in the external environments, in other words, the change of external environments, require firms to adapt to the external environments again; as a result, firms would change their strategy in response to the environmental changes. The states of firms will also affect the occurrence of strategic change. For example, firms tend to adopt new strategies in the face of financial distress for the purpose of breaking the critical situations. Additionally, organizations would possess structural inertia that they tend to keep their previous structure and strategy (Hannan and Freeman. 1984).

However, the research on strategic change has not shown expected empirical results. To explain the unexpected empirical results, Rajagopalan and Spreitzer (1997) suggest that the external environment could not be constantly decided; it would be decided depending on the decision maker's cognition of external environment. Therefore, the occurrence of strategic change would be related to their cognition of external environment. Based on the argument of Rajagopalan and Spreitzer (1997), the factors which affect decision maker's cognition of external environment would affect strategic change.

Strategic change can be thought of as being the process of making your offering increasingly more meaningful to your consumers. This simple sounding concept can maddeningly difficult to execute. The nature of the changes inherent in the process of strategic change tend to be significantly different than with changes that evolve over time and that generates reactive responses. Strategic changes are consciously planned for and tend to be steeped in personal meaning. They are designed to make the present obsolete and. more often than not, require the presence of some compelling "vision" that positions the change as being a necessary step along the pathway.

Leading this process requires skill in the areas of meaning generation and an appreciation of the power of context to influence behavior. As one way to appreciate what I'm saying take a moment and think of human behavior. What causes it? Why will two people respond differently to the same set of circumstances? Why will one be positively excited about a change and another absolutely resistant? The answer is in the meaning each assigns to the circumstance or change. Simply stated, the way I describe an event causes an emotional reaction in me, which leads to me selecting some behavior as a response. The appropriateness of the behavior was determined by the meaning I have attached to the event. In other words, behavior tends to be oriented around strategic concerns (e.g., what does this change mean to me?). In this sense, human behavior may be considered as always being the consequence of the assignment of meaning. Strategic change then is the process of changing meaning with the intention of changing behavior.

Most traditional efforts at leading change have focused on shifting behavior. The assumption being that a change in behavior will produce a different result – one that is hopefully more consistent with the desired change. What we are suggesting is that a more effective way or working is to focus at the level at which meaning is generated and strategy is formulated. In the final analysis leadership is concerned with movement. Specifically, leading strategic change is the process of aligning the behavior of an organization's members with the intention of causing the kind of movement that produces a specific result.

1.1.2 Challenges Facing Implementation of Strategic Change.

Change is inevitable and ubiquitous in a rapidly expanding world. These landscapes of many external forces make it most difficult for organisational survival and prosperity. Indeed, the major dilemma faced by businesses today is managing strategic change initiatives efficiently and effectively (Graetz, Rimmer, Lawrence & Smith 2002). And according to Ulrich (1997), a primary difference between organisations that succeed and those that fail is the ability to respond to the pace of change. In other words, organisations need to monitor and scan their external environments, anticipate, and adapt timely to continual change (Marquardt, 1996). A salient contention by Pettigrew, Woodman and Cameron (2001), is the relative lateness of anticipation and adaptation ability of firms, and their inability to recognise the change in bases of competition that may have changed in their business environment can be a key attribute explaining a loss of competitive performance.

There are three major trends that shape change. Specifically, the three trends are (a) the heightened competition brought about by globalisation, (b) information technology, and (c) managerial innovation. Globalisation is changing the economy and markets in which organisations operate. And there has been an increase in the e-business sector that is changing how work is distributed and performed with the use of information and communication technology (ICT). Moreover, managerial innovation becomes more important as a form of response to both competition and information technology trends (Brown & Harvey 2006).

Change is a phenomenon of time. involving both identity and process. A perennial polarity in our culture is between a traditional position suggesting a serene acceptance of what is and, a modern abhorrence of submission to the same. The ambition of modern times is, indeed, to understand and control change. Organizational change involves identity and process too, shaped by time. In their effort to capture the principles of organizational change, scientists and practitioners alike build explanatory models, and to the already numerous factors influencing organizational change, and by extension the complexity of the models, history added another one: the transition from one economic, political and social culture to another (Smith and Grimm, 1987).

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy. Between the lines a particular strategy is primarily about power and control, dominance and supremacy, whose access to resources was enlarged or reduced, who can stay and who has to go. On the one hand, this struggle for supremacy, power and control is about personal interests. For example, senior managers are well aware of the fact that initiating a new strategic change initiative can, irrespective of the factual outcomes for the organization, increase their credibility and their market value outside the organization as well as their position and influence inside the organization (Grant, 2003).

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For those who believe in the principles that underlie it, change management practices as philosophy legitimates 'the interests of management in how organizations are managed. stressing the role and accountability of individual managers and their positions as managers. The change process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard. an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes was done. The factors that contribute to change range from cost reduction. redundancies. technological, cultural change and performance improvement. There is much research reporting on implementation of change programmes where the resulting picture is far from a replica of discrete set of economic, structural and technological contingencies (Senge, 1990; Pettigrew *et al.*, 1992).

1.2 Statement of the Research Problem

To investigating the challenges facing implementation of strategic change in Commercial Banks in Kenya. This study is limited to Commercial Banks in Kenya. It will cover the 43 Commercial Banks in Kenya. We will conduct a Census survey which will provide an adequate population and sample for the study and therefore give reliable results and findings. The findings however cannot be generalized for all organizations because the country has many other organizations all over the country and beyond whose strategic change management and strategies adopted to counter the challenges facing implementation of strategic change differ and are expected to affect the overall organizations' performance. In this respect, generalization may lead to errors.

It has become a commonplace argument to suggest that many accounts of change and its management are limited analytically and weak in terms of their practical application (Pettigrew, 1992; Dawson, 1994; Collins, 1998) because they consider only a thin slice (Clark, 2000) of organizational variables, wrenched from their wider socio-economic and historical contexts. Reflecting upon the limitations of these accounts of change and its management, Pettigrew (1985) argued for a contextual approach to change, designed to analyze the interactions of context and action through time.

Change has long been recognized as a critically important factor that can influence the success or otherwise of an organisational change effort. In spite of the attention that the management of change has received, organizations continue to have problems in managing organizational change and the search for generalized laws of change still pervades the discipline (Wilson. 1992).

Locally, a few studies have been done on strategic change management practices. These studies include a survey of the strategic change management practices companies quoted in NSE (Gekonge 1999), a survey of strategic change management practices within non-governmental organizations in Kenya (Adieri 2000) and a study of strategic change management process in commercial banks in Kenya (Mbogo 2003). None of the local and international studies has ever focused on the challenges facing implementation of strategic change in organizations. This is despite the fact that many organizations implementing the strategic changes have been found to undergo hardships. It is in light that the researcher aims to fill the existing gap by carrying out a research on challenges facing implementation of strategic change in organizations with a special focus on Commercial Banks in Kenya.

1.3 Objectives of the Study

The objectives of the study were to:

i) To investigate challenges facing the implementation of strategic change in Commercial Banks in Kenya

ii) To establish whether commercial banks base their change strategies on the key challenges they face.

1.4 Importance of the Study

The study is important not only to Commercial banks managers but also other managers in the banking sector and to larger extent managers of other industries. It will help them understand the challenges facing implementation of strategic change and how different firms can achieve competitive edge. The study will also help other managers know the methods used in gathering and implementing the strategic changes, which help them improve their management styles.

The study was a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. The study will also highlight other important relationships that require further research; this may be in the areas of relationships between strategic change and firm's performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are, change management, strategic change management, benefits of strategic change management and challenges facing strategic change management.

2.1.1 Change Management

Some authors seek to restrict the meaning of change management to the felt need to improve organizational performance and members' own position within the organization (Goodstein et al, 1994). Dawson (1996) has discussed the limitations of adopting such a simple definition of change. She sees conflicting interests and resistance as some of the barriers to achieving the desired results in the felt need for change. In contrast to the rational-linear view embedded in the traditional approach to change, there are those who perceive change management as a systemic process incorporating systems of interpretation and meaning (Goodstein et al, 1994). This view is particularly important, as it emphasizes the social aspects of exchange through which the locus of knowledge and the understanding of real things is subjectively shared and shaped by individuals through conversation and dialogue. What is seen as real is made real through sense-making processes (Weick, 1995), and the social world is best understood from the viewpoint of the participant-in-action in Hammond and Grosse (2003) on appreciative inquiry where the organization is seen as a mystery to be embraced). In an empirical sense, this perception of change management reflects the management of processes through liberal exchange of knowledge, building of trust and acknowledgement of the heterogeneity in values, preferences and interests.

Changes in firms management practices include a move away from group decision making, while formal management and supervisory training is gradually replacing informal on-the-job training. Another departure from firm management practices is cutbacks in bonus and overtime payment (Weirck, 1995). Notably, not even the pillars of firm management, lifetime employment and the seniority system appear to be immune from change. Thus, retrenchments or temporary lay offs are included in restructuring plans of service firms. although, whenever possible, there appears to be preference for natural attrition rather than compulsory redundancies for shedding excess labor capacity. The seniority system is also under heavy pressure. as not enough posts are available to accommodate all eligible employees following the economic downturn of the past several years. (Pettigrew, 1992).

The regularity and intensity of change that most organisations are subject to highlights the importance of change management (Doyle, 1998). Burnes (1996) suggests that most organisations tend to treat management development and the management of change as separate issues and areas of responsibility within the organisation. This means that many opportunities for individual and organisational improvement are missed.

Doyle (1996) believes that management development and organisational change are intrinsically linked. He warns that management development will lose its relevance unless it becomes more closely integrated with the dynamics of organisational change. Doyle. (1996) suggests that often management development is too focused on technical and professional skills within specific job specifications, rather than the more complex context of change – a context that includes the structural, cultural. political, emotional and psychological influences involved in change.

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

A management development programme for an organisation about to undergo significant structural change was developed by Collins, (1998). They suggest that most approaches to learning about the management of change have been overly analytical and focused on knowledge and techniques to master change. Collins found it was much more helpful to acknowledge the emotional aspects of change and to provide the time and space for participants to work through their anxieties in the here and now of the programme. They felt that if the emotional and political aspects of change were not recognised and worked with, the management development programme would be overly-technical, stilted and lead to further cynicism. Participants of management development programmes needed to get among the organisational thorns and briars of organisational complexity to be effective (Collins, 1998).

2.1.2 Strategic Change

Strategic change is the movement of a company away from its present state towards some desired future state to increase its competitive advantage (Hill and Jones, 2000). According to Huczynski and Buchanan (2003) strategic change describes organizational redesign and refocusing that is major, radical, 'frame-breaking' or 'mould breaking' or 'paradigmatic' in its nature and implications. The term 'strategic' denotes scale, magnitude or depth.

Strategic Change means changing the organizational Vision, Mission. Objectives and of course the adopted strategy to achieve those objectives. Strategic change can be defined as changes in the content of an organization's strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Hofer and Schendel, 1978). Strategic change is the difference in the form, quality, or state over time in organization's alignment with its external environment (Rajagopalan and Spreitzer, 1997).

Considering the definition of strategic change, strategic change could be affected by the state of organization and its external environment. Because the performance of organization might dependent on the fit between organization and its external environment, the appearances of novel opportunities and threats in the external environment, in other words, the change of external environment, require organization to adapt to the external environments again. As a result, organizations would change their strategy in response to the environmental changes. The states of the organization will also affect the occurrence of strategic change. They tend to adopt new strategies in the face of financial distress for the purpose of breaking the critical situations. Additionally, organizations would possess structural inertia that they tend to keep their previous structure and strategy (Hannan and Freeman, 1984).

Ansoff and McDonnell (1990) defined strategic change as a shift in the product of services mix produced by the organization and/or the markets to which it is offered. This definition of strategy is further enriched by Michael Porter when he came out with ideas on competitive advantage. Selection of an attractive product market position is strategy in which presently there is no competition and for the future an entry barrier can be created is a sought after strategic position.

Therefore. strategic change occurs in different contexts and is based on the environment. The key objective of strategic change therefore is to enhance the competitiveness of the organization and continuous adaption of the organization to various environmental turbulence levels.

2.2 Need and benefits of Strategic Change.

2.2.1 Need for Strategic Change.

During the late twentieth century. organizations faced an emerging conviction that sectors are too large and inefficient. In response to such pressure and faced with a more complex operating environment. organizations have been reformed by adopting managerial principles grouped under the rubric of new management. These principles are aimed at changing the organizations in three areas, summarised by Clark (2000) as first, a change from hierarchical to economically-based structures. second from regulative to economically-based processes and third, from legally based to economically-based values. In seeking to achieve these goals, the organizations have employed various means such as downsizing. devolution of managerial responsibility and introducing such Managerialism methods as total quality management (TQM) and reengineering. Many of these practices first emerged in the private sector with the result that the organizations has moved increasingly to resemble its private sector counterparts. Debates with regard to organizations management and the variety of forms adopted have been based on the argument that while organizations management has encouraged private sector isomorphism. there may be risks associated with adopting wide-scale private sector management practices.

Clark (2000) describes new firm management as comprising seven main principles: hands-on professional management; explicit standards and measures of performance; greater emphasis on output controls; a shift to disaggregation of units in the public sector; a shift to greater competition in the public sector; a stress on private sector styles of management practice and a stress on greater discipline and parsimony in resource use.

These doctrines represent the most typical manifestations of firm management that have been espoused. to a greater or lesser extent. in private sector organisations inter and intra-nationally (Clark. 2000). Outcomes of the shift to firm management have been argued to be increased accountability, greater transparency and improved efficiency (Doyle, 1998). While the goals alluded to by the tenets of firm management appear both economically and operationally rational. their roots lie in the private sector where, it is now suggested. the reasoning behind the adoption of various management strategies has now changed. It is contended that no longer is organisational change in the private sector aimed at greater efficiency, but rather change is being directed to making organisations more similar. Increasingly private sector organisations are attempting organisational change by cloning the techniques of other organisations in an effort to be more alike rather than relying on any objective evidence that such change produces greater productivity, cost reduction or efficiency (Burke et al, 1996). Isomorphic efforts in the private sector have included downsizing, reengineering, devolvement of managerial responsibility and firm management. These practices have also formed the basis of the practical application of firm management philosophies in the private sector demonstrating the propensity of the public sector to replicate. through isomorphic behaviour. their private sector counterparts.

The dilemma is that such private sector practices have not always been demonstrated to suit the public sector environment and that the isomorphic behaviour of importing private sector principles and practices has not been effected because of a best practice model but to express ideological commitment (Stewart. 1993).

In espousing firm management principles, public sector organisations are adopting the same techniques as their private sector counterparts. following in a similar way, to uncertain performance outcomes. While firm management may hold the promise of improved performance, there have already been several examples of less than optimal political and organisational outcomes when its principles manifest themselves in private sector managerial strategies. Electoral failure (Moore, 1994) and cultural clashes when implementing firm management programs or performance-based pay have been some of the outcomes of firm management programs when insufficient consideration has been given to the context in which public management operates, in particular issues of politicization and public sector culture. The following discussion investigates these issues further by establishing the unique environment of the public sector and analysing the benefits and drawbacks of some firm management practices.

2.2.2 Benefits of Strategic Change.

It has been proposed that the banking sector experiences greater difficulties in regard to implementing corporate change than the other sectors and that this is caused by the unique environment in which the banking sector operates, for example, the need to deliver bureaucratically impartial outcomes (Doyle, 1994). To meet the challenges of a global economy and the increasing public demand for a smaller but more responsive organization, banking sector organisations have been required to transform. This transformation has been greater than any shift experienced in the other sectors starting, as it was, from a traditional bureaucratic base, where services were provided based on social values and equity (Doyle, 1994). It is argued that firm management practices have also meant the introduction of Managerialism practices that are ideologically opposed to the traditional public service ethos. Unlike their private sector counterparts, public sector organisations have not been required to be inured to the ideals of a competitive market. They are now being required to implement such practices as sub-contracting, the creation of internal markets, local pay bargaining and performance-related pay (Doyle, 1994). The impact of the degree of change demanded and the culturally opposing nature of such change has been evidenced in the example of the Australian banking sector where the introduction of performance-based pay failed to achieve the desired strong performance culture. The ideology behind individual performance-based pay was demonstrated to undermine the culture of teamwork. Also of note was that the shift to an emphasis on individual employment relationships was unable to undermine the collective agency of the workforce and their commitment to unionism (Doyle, 1994). This demonstrates how firm management practices initiatives aimed at improving performance can stall when insufficient attention is paid to the culture of the organisation into which it is being implemented.

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

In seeking to distance themselves from such a bureaucratically impartial, seemingly unsympathetic, and therefore politically unattractive image, elected officials have been major instigators of public management reform through either legislation or initiatives aimed at professionalizing the ranks of senior bureaucrats through increasing their authority over policy issues. Increased policy autonomy, however, disguises greater ministerial control through greater political intervention in administrative matters. Rather than allowing managers to manage, senior civil servants have been faced with growing job insecurity creating a paradox of firm management practices reforms where control over policy decisions has, in reality, been removed through insecurity of tenure (Morgan and Sturdy, 2000). This process has led to the greater involvement of elected officials in the management of public sector departments. However, a threat exists to elected representatives who overlook that their main function is politics, not management.

2.3 Challenges Facing Strategic Change Practices

Perhaps the two greatest challenges facing organisations today are leadership and change in management: recruiting, retaining and most importantly developing managers, and successfully managing organisational change (Burnes, 2003). What faces those charged with bringing about changes in organizations is much more of a mess than a difficulty. There is evidence to suggest that the universal. prescriptive model of change management is inadequate to describe the diversity of approaches actually used by organizations (Collins. 2005).

According to Lippitti (2007), when strategy fails to achieve expected results it is often because the strategy execution was flawed. The failure to execute is a major concern of executives because it limits organizational growth, adaptability. and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it. Pryor, *et al* (2007), stated that without coherent. aligned implementation. even the most superior strategy is useless. Unfortunately, most strategic planning efforts fail during this crucial phase wasting significant resources already invested.

2.3.1 Organizational Structure

Lippitti (2007) argues that in the rush to act on strategy, too little attention is paid to finding the best implementation initiatives. Shortcuts such as repackaging existing projects which appear to support the new strategy, cannot work because while strategic plans can be copied, execution cannot be duplicated. Execution must address the intangibles of cross functional integration, reward systems, and cultures as well as the tangibles captured in most planning documents. For many firms, false starts, delays and confusion characterize implementation.

According to Pearce and Robinson (2003), an organizational structure is the division of tasks for efficiency and clarity of purpose, and coordination between interdependent parts of the organization to ensure organizational effectiveness. Structure balances the need for specialization with need for integration. It provides a formal means of decentralizing and centralizing consistent with the organizational and control needs of the strategy.

An organization is necessary if strategic purpose is to be accomplished. Thus, organizational structure is a major priority in implementing a carefully formulated strategy. If activities, responsibilities and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If the structure and the strategy are not coordinated, this may result in inefficiencies, misdirection, and fragmented efforts.

Rantakyro (2000) states that, to implement the chosen strategies, there are many important decisions to make such as how to structure the company. The organizational structure has to support the strategies. Structuring the organization involves decisions about how to coordinate activities, relationships, and communication among the internal stakeholders. The organization can be structured by focusing on functionality, products, markets, projects or cooperation.

2.3.2 Leadership

According to Boomer (2007), without a strong leadership in a professional firm, constructive change is not possible. Strategy is formulated at the top of the firm, but executed from bottom up. Thus, alignment within the firm is required in order to execute strategy. Majority of firms fail to execute because they do not focus resources on priorities and in majority of cases, employees have not been informed of the strategy.

Pearce and Robinson (2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers.

The CEO is the catalyst in strategic management. He or she is most closely identified with and ultimately accountable for a strategy's success. In most firms, CEOs spend 80%of their time in developing and guiding strategy. The nature of the CEO's role is both symbolic and substantive in strategy implementation. First, the CEO is a symbol of the new strategy. His or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the on intensity of subordinate managers' commitment to the implementation process (Pearce and Robinson, 2003).

Secondly, the firm's mission, strategy and key long term objectives are strongly influenced by the personal goals and values of its CEOs. The CEO represents an important source for clarification, guidance and adjustment during implementation. The writers argue that, successful strategy implementation is directly linked to the unique characteristics, orientation and actions of the CEO (Pearce and Robinson, 2003)

According to Pierce and Robinson (2003), a key concern of top management in implementing strategy, particularly if it involves a major change, is that the right managers are in the right positions for the new strategy. Confidence in the individuals occupying pivotal managerial positions is directly and positively collated with the top management's expectation that the strategy can be successfully executed. Some of the characteristics to look out for include ability and education, previous track record and experience, personality and temperament. These, combined with gut feeling and top managers' confidence in the individual, provide basis for this key decision. One practical consideration in making key managerial assignments when implementing strategy is whether to emphasize current (or promotable) executives, or bring in new personnel. This is obviously difficult, sensitive and a strategic issue.

2.3.3 Organizational Culture

Pearce and Robinson (2003), stated that, culture is a set of important assumptions (often unstated) that members of an organization share in common. These shared assumptions (beliefs and values) among members of an organization set a pattern for activities, opinions and actions within that firm. The important assumptions are sufficiently central to the life of an organization so as to have a major impact on it.

Culture is a strength that can also be a weakness. It's strength because it eases and economizes communication, facilitates organizational decision making and control, and may generate higher levels of cooperation and commitment in the organization. This results in efficiency. The stronger the culture, the greater the efficiency. However, culture becomes a weakness when important shared believes and values interfere with the needs of the business, its strategy and the people working on the company's behalf. To the extent that the content of a company's culture leads its people to think and act in inappropriate ways, culture's efficiency will not help achieve effective results. This condition is usually a significant weakness because it is hard to change culture content. A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2002), social processes can also create rigidities if an organization needs to change their strategy. Resistance to change may be legitimized by the cultural norms.

Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture. (Pearce and Robinson, 2003).

According Johnson and Scholes (2002), within any organizational structure, what makes organizations work are the formal and informal organizational processes. These processes can be thought of as controls on the organizational operations and can therefore help or hinder the translation of strategy into action. Processes range from formal controls (systems, rules and procedures) through social controls (culture and routines) to self controls (personal motivation of individuals). According to Pearce and Robinson (2003), the structure is not the only means of getting things organized to implement a strategy. Reward systems, planning procedures, information and budgetary systems are other examples that should be employed.

According to Meyer and Stensaker (2006), organizations need to develop capacity for change, by allocation and development of change and operational capabilities that sustain long term performance. They argue that making change happen without destroying well-functioning aspects in an organization and harming subsequent changes requires both capabilities to change in the short and long term, and capabilities to maintain daily operations. Johnson and Scholes, (2002) stated that resource management and development must support an organization's strategies.

2.3.4 Resistance to Change

Industrial progress finds one of its greatest handicaps in the frequent resistance of both management and workers to change of any sort (McNurry, 1973). Hultman (1979) writes that unfortunately, when the word resistance is mentioned, we tend to ascribe negative connotations to it. This is a misconception. There are many times when resistance is the most effective response available. Leigh (1988) also writes that resistance is a perfectly legitimate response of a worker and Zaltman and Duncan (1977) cite Rubin saying that resistance should be used constructively.

That resistance can play a useful role in an organisational change effort certainly stands juxtaposed to a traditional mindset that would view it as an obstacle that is normally encountered on the way to a successful change process. Nevertheless, it is a conclusion reached by a variety of authors who suggest that there are a number of advantages of resistance. When managed carefully, these advantages can in fact be utilised by the organisation to greatly assist change. First of all, resistance points out that it is a fallacy to consider change itself to be inherently good. Change can only be evaluated by its consequences, and these cannot be known with any certainty until the change effort has been completed and sufficient time has passed (Hultman, 1979,).

To this end, resistance plays a crucial role in influencing the organisation toward greater stability. While pressure from external and internal environments continues to encourage change, resistance is a factor that can balance these demands against the need for constancy and stability. Human systems remaining in a steady state encourage processes and specialisations to stabilise, consolidate, and improve which allows the organisation a level of predictability and control. Thus, the system is able to gain a certain momentum or rhythm that is also critical for organisational survival (Albanese, 1973; Hultman, 1979,). While these maintenance needs are widely recognised, the emphasis in the literature certainly remains on the requirements of change and dynamism. The challenge therefore is to find the right balance between change and stability; avoiding the dysfunctionality of too much change while ensuring stability does not become stagnation.

As our understanding of resistance has become increasingly clear, it has also become apparent that people do not resist change *per se*, rather they resist the uncertainties and potential outcomes that change can cause. Resistance to a change is not the fundamental problem to be solved. Rather, any resistance is usually a symptom of more basic problems underlying the particular situation. Resistance can [therefore] serve as a warning signal directing the timing of technological changes (Judson, 1966).

As such, resistance plays a crucial role in drawing attention to aspects of change that may be inappropriate, not well thought through, or perhaps plain wrong. Either way, it is the organisation's method of communication, therefore attempting to eliminate resistance as soon as it arises is akin to shooting the messenger who delivers bad news. Specifically, management can use the nature of the resistance as an indicator of the cause of resistance. It was most helpful as a symptom if management diagnoses the causes for it when it occurs rather than inhibiting it at once (Bartlett and Kayser, 1972).

A further advantage that resistance contributes to the change process is an influx of energy. Psychologists have long understood the danger of apathy or acquiescence when there is a need for growth and development. Where a workplace is marked by apathy or passivity, implementing change is a very difficult task (Litterer, 1973). With resistance and conflict comes the energy or motivation to seriously address the problem at hand. Where energy is lacking, change is often uncreative, sparsely implemented, and inadequately utilised. Where resistance is at play, there is a need to examine more closely the problems that exist and consider more deeply the changes proposed. Once again, though, a balance must be maintained. Where conflict becomes too great, it may assume the focus of the energy causing the issues created to recede into the background. Consequently, authors speak of an optimal level of motivation (Thomas and Bennis, 1972) that will serve the change process and possibly improve its outcome.

In addition to injecting energy into a change process, resistance also encourages the search for alternative methods and outcomes in order to synthesise the conflicting opinions that may exist. Thus resistance becomes a critical source of innovation in a change process as more possibilities are considered and evaluated. Often a particular solution is known to be favoured by management and consequently does not benefit from a thorough discussion. Under such circumstances, acceptance is built in, and the organisation's growth and change is limited to the diagnostic and prescriptive capabilities of those who proposed the change (Albanese, 1973).

This aspect of resistance cannot be understated in its importance. Herbert's (1976) work into the rational decision, for example, drew attention to the fact that many management decisions are non-rational because they simply do not generate a sufficient number of alternative solutions to a problem, nor are these alternatives adequately evaluated. Further more, Janis's (1982) notion of group-think highlights the danger of conformity in group decision making and the importance of vigorous debate, thus resistance similarly plays a crucial role.

Resistance is what keeps us from attaching ourselves to every boneheaded idea that comes along (Maurer, 1996). In combination, these aspects of resistance make a persuasive case for re-evaluating the classical understanding of resistance. Equally, they call into question the assumption that a change effort that is met with little resistance should be automatically deemed a good change. The legislative process, for example, is predicated upon resistance playing a crucial role in ensuring the best possible laws are produced. Resistance, in the form of rivalry between (at least) two parties, injects energy into the process and sparks debate where opinions differ. Resistance encourages greater scrutiny of legislation. It prompts the search for a variety of alternatives and evaluates these with greater rigour. It also means that the implementation process was considered carefully, thereby improving the adoption of these changes by the general public.

Imagine then, a situation where new legislation that considerably alters an established law is enacted by parliament via a process that is marked by little resistance. It would not certainly raise concerns that the new law has not been adequately scrutinised, nor had the benefit of vigorous debate. If the process of implementation is not well thought out, it may only be sparsely adopted by the general public, rendering the law ineffective.

2.4 Models of Change

All change involves loss at some level. So the "Five stages" model has been very usefully used to understand people's reactions to change for many decades.

The five stages of grief Kubler-Ross wrote about are:

1. Denial
2. Anger
3. Bargaining
4. Depression
5. Acceptance

When Kubler-Ross wrote about these stages she was very careful to explain that these are normal reactions we have to tragic news. In fact she called them defense mechanisms or coping mechanisms. And this is exactly what they are when we apply the model to coping with change.

We don't move through the stages one at a time, in a neat, linear, step by step manner. That would be far too easy! What happens is that we occupy different stages at different times and can even move back to stages we have been in before. Kubler-Ross said the stages can last for different periods of time and will replace each other or exist at times side by side.

Ideally it would be good to think that we should all reach a place of Acceptance in the changes we face, but it is possible that some people get stuck in one of the stages and find it difficult or impossible to move on.

Kurt Lewin proposed a three stage theory of change commonly referred to as **Unfreeze, Change, Freeze** (or Refreeze). It is possible to take these stages to quite complicated levels but I don't believe this is necessary to be able to work with the theory. But be aware that the theory has been criticised for being too simplistic.

A lot has changed since the theory was originally presented in 1947, but the Kurt Lewin model is still extremely relevant. Many other more modern change models are actually based on the Kurt Lewin model. I'm going to head down a middle road and give you just enough information to make you dangerous...and perhaps a little more to whet your appetite!

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the overall approach to be taken in the research in terms of the Research Design, Data Collection, Respondents, Data Collection Procedure and Data Analysis.

3.2 Research Design

This research was an exploratory study carried out to find the challenges facing the implementation of strategic change among Commercial Banks in Kenya.

The researcher intended to use an explanatory approach using descriptive census survey design which ensures easy understanding the insight and ideas about the problem. The design was useful in describing the characteristics of the banks and determining the frequency of key attributes of the study. Correlation of the dependant variables will also be done using various statistical measures.

3.3 Target Population

The population of the study consisted of all 47 commercial banks in Kenya. Hence these banks are highly exposed to strategic change and hence must be experiencing some challenges in the implementation of the strategic changes.

3.4 Data Collection

The study used primary and secondary sources of data. Primary data was obtained through questionnaires. The questionnaires was administered through the drop and pick method in order to give the respondents enough time to respond to the questions. The questionnaires included structured and unstructured questions and was administered through drop and pick method to respondents who was top, middle and low level managers in the banks. The structured questions was used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions was used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information. With unstructured questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back. At the same time, with the use of structured questions, if the researcher is after information that he finds easier for administration purposes, he would use this method since the questionnaires and interviews are followed by alternative answers.

Secondary data was obtained from other documents in the public domain, such as financial reports and magazines.

3.5 Data Analysis.

The primary data collected from the questionnaire was analysed using descriptive statistics and inferential statistics such as measures of variation and measures of central tendency. The results were then presented in the form of frequency tables, charts and graphs where necessary. The response from the respondents was used to answer the research questions which was the identifying instruments of hedging in the banks used. Using the percentage and frequency distribution, the most significant issues in each category of factors would be identified and ranked.

The Likert scale was used to analyze the mean score and standard deviation, this will help in determining the extent to which banks face challenges in implementing strategic changes. Data analysis was done with the help of SPSS. This generated quantitative reports through tabulations, percentages, and measure of central tendency. Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. In addition univariate and inferential statistics is to be used at 95% confidence level; this provided the generalization of the findings on the challenges facing strategic change implementation in the selected banks in Kenya.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter provides analysis of data collected from the field. The results are presented in tables to highlight the major findings. They are also presented sequentially according to the research questions of the study. Mean scores and standard deviations are used to carry out analysis of data collected. The raw data was coded, evaluated and tabulated to depict clearly the results of the statement of the problem.

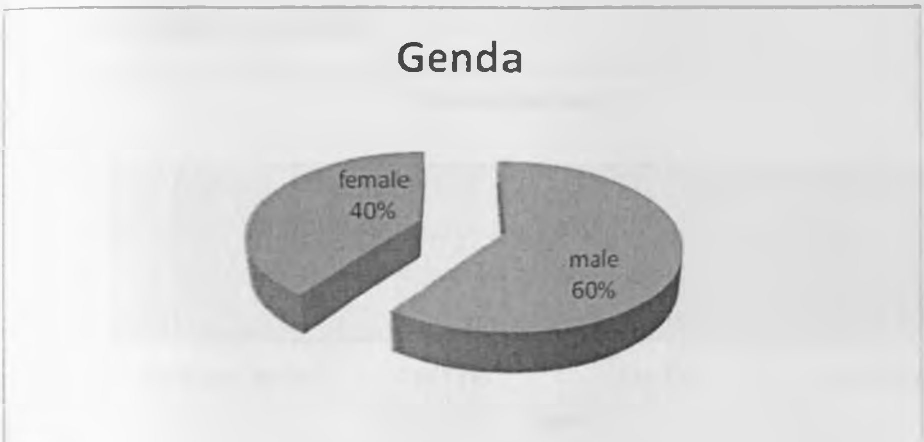
4.2 Demographic Characteristics

The respondents were asked to show their demographic characteristics as was presented in the questionnaire. The characteristics included, the organisation worked, departments worked, designation, years in the position, gender, these have be analyzed as follows.

4.2.1 Gender

The respondents were asked to show their gender, this was expected to guide the researcher on the conclusions regarding the congruence of responses to the gender characteristics. The results as in the chart below show that a majority of the respondent were male at 60%. To this extent, the findings can be generalized on the male respondents.

Figure 4.1: Analysis of gender



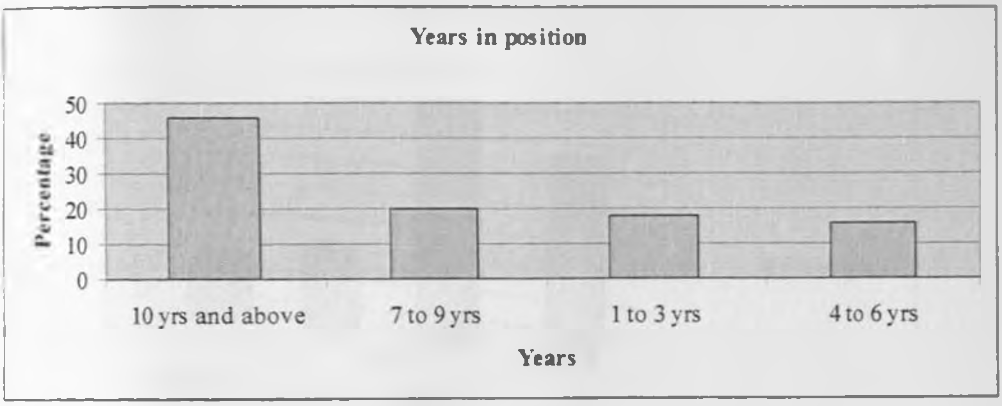
4.2.2 Department worked

The respondents were asked to show the department they worked where the respondents were 90 to whom data on challenge faced in implementation strategic change management in the 45 commercial banks; this was also expected to guide the researcher in setting classifying the responses from each department. The results of the study show that a majority of the departments had same number of respondents. The implication on the study is that varied responses from the different departments can adequately explore all the expected responses from the entire company.

4.2.4 How many years in current position

The researcher sought to establish the years that the respondents had been in the positions stated. The results show that a majority had been in the firm for 10 years and above, other had also been in the council for 7 to 9 years, this implies that the majority of the respondent had enough experience to give acceptable responses to the study questions. The graph below shows the findings.

Figure 4.3: Years in position



4.2.5 Education background

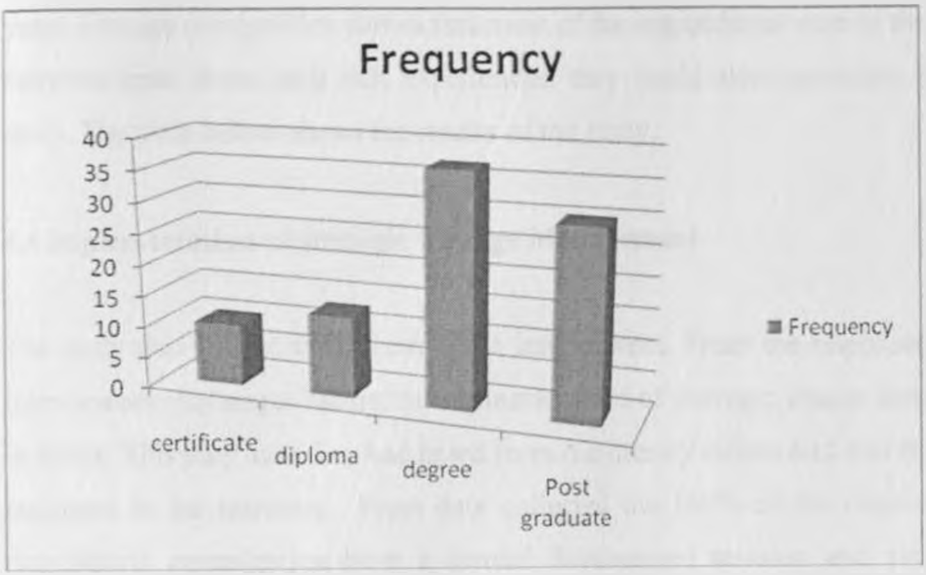
The respondents were asked to indicate their level of education; this was in order to help the researcher judge the ability of the respondent to answer the questions as was set in the study.

Table 1: Educational Background

Level of education	Frequency
certificate	10
diploma	13
degree	37
Post graduate	30

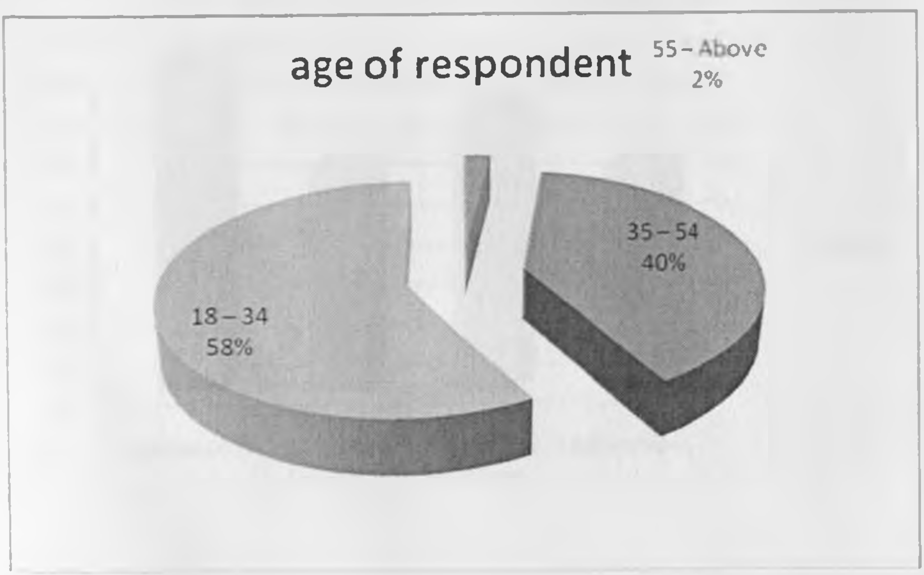
The results show that a majority of the respondents had attained the college level of education. A significant number had also attained university level of education. This implies that majority of the respondents had adequate skills to respond to the questions asked in the study.

Figure 4.4 level of education



4.3 Age analysis

Figure 4.5 age of the respondent



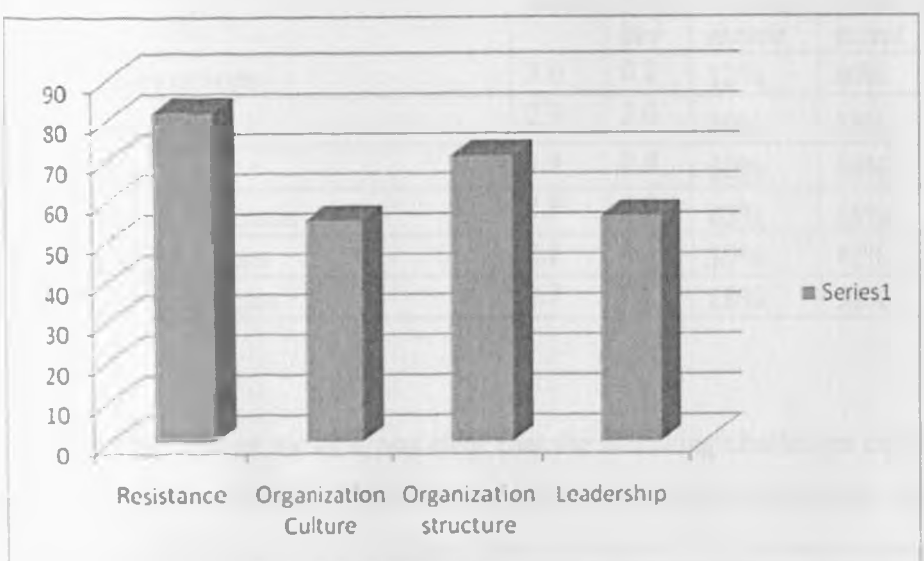
The respondents' age, this was also to assist the researcher in judging the seniority of the respondent and to hint on the general experiences of the respondents with regard to social aspects. The results show that a majority of the respondents were aged between the ages of 18 to

34 years; this was followed by a significant percentage that had also attained ages between 35-55 years. The age composition shows that most of the respondents were of the senior age levels and therefore apart from their rich experiences, they could also appreciate the importance of the study. The table below shows the results of the study.

4.4 Implementation of strategic Change Management

The study also sought to find out if the interviewees. From the responses, it was clear that the interviewees challenges facing the implementation of strategic change among commercial banks in kenya. This they said they had heard from the literary circles and also from their experience as managers in the societies. From data collected the 100% of the respondent agreed that their organisation organization have a formal documented mission and vision statements which outlines the desired change strategies. But most of the respondent indicated the commercial banks encounter challenges in their implementation.

The chart below shows the respondent rate of challenges that the respondent output



In implementation of strategic management in the case of 45 commercial banks in Kenya where these were two respondent in every bank. Resistance to change was the most encountered challenge with 78 number of respondent. The study also deficit that organization structure is a big challenge in implementation or organization. Where it had 67 number of respondent. The other challenges include poor leadership and bad organization culture both with 52 number of respondent rate.

Table 2: Challenges reviewed and addressed

Challenges are reviewed in the following rates according to the respondent	**frequencies**
After every 5 Years	0
Annually	44
Semiannually	36
Quarterly	10

From the analysis of data. it was found that challenge faced in implementation of strategic management are reviewed annually. semi –annually and quarterly in the ratio of 44, 36 and 10 number of respondent respectfully.

Table 3: challenges reviewed

	mean	***Std dev***	***Greater extent***	Moderate extent	Low extent	not at all
Competitors actions	3.0	0.2	12%	80%	8%	-
Resistance	2.9	2.0	20%	38%	30%	12%
Leadership	3.4	0.8	60%	34%	16%	-
Organization Structure	2.9	0.9	23%	45%	32%	-
Organization culture	2.8	0.7	30%	42%	28%	-
Management policies	2.7	0.5	18%	50%	32%	-

From the respondent views it was clear that the following challenges causes the alteration of the company's strategic change where competitors actions towards strategic changes of the company had a mean of 4.0 to which it obtain from the scale of 1.4 in order of extent. 4.0 and standard deviation of 0.2 indicate that most of the respondent were in the almost in the same range indicating that competitors action mostly lies in moderate extent.

Resistance to strategic change was also test where it standard deviation of 2.0 shows that the respondents differs in opinion, nevertheless, its means was above 2 which was 2.9 indicating that resistance to change had the highest score in moderate extent.

Leadership style as a challenge indicate mean of 3.4 where it strongly outline the respondent strongly aggress that to a great extent that leadership in commercial bank hinders Strategic change.

From the findings Organization structure, culture and management policies all have responded with highest value in moderate extent with 45, 42 and 50% respectfully. Their mean also indicate that they are elaborate average of 2.0 indicating that most of the respondent agreed to these challenges. The standard deviation of these changes seem to be small indicating that the spread of ideas of the respondent was smaller hence they lie almost at the same region. These standard deviation are 2, 9, 2.8 and 2.7 respectively.

Table 4: Other aspects influencing change

	mean	*Std dev*	*Greater extent*	Moderate extent	Low extent	not at all
Advertisements	3.4	0.2	65%	35%	-	-
Reducing operating staff	3.0	0.4	40%	55%	5%	-
Charging low fees	3.4	0.3	40%	60%	-	-
Employing high skilled staff	3.9	0.9	70%	30%		-
Use of publicity	2.8	0.7	45%	30%	25%	-
Outsourcing support staff	2.7	0.1	-	98%	2%	-
Intensive staff training	2.9	0.23	55%	45%	-	-
Avoiding loss making areas	3.4	0.3	60%	40%	-	-
Combining with competitors	3.2	0.3	30%	70%	-	-
Offering a wide range of services	3.6	0.2	70%	30%	-	-

The respondent of the commercial bank outline that the following changes strategies remained relevant in the market. Advertisement is relevant in the market by which the interviews responded with a mean of 3.4 of the scale where its standard deviation 0.2 indicating spread of ideology is small hence indicating that most of them agrees to a greater extent that advertising plays a greater role in strategic change.

Reducing operating staff is not very well taken by the respondent where most of them accepted to moderate extent thus scoring a mean of 3.0. commercial bank are charging low fees according to the respondent since most of them are agreeing to the notion with a moderate extent while others with great extent. leaving a standard deviation 0.3 and a mean 3.4

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the findings of this study. This chapter is organized as follows. First, a summary of the findings in chapter four is provided. Then the conclusions of the study based on the objectives of the study follow. The study then recommends to the stakeholders regarding the findings. Areas for further research are then proposed for academics and scholars wishing continue researching on the same line. This final chapter of the research provide a brief summary of the study's findings that are discussed in light of its objectives.

5.2 Summary of the study

The objective of the study was to establish the challenges facing the implementation of strategic change among commercial banks in Kenya. Therefore considering the following factors, the following conclusions were made. Considering the demographic characteristics of the respondents, the study established that a majority of the employees were male; the findings can be generalized on the male respondents. A majority of the departments had same number of respondents: particularly. administration, finance, information technology, human resource and investigations and information analysis had four respondents each. The implication on the study is that varied responses from the different departments can adequately explore all the expected responses from the organization.

Regarding the designations of the respondents, the results shows that the respondents had different designations such as administration, accountants and salespersons. The implication on the research is that the respondents were evenly distributed and therefore a variety of the responses were obtained. Regarding the number of years in position. results show that a majority had been in the firm for 10 years and above, other had also been in the council for 7 to 9 years, this implies that the majority of the respondent had enough experience to give acceptable responses to the study questions.

In relation to the education level, the results show that a majority of the respondents had attained the college level of education. A significant number had also attained university level of education. This implies that majority of the respondents had adequate skills to respond to the questions asked in the study. The results show that a majority of the respondents were aged between the ages of 34 to 41 years; this was followed by a significant percentage that had also attained ages between 42 to 49 years. The age composition shows that most of the respondents were of the senior age levels and therefore apart from their rich experiences, they could also appreciate the importance of the study.

5.3 Conclusions and Discussion of the findings

An organization is necessary if strategic purpose is to be accomplished. From the findings above , organizational structure is a major priority in implementing a carefully formulated strategy. If activities, responsibilities and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If the structure and the strategy are not coordinated, this may result in inefficiencies, misdirection, and fragmented efforts. Leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers. As observed above, successful leadership is the catalyst in strategic management. A leader, he or she is most closely identified with and ultimately accountable for a strategy's success. In most firms, CEOs spend 80%of their time in developing and guiding strategy. The nature of the CEO's role is both symbolic and substantive in strategy implementation. The CEO is a symbol of the new strategy. His or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the on intensity of subordinate managers' commitment to the implementation process (Pearce and Robinson, 2003).The firm's mission, strategy and key long term objectives are strongly influenced by the personal goals and values of its CEOs. The CEO represents an important source for clarification, guidance and adjustment during implementation. The writers argue that, successful strategy implementation is directly linked to the unique characteristics, orientation and actions of the CEO (Pearce and Robinson, 2003)For instance in the data collected ,100% of the respondent agreed that their organisation organization have a formal documented mission and vision statements which outlines the desired change strategies. But most of the respondent indicated the commercial banks encounter challenges in their implementation.

5.4 Limitation of the study

The study faced a number of limitations, which include: One of the limiting factors was the time to carry out research especially could use of longer period to capture the factors.

The above research involved data analysis, which may have incurred a lot of errors in the analysis and hence deduction may not be satisfactory which may be caused by some of the respondents who didn't want to give the information required as they regarded it confidential.

Most of the respondent felt bothered and either had to keep me waiting for main hours before they agree to see me and also I work during the day and could only afford to meet most of the respondent in the evenings and due to traffic jam in the city, it was almost impossible to get to their offices on time

Some of the respondent didn't return the questioners therefore, resulting to fifty number of respondent.

5.5 Recommendations

The study recommends that career development and individual performance, several issues need to be looked into in broad. The diversification parameters of size, age. gender. expertise, and independence should be carefully looked into so as to balance the board since more of some of the features may mislead result of the study. Independence is very important and all boards should always strive to be independent.

5.6 Areas for further research

This study is important to those wishing to study cooperative societies and in particular change management issues in cooperative societies. As this study found out that the extent of resistance to change was low for employees in cooperative societies, more studies should be done to ascertain the nature of this low resistance as this may bring out an important aspect of what has exactly caused this position. A further look at this issue vis-à-vis the disciplinary actions on employees who resist change might shed important insights into the issue. If the studies find out that there are harsh disciplinary measures that normally follow those who resist change, then the effect of this on employee morale and subsequent productivity of employees and the organizations in general can be explored.

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CHALLENGES FACING THE IMPLEMENTATION OF STRATEGIC CHANGE AMONG COMMERCIAL BANKS IN KENYA

Appendix 1: Questionnaire

Section A: General information

1. Department/ Section that you are Based.................................
2. Position held in the organization ....
3. When did you join the organization (Year)? ....
4. How many employees are there in your department? ....
5. What is the annual turnover of the company? ....
6. When was the organization established? ....

Section B: specific information

7. (i) Does your organization have a formal documented mission and vision statements which outlines the desired change strategies'?

Yes ( )

No ( )

(ii) If Yes in 7(i) above, please indicate the challenges being faced by your organization in their implementation.

Resistance ( )

Organization Culture ( )

Organization structure( )

Leadership ( )

Others? Please specify ....

8. How often are the Challenges reviewed and addressed?

After every 5 Years ( )

Annually ( )

Semiannually ( )

Quarterly ( )

Any other period? Please specify ....

9. To what extent do the following challenges cause the alteration of the company's change strategies?

	Greater extent	Moderate extent	low extent	Not at all
Organization culture	( )	( )	( )	( )
Organization Structure	( )	( )	( )	( )
Leadership	( )	( )	( )	( )

Resistance	( )	( )	( )	( )
Competitors actions	( )	( )	( )	( )
Management policies	( )	( )	( )	( )

Any other? Please specify ....

10. To what extent do you adopt the following change strategies to remain relevant in the market?

	Greater extent	*Moderate extent*	*Low extent*	*not at all*
Offering a wide range of services	( )	( )	( )	( )
Reducing operating staff	( )	( )	( )	( )
Charging low fees	( )	( )	( )	( )
Employing high skilled staff	( )	( )	( )	( )
Use of publicity	( )	( )	( )	( )
Outsourcing support staff	( )	( )	( )	( )
Intensive staff training	( )	( )	( )	( )
Avoiding loss making areas	( )	( )	( )	( )
Combining with competitors	( )	( )	( )	( )
Advertisements	( )	( )	( )	( )

Any other? Please Specify..

11. To what extent do you face the following challenges when implementing change strategies?

	Greater extent,	Moderate extent,	low extent,	Not at all
High cost of maintaining quality service	( )	( )	( )	( )
Cost of attracting maintaining skilled staff	( )	( )	( )	( )
Attracting large number of customers	( )	( )	( )	( )
Inability to differentiate products	( )	( )	( )	( )
Increased number of competitors	( )	( )	( )	( )
Huge financial requirements	( )	( )	( )	( )
Foreign competition	( )	( )	( )	( )
Unpredictable government policies	( )	( )	( )	( )
Rapid changes in interest rates	( )	( )	( )	( )
Constant changes in customer needs	( )	( )	( )	( )

Any other? Please specify ....

12. In your own opinion, is adoption of change strategies of any value to the firm?

Yes ( )

No ( )

Thanks for your responses

The following are the full list of commercial banks in Kenya to date that constitutes my target population;

APPENDIX II: LIST OF COMMERCIAL BANKS IN KENYA

1 African Banking Corporation Ltd.
2 Bank of Africa Kenya Ltd.
3 Bank of Baroda (K) Ltd.
4 Bank of India
5 Barclays Bank of Kenya Ltd.
6 CFC Stanbic Bank Ltd.
7 Charterhouse Bank Ltd-Under Statutory Management
8 Chase Bank (K) Ltd.
9 Citibank N.A Kenya
10 Commercial Bank of Africa Ltd.
11 Consolidated Bank of Kenya Ltd.
12 Co-operative Bank of Kenya Ltd.
13 Credit Bank Ltd.
14 Development Bank of Kenya Ltd.
15 Diamond Trust Bank (K) Ltd.
16 Dubai Bank Kenya Ltd.
17 Ecobank Kenya Ltd
18 Equatorial Commercial Bank Ltd.
19 Equity Bank Ltd.
20 Family Bank Ltd
21 Fidelity Commercial Bank Ltd
22 Fina Bank Ltd
23 First community Bank Limited
24 Giro Commercial Bank Ltd.
25 Guardian Bank Ltd
26 Gulf African Bank Limited
27 Habib Bank A.G Zurich
28 Habib Bank Ltd.
29 Imperial Bank Ltd
30 I & M Bank Ltd
31 Jamii Bora Bank Ltd.
32 Kenya Commercial Bank Ltd
33 K-Rep Bank Ltd
34 Middle East Bank (K) Ltd
35 National Bank of Kenya Ltd
36 NIC Bank Ltd
37 Oriental Commercial Bank Ltd
38 Paramount Universal Bank Ltd
39 Prime Bank Ltd

40 Standard Chartered Bank (K) Ltd
41 Trans-National Bank Ltd
42 Victoria Commercial Bank Ltd
43 UBA Kenya Bank Ltd.
44 Korea Exchange Bank
45 Pan African Bank
46 Prudential Bank Ltd
47 Mashreq Bank

Source: Central Bank Report ; 2009