MANAGEMENT OF STRATEGIC CHANGE AT KENYA POST OFFICE SAVINGS BANK

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DECLARATION

I declare that this management research project is my own original work and has not been

presented for award of any degree in any university.

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SUPERVISOR'S APPROVAL

This management research project has been submitted for examination with my approval

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DEDICATION

This research project has been dedicated to my husband George Guchu, and our three children, Faith, David and Caleb. Your support and encouragement was very important to accomplishment of this goal.

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I would like to thank our Almighty God for giving me the strength and wisdom that enabled me to complete this course. Your favour and hand of protection carried me through this course. I worship you Almighty Lord.

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ABSTRACT

Strategic change management plays a very important role in transforming organizations in the modern economy. Successful implementation of a strategic change calls for proper planning after undertaking SWOT analysis, crafting a strategy and implementing the strategy. Staff empowerment and efficient systems makes the vision be realized. A case study design was used to study strategic change management process at the Kenya post office savings bank. The study sought to achieve two objectives. The first objective was to examine post bank strategic change management process and the second objective was to determine whether the strategic change met the management objectives. To achieve those objectives the study adopted a case study which examined the problem in depth using interview guide and data from records. The study established that post bank has a strategic change management process which is planned and strategic change is usually triggered by a force from the external environment. The strategic change management planning has a champion, external consultant and a steering committee. Staffs are involved in the implementation process after undergoing vigorous training and orientation. The finding further showed that adopting the new business model in post bank was a major strategic change which transformed the bank into a modern bank. The management objectives were met by undertaking this strategic change. It modernized the bank, reduced costs, became efficient and attracted young generation customers. It made the bank more competitive since it brought cost down. Post bank should now be commercialized to be able to compete at the same level with commercial banks.

Keywords: Strategic change management, forces of change and impact of strategic change.

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ABBREVIATIONS

ATM - Automated Teller Machine

KPOSB - Kenya Post Office Savings Bank

SWOT - Strength/Weakness/Opportunity/Threat

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

In the highly demanding business world today, an organizations competitive edge depends on the strategic changes it undertakes. Competition between firms to serve customers is the very essence of modern market led economies. During the earlier stages of the twentieth century competition is intensifying as firms seek to create competitive advantage in over more crowded markets and with increasing demanding customers.

To compete for the crowded markets and remain profitable firm needs to carry out some analysis in order to be able to undertake a strategic change which will give the firm a competitive advantage. Lynch (2009) states that analyzing of strengths, Weakness, opportunities and threats helps a firm come up with a competitive strategy which marches its resources and capabilities. All the stakeholders need to carry this analysis and bring their input to enable a firm carry out a strategic change which will elevate the firm and make it competitive.

Organizations are facing technological changes, political changes, economical change, social cultural changes, environmental and legal changes. Firms need to undertake strategic changes to be able to remain competitive in the changing environment. Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is facing a dramatically aggressive competition in a new liberalized environment. Strategic changes will continue to be a more significant factor for the organizations to remain competitive (Burnes, 2004).

1.1.1 Strategic Change Management

We are in a new era where changes are inevitable. Change takes place continuously within organization. The change can be a slow organizational change or a fast organizational change. Organization usually prefers to choose slow change where possible because the costs are likely to be lower. In fact much change follows this route otherwise organizations would be in perpetual turmoil. Where there is a faster pace of change, it may be associated with strategic change which is productive in its approach. According to Lynch (2009), strategic change management is the proactive management of change in organizations to clearly identified strategic objectives. It may be undertaken using either prescriptive or emergent. Strategic approaches. 'Proactive' means that the company takes the initiative to manage new strategies and their impact on people in the organization. There are driving forces of change which include change in technology, change in society life style, market competition, and change in Government policy and threats in the external environment.

According to Cummings and Worley (2009), Strategic change management is fundamentally concerned with moving the organization forward and there will inevitably be change for some people inside the organization. However strategic change management is not just a casual drift through time but a proactive search for new ways of working which everyone will be required to adopt. Strategic change management involves implementation of new strategies that involve substantive changes beyond the normal routines of the organization. It is induction of new patterns of action, belief and attitudes among substantial segments of the population. Strategic change management is accompanied by a degree of risk and uncertainty. Murray and Hillson (2008) asserts that

although risk assessment can be undertaken in an impersonal way at the corporate level uncertainty cannot be assessed in the same way at the personal level in an organization. In some organizational cultures, individuals do not like the consequences of strategic change and may resist it. It is very necessary to assess the benefits arising from the change before the change is implemented.

Cravens and Piercy (2006) argued that factors like rapidly changing markets, a complex array of technologies, shortage of important skills and resources and more demanding customer's present organizations with an unprecedented set of challenges. One central feature of affective response to these challenges is undertaking a strategic change to be able to compete effectively in the turbulent and changing environment. Managing change is very important to be able to move the organization forward it requires urgency, good planning, implementation and evaluation for the organization to realize its objectives.

1.1.2 The banking industry in Kenya.

The banking industry in Kenya is governed by the Central Bank of Kenya act (Cap 491). The banking sector was liberalized in 1995 and exchanged controls lifted. The CBK, which falls under the Minister for finance docket is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenyan's Commercial Banks, interest rates and non-banking financial institutions.

The industry has locally owned banks and foreign owned banks. There are forty four banks. Thirty five of the banks are locally owned. Seven of the major banks are listed on the Nairobi stock Exchange. The banks have come together under the Kenya Bankers

Association which serves as a lobby for the banks. Interests and also addresses issues affecting member institutions. Most banks offer corporate and retail banking services but a few also offer investment banking. The facilities offered by commercial banks include money telegraphic transfer by mail, standing order payments, foreign exchange transactions services issue of travelers cheques, discounting of bills, providing documentary credit to overseas trade, providing credit status information to customers, offering share brokerage Services in buying and selling of shares, operation of safe deposits, advisory services acceptance of various deposits like fixed and regular deposit and providing loan facilities.

The banking industry is facing challenges and it is coming up with various strategies to face these challenges. One of the challenges is increase of interest rates which has made borrowing expensive. Income from loans has started going down as most customers are unable to borrow and service the loan. This is due to the inflation which has increased the cost of living. The banking industry is also facing stiff competition from microfinance institution and also non bank financial institutions.

Safaricom, Airtel and Yu, while are mobile phones service providers have money transfer products mainly M-pesa, Airtel money and Yu cash. This denies bank revenues to transfer money locally as many Kenyans prefer transferring money locally using M-pesa since it is convenient and widely available. The banking industry has been acting as an agent for money transfer products in order to tap into money transfer revenue. It also uses mobile phone services for customers to withdraw and deposit money into their bank accounts.

1.1.3 The Kenya Post Office Savings Bank

Kenya Post Office savings Bank was started in 1910. It is fully owned by the government and reports to the ministry of finance. The governance of the bank is vested in the board of directors and the office of the managing director supported by directorates and departments. Post bank is committed to the standards of corporate governance as set by the government and the central bank of Kenya for the Public sector. The board of directors is responsible for the long term strategic direction for profitable growth for the bank while being accountable to the shareholder for ensuring that post bank complies with the law and the highest standards of corporate governance and business ethic.

The vision of the bank is to be the bank of choice. Its mission is to provide accessible and sustainable banking and other related financial services through innovative delivery systems for wealth creation to the benefits of customers and other stakeholders. The bank values are to be diligent, provide services professionally to be prompt and show respect to customers and stakeholders. Post bank was established primarily to encourage thrift and mobilize savings. It has carried this mandate successfully through expansion of its outreach and development of products and services that meet expectations of its customers. As a savings bank it offers twenty five products and services including savings accounts for businessmen salary payments, Youth and children savings account. It also offers money transfer services like money gram, M-pesa, Western Union and Yu cash transfers. Post bank also offers credit services through post bank visa card.

Post bank has developed partnerships and strategic alliances with various organizations who have contributed to its achievements. These alliances have helped in promotions of

savings and also bring additional commissions business e.g. water and electricity payment. It also offers agency banking for other banks like Chase and housing finance bank. Post bank partners include Agakhan agency for microfinance, alliance one tobacco, business initiatives and management assistance service, Citibank, commercial bank of Africa, Faulu Kenya Government of Kenya pension's department higher education loans board, Kadet Limited, Kenya Power and Lightening Company, Kenya women finance trust, Sisdo Microfinance, small and Micro enterprises programmes, Suntra investment Limited and the higher education Loans board.

Post bank mode of operation when it was started was a manual system using a passbook. As customers increased the manual system became unmanageable. There were many errors and delays. The change in technology in the banking sector made post bank change its mode of operations in 2008. It transformed its operations from manual systems to fully automated systems. It now used point of sale terminals as mode of operations. The bank is now very efficient as a bank of choice, since the new business model offers very fast service and customers do not fill forms. This makes it operate paperless banking which is very efficient.

1.2 Research Problem

For many years now it has been said that the pace of change experienced by organizations and those who work in them is increasing. Change management has become a way of life in part because organizations are experiencing much different type of changes. As industries consolidate data, there are increasing numbers of mergers and acquisitions. The pressure on organizations to compete in a more global arena is leading

to different competitive pressures and more strategic alliances. Rapid technological change are forcing organizations to accept New technologies and change the way they both work and interface with their suppliers and customers. There has also been a series of management fad over the two decades such as culture change programmes, total quality management any business process engineering. In addition many organizations need to change their strategy just to remain competitive. Yet the sad fact is that success rate for most of the change programmes launched within organization is poor, with a failure rate at around 70% per cent (Balogun & Hailey, 2008).

Post bank is one organization in the banking industry in Kenya that has undertaken a major strategic change in the last five years. It was using manual operations through the use of passbook but it has undertaken a strategic change to automate all its operations. It has connected even the branches at the remote areas using point of sale terminals. Having undertaken this strategic change there is a need to examine the change process to find out how it was carried out and establish whether it met management objectives. There is need to establish whether the strategic change was beneficial to the customer, staff and to the organization. The question that needs to be answered is, has post bank strategic change been managed well and was it a worthwhile venture?

A number of scholars have researched on change management practices on various institutions and banks but no known study has researched on management of strategic change in Kenya Post Office Savings Bank. Borana (2006) carried a study on change management at Kenya National Museums of Kenya, menja (2009) carried out a study on change management practice at Equity Bank Limited, Kimaku (2010) carried out a study on change management practices adopted by Barclays Bank of Kenya Ltd and Mutua

(2009) carried a study on strategic change management at Faulu Kenya. There is a need to look at strategic change management process in a bank that was started during colonial times and had been operating using a passbook for a long period of time. There is need to find out how strategic change management transformed the bank from a manual bank to a modern automated bank. This study therefore seeks to fill this gap of knowledge by looking into change management process at KPOSB and establish whether the strategic change met management objectives. The research question is "Was post bank change management process successful?"

1.3 Research Objectives

The following are two objectives that this research aims to achieve.

i. To examine Post bank strategic change management process
ii. To establish whether the strategic change met management objectives.

1.4 Value of the Study

This study will be useful to the organizations intending to carry out a strategic change. It will help them in planning and executing a strategic change. It will shed light on the personnel to be involved in undertaking a strategic change. It will help them in knowing all the steps that needs to be taken in change management process and also put all measures necessary to overcome challenges experienced during strategic change implementation.

The study will also add contribution to the existing theory since it will show how it supports existing theories like Kotter's eight step model and Kanter's Ten

Commandments for executing change. It will show how the change management process in KPOSB followed existing theories. This will reinforce the theories and make them more acceptable by change managers. The theory will be very useful to future researchers who would want to research on strategic change management.

The study will be useful to management and staff of Kenya Post Office Savings Bank. It will be a source of information and reference material on strategic change management. The management will use information to plan for future strategic changes. The staff will use information to enable them implement a strategic change and be able to achieve the company's objectives. Policy makers and stakeholders in the banking industry will use the findings when undertaking a strategic change.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents reviews of previous studies and findings in the field of strategic change management. The literature review section examines recent or historically significant research studies, books, company data or industry reports that act as a basis for proposed study, (Cooper,D.R. & Schindler, P.S: 2004). It involves systematic identification, location and analysis of documents containing information related to strategic change and management

2.2 Strategic change management

Strategic change management is defined as actions, process and decisions that are taken by an organization so as to implement their strategic goals (handy, 2000). It is about managing the unfolding dynamic process during strategy planning and implementation. Strategic change is the transition that results from implementation of an organization strategy. It involves change or alignment in policy, systems, styles, values and skills of an organization to release strategy. The need for strategic change is usually triggered by some major disruption to the organization such as the lifting of regulatory requirements, a technological breakthrough or a new chief executive officer coming from outside the organization (Ansoff, 1980).

There are three strategic change interventions. These are various types of strategic change that organization can undertake. According to Cummings and Worley (2009), Strategic change interventions include transformational change, continuous change and trans-

organizational change. Transformational change can occur in response to or in anticipation of major changes in the organization, environment or technology. It is changing the basic character of the organization including how it is structured and how it relates to its environment. Transformation change requires the organization to change its strategy. Organization design and culture so as to be able to respond to external and internal disruptions. This helps organizations manage the transition between the current strategic orientations to the desired future strategic orientation.

Continuous change interventions extend transformational change into nonstop process of strategy setting, organizational designing and implementing the change rather than focus on creating and implementing a particular strategy and organization design. Continuous change addresses the underlying structures processes and activities for generating new forms of competitive advantage. Thus, the focus is on learning changing and adapting on how to produce a constant flow of new strategies and not just on how to transform existing ones. Continuous change is a highly participative process in which multiple stakeholders set strategic direction, design appropriate structures and processes and implement them. This intervention includes considerable innovation and learning as organizations gain the capacity to design and implement significant changes continually.

Trans-organizational changes are interventions that move beyond the single organization to include merging, allying or networking with other organization. Organization may merge with or acquire other firms to gain essential capabilities and resources to operate at a larger scale and to enter new markets. They may form strategic alliances with other organizations to share cost and expertise and to manage their exchanges more efficiently. They may join with other firms to tackle complex problems and projects that single

organizations cannot accomplish. Trans-organizational change helps organization create and sustain such multi-organization linkages.

In order to effect a strategic change, management undertakes specific tasks which are known as elements in managing a strategic change. Johnson and Scholes (2005) states that there are four elements in managing a strategic change. These are tasks undertaken by management in order to effect strategic change. These elements are diagnosing the change situations, get the change agents, create levers for change and consider pitfalls for strategic change. Diagnosing the change situation involves identifying the change needed, the context of change, realigning organizational culture and undertaking force fields analysis. A strategic change can be adaptation where the change is accommodated within the current paradigm. A reconstruction is the type of change which maybe rapid and could involve a good deal of upheaval in an organization, but which does not fundamentally change the paradigm. Evolution is a change strategy which requires paradigm change but over time. Revolution is a change which requires rapid and major strategic change which changes the paradigm Understanding the culture of a particular organization is very important in managing strategic change. Culture involves organizational symbols and routines as well as political processes and harder aspects of organizations such as structure and control systems. There is need to analyses current culture of an organization and consider the differences that would be needed if the desired future strategy were to be put into effect successfully. Force field analysis provides a view of change problems that need to be tackled by identifying forces for and against change. Forces that could be pushing for the changes are high quality service, flexibility and devolved services. Forces resisting the change could be departmental

barons, formality of management, blame culture, deference, and firefighting and over load. For successful change management all forces against change should be addressed. Successive training and communication erodes the strength of forces against change with time.

In change management we have styles of managing change and roles. These styles are education and communication, collaboration, intervention, direction and coercion. In managing change we have change agent who is the individual or group that effects strategic change in an organization. We also have a strategic leader who influences the groups within organization to achieve the strategic goal. Northouse (2007) states that transformational leadership is required to affect change as it inspire and empower groups to embrace change. In order to effect change, powerful support is required from groups combining both power and interest. This maybe the chief executive, a powerful member of the board or influential outsider. Power structures are necessary especially if transformation change is required. The power structure maybe used to build a power base, encourage, support or overcome resistance and achieve commitment to a strategy or course of action.

In change management, we have different levels that can be employed in managing strategic change. According to Johnson and Scholes (2005), we have different levers that can be employed in managing strategic change. These levers of strategic change include turnaround, challenging the taken for granted, changing organizational routines, symbolic processes communicating and monitoring change. In turnaround strategy there is rapid reconstruction where emphasis is on speed of change, rapid cost reduction and revenue generation. Challenging the taken for where you change the long standing mindsets or

taken for granted assumptions. Symbolic processes involve aligning symbolic acts and artifacts with the new strategy. Changing organization routines changes the organizationally specific ways of doing things to match the new strategy. In management of strategic change it is very important to communicate and monitor change. Effective communication helped in overcoming resistance and builds trust. Vision and strategic intent needs to be emphasized again. The media to communicate strategy and elements of strategic change programme should be chosen wisely. The members are involved in strategy development. Executives are used to monitor performance of all sorts of organizational activities.

The fourth element in strategic change management is handling the pitfalls that may hinder the change programme management need to check whether there is any resistance to the strategic change. The staff may resist change because they may feel that the change would make them lose their jobs. Employees also have symbols that they identify with and may not be willing to change. They are comfortable with their usual routines. Change managers need to look at all these pitfalls and inspire employees to embrace change. Symbols should be changed and all system should institutionalize the new approaches. (Kotter,1996).

2.3 Approaches to change management

We have two approached to change management. According to Burnes (2004), there are two approaches to change management. These are planned change and emergent change. Planned change is a process of moving from one fixed state to another through a series of pre planned steps. It distinguishes change as being conscious as opposed to changes that

are brought about by accidents or impulse. Emergent change views change as a continuous open ended and unpredictable process of aligning and realigning the organization to its changing environment. It also views change as a process that unfolds through interplay of multiple variables within organization and is handled continuously by managers.

Organizations need to carry out analysis of their strength and weakness before adopting a model of strategic change. Planned change requires adequate resources since it is a major transformation to the organization. Continuous change does not require massive resources and can be accommodated in the organization daily programmes. Management need to select the model to strategic change after undertaking detailed analysis.

2.3.1 Model of planned change

The first model of planned change is Action Research model. It was first coined by Lewin in 1946. It is based on research to make actions more effective. It refers program and interventions designed to solve a problem or improve a condition. It is based on proposition that effective approach to solving organization problems must involve rational systematic analysis of issue in question. It involves organization, people and change agents. The processes of action research starts with identifying a problem and then do consultation with experts. After problem identification data is gathered relative to objective to be accomplished. The management after getting data alters some variables within the system and evaluation is done. If action taken is not satisfactory, more action is taken until all the objectives are accomplished.

The second model is Lewin's three step model. It involves changing behaviors to embrace change. It goes through three steps. The first step is unfreezing which involves dismantling those things that support or maintain the previous behavior. This is triggered by forces in the external environment. The second step is introducing a clear and appealing option for a new pattern of behavior. It requires a planned strategy. The final step involves refreezing which requires that changed behavior be reinforced both formally and informally in the organization. In this step managers have great amount of influence through positive reinforcement and consolidating new practices.

Bullock and Batten (1985), brought a model to planned change. It involves exploration phase which creates awareness of need for change and searching for solutions. The planning phase involves understanding the problems, collecting information, setting change goals and designing action plans. The action phase involves arrangements for managing change and feedback processes. The integration phase involves consolidating and stabilizing change. It also reinforces new behavior.

Kotter's eight steps model starts with establishing a sense of urgency, forming a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision, planning for and creating short term wins, consolidating improvements, producing still more change and institutionalizing new approaches. In this model crafting a vision and helping others internalize the vision is very important. If the strategic change is not satisfactory more change is undertaken.

The final model to planned change is Kanter et al (1992) model. He states that there are Ten Commandments of executing change. These are analyzing the organization and its

need for change, separate from the past, create a sense of urgency, support a strong leader role, line up political sponsorship, craft an implementation plan ,develop enabling structures, communicate, reinforce and institutionalize. Planned change approach does assume that one change is good for all organizations and this is not always the case since organizations exist in different environments. Organizational changes maybe more continuous and open ended especially in times of turbulence.

2.3.2 Models of emergent change

The first model is a processual model. It was advanced by Dawson in 1984. It states that temporal aspects of change are used as a means of breaking the complex process of organizational change into manageable portions. It has three steps. The first step is conception of the need for change. It is a response to internal or external pressure. External factors are political, ecological, social, technological, economic and legal factors. Internal factors are structures, culture, history and symbols. The second step is a process of organizational transition. Different tasks and activities are put in place to be able to effect the change. The third step is operation of new work practices and procedure. After implementation of change new organization arrangement and systems of operations begin to emerge. The new practices need to be institutionalized.

The second model is logical incrementalism which was advanced by Brian Quinn. He argues that managers consciously and proactively move forward but incrementally. It has three steps. The first step is introducing patterns of change through awareness and commitment incrementally. It also involves changing symbol, legalizing new view points, making tactful shifts broadening political support overcoming opposition,

structuring flexibility and undertaking systematic trial. The second step is solidifying progress incrementally. This is creating pockets of commitment by focusing the organization and managing coalition. It also involves formalizing commitments by empowering champions. The third step is integration of process and interest where it becomes parts of the system. Measurements and rewarding of success is done.

The learning organization Model was advanced by Senge in 1990. A learning organization does not suddenly adopt strategic change but is perpetually seeking change. A learning organization is one that uses learning experimentation and communication to renew itself constantly. Strategy development involves knowledge creation best undertaken in groups. Emergent change assumes that organizations face same kind of environment which is not the case. Some organizations may perceive need for change but not be able to learn.

2.4Principles of Change management

Principles of change management are activities that contribute to effective change management (Worley, 2009). These principles are urgency, vision, empowerment and execution. Urgency is brought about by changes in external environment which includes change in customers, competition and technology. There is need to sensitize organizations to pressures for change. There is need to reveal discrepancies between current and desired state and convey credible positive expectation for the change. Members of the organization should see the need to act with speed all else the organization will sink. Urgency motivates members and inspires new behaviors.

The second principle is creating a vision of what members want the organization to look like or become. A vision should be clear, inspirational, widely shared, created participatively and built around customers. A vision describes the core values and purpose that guide the organization as well as an envisioned future toward which change is directed. It provides a valued direction for designing, implementing and assessing organizational changes. The vision also can energize commitment to change by providing members with a common goal and a compelling rationale for why change is necessary and worth the effort.

The third principle is empowerment where you equip the people with knowledge and tools to be capable to undertake the change. Empowerment is done through regular training and providing the necessary tools to perform the task. It also requires giving the employee a free hand where they undertake tasks with minimal supervision. They need support from management and all the stakeholders. They need to have control over the change and own it. It makes employees creative and empowers them to make decisions.

The fourth principle of change management is execution. This is putting the change into action. The change needs to be implemented and systems should be up and running. The systems should be aligned with the change. The structures should be aligned around customers in order to execute change efficiently there should be trained and self directed work teams. There is need to sustain the momentum. All resources needed should be provided. New behaviors should be reinforced and all participants should stay in the course. In execution continuous monitoring and evaluation should be carried out for organizations to find out if they are meeting their objectives.

2.5 Potential challenges in Strategic change management

According to Machiavelli (1961), there is nothing more difficult to handle, more doubtful of success and more dangerous to carry through than initiating change. Managing a strategic change faces various challenges. Johnson and Scholes (2005) states that people resist change. Resistance is not confined to introduction of strategic planning but it occurs whenever there is a departure from historical behavior, culture and power structure. The resistance could be systemic resistance or behavioral resistance. Behavioral resistance may be brought by parochial self interest, misunderstanding and lack of trust. Systemic resistance is brought by passive incompetence of the organization. It is proportional to the difference between the capacity required for new strategic work and the capacity to handle it. It occurs whenever the development of capacity lags behind strategy development.

In attention to symbols of change is also a pitfall of change programmes. Change agents fail to link the big messages about change to the day to day and symbolic aspects of the organization. People in the organization again see the change as being removed from their reality and the change agents may not understand the power of symbolic change. They may in advertently signal the wrong messages. The ivory tower change i.e. proponent of change or senior, executives are not seen by others in the organization to understand the realities of change on the ground in terms of either the needs of the market place or the views of people in the organization. They are removed from reality and therefore not credible (Carnall, 2007).

Power and politics in organization can also hinder a strategic change. According to Nzuve 2009, power and politics are important elements in most organizations change but are also considered to be dangerous because they are associated with undesirable human actions such as corruption, domination, exploitation, political scandals, and suppression. The politics in an organization can suppress a strategic change and portray the change as a failure. The other pitfall is hijacked processes of change. Well meaning change efforts generate the opportunity for others in the organization to hijack them for different purposes. They do not concentrate on the change to the very end. Erosion is another pitfall in change management program where the original intention of the change programme becomes gradually eroded by other events that are taking place within the organization. Change programmes are difficult and complex and there is need to monitor change, understand culture and involve people.

Bureaucracy in large corporation may also hinder strategic change. Moss Kanter (1989) states bureaucracy is a hindrance to change and suggest that organization need to become more athletic if they are to meet the challenges of stiff competition. Bureaucratic management is preservation seeking and is not ready to adopt change. He says bureaucracy hinders innovation, entrepreneurialism efficiency and creativity. This makes organizations value status and are not ready to adopt new ways. Decentralization helps in breaking bureaucracy since it empowers members of the organization and brings out creativity.

2.6 Impact of strategic change

Strategic change impacts on organization performance. Thompson and Strickland (2007) states that a real payoff for strategy making comes if managers draw some conclusion about what strategy adjustments will be needed to deal with driving forces and the impact they are likely to have on market demand, competitive intensity and industry profitability. Strategic change can make or break a company. Whenever a company carries out a strategic change it affects demand profitability, customer satisfaction, employee productivity economies of scale and corporate image.

Strategic change brings in improved technology. According to Trot (2008), change in technology helps a company achieve competitive advantage and long term financial success. There is abundance on exciting new technology in the world and it is the transformation of this technology into products that is of particular concern to organizations. A change in technology brings in innovations which lead to new products. Innovation process include an economic perspective, a business management strategy and organization behavior. Firm's innovative performance is determined by its organizational architecture. Organization strategic changes impact on the firms' internal design including its functions and the relationships it has built up with suppliers, competitors and customers. This change spurs new technology leading to new product development.

Strategic change helps organization achieve economies of scale. Hooley and Nicoulaud (2008) states economies of scale are perhaps the single most effective cost driver in many industries. Scale economies stem from doing things more efficiently or differently in

volume. Economies of scale can be bought by use of technology that uses fewer raw materials, less human resources and brings out the desired output efficiently. Strategic change impacts the cost drivers and ensures that there is no idle capacity and all resources are fully utilized. A strategic change aims at reducing the cost driver's in order for the organization to leap maximum profits.

The growing sophistication and aggressiveness of purchasers in business to business markets has escalated the strategic importance of effectively managing buyer seller relationship (Jones etal 2005). The challenge to the seller is to implement effective marketing strategy in a dramatically changed World of sophisticated buyers. Increasingly purchasing has become a strategic function linked to the customer's strategic plans with a major level of responsibility for profitability, cost control and enhanced shareholder value. Customers are powerful and demand customized products and special treatment. Strategic changes bring about customer satisfaction and the strategic challenge is to match sales efforts and approaches to different parts of a complex portfolio of customers, to balance revenue and profitability with business risk. These choices impacts substantially on corporate performance. Kottler (2007) states that strategic change call for review of price, product, market and promotional activities to match the strategic change.

Strategic change calls for a change in organization statures. Hendry (1995) states that strategic changes impacts on organizations structure. An organization structure should fit with its strategy to ensure that the strategy is effective and the organization is efficient. Firms are faced with inefficiencies when they try to implement new strategies with outmoded structures. Strategic changes bring out decentralization and retrenchment.

Decentralization ensures responsibilities are cascaded downwards to functional areas in order to increase motivation and entrepreneurialism while sharpening up efficiency.

2.7 Summary of Research Gaps

The literature review has brought out the practices of change management process, challenges of change programmes and impact of strategic change. It has shown that organizations have to undertake strategic changes to be able to cope with changes in the internal and external environment. Planning and implementing a strategic change is key to moving the organization forward. The literature review has shown various challenges in implementing a strategic change. It has also brought out benefits arising from strategic change. The literature review has shown that the change process should be well thought for organization to benefit from the change programme. However the literature review has not reviewed how post bank undertook a strategic change and how the strategic change transformed the bank into a modern automated bank.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was used in carrying out the study. It gives details of research design used, data collection and the data analysis method that was used in the case study of management of strategic change at KPOSB.

3.2 Research Design

The research design that was used for this study was a case study. The research design is the "blue print" that enables the investigators to come up with solutions to the problems. (Nachimias, 1996). Case study research designs involves an in depth investigation of a certain phenomena that may not be clearly known or understood. A case study focuses on one organization selected from the total population of other organization in the same industry. This case study helped in establishing post bank strategic change management process and how it contributed to achievement of management objectives.

3.3 Data Collection

Primary data was collected using an interview guide. The respondents that were interviewed from KPOSB were twelve. They included managing director, manager strategic change and planning, human resource manager, business development manager, ICT manager, marketing and customer service manager, two branch manager, two customer relations officers and two cashiers. These were selected since they were key in the change management process. The managers were involved in planning whereas branch managers, cashiers and customer relations officer were involved in the

implementation stage. Secondary data was collected from archival records and published manuals on KPOSB strategic change management.

3.4 Data Analysis

This research yielded qualitative data from the interview schedules. Data was analyzed using content analysis because the study sought to solicit data that was qualitative in nature. Content analysis was used to get an in depth information on management of strategic change at KPOSB. The findings were presented by making pertinent inferences, identifying specified characteristics of messages and drawing conclusions. It gave picture of the respondent's concerns, ideas, attitudes and feelings concerning the strategic change management process at Kenya Post Office Savings Bank.

Data was analyzed by being coded into five themes. The themes were on nature of strategic change Post Bank has undertaken, how the change was planned, implemented evaluated and the impact brought about by the strategic change. Data from records was sampled in order to get the content to be analyzed. This involved analyses of data that had material on strategic change management process at KPOSB.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the study based on the research question. The objective of the study was to examine Post Bank strategic change management process and to establish whether the strategic change met the management objectives. The study adopted a case study where Post Bank strategic change management process was examined in depth using an interview guide and documented information.

The respondents were drawn from the various departments in post bank. They included managing director, human resource manager, manager strategic change and planning, business development manager, marketing and customer service manager business development manager, two branch managers, two customer relations officers and two cashiers. The managers were chosen since they were involved in planning the change whereas the other members of staff were involved in implementing the change the qualitative form of data was collected and then analyzed using content analysis. This chapter presents the analysis and interpretations of the data collected. The findings are also compared with existing theories to find out whether they agree with existing theories. The research findings are also summarized and suitable recommendation made according to the findings.

4.2 Data Analysis

The data gathered from this case study was qualitative data. This data was analyzed using content analysis. It involved in depth investigation of feedback from the interview schedules, to be able to come up with a pattern relating to Post Bank strategic change management process. This involved analyzing information from documentary materials in order to obtain data on strategic change management process at KPOSB. The data was coded in five themes that helped in analysing the data. These themes were on the nature of Postbank strategic change, planning the change, implementing the change, evaluating the change, and assessing the impact of strategic change at Kenya Post office Savings Bank. In depth investigation along those themes ensured that rich data was gathered and it made the researcher arrive at some conclusion.

Data that was documented was analysed by obtaining records that contained information on strategic change management process. The information obtained from the documented records was added to the themes in order to obtain a specific pattern which lead to a conclusion. The attitude from respondents towards Post Bank strategic change management was compared with documented records in order to obtain relationships and patterns which formed the findings which are reported under the five themes namely: nature of strategic change, planning of change, implementation, evaluation and its impact. The findings were presented by making pertinent inferences, identifying specified characteristics of messages and drawing conclusions.

4.2.1 Findings on nature of strategic change at KPOSB

Post bank strategic change was a planned change. It started through planning by post bank directors from operations, finance, business development, human resource, information technology and managing director. They came up with post bank corporate strategy (2005- 2007). This strategy was to transform post bank from operating manually using passbooks to being automated. This automation of post bank operations was the new business model. It was a transformational change where post bank changed the way of doing business.

The interviewees were asked whether the change was a planned change and whether it was anticipated. From the responses the interviewees were in agreement that it was a planned change and was anticipated since post bank needed to move from manual systems to being automated in order to compete with other banks which were already using automated systems. LLoyds TSB had conducted research and had produced a card strategy report which outlined the strategic repositioning business proposal for adoption by post bank. Post bank had started losing customers to those automated banks and it had to transform its entire business operations.

A visionary leadership within post bank strongly promoted the process of change management. They were supported by a committed donor the financial sector deepening trust which funded the external project management consultants. After rapid endorsement of the new strategy by the board, a steering committee headed by the managing director was put into place. The committee was responsible for the new business model which involved replacing all passbooks and issuing debit ATM cards

with personal identification number, equipping all branches with point of sale terminals and re-engineering all business processes to accommodate new technology. The technology was to operate within the confines of the existing telecommunications, infrastructure of the country whether rural or urban.

4.2.2 Responses on forces of change at KPOSB

According to the respondents there were several factors that led to the transformation at KPOSB. Most respondents were in agreement that stiff compensation and change in technology led to adoption of the new business model. The banking sector was facing stiff competition and customers had a wide variety of choices. Customers were knowledgeable and needed quick services which were efficient. Many customers were now doing online transactions through use of internet due to their tight schedules. Post bank had to run a marathon speed to remain relevant to customers in a fundamentally different Kenyan financial sector by adoption of a new technology. The competitions in the financial sector also had new entrants i.e. mobile money transfer services which was posing as a threat to the banking sector. Giant banks were also tapping into low income market and competing with KPOSB. They were opening outlets in the rural setting where post bank had outlets leading to decrease of KPOSB market share.

Change in technology was also found to be a force of change. The banking sector had automated its operations and connected its branches. Remote terminals were no longer relevant. The new technology ensured all terminals were interconnected and customer could be served from any outlet without delay. Post bank had to adopt this technology all else be phased out of the market. The new technology also made bank adopt ATMS in

their outlets to be able to serve customers outside banking hours. The internet and mobile banking also ensured customers could transact from their premises. They could do deposits, withdrawals and check their balances. Post bank had to adopt this new technology so as to maintain its market share and also be able to attract the new generation of customers.

4.3 Findings on strategic change Management Process at KPOSB

KPOSB has a well planned change management process. The bank is government owned and for any major transformation to take place it has to get approval from the government. Strategic change is triggered by forces in external environment. These external forces include change in technology, political changes, change in competition and customer attitudes. KPOSB change management process puts all the stakeholders in the process of change.

The stakeholders who plan strategic change include board of directors and management staff. The change management team then comes up with a vision and a strategy. This strategy is then communicated to the stakeholders. The employees are then empowered to be able to carry out the strategic change. The strategic change is then executed; its effects are monitored and evaluated to determine whether the strategic change has met management objectives.

4.3.1 Establishing a sense of urgency

Establishing a sense of urgency seeks to address the problem of complacency which is contentment with the current workings of the organization. A sense of urgency is critical

to gaining the needed cooperation to succeed in transformation. Most staff noted that if there was no urgency they would not have undertaken the change. The threat from external environment which made post bank loose a sizeable number of customers created a sense of urgency. Customers were moving to modern banks which had installed ATMS. They needed quick and efficient services.

In order for post bank to establish a sense of urgency it brought in an external consultant, established a change manager and formed a change management steering committee. The study established that there was communication to the staff through emails and trainings. Many staffs had to undergo computer training in order to be able to handle the new business model. The change management steering committee had an office known as a project office where they held meeting and ensured nothing was delayed in order to meet the deadline. They created work streams in order to move with speed. These work streams were process reengineering, system construction, information technology infrastructure, system interface, organization preparedness, change management, governance service delivery and support, stakeholder management data migration, user acceptance testing and help desk. These work streams ensured there was no complacency. Staffs were asked to communicate with these work streams and give in their contribution. Procurement of the point of sale terminals was done through newspaper advertisement and the bid was subjected to internal evaluation process out of which an eventual winner was selected from shortlisted binders. The change programme was given to staff and it served to sensitize the staff on the impending change. The human resource work stream dealt with any fears and reassured the staff that no one was going to lose his job but the change was to move the bank forward.

It is clear from the above discussion that indeed there were significant efforts to create a sense of urgency with the strategies leaning more towards curbing the potential problem of complacency. The strategies employed helped in creating momentum for the change process. Just as Kanter et al (1992) argues in their fourth commandment of executing change a sense of urgency is critical to rallying in organization behind change. It ensures everyone in the organization is looking forward to implementing the change otherwise the organization will sink. This was very evident at KPOSB with the change management steering committee leading the way and reporting the progress to managing director who in turn briefed the board of directors.

4.3.2 Developing a vision and strategy

Vision refers to a picture of the future. The study established that post bank had developed a vision "to be a bank of choice". All respondents knew the vision very well and it motivated them in embracing the change. It gave them a focus and gave them a picture of where they wanted to be. They wanted post bank to be a bank which would be a favorable choice for customers due to its efficient service delivery. This agrees with Kotter (1996) who states that a good vision clarifies the general direction, it motivates people to take action in the right direction and helps coordinate people in a fast and efficient way. The post bank vision was put in the brochures, posters and in signage in the banking halls. This motivated staff and gave them a big picture of the bank. The management team crafted the vision and revised its mission to include the use of modern technology. The new mission was to provide accessible and sustainable banking and other related financial services through innovative delivery systems for wealth creation to the benefit of customers and other stakeholders.

In order for the vision to be realized there was a strategy. This is the management action plan. This strategy was crafted in post bank corporate strategy (2005-2007). The strategy was to replace all passbooks with ATM cards and install point of sale terminals in branches. This strategy was called the new business model. The strategic goals were to make post bank competitive, reduce costs, improve customer service and gain more market share. To implement this strategy various work streams ensured that it accomplished its goals. From the discussion it agrees with porter (1980) who points out that a firm needs to adopt a strategy to outperform other firms. He argues that a firm cans choose, cost leadership strategy, differentiation or focus strategy depending on its strengths. The choice of Post bank strategy makes a firm competitive if well chosen and implemented. Post bank strategy was focused a long cost leadership where the new technology would eliminate paperwork and reduce the work force. This reduced cost and made post bank operations efficient.

4.3.3. Findings on how the change vision was communicated

The study established that post bank change programme required a clear and consistent communication strategy to ensure that staff understood what the change was about and why it was necessary. It was important that staff recognized that without change the institution survival was at a risk. Communication was done through emails from the change manager. He gave details about the change, how it was to be carried out, the timeline, its effects and gave training timetables. Members of staff could also give feedback through emails. Training booklets were circulated to the branches for members to familiarize themselves with the change before actual training. A help desk was set for any inquiry and every inquiry was recorded and forwarded to change management

steering committee. Departments held weekly meetings to exchange ideas and capture activities in their respective departments.

External customers were also communicated about the change through newspaper networks and local radio stations. Brochures were printed and placed in the banking halls for customers to be aware about the change. The project manager together with work stream head reviewed the project status on a regular basis as per schedule activities and compiled a report on a regular basis. The managing director also gave quarterly circulars indicating milestones on the transformation process. There were quarterly management meetings which involved change management steering committee and the sponsors. Progress updates were discussed and unit heads cascaded the information down to their staff. Transformation messages were also reinforced in every major activity for instance during branch launches, induction and product training.

Post bank ensured there was proper communication to ensure staff understood the change and were ready to embrace it. Kanter el al (1992) emphasizes the need to communicate the change throughout the entire change process. Communication and involvement of people is effective in overcoming resistance, promoting commitment and fostering goodwill towards the change effort. Proper communication is very important in carrying out a strategic change. It builds a strong team and eliminates fears.

4.3.4 Responses on Employee Involvement and empowerment

The respondents were asked about their empowerment in the strategic change and the study established that employee were involved in planning the change through representatives in the various work stream. This enhanced speed in planning as involving

everyone in planning could lead to greater uncertainly and instability as individuals or groups use the involvement process as a means of opposing change. In the implementation process every employee was involved. Communication was done regularly to ensure there was adaptation and internalization of the change. Employees gave feedback so that they could have their ideas involved in the planning process. In order to implement this change every employees was involved in discarding old practices of using manual systems and embrace technology. There was a change of attitude from being a slow bank to a fast and customer friendly bank. Employees were involved in communication the change to the customer and give them the expected benefits arising from the change.

The employees were empowered through regular trainings where they were equipped with knowledge. A system test case was created to ensure full coverage of user requirements i.e. unit testing, system acceptance testing and user, acceptance testing. This made employees increase their confidence level in adopting the new system. adopting the new system They were able to raise various challenges they were encountering and their challenges were addressed through help desk. Employees also formed teams and the team that was performing well on the new business model was rewarded with cash rewards. The staffs on the ground were issued with passwords to be able to work with minimal supervision. All the point of sale terminals and cards were delivered to the branches. They had the tools to implement the change and had been well trained. This ensured the staff was empowered to implement the strategic change.

4.3.5 Responses on how strategic change was executed

The study found out that implementation of the new business model was done in November 2008. All the branches had point of sale terminals and cards. The networks were well connected. Each point of sale terminals had an account created in the symbols host system. It automatically updated all branch transactions online. Customers presented their passbooks to the bank and had to fill a form to be issued with ATMS cards. The passbooks were cancelled and were issued with ATM cards instantly. There was a pin pad where customers created their own personal identification numbers. After card and pin had been issued customers transacted immediately. The card was active and could transact in the ATMS immediately. It was paperless banking where customers did not fill any banking slips and we only required to input their pin for the transaction to be completed. It was a very fast method and it reduced the ques in the banking halls. Branch managers were given supervision cards to be able to reverse erroneous transactions online. Statements were printed at the end of the day. The host symbols updated all the days transactions.

4.3.6 Responses on how strategic change was monitored and evaluated

The study established that Post bank strategic change management process had monitoring and evaluation process. Monitoring of the strategic change was done through regular project tracking updates. This was done through collecting summary data from project plan and issue log. There was comparison of actual milestones to the planned milestones.

The proposed change was evaluated on the basis of costs accumulated and changes to work products. A report was prepared regularly and the change management committee held meetings to review the progress. The risks were identified, assessed and mitigating actions were taken. Tracking of project schedule quality and functionality was carried out to ensure the strategic change met the desired objectives. Corrective action was taken where there was deviation from expected results. This strategic change monitoring and evaluation agrees with Kanter et al (1992) model of executing strategic change which states that the change need to be monitored and evaluated and if the change is not satisfactory more change should be undertaken. The strategic change is institutionalized after it becomes satisfactory to management objectives.

4.3.7 Responses on challenges faced in implementing the strategic change.

The study established that post bank experienced various challenges during implementation. Some of the challenges were delays in equipment delivery. Delays in equipment delivery were sometimes due to their need to re-specify the hardware required as the models available at the time of supply were sometimes different from the models selected at time of bidding. The equipment also failed to work in some locations due to network connectivity problems and had to be upgraded to be more receptive.

There were internal pressures from staff on the ground. They claimed that the help desk did not have enough staff and lines were busy. The staff in the help desk had many inquiries and delayed in responding to mails creating pressures on the ground when inquires were not handled quickly. It delayed service delivery since staff required

clarification as they embarked on the new business model. Some staff were slow in working with the new system. They lacked proper computer skills and this made them make errors which had to be reconciled the next day.

Majority of customers were willing to embrace the change but customers who were advanced in years resisted the change. They felt secure with passbook since they could view their balances. They felt that being issued with a card meant losing their money. A lot of customer's education had to be done to remove any feeling of insecurity. The elderly customers also had difficulty in creating pins and customer relations officer had to assist them. Fraudsters also took advantage of illiterate customers. They asked for their pin and card so as to help them withdraw money from ATMS but they ended up stealing from them.

The other challenges experienced in strategic change implementation was fear of loss of jobs by the back office staff. The new system eradicated all manual operations that were being done in the back office like crediting of salaries, issuing new passbooks and balancing passbooks. The bank offices staff was not happy with the change as it rendered them jobless. Management kept on reassuring them that the new business model will bring in new business and they would be moved to other departments. This study agrees with Thomson and Strickland (2007) who states that a real payoff for strategy making comes if managers draw some conclusion about what strategy adjustments will be needed to deal with driving forces and the impact they are likely to have on stakeholders, market demand, competitive intensity and industry profitability. The strategic change in post bank made the bank more competitive and it reduced the banks operating costs.

4.3.8 Findings on benefits realized from the strategic change

The study sought to know the benefits arising from the strategic change and the study established that post bank strategic change brought benefits to the organization, customers and staff. It transformed the bank from an old looking bank to a modern bank. This transformation was recognized by the government and other stakeholders. Customers benefited from this strategic change since customer service improved greatly. The ques that were experienced in the banking halls reduced. Customer complaints went down as human error in entering transactions manually was eliminated. There was instant updating of customer transactions and customers were able to get receipts with their balances after every transaction. Delays in crediting salaries were reduced as salaries were being credited online. Customers were able to transact from every post bank branch without delay since all branches were interconnected. Cases of frauds were reduced since only the customer had the pin for any transactions to be carried out. The paperless banking made banking easy resulting to a very fast service. This led to customer satisfaction.

Staff also benefited from this strategic change. It made their work easy since all operations had been automated. The manual crediting was very tiring and prone to errors. The manual systems made staff suffer from surcharges as a result of making errors while entering transactions manually. Staff got few complaints from customers making their work enjoyable. The quick and efficient delivery system minimized customer turnaround time. They were able to balance with ease at the end of the day since the only needed to print reports and be able to balance. Staff also got a pay increase

since the bank had cut down costs and was more profitable. Most activities were decentralized from head office and this gave faster service to customers.

The organization experienced a lot of benefits from this programme. The study found that post bank strategic change management process was successful. It brought great benefits to the bank and made it a bank of choice. It eliminated paper costs and reduced the work force in the bank. It made it compete effectively as a modern bank with a new technology. It was able to secure customer deposits from fraudsters. It made the bank transform itself to a credible bank. It attracted new customers due to its efficient mode of operations. The new delivery system enabled the bank to open new outlets in the rural areas using agency banking. This enabled the bank to tap into new markets where other banks had not penetrated. This wide network gave the bank commission based business like paying electricity bills leading to increased revenue. These accrued benefits agrees with Michael porter (1990) who states that a firm should choose a strategy that will make it out perform other firms by reducing costs and becoming more competitive. The new business model reduced costs in KPOSB and made it competitive.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings of the study which are summarized and conclusions made in relation to the objectives of the study. Also included in this chapter are recommendations.

5.2 Summary

The study objectives were to examine Post bank strategic change management process and to find whether the strategic change management process met management objectives. The objectives of the study were achieved because the research carried out established that post bank has a strategic change management process that met management objectives. Post bank change management process is usually triggered by a force from external environment and it undertakes a planned change. Competition and change in technology triggers the change. The managing director presents the threats facing Post bank to the board of directors which then seeks approval from the government to undertake a strategic change. A change management committee is set up and selects a change manager. The change is planned and then communicated to the staff. The staffs are trained and the change is implemented. The change is reinforced and any resistance is handled by the help team. The study established that post bank undertakes a strategic change in a well prepared approach and overcomes all the challenges. Team work is emphasized in the change leading to a successful strategic change management process.

The strategic change management process met management objectives. The study established that the management objective was to modernize the bank by automating all its banking operations and make it a bank of choice. Automation of the banking operations changed the face of post bank from an old looking bank to a modern bank. This enabled the bank to compete in the crowded banking market and was able to attract young generation customer. Automation made operations efficient and it reduced costs. This made the change programme a successful, since it met the management objectives.

5.3 Conclusion

Changes in the external environment are dynamic and organizations have to undertake strategic change to be able to remain profitable in a changing environment. Postbank had to undertake a strategic change to cope with the change in technology. It was a planned change which transformed the bank into a modern bank.

From the study we can conclude that post bank strategic change management process was successful and it met management objectives. This has moved the bank forward and has made it competitive. Undertaking a strategic change in an organization is very important but there is need to ensure that all efforts are geared towards success and not failure. Kanter et al (1990) states that the essence of undertaking a strategic change management is to move the organization forward and to be able to reap desired results. Post bank strategic change was a worthwhile venture.

5.4 Recommendations

From the study the respondents agreed that the strategic change undertaken was very important to the bank but they recommended that post bank needs to change its mandate from a savings bank to a commercial bank. The bank does not give loans but only takes deposits. This has made the bank loose customers since many customers need loan in order to be able to develop. The bank needs to get approval from the government to become a commercial bank. Since it now has the capacity to handle loan transactions. The bank also needs to employ highly qualified staff who can bring more ideas on investments that can increase the banks revenue base.

The research should also be moved further from a case study to a survey so that comparison can be done across the industry to be able to obtain rich data which can be applied to the banking industry. A survey research would require quantitative analysis of data which would increase the confidence level of the findings. There is also need to carry a research on impact of strategic change in the banking industry to be able to evaluate the impact brought about by a strategic change.

5.5 Limitations of the study

The study had some limitations which included time limitation to conduct the interviews. The top management had busy schedules and could only spare a maximum of thirty minutes to be interviewed. This limited indepth investigations. The top management also withheld information which they considered sensitive to be exposed.

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APPENDICES

APPENDIX 1: MBA RESEARCH LETTER

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAMME

Telephone: 020-2059162	
Telegrams: "Varsity", Nairobi	P.O. Box 30197
Telex: 22095 Varsity	Nairobi, Kenya

DATE 30/04/2013

TO WHOM IT MAY CONCERN

The bearer of this letter ...... LILIAN N JERI GuCHu ......
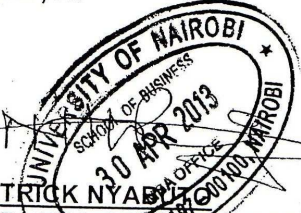
Registration No ...... D61/72925/2009 ......

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
FOR: MBA CO-ORDINATOR
SCHOOL OF BUSINESS

APPENDIX 2. LETTER OF INTRODUCTION

Lillian Njeri Guchu
P.O Box 5870-00200
Nairobi

1st May 2013

The Human Resource Manager
Kenya Post Office Savings Bank
P.O Box 30313-00100
NAIROBI

Dear Sir,

RE: REQUEST FOR DATA AND COMPANY INFORMATION

I am a MBA student at the University of Nairobi. I am carrying out a research project as a requirement in a partial fulfillment of award of Master of Business Administration with specialization of strategic Management. My chosen area of study is "management of strategic change at the Kenya Post Office Savings Bank."

In order to ensure that my study is complete I am required to seek information from Kenya post office Savings Bank. I am therefore requesting for permission to use the company's information to be collected through the interview guide attached and from company records. The information gathered will be treated as confidential and will be used for academic purposes only. A copy of the completed project will be availed to your company.

Regards

Lillian N. Guchu

APPENDIX 3   : POSTBANK AUTHORIZATION LETTER

KENYA POST OFFICE SAVINGS BANK
HUMAN RESOURCES DEPARTMENT

KPSB/HR/P&D/5/2013

17th May , 2013

Lilian Njeri Guchu
PF: 2245

Thro'
BGM/Nairobi North Region
POSTBANK.

Forwarded 22/5/2013

RE: REQUEST FOR RESEARCH DATA COLLECTION

Reference is made to your letter on the above subject dated 13th May, 2013.

We wish to inform you that your request to collect data for purpose of your research work for a Masters in Business Administration, while a student of University of Nairobi has been granted.

Be guided that data collected will remain confidential and can only be shared with the necessary persons as far as your study work is concerned.

We wish you a successful undertaking in your study.

P. M. KARANJA
FOR: HEAD/HUMAN RESOURCES

APPENDIX 4: INTERVIEW GUIDE

Post bank has undertaken a major strategic change in the last five years
which has transformed the bank from a manual bank into a modern bank.
This interview guide is to collect data on management of this strategic
change.

1. Name of the respondent (optional)

   …………………………………………………..

2. Title of the respondent in

   KPOSB………………………………………………

3. State KPOSB vision…………………………………………………………

4. In 2008 Post Bank automated all its banking operation and embraced a new
   business model. Did you participate in this change?

   Yes   ☐

   No   ☐

5. Was the change a planned change?

   Yes   ☐

   No   ☐

6. Was the change anticipated?

   Yes ☐

   No ☐

   If yes state two factors in external environment that triggered the change.

   _____

   _____

7. Who initiated the change?

   The government ☐

   Board of directors ☐

   Managing directors ☐

   Others (state)…………………………

8. Who was involved in planning the strategic change in KPOSB?

   _____

   _____

9. What role did you play in the change process?

   _____

   _____

10. Were external consultants involved in the process?

    Yes ☐

    No ☐

    If yes, what role did the external consultants play?

_____

_____

11. How was communication between staff and strategic change steering committee
done?

_____

_____

12. For the change to be successful list three things the steering committee did to
ensure there was successful implementation?

a)……………………………………………………………………………..

b)……………………………………………………………………………

c)……………………………………………………………………………

13. What benefits did the change bring?

a) To the employees

_____

_____

b) To the customers

_____

_____

c) To the organization

_____

_____

14. State any resistance observed from the following groups to the new business model

a) From the staff

_____

_____

b) From customers

_____

_____

c) From management

_____

_____

15. How was the resistance overcome?

_____

_____

16. What other challenges did the management face in implementing the change

program?

_____

_____

17. What other strategic change can the bank carry to stay competitive?

_____

_____

18. Does Post Bank currently posses the necessary capability to adopt a major strategic

change?   Yes   ☐

No   ☐

19. How would you rate the new business model?

Very successful   ☐

Successful   ☐

Not successful   ☐

20. Give any recommendation to be included in the management of strategic change in KPOSB.

_____

_____

THANK YOU FOR YOUR SUPPORT AND COOPERATION

Appendix 5   :Postbank organization chart

ORGANIZATION STRUCTURE

```
                        ┌──────────────┐
                        │    BOARD     │
                        │ OF DIRECTORS │
                        │  & BOARD     │
                        │ COMMITTEES   │
                        └──────┬───────┘
                               │
                        ┌──────┴───────┐
                        │   MANAGING   │
                        │   DIRECTOR   │
                        └──────────────┘
```

HEAD OF AUDIT, RISK & COMPLIANCE	HEAD OF LEGAL & ADMINISTRATION	HEAD OF HUMAN RESOURCE	HEAD OF INFORMATION & COMMUNICATION TECHNOLOGY	DIRECTOR BANKING SERVICES & MARKETING	DIRECTOR FINANCE & ACCOUNTS

HEAD OF FINANCE & ACCOUNTS	HEAD OF STRATEGIC PLANNING & PROJECTS	HEAD OF PROCUREMENT