

**STRATEGIC CHANGE MANAGEMENT PRACTICES AT  
JAMII BORA BANK LIMITED IN KENYA**

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## DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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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 dear family and friends who gave me moral support and encouragement during the entire research period.

## **ABSTRACT**

Organizations deal with change on a day to day basis as do people. And from the literature review, organizations do change to align themselves with changes both in the internal and external environments. However, organizations can also anticipate change and develop preparedness through building capabilities necessary take advantage of future environmental changes. The limitation of this study was the inability to include many organizations as that would have given an authoritative analysis of the industry practices of the management of strategic change. Further, resource on time constraints on the part of interviewees and the sensitivity of the information sought also played out and to some extent affecting the quality of results. This study investigated strategic change management practices at Jamii Bora Bank Ltd. The objective of the study was to explore the strategic change management practices and to determine the factors influencing strategic change management at the bank. The research design employed in this study was a case study method. This study collected primary data through interview guides. The collected qualitative data from the interview guides were analyzed through content analysis. The study found that there is no formal policy framework to guide strategic change management at Jamii Bora Bank. However, there are strategic changes occasioned by environmental changes and as such, the company adopts strategies for purposes of beating competition, remaining relevant and sometimes being unique. Such changes include expansion programmes to wider reach by opening branches, system overhaul to boost robustness and become more efficient, human resource changes to increase skills experience and expertise and introduction/innovation of new products to target wider clientele base. The study concludes that Jamii Bora Bank Limited must create a formal policy change management framework to enhance creation of awareness by developing both formal and informal networks of relation to get information, commitment, solidify progress and integrate processes, using formal analytical techniques for establishing, measuring and rewarding key initiatives to ensure significant change are implemented. The study further concludes that management of Jamii Bora Bank Limited engage in recruiting a qualified change agent to help the company members develop good relationship necessary to maximize effectiveness of change effort, innovate progressive products and services, negotiate for resources necessary for strategic changes, and to professionally manage change programmes.

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# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Strategic change management defines the approach needed to manage change given the unique situation or circumstances. It is the management of change within an organization necessary for the organization to reach its strategic goals or objectives. For successful change management process, the following are key guidelines; good understanding of the situation (change characteristics, organizational attributes and the impacted groups), identification of the supporting culture (team structure and the sponsor coalition) and thorough strategic analysis (risk assessment, anticipated resistance and special tactics). Strong leadership and excellent communication channels are also good ingredients of change management.

The rate and extent of strategic change is a function of two factors; the state of the firm and the external environment. And because the performance of firms might depend on the fit between firms and their external environment (the appearances of novel opportunities and the external environment) a change in the external environment require firms to adapt to the external environment. As a result, firm's would change their strategies to external environmental changes. Change is therefore inherent in contemporary organizations and its management is critical to organizational success and survival. Along with important changes taking place in the social fabric within which organizations operate are vital forces impacting organizations within the context of their business operations (Thompson and Strickland, 1999). These forces include forces

outside the organization and emanate from the external environment as well as the forces within the organization itself hence the importance of the fit between the organizations and their external environments.

Change can cause people to feel incompetent, needy and powerless. It is therefore essential for people in the organization to be involved in the planning and the execution of change, to have opportunities to develop new skills required by change, and to depend on psychological support put in place before, during and after the change is implemented to avoid resistance to change. Some organizations change largely in response to external circumstances, that is, reactive change while others change principally because they have decided to do so (Cole, 1997). Transforming strategies into action is a far more complex and difficult task and therefore requires concerted effort from all members of the organization. Once it is determined that changes have been implemented, attention is directed to institutionalizing the changes.

The banking industry in Kenya has witnessed the trends and impact of globalization that has forced its players to formulate novel ways of countering the turbulence. For instance; automation to better meet the growing complex needs of their customers and globalization challenges, new entrants in the market and the free flow of labour that attracts different skills from foreign countries to offer their expertise. These realities mean that banks must continuously change their organizational vision, mission, objectives and of course the adopted strategies to achieve the intended objectives. The broad objective of the study will be to analyze the change management practices at Jamii Bora Bank given the numerous operational changes the bank must always adapt and adopt to survive in the turbulent business environment.

### **1.1.1 The Concept of Strategic Change**

In response to the fast-change and fluid market place and industry landscapes, many management thinkers came with theories of strategic change. The first among them is the theory of “Age of Discontinuity” that describe the way in which changes affect us. In this model, the four sources of discontinuity are globalization, cultural pluralism, knowledge capital and new technologies. The main idea behind the theory is that extrapolating into the future by using existing models is ineffective as the rapidity with which change was barreling down on corporations made such models redundant within no time. This proposal was that firms need to explore the drivers of change and strategize according to which aspect was most likely to affect the firm in future.

The second theory is an idea about the intersection of different paradigms and the accelerating rates of change and their impact on business. It describes how the changes in technology, move towards globalism, resource constraints, and finally, the shortening of time itself were a kin to the future arriving ever before one could prepare for it. It is referred to as “future shock”.

The ‘tipping points’ theory describe the phenomenon of trends acquiring critical mass and then taking off to impact business and society in the process. It postulates the concept of strategic decay to explain how the values of each strategy decays overtime irrespective of how good the strategy was in the first place.

In all the theories, there is an attempt to explain how change is the only constant and hence, businesses ought to be prepared for anything to happen and hence must strategize and build their models accordingly. It is also not lost in the discussion that strategic

change is difficult to predict and control. Hence the optimal way to deal with it is to expect the unexpected and be ready for anything. Unless companies embrace change and prepare to deal with sudden, unpredictable, discontinuous and radical change, they are likely to go down.

The above theories explain why commercial organizations have to constantly deal with the international competitive forces released by the turbulence within the world economy created by the general agreements and trade. According to Andrews (1987), their survival has depended on their making correct responses. Hence the strong emphasis given to understanding the operating environment in order to assess how well the rivals are coping with it. Plans on how to gain competitive edge over antagonists are developed from this analysis and the relationship that they have with; the suppliers of necessary resources, the users of the rivals' products and services and attitudes of those who are interested in or have a stake in their actions.

Such planning requires vigorous examination of the challenges facing the various rivals, their ability to take advantage of opportunities which emerge and logistical expertise. Further, there must be consistency if those asked to implement the strategy are to have confidence in it.

The business practitioners need to be mindful that once implementation begins, unexpected problems will arise. So success depends on the ability to recognize the need to be flexible, to carefully estimate the levels of risk of different causes of action and to actively encourage and enable new strategies to emerge.

### **1.1.2. Strategic Change Management Practices**

Strategic change management is the process of aligning the internal capacity of an organization with the external demands of an environment. The process forms the basis to formulate and implement strategies that achieve organizational goals and objectives. For appropriate strategies to be undertaken, managers must consider all aspects of the organization, both internally and externally, Rowe (1989). It therefore means that analysis of the organizations' strengths, weaknesses, opportunities, and threats should be carried out.

Successful strategic change is built on an overall strategic management system of the organization with a purpose of ensuring that the organization is heading towards the right direction. Effective strategic leaders understand that change in the environment is a continuous process. Some organizations change largely in response to external circumstances, that is, reactive change while others anticipate change (Cole et al).

A strategic leader must develop sensing networks, expand the target audience, gather and broaden the power base. They should alert the organization that change is coming and actively manage the planning and execution processes by linking every day to day action to the vision for change. Such leaders should continually communicate the vision, for change to key internal and external stakeholders, know about and plan for overcoming resistance and get prepared for unexpected but necessary mid-course corrections (Fellow, 1985).

According to Pearce and Robinson (2005), organizational leadership should be guiding an organization to deal with constant change. The senior managers should embrace change by clarifying the strategic intent that built their organizations and share their culture to fit with opportunities and challenges change affords. They need to identify and supply the organization with operating managers prepared to provide operational leadership and vision as never before.

Most strategic leaders consciously develop and maintain a variety of information and power networks. These networks may be the sources of information that change is necessary. In addition to serving as sources of information, those networks also serve as sounding boards for new ideas. The people in the networks must be trusted by the leader, and familiar with the leaders thought processes.

Comstock (2006), recommends that before implementation of change, an organization must be prepared for change. The top management should keep employees informed about the need and process of change because the employee perception of change can increase or reduce change.

### **1.1.3 Banking Industry in Kenya**

The banking industry in Kenya comprises of the commercial banks, investment banks, micro finance institutions and the mobile banking. The companies Act, the Central Bank of Kenya (CBK) Act and the Banking Act are the main regulators and governors of the banking industry in Kenya. These Acts are used together with the prudential guidelines

which Central Bank of Kenya issues from time to time. In 1995, the exchange controls were lifted after the liberalization of the banking industry in Kenya. Thereafter, the industry has been operating in the global market place where it has been dealing with the challenges of competition posed by the global industry trend (Kenya Bankers Association, 2010).

Commercial banks provide a broad array of corporate financial services that address the specific needs of private enterprise including: deposits, loans and trading facilities. The industry has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customers and globalization challenges. In Kenya, Commercial banks play a number of roles in the financial stability and cashflow of the country's private sector. These include; processing payments, issuing bank cheques, and drafts; accepting money on term deposits, and acting as money lenders, by way of installment loans and overdrafts.

This industry has witnessed the trends and impact of globalization that has forced its players to formulate novel ways of countering the turbulence. For instance, the free flow of labour has attracted different skills from foreign countries to offer their expertise to the banks, especially multinationals. In pursuit of better service to the customers, commercial banks have engaged in increased competition leading to better efficiency, service delivery and competitive products.

The CBK that falls under the Ministry of National Treasury is responsible for formulating and implementing monetary policy and fostering liquidity, solvency and proper functioning of the financial system. It publishes information on Commercial banks and non-financial institutions, interest rates and other publications and guidelines.

The banks have come together under the Kenya Banking Association (KBA), founded on 16<sup>th</sup> July 1962, serves as a lobby for the banks' interests and addresses issues affecting members (KBA, 2008). According to wikipedia of 4<sup>th</sup> April, 2011, there are 47 commercial banks and non-bank financial institutions, 15 micro finance institutions and 48 foreign exchange bureaus in Kenya. Six (6) of the major commercial banks are listed at the NSE.

#### **1.1.4 Jamii Bora Bank Limited**

Jamii Bora Bank (JBB) began as the Jamii Bora Trust in 1999, as an initiative of 50 street families who came together to find a solution to their financial problems. With the help of Ingrid Munro and a number of Swedish investors, the Jamii Bora Trust was founded as a charitable trust and registered on November 1999, providing micro finance solutions to Kenya's low income earners.

On 1<sup>st</sup> January 2007, Jamii Bora Kenya Limited took over the micro finance operations from the Trust, managing them until March 2010, when City Trust Bank acquired the assets, business and liabilities of Jamii Bora Kenya Limited and changed its name to Jamii Bora Bank Kenya Limited. Today, it is Kenya's fastest growing bank with a dedicated customer base of over 300,000 customers and 28 outlets country wide out of which 14 are already fully fledged Central Bank of Kenya approved branches.



The bank's objective are: to be one of the Kenya's middle tier banks by end of this year, to eventually be a pan Africa Micro financier and to grow with their customers as they move towards financial prosperity. These they want to achieve by focusing on leveraging on technology to enable their customers and all their stakeholders have access to a truly robust financial services that will enhance and transform their lifestyles anywhere, anytime and enabling them to do anything. Also to transform more of the sales outlets to fully fledged bank branches and to rollout a unique agent banking proposition thereby reaching more customers. To this end, the banks products include; SME and Agri Banking Division, Personal and Mortgage Banking Division, Mobile Banking Service (Chapaa Chap Chap \*344#), JBB Debit Card and Jinue na Marafiki Milele.

## **1.2 Research Problem**

Change can be a challenge to organizations and if not well managed, can negatively affect the performance of an organization. Kotter (1996), illustrates that effective change implementation is limited, despite abundant models and theories for successful change facilitation. Partly to blame for the failures of most change efforts are the change management practices being used.

All organizations exist to achieve certain purposes in a given point in time. Hilton (1991), observes that most organizations exists to make profit, to grow, to achieve financial self-sufficiency, minimize cost, to achieve product leadership, diversify market, increase its market share, produce quality products, preserve environment and achieve corporate social responsibility. The purposes are achieved through exploiting and transforming various resources from the environment to produce consumable outputs. The outputs are

also consumed by various consumers in the environment. Organizations therefore possess a service and dependent relationship, Ansoff (1999) with the environment. The attainment of organization purposes are also affected by changes of forces in the environment.

As organic systems, organizations are forced to align their limited internal resources in order to adapt to the changing forces in the external environment to ensure their competitiveness and survival. This adaptation is a source of problem to nearly all organizations because change is a source of dilemma. This is because there is a general desire by organizations to change in order to remain competitive, adopt more and efficient technology and methods on one hand, while on the other hand there is a general tendency for organizations to resist change because they desire to remain stable and predictable in terms of output, costs, and finance. The desire to understand how organizations deal with this dilemma makes change management an interesting subject of study.

Jamii Bora Bank limited is worth studying because it exists in a changing environment with increasing competitors, changing customer tastes, cut-throat competition, diminishing resources, increasing technology, changing demography, changing political landscape and innovative range of products. Scott (1995) maintains that these forces in the turbulent environment requires for organizational fitness which can only be guaranteed by ease with which organizations adapt to the changing environment.

Kanter (1989) indicated that most of the organizations implementing change are usually faced with challenges of imbalances in the domain of power, resources, benefits, trust, loyalties, scope, commitment and internal corporate conflict,

Several studies on change management practices have been conducted in Kenya but none that the researcher is aware about at Jamii Bora Bank Limited. Such studies include; Mogo (2003), studied strategic change management process at Kenya Commercial Bank, Nyamache (2003), studied strategic change management process at the Public Service, Nyororo (2006), studied the strategic change management process at the National Social Security Fund (NSSF), Maingi (2005), studied change management practices at the Municipal Council of Mavoko and Maridadi (2010), studied strategic change management practices at the University of Washington /University of Nairobi collaborative Mombasa research site. Pettigrew (2003) critiques much of the change literature in terms of the general absence of consideration of contextual issues and the consequent adoption of a universalistic view of change approaches.

This study will contribute to the literature and research on strategic change management practice by establishing whether the practices being used at Jamii Bora Bank are the universal practices found in most strategic change literature. The study will seek to answer the question; what are the strategic change management practices at Jamii Bora Bank Ltd and the factors influencing them?

### **1.3 Research Objectives**

The study sought to explore the strategic change management practices and to determine the factors influencing strategic change management at Jamii Bora Bank limited.

## **1.4 Value of the Study**

The findings of this study is important for the management of Jamii Bora Bank as they can help them understand the importance of management of change practices as they seek to increase their market share in Kenya and the East African region. The study can also provide an insight to the industry players in understanding the challenges they are likely to face when implementing change management practices in their organizations and the strategies adopted in overcoming the challenges and the benefits of indulging in strategic change management. To other organizations, it brings up the best change management practices which can be borrowed and applied to other sectors of the economy by those facing similar challenges and opportunities arising from changes in strategy.

The study presents researchers in the field of change management and organizational development with a range of useful approaches and models used in one document for ease of referencing. Further, it adds to the existing authoritative, logical and empirical knowledge in strategic change management. It also forms part of the foundation for carrying out future and replicable researchers.

The study may also help policy makers, the Central Bank of Kenya formulate policies to guide financial institutions undertaking strategic change how to manage such changes. The government may also borrow from the findings, practices that may guide running of changes in their institutions/parastatals through policy frameworks.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter outlines the literature and authorities on strategic change management. Issues of strategic change management have been critically reviewed focusing on the theoretical foundations of strategic management, concept of strategy, strategic change and its practices, resistance to change and finally challenges in the management of strategic change.

### **2.2 Theoretical Foundations of the Study**

Three schools of thought form the central planks on which change management theory stands; the individual perspective school, the group dynamics and the open systems school (Burnes, 2000). The three schools complement each other in their approach to managing strategic change, differing only in circumstances in which each applies. The individual perspective school's supporters are divided into two; the Behaviourists and the Gestalt-field psychologist.

The Behaviourists view behaviour as resulting from an individual's interaction with the environment. In this theory, all behaviour is learned; the individual is the passive recipient of external and objective data. Human actions are conditioned by the expected consequences. Rewarded behaviour tends to be repeated, an ignored behaviour tends not to be. To change behaviour, conditions causing the behaviour need to be changed. The behaviourists seek to achieve organizational change only by modifying the external stimuli acting upon the individual. The Gestalt-Field theories argue that an individual's

behaviour is the product of environment and reason. Learning is a process of gaining or changing insights, outlooks, expectations or thought patterns. An individual's behaviour is explained in terms of persons actions, the responses these elicit and the interpretation the individual places on these. Individual members are helped to change their understanding of themselves and the situation, which will lead to change in behaviour.

The group dynamics school's emphasis is on bringing about organizational change through teams or work groups, rather than individuals. Lewin (1951) argues that an individuals behaviour at any given time is an interplay between intensity and valence of the forces impinging on the person. To bring about change, we should concentrate on influencing and changing the group's norms, roles and values instead of concentrating on changing the behaviour of individuals who are constrained by group pressure to conform on the overall performance (Lewin, 1947).

The open systems school's primary point of reference is the entire organization where organizations are seen as composition of four interconnected subsystems, which are; goals and values, technical, psychosocial and managerial (Burnes, 2000). The school is concerned with understanding organizations in their entirety. Any change to one point of the system will have an impact on other parts of the system. Hence, the functions of a business need to be structured in such a manner that the overall business objectives are collectively pursued in order to achieve synergy.

## **2.3 Issues of Strategy**

According to Pearce II, Robinson Jr, and Metal, (2007), strategies are large scale, future-oriented plans for interacting with the competitive environment to achieve a company's objective. Strategy provides a framework for managerial decisions and reflects a company's awareness of how, when, and where it should compete, against whom it should compete, and for what purpose it should compete. Strategy formulation is a market driven activity whose success depends on the business vision, solid industry and competitive analysis and shrewed market positioning, Thompson Jr. Strickland III & Gamble (15<sup>th</sup> edition).

For strategy to work well, the process of formulation, implementation and execution must be managed well. Strategic management are the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. This is an elaborate process that comprise the following tasks; formulate the company's mission, including broad statements about its purpose, philosophy, and goals; conduct an analysis that reflects the company's internal conditions and capabilities; assess the company's external environment, including both the competitive and the general contextual factors; analyze the company's options by matching its resources with the external environment; identity the most desirable options by evaluating each option in light of the company's mission, select a set of long term objectives and grand strategies that will achieve the most desirable options; develop annual objectives and short term strategies that are compatible with the selected set of long term objectives and grand strategies; implement the strategic choices by means of budgeted resource

allocations in which the matching of tasks, people, structures, technologies and reward systems are emphasized and create the success of the strategic process as an input for future decision making.

## **2.4 Strategic Change**

Defined as the difference in the form, quality or state over time in organization's alignment with its external environment, there is an assumption in what is written about strategic change that there will be a tendency towards inertia and resistance to change; people will tend to hold on existing ways of doing things and existing beliefs about what makes sense. In addition to the external environment (the appearance of novel opportunities and threats in the external environment), the state of the firm's internal environment will also affect the occurrence of strategic changes for instance, firms tend to adopt new strategies in the face of financial distress for purpose of breaking the critical situations. However, an organization can also anticipate change and develop preparedness through building capabilities necessary for a successful change process:

**Staffing the organization** – putting together strong management team, recruiting and retaining employees with needed skills, experience and intellectual capitals.

**Building core competences and competitive capabilities** – developing proficiencies in performing strategy critical value-chain activities and updating them to match changing market conditions and customer expectations.

**Structuring the organization and the work effort** – organizing the value chain activities and business processes and deciding how much decision making authority pushes down to lower level managers and front line employees.



Managing of strategic change issues include; styles of management used to manage change and the roles played by strategic leaders and other change agents in managing strategic change. Means employed to managing change are; elements of cultural web, including changes in structure and control, organizational routines, symbols and political activities as are the roles of communication and more specific tactics.

The above are critical since when a major change in an organization and activities occurs, the old social order breaks down and for a time no one is sure of; where to get and give bits of information, who has influence in the revised power structure and whose suggestions to be taken seriously. By identifying the principal areas of disruption, one can anticipate where the trouble is likely to occur. One can also shape the new social structure by; supporting selected people in disputes, feeding information through particular channels or by weighing and, if possible, accepting recommendations coming from staff or line. Individual values and habits have to be modified, Newman, Logan & Hegarty (1989).

## **2.5 Strategic Change Management Practices and Approaches**

The planned change approach and the emergent change approach are the two main approaches of managing strategic change but there are specific practices also used together with the broad approaches. The planned approach is based on Kurt Lewin's pioneering work and has dominated the theory and practice of managing strategic change. He coined the term "planned change" to refer to change that was consciously embarked upon and planned by an organization. The emergent approach developed in the 1980's (Burnes, 2000) stresses the developing and unpredictable nature of change.

The property address employees' opposition to change, one need to clearly understand the underlying reasons causing it. Clear identification of sources of resistance to change is the beginning of countering the main challenges to change in an organization. A lot of corporate change efforts initiated at tremendous costs have been halted by resistance among employees in the organizations. There is usually a lot of uncertainty about requirements for change and excessive concerns about the future resulting to anxiety, conflicts, stress and resistance. Change suggests letting go of habits, roles, processes, procedures and structures (Pearce & Robinson, 1997). According to Erickson (2004) it is important for change managers to have an understanding of why people resist change because this allows them to manage strategies aimed at managing change challenges from the onset. Resistance to change is an ongoing problem that makes managing change a very difficult task. Any managements ability to achieve maximum benefits from change depends in part on how effectively they maintain a climate that minimizes resistance behaviour and encourages acceptance and support to change (Coetsee, 1999).

The following are some of the key issues and practices that change managers and agents must address in their change management. Strategies and practices; **communication**; as change process advances, people will have new questions to be answered; new idea and understanding of the immediate final states will be developed. In response, people have to be kept up to date with actual and future states. They need to understand the pressures that make it necessary to change. Explain to them why the current state used to make sense but the organization must change because the environment in which it exists is changing and explain what will happen if the organization does not change and what it will mean for them as individuals (Burnes, 2007).

**Learning;** according to Hills and Jones (2001) employees have to learn about the way the company wants to work and how they are expected to work. They have to learn skills, behaviour, culture and the tools that will enable them work in an expected way. Learning is a foundation stone for building this understanding and therefore should be a continuous process.

**Reward;** David (1997) asserts that employees will look to see on what basis the carrot gold stars are going to be distributed. If they see rewards being handed over the way they always were, then they are going to behave the way they always did and are not going to change. People will always work for rewards. Reward employees first for changing, then for behaving in the right way.

**Integrity;** change managers and agents must always strive to maintain integrity throughout the change process. One of the key defenders of human dignity, the late judge Tuttle said 'the professional man's only asset is himself. If he does not contain the quality of integrity he is worthless. If he does, he is priceless'. Good change managers must have a quality of integrity and are priceless (Gray and Smelter, 1989).

The ADKAR model was first published in Prosci in 1998 after research with more than 300 companies undergoing major change projects and first released in 2006, as a complete text on change management. This model is regarded as one of the best models in organizational change management. The model tends to align traditional change management activities to a given result or goals. Managers can use this model to identify

gaps in change management process and provide effective coaching for their employees. The model can be used to; diagnose employee resistance to change, help employee transition through the change process, craft a successful action plan for personal and professional advancement during change, and develop a change management plan to employees.

Understanding the relationship between the concepts of change, resistance to change and management of change is critical to any successful change management initiative. Flower (1962), observed that the solution for those managing change involve finding out what change means from the employees perspective. He argued that additional opposition may be triggered by the way a manager responds to the initial change reactions. To him, managers can overcome resistance to change by; providing the employees with the opportunities for participating in change process, facilitating two way communication, avoiding to impose change, making change consistence with employees self image and dealing with employees individually and not as a group when managing change.

Recent studies by Prosci tend to suggest that for change to succeed, it needs to be managed like any other project. To illustrate this, Prosci developed a new model known as 'The Prosci PCT (Perfect Change Triangle). This model demonstrates that effective change initiative will require the support and commitment of top management to provide leadership and sponsorship as well as strategic direction. The top management support has to be backed by project management techniques and change management skills to ensure participation and support of the key players in the change process.

The combined effort of these 3 factors will ensure that the change process is completed on time, attains the desired objectives and guarantee good Return On Investment (ROI), just like any other good project.

## **2.6 Models for Managing Strategic Change**

A number of renowned practices have contributed to models on change management. The Action Research (AR) model advocates for a systematic collection of data and then selection of a change action based on what the analyzed data indicates. It aims at providing a scientific methodology for managing planned change. The process of action research consists of 5 steps which are diagnosis, analysis, feedback, action and evaluation (Lewin, 1951).

The same approach seems to be supported by Dawson (1996) through the process/contextual perspective. It states that to understand the process of change, we need to consider the past, present and future context in which the organization functions, including extra and internal factors. The substance of change itself and its significance and timescale including the transition processes tasks, activities, decisions, timing, sequencing, political activity, both within and external to the organization and the interaction between these factors. Dawson identifies five specific aspects of the internal context which are human resources administrative structures, technology, product or service, and the organization history and culture. He also identifies from key features of the substance of change which are the scale, its defining characteristics, its perceived centrality, and the time frame of change initiatives. The substance of change influences the scale of disruption to existing structures and jobs. The transition process may be slow

and interventional or rapid. In addition, managers can draw upon evidence from the context and substance of change to marshal support and legitimize their own proposal through organizational political action. Its therefore the intervention between context, substance and political forces which shape the process of organizational change.

Lewin (1951) also developed the three-step model which states that successful change in organizations should flow the steps of freezing the status quo, movement to a new state and refreezing the new state to make it permanent. The status quo can be considered to be an equilibrium state. For one to move from this equilibrium, there is need to overcome the pressure of both individual resistance and group conformity – unfreezing is necessary. It can be achieved by three ways where the driving forces, which direct behaviour away from the status quo can be increased, the restraining forces which hinder movement from existing equilibrium can be decreased or combination of first two approaches (Robbins, 2003). However, Huczynsin and Buchanan (2003) state that refreezing no longer seems to be an option given constant transformation which is now the norm, many organizations now face a high velocity environment. They continue to say that turbulent and rapidly changing external conditions are translated into a complex, multi-faceted, fluid and interlinked streams of initiatives affecting work and organizational design, resource allocation and system procedures in continuous attempts to improve performance. The environment for most organizations is likely to remain volatile, or become even more turbulent. Current trends do not lead to predictions of continuity and stability in the near future.

Bullock and Batten (1985) summarized their model in four broad stages, the **exploration phase** which involves awareness of need for change and searching for solutions, **planning phase** which involve understanding the problem, collecting information, setting change goals, designing action plans, **action phase** involving arrangements for managing change, feedback processes and **integration phase** involving consolidating and stabilizing change and reinforcing new behaviours. This model was an expansion of Lewin 3-step model and did not factor the volatility and dynamism of organization's environment.

Kotter (1996) came up with the eight-stage change process whose initial step is establishing a sense of urgency crucial in gaining needed cooperation. This is because when urgency is low, its difficult to put together a group with enough power and credibility to guide the effort or to convince key individuals to spend the time necessary to create and communicate a change vision. The second step is creating the guiding coalition since a strong guiding coalition is always needed. The coalition must have the right composition, level of trust and shared objective. Building such a team is always an essential part of early stages of any effort to restructure, reengineer, or retool a set of strategies. Four key characteristics seen to be essential for effective guiding coalition which are; position power, expertise, credibility and leadership. The third step is developing a vision and strategy. Vision refers to a picture of the future with some explicit or implicit commentary on why people should strive to create that future.

In a change process, a good vision serves in clarifying the general direction for change, it motivates people to take action in the right direction and it helps coordinates the actions of different people. A strategy provides both logic and a first level of detail to show how a vision can be accomplished.

The fourth step is communicating the change vision since the real power of a vision is unleashed only when most of those involved in an enterprise or activity have a common understanding of goals and direction. That showed sense of desirable future can help motivate and co-ordinate the kind of actions that create transformation. The fifth step is empowering broad-based action to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible at this point in the process. The biggest obstacles that often need to be attacked are structures, skills, systems and supervisors.

Generating short term wins is the sixth step, this is necessary as a major change usually take a lot of time. There is need to have convincing evidence that all the effort is paying off especially to non believers who require even higher standards of proof. They want to see when data indicating that the changes are working and that the change process is not absorbing so much resources in the short term as to endanger the organization. Running a transformation effort without serious attention to short term wins is extremely risky. Seventh steps is the consolidating gains and producing more change since the first major performance improvement will probably come well before the halfway point, the guiding coalition should use the credibility applied by the short term wins to push forward faster,



tackling even more or bigger profits. The final step is anchoring the new culture since according to Kotter, culture changes only often successfully altering people's actions, after the new behaviour produces some group benefit for a period of time, and after people see the connection between the new actions and the performance improvement.

Beckhard and Harris (1987) also proposed a change formular. The change formular is a mathematical representation of the change process. The basic notion is that for change to occur, the costs of change must be outweighed by dissatisfaction with the status quo, the desirability of the proposed change and the practicality of the change. There will be resistance to change if people are not dissatisfied with the current state of the organization, or if the changes are not seen as an improvement, if the change cannot be done in a feasible way, or the cost is far too high. The multiplicative nature of this formular indicates that if any variable is zero or near zero, resistance to change will not be overcome. In other words, the variables do not compensate for one another, and when one is very low, the cost of change is likely to be too high.

## **2.7 Resistance to Change**

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. (Dumphy and Stance, 1993).

Some seek to restrict the meaning of change management to the felt need to improve organizational performance and members' own position within the organization (Goodstein and Burke, 1991). It is well known that people, one, for the most part, resist change of any sort. This is especially true in the case of transformational change. In government sectors, many factors come into play, such as fear of the unknown, the possibility of economic insecurity, threats to social relationships, and failure to recognize the need for change (Nadler, 1988). Such reasons will result into change that is ultimately stamped out and equilibrium returned, unless state leaders as change agents step in to facilitate acceptance of the change. Management should include effective reforms, in-depth, personal, top management communication and demonstrative and regular monitoring.

Resistance to strategic change is often considered to be the major source of resistance within organizations and the key reasons why change initiatives fail and persists to even the future. Well thought out acceptance within employers and employees is based on an approach that integrates everyone involved in a way that promotes commitment and desire to change (Schein, 1993). As organizations continue to experience changes even the slightest, management must ensure that employees see that the change process had priority, is beneficial, and is permanently present and that key information is not lost within the chain. Therefore, the key to success of the attention management include effective branding, indepth personal, top management communication and demonstrative, regular monitoring (Davenport & Beck, 2000).

Another issue of importance in change theory is the difference between how the government sectors looks at present and how it is expected to look after the change. The importance of identifying state parameters prior to change has been noted in only a few cases. Depending on the existing culture and the degree to which a change differs from that of culture, public sector may be more or less ready for such a change. Tichy and Devanna (1986) discuss 'creating need for change', in effect opening up the government culture to be receptive to the change. Resistance to change is especially relevant if the vision of a change agent differs from the values and beliefs of the existing organizational culture. If that is the case, the cultural issue in the government sector must be addressed (Schein, 1991). This is part of the process that is easy to overlook in major change efforts in organizations. If the government traditions fail to assimilate the vision and its implications, desired change will never become accepted and will ultimately not achieve the set goals and objectives.

## **2.8 Challenges in Strategic Change Management**

The challenges of strategic change management are the many ways one can use to proceed and the number of bedeviling issues that must be worked out. They are compounded by the size of an organization; the bigger the organization or the more geographically scattered its operating units, the more the process depends on the cooperation and implementing skills of the change agents who can push the needed changes at the lowest organizational levels and in the process deliver good results.

Moreover, employees may be skeptical about the merits of the strategy, seeing it as contrary to the organization's best interests, unlikely to succeed or threatening to their departments or careers. In addition, different employees may interpret the new strategy differently or have different ideas about what the internal changes are needed to execute it. Long standing attitudes, vested interests, inertia and ingrained organizational practices don't melt away when implementers decide on a strategy and begin effort to implement it – especially when only comparatively few people have been involved in crafting the strategy and when the rationale for strategic change has to be sold to enough organizational members to root out the status quo. It requires a dept managerial leadership to convincingly communicate the new strategy and the reasons for it, overcome pockets of doubt and disagreement, secure the commitment and the enthusiasm of conceived parties and identify and build consensus.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This presented the research design and methodology of the study. It entailed the way the study was designed, data collection techniques and the data analysis procedure.

### **3.2 Research Design**

The research design employed in the study was a case study. It was preferred over other designs since it placed more emphasis on full contextual analysis of fewer events or conditions and their inter relations. It also allowed for prudent comparison of research findings. Because of multiple sources of information, a case study put emphasis on detail hence provided valuable insight for problem solving, evaluation and strategy.

A case study also allowed for evidence to be verified and avoided missing data. According to Kothari (2004) it involved a careful and complete observation of social units. It was therefore be appropriate to be used to determine the strategic change management practices at Jamii Bora Bank Ltd.

### **3.3 Data Collection**

The study collected primary data using interview guides which were directly administered by the interviewer (researcher). This method of data collection was also chosen since it gave an opportunity to probe respondents with a view to getting factual and detailed results. The interview guide contained unstructured (open ended) questions and structured questions. The set of structured and unstructured questions were to ensure

that time and money were conserved as well as facilitated easier analysis as they were to be in immediate usable form; while the unstructured questions were be used so as to encourage the respondents to give an indepth and factual response without feeling held back in revealing of any information. The respondents were top and middle level managers who are involved in the formulation and implementation of change practices.

This study sought to come up with the strategic change management practices at Jamii Bora Bank Limited covering the period of strategic change between the years 2010 to date. The change in strategy was necessitated by change of business from micro finance institution to a fully fledged banking institution offering banking services. From the changing normal operations of the institution, there was need to transform services and products to match the competition of the banking sector.

### **3.4 Data Analysis**

The study collected qualitative data by use of interview guides administered to the respondents on the strategic change management practices at Jamii Bora Bank Ltd. The data were analyzed using content analysis, defined as a technique of making inferences by systematically and effectively identifying specific characteristics of message and using the same to relate to trends. It provided the researcher with a qualitative picture of the respondents concern, ideas, attitudes and feelings. It generated a qualitative report presented in continuous pros.

The general information analyzed were; interviewee's total work experience, duration worked in the company, gender of the interviewees, strategic change management practices, environment and business operations, policies that govern strategic change management practices, processes employed to ensure significant changes, strategic changes that have taken place at Jamii Bora Bank, benefits of strategic changes in the organization, the pace of strategic change at Jamii Bora Bank, the major outcomes of strategic change management, the responses to changing environment and the challenge experienced in strategic change management at Jamii Bora Bank Limited.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter presented analysis, findings and discussion of the study as set out in the research methodology. The results were presented on the strategic change management practices at Jamii Bora Bank. The study collected data from 11 respondents who were interviewed and worked in all the departments of the bank. The data were gathered exclusively through an interview guide as the research instrument. The interview guides were designed in line with objectives of the study and were used to collect qualitative data.

### **4.2 General Information**

This outlined the respondents department of work, their position (rank) in the department, the duration they have worked in the organization, their total work experience in the industry and lastly, their gender

#### **4.2.1 Respondents' Division**

The study sought to know the division/department from where the respondents worked in. From the findings, the respondents were working in the following divisions of the bank; SME and Agribusiness, consumer banking, treasury, channels, institutional, audit, finance, credit, human resources and information technology.

#### **4.2.2 Interviewees' Positions in the Division**

The study sought to know the designation of the interviewees' within the divisions. From the findings, the respondents were the Chief Operation Officer (COO) and the heads of



various divisions within the organization. This implied that, ordinarily the respondents were involved in the formulation of strategic decisions of the company and therefore were aware of the strategic practices that had been adopted in the company.

#### **4.2.3 Respondents' Duration with the Organization**

The study sought to investigate the duration the respondents have worked with the organization. From the findings, the respondents across the divisions have worked in the firm for periods spanning 2 ½ months to 4 years. This satisfactorily covers the period of the study and is explained further by the fact the organization is a new entrant in the banking industry.

#### **4.2.4 Respondents Total Work Experience in the Industry**

The study sought to know the total work experience over which the respondents had worked in the industry. From the findings, the respondents had working experiences ranging between 5-18 years in the banking industry. This implies that information on strategic change management practices were collected from personnel who had experience on formulation of strategic decisions and management of the implementation of the strategic moves to achieve the intended objectives.

#### **4.2.5 Respondents' Gender**

The study sought to investigate the gender compositions of the respondents. From the findings, and out of the 11 respondents, 3 were female while the rest were male. Further probe into the composition of gender representation revealed that 40% of total staff are female while the rest are male.

### **4.3 Strategic Change Management Practices**

This presented the study findings in relation to; the strategic influences on company operations in terms of strategic alignment, policies to govern strategic change management processes employed to ensure significant changes are implemented, strategic changes that have taken place at the bank, the pace of strategic change at the bank, the personalities involved in the strategic change management, benefits of strategic change to the organization, factors favouring strategic change process in the organization, factors inhibiting the strategic change process in the organization, major outcomes of strategic change management in the organization, major successes of the strategic change management in the organization, major successes of the strategic change management process, the organization's current response to the changing environment, how the strategic change management practices are affected by the firms structure, how the company's mission, vision and values affect the strategic change management practices, how leadership influences strategic changes management at the bank and lastly, the challenges experienced in the strategic change management at Jamii Bora Bank.

#### **4.3.1 The Strategic Influences on Company Operations in Terms of Strategic Alignment**

The study sought to investigate ways in which environmental factors influence the operations of Jamii Bora Bank Limited in terms of strategic alignment. From the findings, majority of the respondents indicated that change in the external environments influences the firm to adapt to external environmental changes. The respondents indicated

that rapid and constant changes in the external environment require appropriate responses from the management by deciding on appropriate organizational strategic changes to cope with the environmental changes. The study further found that environmental factors force the bank to adopt new strategies in the face of distress for the sole purpose of breaking the critical situations.

Key among these environmental forces are; the political environment that has brought about county governments, forcing the bank to change approach and follow the counties and the new government policy that 30% of government tenders will go to the youth (will see the youth control kshs. 30-50 billion), legal environment especially the changing land laws and their implication on mortgages and tax on bank charges that certainly will reduce income to banks, and lastly the competitive environment that has seen the bank quietly follow on the footsteps of equity, cooperative and family bank through the introduction of their lead product, Jiinue na Marafiki that commits 10% of the bank revenue to customers and staff a first in the world and also introduced salary protection cover for protect any person salaried, also a 1<sup>st</sup> in Kenya and Africa. Lastly the technological environment since the industry is becoming highly technological and the bank is taking deliberate actions i.e remote account opening and online loan application.

#### **4.3.2 Policies to Govern Strategic Change Management**

The study sought to investigate the existence of clear policy frameworks to govern management of strategic changes. From the findings, the bank has set out project teams to undertake and chat the implementation of projects. Further, it also came out that the team only exists whenever there is a project to be implemented and ceases with the completion of projects.

### **4.3.3 Processes Employed to ensure Significant Changes are Implemented**

The study investigated the processes that are employed to ensure significant changes are implemented orderly at the bank. From the findings, majority of the respondents indicated that management of Jamii Bora Bank Limited creates awareness by developing a formal network of relation to get information and commitment with top management acting as the key generator and enforcer of the strategic decisions and management. The study findings also revealed absence of consensus building processes and commitment creation by way of reward schemes and formal structures.

### **4.3.4 Strategic Change that have taken Place at Jamii Bora Bank**

The study sought to investigate the strategic changes that have taken place at the bank over the first 3 years. From the findings, respondents indicated that the organization has a structured methodology for responding to changes in the business environment such as; the merger of Jamii Bora Micro Finance Kenya Ltd and City Finance Trust, which led to Jamii Bora Bank Limited to consolidate resources, introduction of Agribanking to serve the agricultural sector, introduction of consumer banking and personal banking to serve individuals and mortgage banking to serve property sector, institutional banking to serve institutions, diaspora banking targeting the kshs. 100B remitted by Kenyans in the diaspora, procurement of a new banking system to boost robustness and efficiency while handling bigger numbers and human resource changes i.e from 20 graduates out of total staff of 80 by end of 2012 to current 80 graduates out of 160 staff, are head hunted to enhance efficiency, expertise, and experience.

The study further found that the company had established coping mechanisms for responding to changes in the work place such as new policies or changes in technology.

#### **4.3.5 Pace of Strategic Change at Jamii Bora Bank Ltd**

The study requested the respondents to describe the pace of strategic changes that have taken place at the bank. From the findings, majority of the respondents indicated that the bank has seen swift transformation to cope with competitor, political and government influence and demanding customers given it opened its doors for operation just 3 years ago. The success, from the findings, has also been attributed to pressure from the management on employees through demanding targets, the overall strategic plan of the organization guiding the efforts and the leadership of the bank self acknowledgment that the company is a late entrant in the market and therefore must adapt fast to meet the demands of the market and beat competition

#### **4.3.6 Who are Involved in Strategic Change Management**

The study sought to identify the key persons involved in strategic change management at Jamii Bora Bank Limited. From the findings, and according to most of the respondents, strategic decisions are made by top management who doubles as the overseers while the rest of the staff implements. The bank has adopted a top down approach in handling strategic issue. The main decision making organ of the bank is the board of directors that approves any (all) strategic changes. Just below the board is the executive committee of management (EXCOM) which is the decision making organ of the board, consisting of the Chief Executive Officer (CEO), Head of Finance, Head of Credit, Head of HR, Head

of Treasury, Chief Commercial Officer (CCO) and the Chief Operations Officer (COO). Below the EXCOM is the Business Committee (BIZCO) which implements the business related operations while operations committee (OPCO) implements operation-oriented changes. As a policy of the bank, any project is implemented and overseen by the project team, with at least a member from each committee.

#### **4.3.7 Benefits of Strategic Changes to the Organization**

The study sought to investigate the benefits of strategic change to Jamii Bora Bank Limited. From the findings, the respondents indicated that the strategic change have help the bank grow in the market place, increased operational efficiency and has boosted profitability (i.e from a ten year back to back loss making to registering positives returns last year). The bank is also growing as a good brand hence furthering positive business opportunities in the near future.

#### **4.3.8 Factors Favouring the Strategic Change Process in the Organization**

The study sought to investigate the existence of factors favouring the strategic change processes in Jamii Bora Bank limited. From the findings, and according to a majority of the respondents, there exist clear reasons that has made it relatively easy for the bank to formulate and implement strategic changes and these include; open-management system that attracts new ideas, the empowering of managers to make decisions, dedicated workforce and the fact that this is a small bank and therefore limited number of decision makers aiding faster consultation.

### **4.3.9 Factors Inhibiting the Strategic Change Process in the Organization**

The study sought to know the existence of factors inhibiting the strategic change process in the bank. From the findings, the following were cited as major reasons affecting the processes of strategic changes; limited resources that has forced the staggering of major strategic changes while also seeing some shelved in the short term, lack of clear policy framework to guide management of strategic changes and the obvious failure to involve all staff in the planning, implementation and evaluation of the changes hence pockets of resistance.

### **4.3.10 Major Outcomes of Strategic Change Management in the Organization**

The study sought to know the major outcomes of strategic change management at Jamii Bora Bank Limited. From the findings, the major outcomes of the strategic change management adopted by the banks were motivated and happy staff due to increased income attributed to its “Jiinue na Marafiki” programme, customer satisfaction arising from increased efficiency and better customer service, commitment from staff since the “Jiinue na Marafiki’ products make them part and parcel of the organization for posterity and increased revenues arising from improved customer members.

### **4.3.11 Major Successes of the Strategic Change Management Process**

The study sought to know identifiable successes of the strategic management process at the bank. From the findings and based on the majority of the respondents, the successes include faster adoption of strategic changes and achievement of strategic objectives

deliverables, efficient utilization of resources since a lot of resources is saved from lack of educative campaigns to achieve consensus and faster process of decision making since top management makes decisions which is passed to lower cadre staff to implement without questioning. The sum total of the above has seen the realization of new brands, new products and increased customer base.

#### **4.3.12 The Organization's Current Response to the Changing Environment**

The study sought to investigate how Jamii Bora Bank Limited currently responds to the changing environment. From the findings, majority of the respondents indicated that the bank has adopted strategic approaches targeting low income earners as they form the bulk of the population. To this extent, the bank is introducing a product for the low-cost housing schemes that can be built within ten days – a demo house to be unveiled by mid November before rolling out the project in mass. The study further revealed expansion programs with the objective of delivering services closer to their customers while also upgrading their management system to further enhance efficiency. The company has also recruited a strategic team whose objective and sole responsibility is to constantly assess the business environment and advise on better and progressive ways of adaptation.

#### **4.3.13 How the Strategic Change Management Practices are Affected by the Firm's Structure**

The study sought to investigate how the strategic change management are affected by the firm structure. From the findings, the respondents indicated that the failure by the organization to align and design its structure in line with the strategic needs and failure to



clearly state the roles of strategic implementers is a recipe for poor management of the strategic process. This to some extent has affected the cohesion of the teams while providing little room for accountability since responsibility is shared across the line managers. The only change in structure is the expansion in width at the level of divisional leads since each product introduced becomes a full division with a full fledged head. This lack of organizational structure tailored to fit strategic changes has the potential to affect the implementation of the strategic changes especially as the organization continues to grow.

#### **4.3.14 How the Company's Mission, Vision and Values Affect the Strategic Change Management Practices.**

The study sought to find out whether the company's mission, vision and values affect the strategic change management practices at Jamii Bora Bank Limited. From the findings, mission and the vision inspire or provide long term direction of the organization while showing ways of achieving the goals. The company's values of customer satisfaction and dedicated service also commits the organization to continuously innovate on better ways of customer service while providing products that meet their needs.

#### **4.3.15 How Leadership Influences the Strategic Changes Management at Jamii Bora Bank**

The study sought to investigate how leadership influences the strategic change management at the Bank. From the findings, the respondents indicated that leadership influences the strategic change process by providing direction and guidance, allocation of the much needed resources for implementation and by enhancing/enriching strategic

ideas. The respondents further intimated that, in the organization, leadership is everything given that strategic decisions and how they are implemented are made at the top and instructions given down the company structure for implementation. Strategic changes therefore are at the whims of top management in terms of choice, timing and pace of implementation.

#### **4.3.16 The Challenges Experienced in Strategic Change Management at Jamii Bora Bank**

The study requested the respondents to indicate the challenges experienced in the process of managing strategic change at the bank. From the findings, resources has been the major impediment as it dictates the pace of implementing the changes and the scope of changes at any given time. Lack of clear all inclusive policy framework to guide formulation, planning and implementation of strategic changes to enable wider acceptance and as such eliminates resistance. Further, lack of compensation scheme that rewards change champions and enable institutionalization of the changes.

#### **4.4 Discussion**

The study established that the environment has an influence on the operations of Jamii Bora Bank Limited in terms of strategic alignment. From the findings, change in the external environment influences the firm to adapt and adopt to the external environment. The respondents indicated that rapid and constant changes in the external environment require appropriate responses from management of the bank in deciding upon on the best organizational actions. It is therefore clear that the company changes its strategies in response to the environmental changes. The study further found that environmental

factors forces the bank to adopt new strategies in the face of competition and demanding customers for purposes of being and remaining competitive.

This implies that the environment influences the performance of Jamii Bora Bank Limited as its strategic choices to the volatile and highly competitive banking industry forces the company to implement major corporate changes such as expansion by opening branches across the country, product diversification through introduction of several products initially not associated with the company, product differentiation by introducing products unique to the organization, branding and significant human resource changes. This concurs with Thompson and Stickalnd (1999) who indicated that with important changes taking place in the social fabric within which organizations operate, are vital forces impacting organizations within the context of their business operations.

The study established that given the scope and pace of strategic changes within the bank since 2010 as a response to changes in the external environment, the management of the bank has deliberately made efforts to better manage change. This has seen the creation of an innovation team with the purpose of generating competitive ideas and a project team to manage the process of implementing strategic changes.

The study found out the importance of selecting solutions to address issues that confront the company and this is enabling to adopt fairly well in the competitive market. The study revealed that the benefits of strategic management to Jamii Bora Bank limited so far has been growth in the market place, increase in efficiency, increase in profitability, highly potential business opportunities and create competitive edge over its rivals in the market.

The study established that the factors that favour the strategic change processes in the bank includes; management styles that is open to ideas, the empowerment of managers to make critical decisions, open minded and dedicated team, flexibility in decision making and the open door policy that speeds up the speed of decision making. The organization is also fairly small with key decision makers under one roof.

The study established that the major outcomes of strategic change management at Jamii Bora Bank Limited were happy and committed staff through the “Jiinue and marafiki” that increased their income, customer satisfaction through quality service and good financial performance occasioned by the growth of market share and efficiency in service delivery. The study found out that due to the introduction of the strategic change, there has been improved efficiency and as such leading to improvement service delivery.

The study found out that the bank was responding to changing environment through adoption of a flat organizational structure by giving each product introduced a full fledged department for purposes of good focus and ease of accountability. The study also established that the company was opening branches across the country to reach as many customers as possible and to respond to the new created county governments and position itself strategically for the national youth fund (the Uwezo fund).

The study found out that strategic change management were being affected by the structure of the organization which were not aligned to the needs of the strategy and the relationships among various positions and activities not well prescribed. This was compounded by the absence of clear policy framework to guide strategy planning, formulation, implementation, evaluation and institutionalization. The creation of a project

team to oversee implementation of all strategic changes further explains the company's approach to exclude some staff from strategic issues. Further, the study indicated that only top management are involved in strategic formulation without regard to the opinions, feelings or input from other members of staff. This has the potential to bring about resistance to strategic changes at the point of implementation.

The study also found out that limited resources was an impediment to implementation of strategic changes at Jamii Bora Bank Limited. This has resulted to projects being phased for lack of enough funds while others have been shelved in the interim. Lack of enough resources is also a problem at the heart of compensation of personnel in charge of implementation of change programs will kill morale and a recipe for negative altitude. Some of the projects implemented include; new management system, opening of new braches, introduction of new products and services, overhaul of the human resources and rebranding to enhance the company's corporate image. The study also found out that lack of change management framework to coordinate and manage change processes has also affected the quality of change delivery and commitment from some key stakeholders. The changes are at times viewed to belong to the selected few while most of the staff comply to implementation directives simply for lack of power and authority to refuse and fear of victimization.

The study also established that the company's vision, mission and values plays crucial role in strategic change management process. They inspite and give long term direction to the organization while providing the ways of achieving the goals. The company values that are hinged on quality customer service has also helped in the creation and innovation of products and services all geared to ensure customer satisfaction.

## **CHAPTER FIVE: SUMMARY, RECOMMENDATIONS AND CONCLUSION**

### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four, and also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to explore the strategic change management practices and to determine the factors influencing strategic change management at Jamii Bora Bank Limited.

### **5.2 Summary**

The study summarized that the environment influences the operations of Jamii Bora Bank Limited in terms of its strategic alignment. And due to rapid and constant changes in the external environment, the management of the bank require prompt responses in deciding on appropriate organizational activities as the company changes its strategies in response to the changing environment.

The study summarized that environmental factors forces Jamii Bora Bank Ltd to adopt new strategies in the face of competition and demanding customers to break critical situations. In the face of a dynamic environment, the company implemented major corporate changes such as expansion strategy by opening branches across the country, management system overhaul to introduce a more progressive and efficient system, staff restructuring through a recruitment exercise targeting experience, youth and skills, product and service diversification by introducing unique and customer focus products, and through rebranding meant to enhance the company's corporate image.

In response to the forces of external environment, the study noted that the bank's management should enhance creation of awareness by developing both formal and informal networks of relation creation to get information, improve on commitment, ways of solidifying change process and integrating processes and interest, using formal analytical techniques for establishing, measuring and rewarding key initiatives to ensure significant changes are implemented. The study also found that the company was practicing selective solution to addressing issues that confront the organization for it to adapt well in the industry given its late entry.

The study summarized that the management of Jamii Bora Bank Limited should always adopt strategic change management practices so as to help the management of the company to recognize the power of human dynamics in a change process; recruiting of qualified change agents/leaders to help the company members develop a relationships necessary to maximize effectiveness of a change effort, innovative more of pioneer products that will bring new paradigms, implement better the strategies, implement proactive/progressive expansion programmes, maximize use of resources while implementing change programmes, negotiate for more resources, manage the politics within the organization and rally enough support necessary for effecting changes and lastly to work around effective compensation schemes to motivate the change team.

The study further summarized that strategic change management that were being adopted in Jamii Bora Bank Limited due to the changing environmental conditions includes rebranding to enhance the image of the organization, channel expansion to wider physical coverage, system overhaul to increase robustness and efficiency, product diversification

and differentiation to focus on the uniqueness of the customers and innovation to introduce pioneer products with the potential to create future new paradigms in the industry. The study also found that the company is engaging in activities meant to align it with new policies in the government including the creation of the county governments.

The study found that strategic change management were being affected by the management style and the organizational structure that were not in sync with the needs of effective implementation of the strategies. The relationships among the key strategy implementers were not well prescribed and also left out actual strategy implementers who definitely would feel sidelined in the formulation. This is a recipe for resistance to strategic changes. They would resist change due to the fear of the unknown and ignorance of the intended objectives due to exclusion of the formulation stage.

### **5.3 Limitations of the Study**

The main limitation of the study was the inability to include more organizations. This study was only limited to a case study and could have included more banks so as to provide a more broad based industry analysis on strategic change management practices. However, resource constraints placed this limitation.

The study also faced challenges of time limitation with some respondents granting maximum of 30 minutes for interviews while other earmarked respondents failed completely to get time –citing tight schedules.



The study also faced challenges of distortion of responses done deliberately by some respondents due to the sensitivity of the information required for the study findings to achieve preset objectives. Further, the study experienced delays when the management of Jamii Bora Bank insisted that the interview guide had to be scrutinized and approved by their legal team to ensure that company sensitive information is not released.

#### **5.4 Area for Further Research**

This study investigated the strategic change management practices of Jamii Bora Bank Limited. On analysis of the findings, a further study on resistance to change should be undertaken owing to the absence of clear policy frameworks to management implementation of strategic changes. The study also suggests that a further study on the effectiveness of strategic changes to test the linkage between management of strategic change and achievement of change objectives.

#### **5.5 Conclusion**

A study sought to explore the strategic change management practices and the factors influencing strategic change management at Jamii Bora Bank Limited. The study findings shed adequate light to draw major conclusions as indicated based on the summary of the findings.

Jamii Bora Bank Limited had to some extent observed informal practices in change management. This in doubt helped the organization to successfully initiate change programmes appropriate for beating and remaining relevant in the business.

However, effective channels of communication and inclusion of employee into the change process were missing and this led to lack of ownership of the change process by critical stakeholders within the organization.

The study further concludes that like many organizations, Jamii Bora Bank Limited was faced by two main challenges; resistance to change and management of people factor within an organization in the change process.

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# APPENDIX I : INTRODUCTION LETTER



## UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 18/09/2013

### TO WHOM IT MAY CONCERN

The bearer of this letter SCHEMPT CHEKIL OLONY

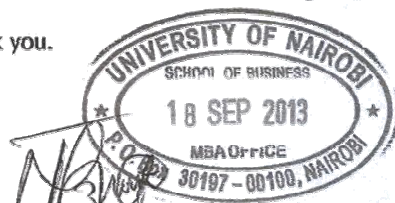
Registration No. D61/67282/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



**PATRICK NYABUTO**  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS

**APPENDIX II**

**INTERVIEW GUIDE FOR JAMII BORA BANK STAFF**

- 1. Name of the division .....
- 2. What is your position in the division .....
- 3. For how long have you worked in this company? .....
- 4. What is your total work experience in this industry in years?.....
- 5. What is your gender? (please tick)  
Male      [   ]  
Female    [   ]

**Part B: Strategic change management practices**

- 6. What environmental factors influence the operations of the company in terms of strategic alignment? Please indicate both internal and external factors.  
.....  
.....  
.....
- 7. What policies have been put in place to govern the strategic change management at Jamii Bora Bank since 2010?  
.....  
.....



8. Which processes have been employed by the organization to ensure significant changes are implemented in an orderly manner?

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.....

9. Which are the strategic changes that have taken place at Jamii Bora Bank over the last 3 years?

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.....  
.....

10. How would you describe the pace of strategic change that have taken place at the institution?

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11. Who are involved in strategic change management in this company?

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12. What are the benefits of the strategic changes to the organization?

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13. What factors favour the strategic change processes in the organization?

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14. What factors inhibit the strategic change process in the organization?

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15. What are the major outcomes of strategic change management in the organization?

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16. What are the major successes of the strategic management process?

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17. How is the organization currently responding to the changing environment?

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18. How are the strategic change management practices affected by the firm's structure?

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.....

19. How do the company's mission, vision and values affect the strategic change management practices?

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.....

20. How does leadership influence the strategic change management at the firm?

.....  
.....

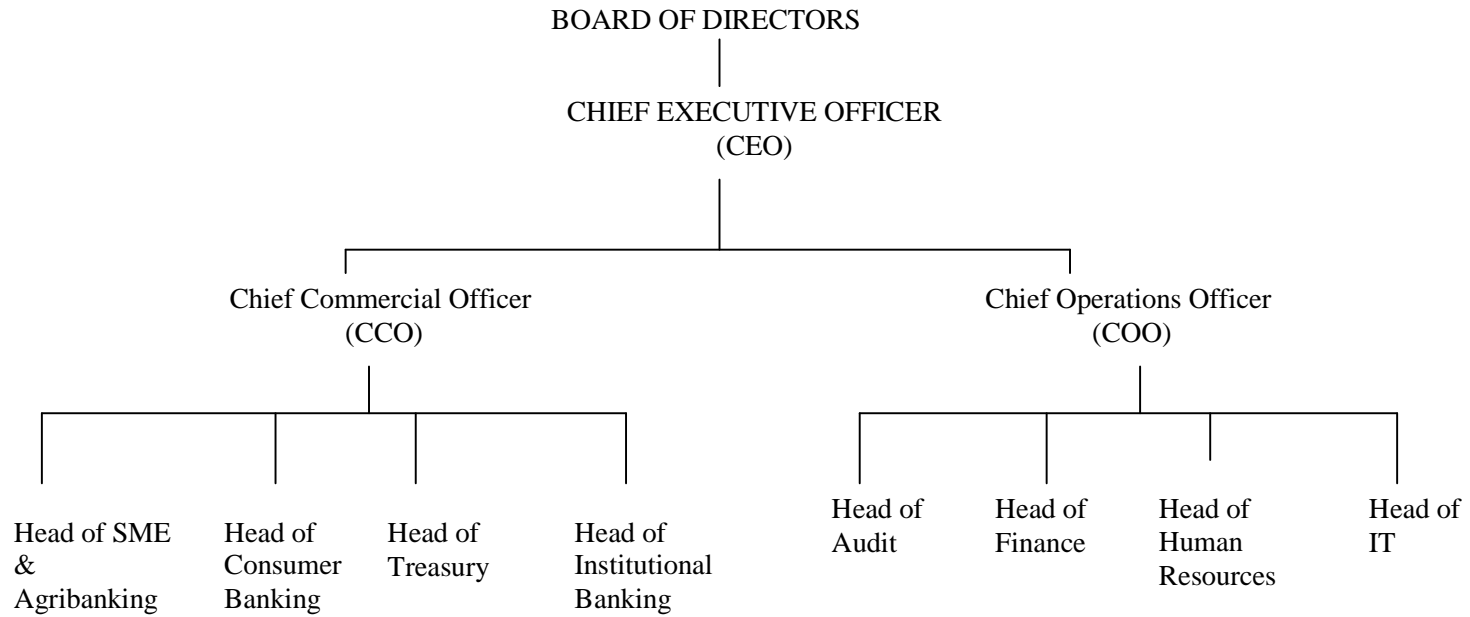
21. What are the challenges experienced in strategic change management at Jamii Bora Bank?

.....  
.....  
.....

**Thank you for your cooperation!!**

### APPENDIX III

## JAMII BORA BANK LTD MANAGEMENT STRUCTURE



Source: Jamii Bora Bank website (2013)