

**ORGANIZATIONAL DEVELOPMENT AND SURVIVAL OF KENYA POST
OFFICE SAVINGS BANK**

BY

BETT JULIUS KIPKURGAT

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

NOVEMBER, 2015

DECLARATION

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

Signed.....

Date.....

BETT JULIUS KIPKURGAT

D61/71017/2014

This research project has been submitted for examination with my approval as the Candidate's university supervisor

MR. KAGWE

Signed.....

Date.....

Lecturer, School of business, University of Nairobi

ACKNOWLEDGEMENT

I take this opportunity to thank God for good health and for bringing me this far. I also want to extend special gratitude to my supervisor Mr. Kagwe, for the great partnership we made. His guidance, encouragement and patience in reading, correcting, re-reading and refining this work is commendable. I also thank my classmates for the wonderful moments we shared, you made my world. Special appreciation goes to those who contributed to the production of this work.

DEDICATION

I dedicate this work to my friends and family for the sacrifice they have made for me to complete this thesis. Their concern, support, encouragement and enthusiasm have inspired me to achieve this goal.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
ABBREVIATIONS AND ACRONYMS	viii
ABSTRACT	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Organizational Development	2
1.1.2 Organizational Survival	4
1.1.3 Banking Industry in Kenya	5
1.1.4 Kenya Post Office Savings Bank (Post Bank)	6
1.2 Research Problem	9
1.3 Research Objective	11
1.4 Value of the Study	11
1.5 Chapter summary	12
CHAPTER TWO	13
LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Theoretical Foundation	13
2.2.1 Population Ecology Theory	13
2.2.2 Evolutionary Theory	14
2.2.3 Complexity and System Theory	16
2.3 Organizational Development for Survival	17
2.3.1 Identifying the Problem	17
2.3.2 Creating Proper Favorable Environment	17
2.3.3 Analysis and Diagnosis of Problems	18
2.3.4 Plan to Change	18

2.3.5 Implementation of Change	19
2.3.6 Follow-up or Feedback.....	19
2.4 Empirical Studies	20
2.5 Chapter Summary.....	22
CHAPTER THREE.....	23
RESEARCH METHODOLOGY.....	23
3.1 Introduction.....	23
3.2 Research Design.....	23
3.3 Data Collection	24
3.4 Data Analysis	24
3.5 Chapter Summary.....	25
CHAPTER FOUR	26
DATA ANALYSIS FINDINGS AND DISCUSSION	26
4.1 Introduction.....	26
4.2 View of Organizational Development and Survival	26
4.3 Effects of Organizational Development and Survival.....	26
4.3.1 Stakeholder's Expectations.....	27
4.3.2 Financial Performance.....	27
4.4 Factors affecting organizational development and survival	28
4.4.1 Environmental Changes.....	28
4.4.2 Government Policy.....	28
4.5 Organizational development for survival	29
4.5.1 Technological Changes and Human Resources	29
4.5.2 Internal Capabilities and Market Competition.....	30
4.5.3 Flexibility and Dynamism	31
4.5.4 Organizational Structure and Behavior	31
4.5.5 Organizational Culture and Leadership.....	32
4.5.6 Organizational Stability and Rigidity.....	33
4.6 Challenges Facing Organizational Development and Survival	34
4.7 Interventions to Achieving Organizational Development and Survival	35

4.8 Future for Organizational Development and Survival of Kenya Post Office Savings Bank	35
4.9 Discussion of the Findings	36
4.10 Chapter Summary.....	39
CHAPTER FIVE.....	40
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	40
5.1 Introduction.....	40
5.2 Summary of the Findings	40
5.3 Conclusion	42
5.4 Recommendations	42
5.5 Limitations of the Study	43
5.6 Suggestion for Further Research.....	44
REFERENCES	45
APPENDICES	50
APPENDIX I: INTERVIEW SCHEDULE	50
Appendix II: LIST OF COMMERCIAL BANKS IN KENYA AS AT DECEMBER 2014	52

ABBREVIATIONS AND ACRONYMS

ATM's: Automated Teller Machines

CBK: Central Bank of Kenya

CRM: Customer Relationship Management

HRM: Human Resource Management

HCD: Human Capital Development

NBM: New Business Model

OD: Organizational Development

ABSTRACT

Development implies change and is applicable to organizations because organizations are influenced by environment changes. The study aimed at establishing the organizational development and survival of Kenya Post Office Savings Bank. The study was guided by population ecology theory, evolutionary theory and complexity and system theory. This research was conducted through a case study. Primary data was collected using an interview guide which was administered to managers of Kenya Post Office Savings Bank. An interview guide was used as it enables oral administration of questions in a face-to-face encounter therefore allowing collection of in depth data. The qualitative data collected was analyzed using content analysis technique. Content analysis uses a set of categorization for making valid and replicable inferences from data to their context. The responses from different respondents were compared and summarized according to the objectives of the study. The study found organizational development has effects on stakeholder's expectations in Kenya Post Office Savings Bank on Tasks changes which include job specialization, job enrichment, job redesigning, job enlargement, job redefining and changes in working relationship. Technological changes include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process, On the effects on financial performance the study found that when employees of Kenya Post Office Savings Bank are nominated in different workshops, and training sessions, the employee attitude and behavior determine the seriousness in training and development programs in an organization. The study further noted that environmental changes influence Organizational development in Kenya Post Office Savings Bank primarily through its products and services, but also that the change is socially responsible, is geared to various relationships with other organizations make their mark on the social community to which they belong. The study further found that of politics and power in organizational development is a product of the changing nature of the global society and workplace and the role of power and politics in this transformation in Kenya Post Office Savings Bank. In addition, the power and influence of international organizations and the power, authority, and autonomy inherent within organizations affects organizational development positively. Internal capabilities of an organization influence survival of Kenya Post Office Savings Bank. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment. The study found that organizational structure has an impact on organizational development and survival of Kenya Post Office Savings Bank and facilitates the emergence of, or resolution to, appended problems during organizational development. Organizational structure allows understanding current roles, planning for future roles by building capabilities, and using power and influence in a positive way.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Development is a term usually interpreted to be synonymous to improvement or enhancement, of a situation previously viewed as undesired to a current one that is comparatively better. Development implies change and is applicable to organizations because organizations are influenced by environment changes (Wartley, 1996). Organizations require to improve or develop if they are to meet stakeholder's expectations and offer solutions to problems that are internally and externally inflicted. Organizations need to develop or change, for them to pick and utilize opportunities in the environment.

Population ecology theory, evolutionary theory and complexity and system theory are largely applied in studies of organizational survival and development. Population ecology theory is used to explain the survival of organization in an environment characterized by several banks competing for same market and resources. Evolutionary theory is applied in OD to explain behavioural change of employee, either in the group or individual which influences performance. Complexity theory explains the importance of exploring the nature of interactions and adaptations in systems and their influence on behaviors, patterns, innovations, and interactions are emphasized.

Organizational Development (OD) is a planned change process which is designed by top level management with an objective of increasing short term and long term organizational performance (Cummings et al, 2009). Performance of an organization is captured in outcomes such as productivity, profitability, efficiency, effectiveness, quality and

customer satisfaction (French et. al, 2000). OD requires that the management of the organizations undertake deliberate interventions in the organization or subsystem of the organization where change is intended (Levy et. al, 1986). The interventions which are conscious management effort target strategic tactical and operation levels of management.

Organizational survival refers to how long an organization would profitably maintain its operations in an environment of intense competition characterized by a shrinking market share, rivalry of firms, scarcity of resources, and dynamism of environmental macro-economic variables (Abatecola, 2013). Bob Garrat (1987), suggests that an organization needs to be on a continuous improvement mode for it to survive. Performance and effectiveness ensures continuity, survival or sustainability of the organization. Non-performing organization are less competitive in the market and their survival is always at threat.

Organizational development is contextual to an organization and interventions undertaken are designed for unique problems to a particular organization (French et.al 2000) Kenya Post Office Savings Bank is characterized by unique problem that have historical, environmental, regulatory and organizational orientation. The Bank Industry is dynamic and with regulatory controls by the Central Bank, the bank has to continuously develop or reinvent itself if it's to survive.

1.1.1 Organizational Development

OD is an overall organizational strategy designed at strategic level of the organization with an objective of developing workable intervention programs which result to cognitive change in organizational behavior and leading to improved organizations performance

and enhanced individual development (French et.al, 2000) OD uses the knowledge from behavioural science to design intervention programs which help to solve problems, correct deficiencies in the organization and seize opportunities availed by the environment. The systems of the organization after interventions program are assumed to have failed capacity to solve existing problems and build capability to adopt to changing demands, (Hayes, 2002).

Interventions are developed after diagnoses of the organization. Diagnoses require determining what is wrong with the organization and what must be done to correct what is wrong (Kotter, 1978). A consultant is usually involved in the diagnoses process. The consultant brings in professionalism, objectivity, experience, exposure and avoids biasness that would arise from a management controlled diagnosis (Coglan, 1994). Diagnosis process starts with contracting whereby the consultant and the client enter into a working arrangement that defines scope and content of the diagnosis. Data is then collected from the organization largely through interviewing and questionnaire. Collected data is analyzed by the consultant and feedback is presented to client as a form of. The objective of feedback is to obtain agreement on data applicability in developing interventions. Appropriate OD interventions are then developed using the mutual accepted data (Cummings, 2009). Team working between the consultant and the management is therefore a prerequisite in developing workable intervention programs that are acceptable during implementation.

Porras, 1987 is of the view that OD interventions are either organizational, group or individual based. Organizational interventions are strategic in nature, impact on the whole organization and incorporate environment and industrial influences. They include

transformational change, cultural change, trans organizational changes, structural changes and changes in human resource systems. Group interventions are tactical, based at the functional or departmental level. They are socio- techno targeting formal and informal groups (Susman, 1986). Group interventions seek to enhance effectiveness of teams, work groups, task structure and goal clarity. Individual interventions are largely at operational level targeting the employee individually or in the group. The objective is to influence employee's behavior and hence improve individual performance and effectiveness (Fisher et.al, 1987).

1.1.2 Organizational Survival

Survival of an organization is one of the long term objectives of management in every organization. An organization that fails survival test closes its operations and ceases to exist. Management should therefore develop appropriate strategies which ensure going concern of organization and continuity of operations. Survival of an organization is only viable if the organization is making meaningful profitability, achieving growth, increasing its market share and is managing competition in the industry (Porter, 1986).

Das, (2000) points the resources to be the major determinant of organizational survival. Using the resource based theory; he suggests that an organization would fail to survive unless it makes strategic alliances in order to complement organizational resources deficiency. Resource deficiency is lack of inputs and affects operations leading to low production, stock outs, low sales and profitability. Competition in the market or industry affects survival of the organization. Organization in the same industry competes for similar resources, customers, market share, talent and technology (Porter, 1986). Only the organizations with competitive advantage can effectively survive in a highly competitive

market (Armstrong, 2008) Organizations therefore need to continuously improve themselves by adopting organizational development in order to have the needed competitive advantage.

Shi-Yi-Chien et.al (2012), observes that internal capabilities of an organization shall influence survival of an organization. Applying dynamics capability theory Shinyi- Chien is of the view that an organization should possess capabilities in resource, effective learning mechanisms, flexibility or dynamism for it to have a high performance and survival. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment. Teece et.al, (1997), suggest that the internal capability of an organization is influenced by organic structure, leadership, culture orientation, organizational learning. Organizational survival is therefore influenced by internal and external variables to an organization. OD interventions should therefore focus on strategic level of the organization to address environmental changes and also to tactical and operational levels to address internal variables of the organization (Porras, 1987).

1.1.3 Banking Industry in Kenya

Banking industry is a part of country's financial system which includes commercial banks, Microfinance Institutions, Foreign Exchange Bureau and Investment banks. Central bank of Kenya (CBK) which is the regulatory authority of the financial system has categorized the institution functionally. Banks category is further categorized into commercial banks, investment banks and savings bank. Commercial banks receive deposits and advance loans to their clients in addition to other services. Investment banks

trade with stock in the securities exchange in addition to offering investment services. Saving bank like Kenya Post Office Savings Bank mobilize savings but are not engaged in credit or lending.

CBK report (2015) indicates that there were 43 licensed commercial banks in Kenya Radha (2010) have categorized the banks on the basis of ownership and size. Ownership is either government, private or foreign while size is either large, small or medium commercial banks undertake retail or corporate banking. Commercial banks for part of country's monetary policy system whereby central bank regulates the amount of money circulating in the economy through contracting or expanding the volume of credit advanced by the commercial banks.

Kenya Post Office Savings Bank is in the category of commercial banks and is a saving mobilization bank only. As a non-lending bank, its activities are restricted to savings only in line with the Parliamentary Act that formed it. Kenya Post Office Savings Bank is not part of the country's monetary policy system because it can't contract or expand volume of money in circulation through credit.

1.1.4 Kenya Post Office Savings Bank (Post Bank)

Kenya Post Office Savings Bank growth is in phases with each phase representing a mile stone in the banks history. The phases represent strategic change designed to cope with the changes in the environment. They are categorized as; economy monetization, savings culture, growth and consolidation, product diversification and rebranding, strategic alliances and digitalization, and the envisaging phase (Kenya Post Office Savings Bank Story, 2010).

Economy monetization and savings culture are pre-independence phases which mark the birth and infancy of organizational development and survival. Ordinance No. 5 of 1909 by Queen of England is the "birth certificate" of Kenya Post Office Savings Bank. The bank was created out of a need to manage, regularize and enhance trade within East African coastline who was under the British Protectorate. The Bank which was to work alongside post office marked the initial phase of monetizing the Kenyan Economy. Saving Culture phase was in 1940's when commercial banks establishments in British Protectorate (Kenya) required employees to open savings accounts with Kenya Post Office Savings Bank to facilitate salaries administration and inculcate a savings culture to the Africans. Such establishments included; plantations, railway, colonial police and army, government workers and settlers.

Growth and Consolidation phase marks a rebirth of Kenya Post Office Savings Bank. Kenya Post Office Saving Bank Act Cap 493/B was enacted by the parliament to create a government owned savings bank. The objectives of the banks as per the Act were to mobilize savings for national development. The Act enabled Kenya Post Office Savings Bank to diversifying savings instruments by introducing premium bonds, save-as-you-earn and fixed term savings instruments. Kenya Post Office Savings Bank as a legally established bank delinked itself from the colonial heritage of operating along post office. Country wide branches were opened which operated independent of post office and all reporting to head office in Nairobi.

Product diversification and rebranding phase represents modernization, positioning and strategic phase of the bank. The economy was liberalized from 1990's to date. Kenya Post Office Savings Bank challenge in liberalized economy was intense competition and a

negative public image of an "old fashioned" government bank (Alunga, 2007) A rebranding strategy that included change of logo, slogans, corporate social responsibility etc was undertaken. The banks modernized through technology adoption in its operations and at customer's point of contact which included Automated Teller Machines (ATM's) Diversification of the products was undertaken with introduction of express card for both junior and senior savers, credit cards under the sponsoring of a commercial bank, funds remittance collections and disbursement services. Strategically the organization introduced New Business Model (NBM) that emphasized on efficiency, effectiveness, customer responsiveness a business diversification.

Strategic alliance and envisioning phases is the current thinking of Kenya Post Office Savings Bank. Strategic alliance building aims at reducing operational cost, supplement resources deficiency, adopt current and appropriate technology as well as facilitating strategy implementation. Strategic alliances support Kenya Post Office Savings Bank NBM especially on business diversification whereby alliances have been entered with Western Union for international cash transfers, Commercial Bank for Credit cards, other organizations for final remittance collections and disbursement services (Kenya Post Office Savings Bank, 2010) Envisioning in the broad vision to guide the organization as it braces to take leadership in the market segment of savings mobilization.

The Kenya Post Office Savings Bank needs to improve its effectiveness if it is to survive in the bank industry that is highly competitive and regulated. Organizational learning, structure redesign, redefinition of business, technology acquisition and human resources developed are some of the OD interventions that can enable Kenya Post Office Savings Bank to tackle the future and attain its dream. Kenya Post Office Savings Bank faces stiff

competition from micro-finance institutions that have been allowed by Central Bank to receive deposits in addition to offering credit. Other competition is from commercial banks, M-pesa, Mshwari etc who have offered technologically fashionable methods of digital savings.

1.2 Research Problem

Survival of an organization is always assumed until it dawns on the management that the organization shall fail. Management pursuing short term goals lack vision and jeopardize survival of the organization by failing to analyze all the contingent factors in the dynamic environment. A dynamic environment requires the organization to continuously change. The change however needs to be strategic leading to renewal, redesign, re-organization and improvement of the existing organization (Shi-Yi-Chien, 2012). OD facilitates the planned change by improving the organization and hence enabling it cope with a dynamic environment. This creates interest to researchers who seek to establish how OD enhances organizational survival through improved effectiveness.

Kenya Post Office Savings Bank has undergone through various transformational changes since its incorporation. The bank has undergone pre-independence monetization phase, post-independence growth phase of controlled economy and liberalized economy phase and industry technology transition phase (Kassingu, 2010). Such major macro-economic changes in the environment have necessitate Kenya Post Office Savings Bank to continuously redefine itself and undergo meaningful change. OD interventions are therefore required to ensure improvement and effectiveness to enable Kenya Post Office Savings Bank cope with changes in macro-economic variable and curve.

Several studies on organizational survival have been undertaken by various scholars. Anabila et.al (2013) investigated on the role of Customer Relationship Management (CRM) to organizational survival and customer loyalty in Ghana's Banking Industry. The cross section study observed that CRM leads to customer loyalty and influences organizational survival because the organization does not loose customers to competitors. Bob Garran (1987) studied on the role of organizational learning to survival of an organization. The study held up the view that for any organization to survive, its rate of learning must be equal or greater than the rate of change of its environment. Abaterola, (2013) studied on life cycle of an organization on whether it affects survival of the organization. The study concluded that manager's intent on ensuring survival of an organization need to adopt different strategies designed for different lifecycle stage of an organization. Kariuki (2011) studied on challenges and survival strategies of supermarkets in Nairobi, Kenya. The study concluded that macro-economic variable of competition, suppliers, customer's sophistication pose a great challenge to survival of supermarkets. Kassing, (2010), studies on strategic responses adopted by Kenya Post Office Savings Bank to changing competitive environment in the Banking Industry. The study objected the response to include; restructuring, retrenchment, marketing, Information Technology (IT) and cultural change. To the best of researcher's knowledge, no study has been undertaken on organization development and survival of Kenya Post Office Savings Bank. The study seeks to fill this gap by answering the following research question; what is the role of organizational development in survival of Kenya Post Office Savings Bank?

1.3 Research Objective

To establish the organizational development and survival of Kenya Post Office Savings Bank

1.4 Value of the Study

The findings from this study will be of importance because they will have the capacity of being used to formulate positive fiscal policies which are relevant and sensitive to the forces influencing development and survival of banks in Kenya. The study will enable policy makers obtain knowledge of banking sector dynamics and the appropriate banking channels to be applied to enhance economic performance and therefore obtain guidance from this study in designing appropriate policies that will regulate the banking sector in the country.

The research findings will be very instrumental to various stakeholders in the banking sector in Kenya. For the government as the regulator through CBK who formulate and implement monetary policy and associations such as Kenya Bankers Association who endeavor to standardize management practices so as to ensure harmony in the industry will be able to take into account the impact of their capital decisions on the performance of the entire banking sector. The study will be of importance to Kenya Post Office Savings Bank and other players in the bank industry who have the threat of survival. The study shall help the organization to appreciate the role of organizational development in enhancing organizational improvement and survival. They shall develop appropriate interventions aimed at improving organizational effectiveness.

Academician and Scholars shall use the study of a basis of industrial comparative to develop a common theme on organizational development applicable to various Cross Sectional Organizations. The study shall provoke thought and from basis for further resource. The study brings in additional knowledge to the existing one by buying out how savings bank which doesn't offer credit is organizational development to improve effectiveness and survive.

1.5 Chapter summary

This chapter looks at background of the study on organizational development and survival. The study aims to establish the organizational development and survival of Kenya Post Office Savings Bank. The findings of the study are instrumental to policy makers, stakeholders in the banking sector in Kenya and academician and scholars

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature on the topic organizational development and survival from previous studies. The chapter is organized as follows:

2.2 Theoretical Foundation

This section examines the various theories that are used to inform the study on the organizational development and survival. The study is based on the following theories; institutional theory

2.2.1 Population Ecology Theory

This approach recognizes an important milestone in the work of Hannan and Freeman (1977), who published their ideas under the title Population Ecology of Organizations. The main components of the model highlight the role of environment in determining the survival of organizations. The selection of new and different organizational forms in the level of populations of organizations occurs as a result of structural inertia, which is proposed as the main explanation for the lack of change (Betton & Dess, 2005). The question generated by the development of the theory is: Why are there so many kinds of organizations? To explain this diversity environmentalists set the response in the creation and death rates of populations of organizations. The end or survival do not calibrate from its ability to change but the environment's ability to select and retain certain organizations and discard others.

The organizations develop structural inertia that prevents them from carrying out radical changes. The higher the inertial pressure, the lower the adaptive flexibility and it is more likely that the logic of the environment will be what is imposed. These structural inertias can be caused by internal or external factors. The first group includes investment in plant and equipment or sunk costs, the reduced information received by management, internal political struggles that hinder the redistribution of resources and constraints emanating from the history and tradition (Schwartz & McCann, 2007). External sources of inertia include legal and financial barriers that are imposed on the input and output of markets, external constraints on the availability of information, social legitimacy, considerations that limit the flexibility of the organization to change its ways or activities and the problem of collective rationality (Pfeffer, 1992).

The theory is relevant to the study since the role assigned to managers as agents of change is almost nil because of the concept we have on individuals and what they can cause through the organizations they manage. Managers are seen as people with limited rationality that prevents them from understanding the full complexity of information presented to them and make an optimal decision hence the survival of organizations.

2.2.2 Evolutionary Theory

Aldrich (1999), uses evolutionary theory as an overarching framework to explain how organizations and environments change over time. Managers can benefit from Organizations Evolving with a new perspective on their organizations and the environment in which they operate. In Aldrich's framework, four generic processes are necessary and sufficient for evolution to take place: First, variation from current routines and competencies or organizational forms must occur. This can result from intentional

attempts to generate alternatives and to seek solutions to problems, including for example, planned experiments and probes into the future, or from blind variations generated by surprises, mistakes and idle curiosity.

These variations must be subject to selective differential elimination. This could arrive from market forces, competitive pressures or within-organization selection forces. These forces could often conflict with each other and thus lead to problems, such as a mismatch between market forces and internal selection criteria. Aldrich (1999), cites the example of Facit AB, a Swedish company that manufactured and sold business machines and office furnishings. In an era when the market was moving from mechanical to electronic calculators, Facit AB's management mistakenly continued to promote and reward engineers who were proficient at designing mechanical calculators. The positively selected variations must be retained, preserved, duplicated or otherwise reproduced; otherwise there is no organizational continuity or memory. Valuable variations are lost if there are no retention mechanisms operating.

Before an organization can succeed a foundation must emerge from the actions of many different organizations, institutions and governmental bodies. This foundation is followed by a lag before the commercial opportunities are exploited. Viewing Kenya Post Office Savings Bank through the lens of evolutionary theory helps bank managers to tie the past to the present: current practices and structures that were previously adaptive may no longer survive in today's environment. Alternatively, practices and forms that offered no survival advantage in the past, but nevertheless persisted because they were not previously selected out, may lead to future shifts in organizational fitness.

2.2.3 Complexity and System Theory

Complexity and System Theory was developed by French and Bell in (1999). Organizations today is complex and requires a different of thinking and leading. Different from traditional leadership approaches, a more recent leadership theory draws from complexity science of social complex systems. This form of leadership, referred to as complexity leadership theory defines leadership as a system function that accounts for the human interaction dynamics within complex systems (Uhl-Bien, & McKelvey, 2007). With complexity theory, the importance of exploring the nature of interactions and adaptations in systems and their influence on behaviors, patterns, innovations, and interactions are emphasized. Advocates of complexity theory advise leaders to create their organization's capacity for change by identifying and exploring strategies and behaviors that foster organizational and subunit creativity, learning, and adaptability.

Complexity generally refers to a high degree of complication and systematic interdependence. Systems Theory provides a general analytic framework to help understand organizations and their complexities (French & Bell, 1999). Beginning with the 1950's, Ludwig von Bertalanffy was the first to offer this comprehensive view of organizations. Systems theory was a new way of conceptualizing and studying organizations. It was designed to deal with complexity by taking a holistic view based on examining the collective actions and outcomes that emerge from the interactions and actions of the individuals within the collective system.

The theory is relevant to the study because, it provides the intellectual foundations needed to understand the dynamics of organizations development and organization change. Leaders and managers should convey that human organizations are open systems

as they are interconnected and interrelated with environmental structures and factors. Systems theory views human organizations as open systems made up of parts that are interconnected and interdependent of one another which impact the organization as a whole.

2.3 Organizational Development for Survival

Each organization desires to advance, grow and develop. Hence the organization should achieve flexibility to meet the growth and development needs (Hayes, 2002). Leaders/managers constantly work for making the organization dynamic and flexible to achieve growth and development.

2.3.1 Identifying the Problem

According to Modahl (2000), managers are required to be well familiar with organizational problems which may be either internal or external in nature. In other words, performance gap indicates clearly that there exist organizational problems. Performance gap is clearly visible in terms of decreasing productivity, decreasing profitability and sales and increasing labor turnover and absenteeism. Once the managers identify the nature and causes of organizational problems, they will then realize the need for organizational changes in order to solve the organizational problems.

2.3.2 Creating Proper Favorable Environment

In this stage/ process, the manager's work for creating favorable environment in organization by making people realized for need for organization changes for betterment of people and organization (Hayes, 2002). If positive attitude or support of organizational people could not be created in advance, people do protest the sudden change, hindering a lot for effective implementation of planned changes. So there is need of being involved in

the process of creating proper climate for change. Hence self-realization of managers for need for organization changes is not sufficient rather also need of letting other people realized and convinced of such necessity.

2.3.3 Analysis and Diagnosis of Problems

Managers through continuous study and analysis, involve in diagnosing the basic nature of performance gap and find out its causes. Sufficient information and data about organization problems are collected through the use of different diagnostic techniques- interview, questionnaires, observations etc (Dawson, 2006). Managers need to devote time and efforts in this process to search for different alternatives after having carried out detailed discussion, consultation and well thinking if necessary, even taking help of specialists and resource persons. Each alternative should be evaluated in terms of its costs and benefits.

2.3.4 Plan to Change

This is the crucial process. Managers in this process prepare a thorough plan and program for organizational change, explaining clearly what changes, how changes and when changes are to be carried out. Such changes relate to tasks, people structure and technology of the organization (Cummings & Worley, 2009). Structural changes may call for reorganizing the departments /divisions / sections / subsections, re-defining the span of control, delegation of authority, decentralization etc. Tasks changes include job specialization, job enrichment, job redesigning, job enlargement, job redefining and changes in working relationship. Technological changes include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process. Changes relating to people include training and

management development programs, promotion policy, HRM policy and other schemes to motivate people in organization. Considering the nature of organization changes proposed, appropriate strategy (ies) should be selected while planning to change.

2.3.5 Implementation of Change

According to Burnes (2004), managers do have a challenging task of implementing plan and programs of changes. Plan may have been well thought and sound but may not be implemented due to various reasons. Hence, after having prepared plan for change and selection of appropriate strategy, manager's responsibility to implement those, have to be discharged with a lot of care, alertness and patience. A lot of problems, protest, pressure, control, are in the way, hindering effective implementation of plan for changes. Managers should succeed in overcoming with such hindrances.

2.3.6 Follow-up or Feedback

Managers should also involve in evaluating the effectiveness of organizational changes introduced. Such evaluation and assessment must be carried out during and after implementation of plan of changes by managers and other parties concerned to confirm the success. If such changes are not helping to attain the goals/objectives or not benefiting the organization, such changes are not positive (Schwartz & McCann, 2007). Then, such changes are none-effective to organization. It is therefore follow up or feedback stage calls for collection of adequate information and data to do an objective evaluation of any alternation, adjustment and modifications which are felt necessary during thorough discussion and consultation, then such are done carefully to confirm attainment of good result.

2.4 Empirical Studies

Taplin and Frege (2009), studied the complex consequences organizations were facing during the emergence of market-oriented economies in the Central and Eastern Europe. With data from two clothing manufacturing firms in Hungary, the authors applied a case study methodology in order to examine interplay between institutional constraints and the management decision-making process. More specifically, they examined how managers were reshaping production in order to meet market demands. One of their findings indicated that firms adhering to already established internal practices, which are consistent with external forces stemming from market uncertainty, will lead to better performance compared to the firms that try to impose 'western' techniques of management.

Schwartz and McCann (2007), examined changes in strategy, management structures and work organization for a period of six years, from 2000 to 2006 in 10 Russian cities. The study found that, their data indicated a combination of change and continuity with regard to strategy, management structures and work organization. More specifically, change and continuity were indicated to the extent that findings identified path-dependency in relation to rebuilding organizations and institutions in post-socialism. In addition, Schwartz and McCann (2007) identified substantial changes to the ownership and strategies of many firms, limited changes to management structures and control systems, and very few changes to work organization.

Olufemi (2009), conducted a study on human capital development practices and organizational effectiveness: A focus on the contemporary Nigerian Banking Industry. The main purpose of the study was to gain a better understanding of the theoretical and

empirical relationship between Human Capital Development (HCD) practices and some dimension of organizational effectiveness of Nigerian Banks particularly after the banking sector reforms of June 2004.

Sagwe (2004), studied Organizational principles and theory and how these affect the Management and organisation of a manufacturing company: Kenya Engineering Industries Ltd. The study found that other factors frequently interfere with the formal organizational structure and all managers should therefore take cognizance of these. Another form of ‘overlay’ to which a whole section is devoted is the effects of joint venture agreements on management and organization structure in companies in Kenya. In this section it is emphasized that joint venture agreements set out terms which have far-reaching implications on structure, management and staffing of the joint venture companies.

Atieno (2014), did a study on effect of human capital management drivers on organizational performance in Kenya a case of investment and mortgages bank ltd. The study concluded that it is possible to use human capital management drivers to benchmark organizational capabilities, identify human capital management strengths and weakness, and link improvements in specific human capital management practices with improvements in organizational performance and obtain sustainable competitive edge.

Nyakundi (2013), did a study on adoption of green manufacturing practices by food processing firms in Mombasa County, Kenya. The study also established that the major perceived benefits of adopting green manufacturing are; reduction of waste water, reduction of frequency of environmental accidents and reduction in scrap rate. Lastly, the major factors influencing adoption of green manufacturing were found to be;

organization capabilities and awareness, desire for economic benefit, government rules and legislation, and high waste generation.

Gekonde (2007), did a study on an in-depth financial study of the commercial and central banks and its impacts on industrial development of Kenya. The analyzed changes were generally encourages by sound system of economic reforms of which were motivated by the Kenyan government, equally on the other side attracted the system of indirect measure mainly in the operation of the monetary policy of the central bank of Kenya.

2.5 Chapter Summary

This chapter presents a review of the literature on the topic organizational development and survival from previous studies where most of them have looked at development of companies but few have investigated development in banks. The study is based on population ecology theory, evolutionary theory and evolutionary theory.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in accomplishing the study. Procedures and techniques that were used in the collection, processing and analysis of data are discussed. This chapter is organized as follows; first section sets to explain the research design, second section presents population and sample, third section explains data and data collection instruments, and finally forth section presents the data analysis.

3.2 Research Design

This research was conducted through a case study. A case study was preferred because it enables the researcher to have an in-depth understanding of the single instance, Kenya Post Office Savings Bank. According to Cooper and Schindler (2006), case studies place more emphasis on a full contextual analysis of fewer events or condition, and their inter relations. According to Kothari (2000), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

This design also allows a thorough, meticulous and systematic data collection on the research problem. Further, it gives a deep understanding of the issues, and allows data collection using in-depth interviews, and document analysis. The importance of a case study is emphasized by Kothari (2004), who acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study.

3.3 Data Collection

Primary data was collected using an interview guide which was administered to managers of Kenya Post Office Savings Bank. An interview guide was used as it enables oral administration of questions in a face-to-face encounter therefore allowing collection of in depth data.

Interview method was used since it generally yields highest cooperation and lowest refusal rates, offers high response quality, takes advantage of interviewer presence and its multi-method data collection. The interview guide is semi-structured, with some closed and open ended items. This involved in-depth discussion through individual meetings with the bank managers. With unstructured questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back (Copper & Schindler, 2006).

3.4 Data Analysis

The qualitative data collected was analyzed using content analysis technique. According to Mugenda and Mugenda (2003), the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. According to Kothari (2000), content analysis uses a set of categorization for making valid and replicable inferences from data to their context. The responses from different respondents were compared and summarized according to the objectives of the study. Content analysis was the best method of analyzing the open-ended questions because of its flexibility and allows for objective, systematic and qualitative description of the content of communication.

Cooper and Schindler (2006), defined qualitative data analysis as working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others. Qualitative data requires some creativity, for the challenge is to place raw data into logical meaningful categories, to examine them in a holistic fashion, and find ways of communicating this interpretation to others.

3.5 Chapter Summary

This research was conducted through a case study. Primary data was collected using an interview guide which was administered to managers of Kenya Post Office Savings Bank. The qualitative data collected was analyzed using content analysis technique.

CHAPTER FOUR

DATA ANALYSIS FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis and discussions. The study objective was to establish the organizational development and survival of Kenya Post Office Savings Bank. Primary data was collected through in-depth interviews to managers of Kenya Post Office Savings Bank. The chapter is organized as follows; view of organizational development and survival, effects of organizational development and survival, factors affecting organizational development and survival, organizational development for survival, challenges facing organizational development and survival, interventions to achieving organizational development and survival and discussion of the findings

4.2 View of Organizational Development and Survival

The development managers were asked to how they viewed organizational development and survival they stated that it is an overall organizational strategy designed at strategic level of the organization with an objective of developing workable intervention programs which result to cognitive change in organizational behavior and leading to improved organizations performance and enhanced individual development. The managers further stated that organizational survival is the implicit organizational goals requiring the investment of energy and resources to maintain competitiveness.

4.3 Effects of Organizational Development and Survival

The study sought to establish the effects of organizational development on various aspects (stakeholder's expectations and financial performance) in Kenya Post Office Savings Bank.

4.3.1 Stakeholder's Expectations

The study sought to establish the effects of organizational development on stakeholder's expectations. It found that project planning activities which include the identification of the project's objective, the specification of required project resources and their allocation, and the determination of the methods to be used to deliver the project end product, was affected by organizational development hence affecting stakeholder's expectations.

Interviewees further stated that Organizational development has effects on stakeholder's expectations on Tasks changes which include job specialization, job enrichment, job redesigning, job enlargement, job redefining and changes in working relationship. Technological changes include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process.

4.3.2 Financial Performance

The study aimed to establish the effects of organizational development on financial Performance. It was found that when employees are nominated in different workshops, and training sessions, the employee attitude and behavior determine the seriousness in training and development programs in an organization. The responsive employee learns different skills which increase the employee performance. Employee performance will affect the organizational productivity positively.

The study further found that there are changes of organizational culture which is in line with organizational development. organizational culture consists of shared beliefs and values established by the organization's leaders and then communicated and reinforced through various methods, ultimately shaping employee perceptions, behaviors and

understanding. Changes in organization's culture improves its overall performance and effectiveness of an organization, the culture is strong and provides a strategic competitive advantage and its beliefs and values must be widely shared and firmly upheld.

4.4 Factors affecting organizational development and survival

The study sought to come up with various factors affecting organizational development and survival of Kenya Post Office Savings Bank.

4.4.1 Environmental Changes

The study aimed to establish whether environmental changes affect organizational development. It found that environmental changes influence Organizational development primarily through its products and services, but also that the change is socially responsible, is geared to various relationships with other organizations make their mark on the social community to which they belong. In turn, the external environment affecting the organization's work available in market information, input supply, the looming trends, new organizational and managerial changes.

The study further found that external environment of an organization includes a variety of factors, whose existence, influence its behavior and performance. The action of these factors may be direct (for example, the actions of competitors) or indirect (for example, changes in business climate). Organizational development is also affected by changes in the broader general environment that encompasses social, political, and macroeconomic dimensions.

4.4.2 Government Policy

The study sought to determine whether government policy has effects on organizational development and survival. It found that the impact of politics and power in organizational

development is a product of the changing nature of the global society and workplace and the role of power and politics in this transformation. In addition, the power and influence of international organizations and the power, authority, and autonomy inherent within organizations affects organizational development positively. The prevailing force behind the institution of government greatly influences the economic viability and success of organizations hence affecting organizational development negatively.

The study further found that how a government defines its public interests impacts organizational development and the development of human resources by curtailing group dissent through maximizing the mix of self-interests to enhance a collective view of corporate social responsibility.

4.5 Organizational development for survival

The study looked at how various factors influence organizational development for survival which included; technological changes, internal capabilities and market competition, flexibility and dynamism, organizational structure and behavior, organizational culture and leadership and organizational stability and rigidity

4.5.1 Technological Changes and Human Resources

The study aimed to determine the influence of technological changes on organizational development and survival. They stated that technological changes in an organization include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process. Considering the nature of organization changes proposed, appropriate strategy (ies) should be selected while planning to change. Technology has an impact on how organization is structured and how work flows in Kenya Post Office Savings Bank. When computer networks became popular, it became easier for people to work as groups. People do not need to be in the

same room, or even the same building, to be efficient. Technology has created positions within the organization and can eliminate positions hence allows organizations to survive in competitive environments.

The study sought to determine the influence of human resources on organizational development and survival. The respondents stated that human resource role is always to keep changing based on the changing patterns of organizational activities to deal and manage the workforce. Different strategies keep coming towards human resource development practices in order to manage employees who are having different styles, different exposure, varied background and most importantly ambitious driven approach for organizational productivity. They also stated that human resources make top hierarchy employees to innovate the sources that can add and have smooth organizational development in the current competitive world

4.5.2 Internal Capabilities and Market Competition

The study sought to establish the Influence of internal capabilities on organizational development and survival. The study found that internal capabilities of an organization influence survival of an organization. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment. Study further found that the internal capability of an organization is influenced by organic structure, leadership, culture orientation, organizational learning. Organizational survival is therefore influenced by internal and external variables to an organization. Organizational development interventions should therefore focus on strategic level of the organization to address environmental changes and also to tactical and operational levels to address internal variables of the organization

The respondents were asked the Influence of competition in the market or industry on organizational development. They stated that competition in the market or industry affects survival of the organization. Organization in the same industry competes for similar resources, customers, market share, talent and technology. Only the organizations with competitive advantage can effectively survive in a highly competitive market. Organizations therefore need to continuously improve themselves by adopting organizational development in order to have the needed competitive advantage.

4.5.3 Flexibility and Dynamism

The study aimed to establish the Influence of flexibility or dynamism on organizational development and survival. The study found that organization possesses flexibility or dynamism for organizations to have high performance and survival. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment. The internal capability of an organization is influenced by organic structure, leadership, culture orientation, organizational learning. Organizational survival is therefore influenced by internal and external variables to an organization. OD interventions should therefore focus on strategic level of the organization to address environmental changes and also to tactical and operational levels to address internal variables of the organization

4.5.4 Organizational Structure and Behavior

The study sought to establish the influence of organizational structure on organizational development and survival. It was found that organizational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims and change in organizational structure affects these

activities. They further stated that organizational structure has an impact on, and facilitates the emergence of, or resolution to, appended problems during organizational development. Organizational structure allows understanding current roles, planning for future roles by building capabilities, and using power and influence in a positive way. Organizational structure acts as the performance initiator and provides a means to address performance issues from a systems perspective rather than an individual perspective in organizations.

The respondents were also asked the effects organizational behavior on organizational development and survival. They stated that organizational behavior influences the decisions that people make in organizations. Organizations with robust, effective communication mechanisms enable managers and employees to make informed decisions, because they understand the business context. The organization's approach to risk determine the extent to which managers and employees feel comfortable taking risks in their decision making. Innovation and creativity are more likely to be stimulated in organizations that encourage informed risk-taking. They further stated that the way employees behave in an organization is influenced by the organizational culture. People are social beings and strive to fit in to the environment around them. If organizational culture encourages employees to speak up without fear of reprisal, new employees will gain confidence in expressing their ideas which can be important in organizational development hence the organization can thrive in competitive environment.

4.5.5 Organizational Culture and Leadership

The study also sought to determine the influence of organizational culture and leadership on organizational development and survival. It found that organizational culture has deep

impact on the variety of organizations process, employees and its performance. This also describes the different dimensions of the culture. Respondents also stated that if employee are committed and having the same norms and value as per organizations have, can increase the performance toward achieving the overall organization goals.

The survival of any organization solely rest on its effectiveness and efficiency in utilizing the resources. In hard economic times and the stiff competition, any organization that endeavors to survive must justify its existence through its performance which is determined by organizational culture.

The study asked the respondents whether the influence of organizational leadership on organizational development and survival. They stated that organizational leadership is very important to the survival and effectiveness of organization's performance. As organizations grow, the expectations about their performances increase and demand for good leadership tends to multiply. Capable organizational leadership is crucial to handle, manage and implement organizational development successfully.

They further stated that organizational leadership is a valuable skill and those who possess it reap high rewards. Therefore, from every indication, there is a strong link between leadership strategies and survival of the organization. The also revealed that the top management and leadership's styles, skills and strategies make for success or failure in the organizational development depending on the establishment of necessary strategies.

4.5.6 Organizational Stability and Rigidity

The study asked the respondents whether organizational stability and rigidity influence organizational development and survival. They stated that rigidity in organizational

creates an organizational viscosity (due to vertical layers of management) and conflict of interest (between functional divisions), that affects both the self-renewal exercise and knowledge diffusion, which are the two most integral aspects of staying competitive in volatile business environment. With the increase in the rigidity of the organizational structure causes decrease in its self-renewal exercise and diffusion of knowledge hence affecting organizational development. Absence of any structure in the organization also has a negative impact on organizational self-renewal and knowledge diffusion.

4.6 Challenges Facing Organizational Development and Survival

The study sought to determine the challenges facing organizational development and survival it found that organizational cultures and the people within them are resistant to change and resilient to the status quo. If an organization has a desirable culture, resistance and resiliency are assets. Changing even an undesirable organizational culture is thus another matter. It is fallacious to assume that an organization facing major demographic shifts will change as needed without leadership and concerted effort.

Once organizational leaders realize the need for development, they also face challenges in terms of successfully implementing initiatives that will lead to organizational development. This focuses on the process of implementing organizational change, with issues such as how change occurs, who initiates the implementation of change and reactions to the fairness of the change implementation, specifically whether the implementation process was handled fairly or unfairly handled.

Another challenge facing organizational development and survival is to engage individuality across a diverse workforce, which for most organizations means reappraisal of organizational culture. The process involves deconstruction, evaluation, realignment,

and rebuilding: to consistently reinforce the organization's values in daily practice. Organizational culture is most visibly discernable in its structures and processes, which in turn evidence values, founded upon organizational assumptions. These interactive cultural elements reflect the biases and beliefs that influence behavior and results.

4.7 Interventions to Achieving Organizational Development and Survival

The interviewees were asked the Interventions to achieving organizational development and survival. They stated that the basic building blocks of an organization are groups. Therefore, the basic units of organizational development and survival are groups, not individuals. An always relevant change goal is the reduction of inappropriate competition between parts of the organization and the development of a more collaborative condition. Decision making in a healthy organization is located where the information sources are, rather than in a particular role or level of hierarchy. One goal of a healthy organization is to develop generally open communication, mutual trust, and confidence between and across levels.

They further stated that Interventions range from those designed to improve the effectiveness of individuals through those designed to deal with teams and groups, intergroup relations, and the total organization. There are interventions that focus on task issues and those that focus on process issues.

4.8 Future for Organizational Development and Survival of Kenya Post Office Savings Bank

The study aimed to know about the future for Kenya Post Office Savings Bank in Kenya. The study found that the bank will be one of the leading companies in Kenya since it has been growing rapidly over a number of years. Organizational development has played a

major role in the growth of the bank and survival in competitive business environment. Organizational development has provided accessible and sustainable banking and other related financial services through innovative delivery systems for wealth creation to the benefit of customers and other stakeholders.

4.9 Discussion of the Findings

The study found organizational development has effects on stakeholder's expectations in Kenya Post Office Savings Bank on Tasks changes which include job specialization, job enrichment, job redesigning, job enlargement, job redefining and changes in working relationship. Technological changes include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process, these results are in line with Cummings (2009), who noted that the roles of stakeholders change throughout a project life cycle. However, the willingness of stakeholders to perform the activities assigned to them during the project planning process greatly contributes to the success or failure of the project.

On the effects on financial performance the study found that when employees of Kenya Post Office Savings Bank are nominated in different workshops, and training sessions, the employee attitude and behavior determine the seriousness in training and development programs in an organization. The responsive employee learns different skills which increase the employee performance. Employee performance will affect the organizational productivity positively. The findings are in line with Das (2000), who noted that changes in organization's culture improves its overall performance and effectiveness of an organization, the culture is strong and provides a strategic competitive advantage and its beliefs and values must be widely shared and firmly upheld.

The study further noted that environmental changes influence Organizational development in Kenya Post Office Savings Bank primarily through its products and services, but also that the change is socially responsible, is geared to various relationships with other organizations make their mark on the social community to which they belong. The study findings concurred with Hayes (2002), that external environment of an organization includes a variety of factors, whose existence, influence its behavior and performance. The action of these factors may be direct (for example, the actions of competitors) or indirect (for example, changes in business climate).

The study further found that of politics and power in organizational development is a product of the changing nature of the global society and workplace and the role of power and politics in this transformation in Kenya Post Office Savings Bank. In addition, the power and influence of international organizations and the power, authority, and autonomy inherent within organizations affects organizational development positively.

On organizational development for survival the study found that there are various factors affecting organizational development and survival. Technology has an impact on how organization is structured and how work flows in Kenya Post Office Savings Bank. The findings are in line with Cummings and Worley (2009), who stated that technological changes in an organization include changes in production process, new product, and product modification, a different system of quality control, new employment and selection process.

Internal capabilities of an organization influence survival of Kenya Post Office Savings Bank. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment. The study findings

were in line with Burnes (2004), that internal capability of an organization is influenced by organic structure, leadership, culture orientation, organizational learning. Organizational survival is therefore influenced by internal and external variables to an organization.

The study found that organizational structure has an impact on organizational development and survival of Kenya Post Office Savings Bank and facilitates the emergence of, or resolution to, appended problems during organizational development. Organizational structure allows understanding current roles, planning for future roles by building capabilities, and using power and influence in a positive way. The findings are in line with Betton and Dess (2005), that organizational structure acts as the performance initiator and provides a means to address performance issues from a systems perspective rather than an individual perspective in organizations.

On how organizational culture and leadership affect organizational development and survival of Kenya Post Office Savings Bank, the study found that organizational culture has deep impact on the variety of organizations process, employees and its performance. This also describes the different dimensions of the culture. The findings are in line with Aldrich (1999) that in hard economic times and the stiff competition, any organization that endeavors to survive must justify its existence through its performance which is determined by organizational culture.

On the challenges facing organizational development and survival of Kenya Post Office Savings Bank, the study found that organizational cultures and the people within them are resistant to change and resilient to the status quo. If an organization has a desirable culture, resistance and resiliency are assets.

4.10 Chapter Summary

This chapter presented the data analysis and discussions on the organizational development and survival of Kenya Post Office Savings Bank. It looked at view of organizational development and survival, effects of organizational development and survival, factors affecting organizational development and survival, organizational development for survival, challenges facing organizational development and survival, interventions to achieving organizational development and survival and discussion of the findings.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary, conclusions and recommendations of the study. This study focused on establishing organizational development and survival of Kenya Post Office Savings Bank.

5.2 Summary of the Findings

From the findings, organizational development is an overall organizational strategy designed at strategic level of the organization with an objective of developing workable intervention programs which result to cognitive change in organizational behavior and leading to improved organizations performance and enhanced individual development.

From the findings, organizational development has effects on stakeholder's expectations in Kenya Post Office Savings Bank on Tasks changes which include job specialization, job enrichment, job redesigning, job enlargement, job redefining and changes in working relationship. The findings also revealed that changes in organization's culture improves its overall performance and effectiveness of an organization, the culture is strong and provides a strategic competitive advantage and its beliefs and values must be widely shared and firmly upheld.

From the findings, politics and power in organizational development is a product of the changing nature of the global society and workplace and the role of power and politics in this transformation in Kenya Post Office Savings Bank. In addition, the power and

influence of international organizations and the power, authority, and autonomy inherent within organizations affects organizational development positively.

Study finding indicated that technology has an impact on how organization is structured and how work flows in Kenya Post Office Savings Bank. Internal capabilities of an organization influence survival of Kenya Post Office Savings Bank. Such capabilities enable the organization to constantly integrate and reconfigure itself by aligning to the organizational strategy and the environment.

From the findings organizational structure has an impact on organizational development and survival of Kenya Post Office Savings Bank and facilitates the emergence of, or resolution to, appended problems during organizational development. Further findings showed that organizational culture and leadership affect organizational development and survival of Kenya Post Office Savings Bank, the study found that organizational culture has deep impact on the variety of organizations process, employees and its performance.

Study finding indicated that the challenges facing organizational development and survival of Kenya Post Office Savings Bank, the study found that organizational cultures and the people within them are resistant to change and resilient to the status quo. They also face challenges in terms of successfully implementing initiatives that will lead to organizational development.

Study finding indicated that rigidity in Kenya Post Office Savings Bank creates an organizational viscosity (due to vertical layers of management) and conflict of interest (between functional divisions), that affects both the self- renewal exercise and knowledge diffusion, which are the two most integral aspects of staying competitive in volatile business environment.

5.3 Conclusion

This study focused on establishing the organizational development and survival of Kenya Post Office Savings Bank. The findings has helped in drawing a conclusion of the study, the Kenya Post Office Savings Bank must now analyze their future survival tactics to cope with the competitive business conditions which are at a high rise in the banking industry in kenya.

The banking environment in Kenya is very dynamic. Therefore, organizational development which is well developed and appropriately adopted for survival is a powerful tools. It is evident that Kenya Post Office Savings Bank has responded to the challenges arising from the competitive environment for survival. Kenya Post Office Savings Bank needs to be more diligent in environment scanning and be proactive in organizational development that meet and preempt any anticipated adverse changes spinning out of its operating environment.

5.4 Recommendations

The study recommends that the management of Kenya Post Office Savings Bank should consider all staff involvement in organizational development and strategy formulation for survival, clearly communicate strategy to all cadres of staff, strengthen commitment of management to the development, review the reward structure and strive towards a change in the organizational culture.

Kenya Post Office Savings Bank managers need to get in the organizational development fast to retain its relevance in the market. The bank needs to implement organizational development to increase its competitiveness in its environment.

Information technology managers of Kenya Post Office Savings Bank should incorporate proper information technology changes and culture change. This will enable Kenya Post Office Savings Bank to operate on a level playing ground hence surviving competitive business environment. The bank will further need to upgrade its core banking application for quick development of products. It will also need to create and sustain awareness of its products and services to grow business volumes through advertisement in the print and electronic media.

Policy makers should formulate positive fiscal policies which are relevant and sensitive to the forces influencing development and survival of banks in Kenya. The study will enable policy makers obtain knowledge of banking sector dynamics and the appropriate banking channels to be applied to enhance economic performance and therefore obtain guidance from this study in designing appropriate policies that will regulate the banking sector in the country.

5.5 Limitations of the Study

The study only focused on organizational development and survival of Kenya Post Office Savings Bank. The study being a case study, the results of the research findings cannot be used to make generalization on the in the banking industry in Kenya.

There is other organizational development tactics for survival undertaken by Kenya Post Office Savings Bank in addressing its competitive business environment. These variables were not covered in the study.

5.6 Suggestion for Further Research

This study examined organizational development and survival of Kenya Post Office Savings Bank. A study can be carried out to establish whether organizational development and survival in the banking industry in Kenya are similar. This will give an indication of responses made by Kenya Post Office Savings Bank in Kenya to their organizational development situation and hence allow industry generalizations to be made. These generalizations can be used as assumptions by prospective new banks and other scholars.

Other studies can be done on the effectiveness of organizational development practices in the Banking Industry in Kenya to gain a better understanding of the theoretical and empirical relationship between human capital development practices and some dimension of organizational effectiveness.

REFERENCES

- Abatecola, G. (2013) "Survival Failure with Organizational Life Cycle; What Lesson for Managers, *Journal of General Management*, summer (2013), Vol 38, Issue 4, PP. 23 – 38. 16P.
- Aldrich, K.R. (1999). *The Concept of Corporate Strategy*. Homewood, Illinois: Dow-Jones Irwin
- Anabila, P., & Amunyo-Victor, D. (2013) Customer Relationship Management; A Key to Organizational Survival and Customer Loyalty in Ghana Banking Industry, *International Journal of Marketing Studies*, Vol. 5 No. 1
- Atieno, O.A. (2014). Effect of human capital management drivers on organizational performance in Kenya, case of investment and mortgages bank ltd
- Beckert, J. (1999). Agency, *Entrepreneurs, and Institutional change*. The role of Strategic Choice and Institutionalized Practices in Organizations, *Organizations Studies*, 20 (5): 777-799
- Betton, J.A., & Dess, A. (2005). "Ecology and Strategy." Amsterdam: Elsevier
- Bob Garrat (1987) "Learning is the Core of Organizational Survival; Actor learning is the key to integration process: *Journal of Management Development*, Vol. 6 ISS 2, PP. 38 – 44.
- Burnes, B. (2004). *Managing Change; A strategic Approach to Organizational Dynamics* Fourth Edition, New Delhi

- Coglan, D. (1994). Organizational Development through Interlevel Dynamics, *International Journal of Organizational Analysis* 264 – 269.
- Cooper, D.R & Schindler, P.S. (2006). *Business Research Methods* (8th edn) McGraw-Hill: New York.
- Cummings, T.; & Worley, C. (2009). *Organizational Development and Change*, 9th Edition, South – Western Cengage Learning.
- Das, T. K. (2000). A Resource Based Theory of Strategic Alliances. *Journal of Management*, Vol.26, 31 – 61.
- Dawson I. (2006). Developing Capacity for Change, *Journal of Change Management*, Vol. 6 Issue 2, p217
- Erakovic, LJ. & Powell, M. (2006). Pathways of Change: *Organizations in Transition. Public Administration*, 84 (1): 31-58
- Fisher, D. Menon, K.; Torbert, W. R. (1987). “*Human Development and Managerial Effectiveness*” Group Organization Study Vol 12, 257 – 73
- French, W. L., & Bell, C. H. (1999). *Organization development: Behavioral science interventions for organization improvement* (6th ed.). Englewood Cliffs, NJ: Prentice Hall.
- French, W; Bell, C. & Zawacki, R. (2000). *Organization Development and Transformation, Managing Effective Change* McGraw-Hill International Editions
- Gekonde, J. M. (2007). An In-Depth Financial Study of the Commercial and Central Banks and its Impacts on Industrial Development of Kenya, thesis PhD, Saurashtra University

- Greenwood, R. & Hinings, C.R. (1996). Understanding Radical Organizational Change: Bringing together the Old and the New Institutionalism, *The Academy of Management Review*, 21(4): 1022-1054
- Hannan, M.T. & Freeman J. (1977). "The population ecology of organizations." *American Journal of Sociology* 82 (5): 929-964
- Hayes, J. (2002). *Theory of Change Management*, New York, Palgrave
- Kariuki, I. (2011). *Challenges and survival Strategies of Supermarkets in Nairobi*, Kenya, University of Nairobi, Unpublished Thesis
- Kasingu, J. (2010). *Strategic Responses Adopted by Kenya Post Office Savings Bank to the Changing Competitive Environment*, University of Nairobi, And Unpublished Thesis
- Kothari, C.R. (2004). *Research methodology: methods and techniques*, (2nded.). New Delhi. New Age International (P) Limited
- Kotter, P. (1995). "Diversity Training Brings Unity to Small Company, " *The Wall Street Journal* (September 2, 1993), B2. 370
- Kottler, J. (1978). *Organizational Dynamics; Diagnosis and Interventions* (Reading; Mass; Addison – Wesley)
- Levy, P. & Merry, U. (1986). *Organization Transformation; Approaches Strategies, Theories* New York: Praeger
- Modahl, M. (2000). *Now or Never*. How Companies Must Change Today to Win the Battle for the Internet Consumer, Orion, London,

- Mugenda, O. M., & Mugenda, A. G. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts
- Nyakundi, G. (2013), *Adoption of green manufacturing practices by food processing firms in Mombasa County, Kenya*.
- Olufemi, F. (2009). *Human Capital Management, What Does it really Mean?* Proceedings of the European Conference on Intellectual Capital, Holland University of Applied Sciences, Haarlem, the Netherlands
- Pfeffer, G.R. (1992). "Concentration and specialization: dynamics of niche width in populations of organizations." *American Journal of Sociology* 90 (6): 1262-83.
- Porras, J. I. (1987). *Stream Analysis: A Powerful New Way to Diagnose and Manage Change*. Reading, MA: Addison Wessley
- Porter, M.E (1986). *Competitive Strategy; Techniques for Analyzing Industries and Competitors*, New York, Free Press
- Post Bank, (2010). *A Century of Wealth Creation through Savings*; Post Bank Publication to Celebrate 100 years in Kenya
- Radha, U. (2010). Two approaches of resolving, *Non- performing assets during financial crisis*, IMF Working Paper 00/33, March 2-5
- Sagwe, P.M. (2004). *Organizational principles and theory and how these affect the Management and organisation of a manufacturing company*: Kenya Engineering Industries Ltd.

- Schwartz, G., & McCann, L. (2007). *Overlapping Effects: Path dependence and Path generation in Management and Organization in Russia*, *Human Relations* 60(19): 1525-1549
- Scott, W.R. & Meyer, J.W. (2002). *The Organization of Societal Sectors*. In Meyer, J.W. and Scott, W.R. (eds.), *Organizational Environments: Ritual and Rationality*. Updated edition, Newbury Park.: Sage, pp. 129-153
- Selznick, P. (1999). *TVA and the Grass Roots*, Berkeley: University of California Press.
- Shi-Yi-Chien & Chiung - Han Tsai (2012) Dynamic Capability, knowledge, learning and firm performance. *Journal of Organizational Change Management*, Vol. 25 No. 3 pp 434-444.
- Susman, G.I. & Chase R.B. (1986). "Socio technical Analysis of the Integrated Factory," *Journal of Applied Behavioural Science*, Vol. 22, 257-70
- Taplin, I.M. & Frege, C.M. (2009). The Reorganization of Two Clothing Manufacturing Firms in Hungary, *Organization Studies*, 20(5): 721-740
- Teece, D., Pisano G & Shen, A. (1997). Dynamic Capabilities and Strategic Management, *Strategic Management Journal* Vol. 18 No. 7, PP-509-33
- Uhl-Bien, M., & McKelvey, B. (2007). Complexity leadership theory: Shifting leadership from industrial age to knowledge era. *The Leadership Quarterly* 18, 298-318.
- Wartey, S., Hitchin, P. & Ros, G. (1996). Strategic Change and Environment; A Case of Structural Fit, *Journal of Management Decision*, Vol. 6 No. 2, pp. 110-114

APPENDICES

APPENDIX I: INTERVIEW SCHEDULE

1. Could you please explain how you view organizational development and survival?
2. How does organizational development affect stakeholder's expectations of Kenya Post Office Savings Bank? Explain?
3. How do environmental changes affect organizational development and survival of Kenya Post Office Savings Bank? Explain?
4. Does organizational development affect financial Performance of Kenya Post Office Savings Bank? Explain?
5. How does government policy affect organizational development and survival of Kenya Post Office Savings Bank? Explain?
6. Do resources determine organizational development and survival of Kenya Post Office Savings Bank? Explain?
7. What influence does competition in the market or industry have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
8. What influence do internal capabilities have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
9. What influence does flexibility or dynamism have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
10. What influence does organizational structure have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
11. Does organizational culture orientation have effects on organizational development and survival of Kenya Post Office Savings Bank? Explain?

12. What influence does organizational leadership have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
13. What influence does organizational stability and rigidity have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
14. What influence do technological changes have on organizational development and survival of Kenya Post Office Savings Bank? Explain?
15. To what extent do structural changes affect organizational development and survival of Kenya Post Office Savings Bank? Explain?
16. What challenges do organizational development and survival of Kenya Post Office Savings Bank face in Kenya? Explain?
17. To what extent does organizational behavior affect organizational development and survival of Kenya Post Office Savings Bank? Explain?
18. What interventions does Kenya Post Office Savings Bank undertake to achieve organizational development and survival? Explain?
19. What do you think about the future for organizational development and survival of Kenya Post Office Savings Bank in Kenya?

Appendix II: LIST OF COMMERCIAL BANKS IN KENYA AS AT DECEMBER 2014

Classification	Description	Commercial Banks
Tier I	Comprises of banks with a balance sheet of more than Kenya Shillings 40 billion	<ol style="list-style-type: none"> 1. Citibank 2. Equity Bank 3. Standard Chartered Bank 4. Barclays Bank of Kenya 5. NIC Bank 6. Kenya Commercial Bank 7. National Bank of Kenya 8. Diamond Trust Bank 9. Co-operative Bank of Kenya 10. CFC Stanbic Bank
Tier II	Comprises of banks with a balance sheet of less than Kenya Shillings 40 billion	<ol style="list-style-type: none"> 11. I&M Bank 12. Bank of India

	but more than Kenya Shillings 10 billion	13. Bank of Baroda 14. Family Bank 15. Prime Bank 16. Commercial Bank of Africa 17. Bank of Africa 18. Consolidated Bank 19. Chase Bank 20. Fina Bank 21. EcoBank 22. HFCK
Tier III	Comprises of banks with a balance sheet of less than Kenya Shillings 10 billion	23. Habib A.G. Zurich 24. Victoria Commercial Bank 25. Credit Bank 26. Habib Bank (K) Ltd 27. Oriental Commercial Bank 28. K-Rep Bank

-
29. ABC Bank
 30. Development Bank of Kenya
 31. Middle East Bank
 32. Equatorial Commercial Bank
 33. Trans-National Bank
 34. Dubai Bank
 35. Fidelity Commercial Bank
 36. City Finance Bank
 37. Paramount Universal Bank
 38. Giro Commercial Bank
 39. Imperial Bank
 40. Guardian Bank
 41. Southern Credit Bank
 42. Gulf African Bank
 43. First Community Bank

Source: The Banking Survey by CBK 2014, pp. 191

