

**STRATEGIC CHANGE MANAGEMENT PRACTICES AT
BARCLAYS BANK OF KENYA**

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DECLARATION

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

Signature.....

Date.....

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This research project has been submitted for examinations with my approval as the university supervisor.

Signed.....

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DEDICATION

I dedicate this project to God for being a constant source of blessings when I undertook my studies.

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ABSTRACT

Change is impactful to the world and organisations need it to streamline their business processes in a manner that can match unfulfilled needs that are keep on evolving. However, the process of implementing change is challenging while it inevitable for firms to adopt the said change. Thus when changes occur, organizations that adapt faster create a competitive advantage position for themselves while the companies that reject to change lag behind hence the need for an effective change management plan. The aim of this study was to establish the strategic change management practices adopted by Barclays bank in Kenya. Specifically, the study set to determine the strategic change management practices adopted and its challenges of managing change at Barclays bank. The study was a case study design whereby the managing director, operations manager, credit manager, financial controller and human resource manager were interviewed. It found that top management facilitated change implementation through training programmes and encouraging staff to adopt to new organisational change. It was recommended that change management need to be understood by managers in order to identify the change management practices and also determine the challenges affecting change management; management to be trained in order to acquire skills in change management; the management to practice job rotation to ensure that employees have multiple skills such that an employee can perform more than one task.

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ABBREVIATIONS AND ACRONYMS

ATMs	Automated Teller Machines
BBK	Barclays Bank of Kenya
CBK	Central Bank of Kenya
CRB	Credit Reference Bureaus
MFBS	Micro Finance Banks
RBV	Resource-Based View

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The firms' ability to adapt to new conditions in this highly competitive global and local business environment is a key determiner of success. Firm management frequently struggle with the circumstances they appreciate that a change is essential though they can't decide precisely what should change or even how to do it. Adaptation planning to survive will be more effective if it is systematic and strategic. Strategic change entails restructuring of the organization's business or/and marketing plan which is typically done so as to attain a crucial organizational objective or goal. According to Burnes (2009), strategic change concerns organizational transformation and it deals with an extensive long-term organizational issues. Strategic change must be aligned to the purpose and mission and purpose of an organization, its philosophy on things like growth, innovation, quality management, and values regarding people, the kind of technology employed and the clients' needs served for an organization to realize its benefits (Wambui, 2012).

The study focuses on two relevant theories and a model: resource based theory, environmental dependence theory and Lewin's Change Management Model. As explained by Peteraf & Barney (2003), the resource-based approach relates good performance of an organization to its competitive advantage. Environmental dependence theory is of the view that strategic change management such as altering managerial interdependence through diversification, formation of mergers and shared structures has a positive impact on the achievement of an organization's performance (Nickol, 2006). Lewin's change management model on the other hand suggests that change in organizations occurs in three main phases whose primary aim is to bring about renewal in

the organization. The three phases promote the adoption of new behaviors and elimination of the old and unhelpful activities

The active role played by the government on banking decisions is one of the features that distinguish it from other organizations in the service industry. The involvement of the government is mainly through the Central Bank which it restricts the amount of money accessible by the borrowers. The organization also ensures that the financial institutions hold a limited amount of deposits. Evidently, the Central Bank has a significant impact on the level of profitability reported by the banks as it controls their activities. Embracing the inevitable change is among the factors that banks should consider to increase their profitability. The pursuit of growth and profitability is always carried out in banks amid the backdrop of regulations' heightened expectations regarding risk management. A rise in the bank failures eroded the customer loyalty further while at the same time creating an increased pressure on banks to change (Infosys Consulting, 2009).

1.1.1 Strategic Change Management

Change management refer to a continued procedure of renewing the organization's structure, capabilities and the direction to attend to the ever changing requirements of external and internal customers (Kepkemoi & Moronge, 2015). Davis and Holland (2002) explain the primary variables that indicate successful change management, that is, cost efficiency and the extent to which the desired outcomes are achieved. The authors define change management as an approach that applies organized actions to ensure efficient, cost-effective and timely achievement of the company goals. On the other hand, Willocks (2011), describes Transitional change management as the process of managing a person

or an organization through change in order to minimize resistance to change while accelerating adoption to change.

A strategy on the other hand is a detailed plan that a business lays down towards achieving success. The managing team employ the strategy to get result. The strategic change refers to the difference in form, quality and/or state after a period (Van de Ven & Poole, 1995) in the organization's placement within its external market. Strategic change entails radical transition within an organization that encompass strategy and structure. Strategic change management involve organisational transformation to improve their effectiveness. Strategic change management is also defined as a deliberate, conscious use of strategies to match the prevailing circumstances and preferences in order to achieve and succeed in attaining the objectives of the organization (Mitchell, McKenna & Young, 2007).

Strategic change management focuses on increasing an organization's ability to change and adopt the new ways of performing business. The main purpose of managing strategic change is to increase the speed by which people undergo successfully through this changing process so as to achieve the anticipated benefits faster. Additional advantages to the change management include improved organizational outcomes and performance, enhanced employee morale, satisfaction and engagement in work and the improvement of overall service quality within the organization. Strategic change management practice is described by Hill & Jones (2001) as activities and decisions adopted by an institution to help it operate efficiently in the face of changes that occur in the business environment. Examples of the strategic decisions and activities include environmental scanning, strategy implementation strategy, formulation, control and evaluation. To succeed,

managers need to choose different approaches or practices of managing change according to the circumstances they face and also create an organizational context that will facilitate change. Successful strategic plan is built in a general strategic managing system for the organization.

Rezvani, Dehkordi and Shamsollahi (2012) lists challenges to strategic change as firm poor management and culture, high technology installation, strong competition, firm structure, labor political and employees issues. Culture presents a strong upshot on organization's strategy as well as in managers' decision making. New technology costs and high changing rate may be a challenge to the organization which doesn't have resources for research and investment. Strong competition calls for a firm to develop competitive strategies to survive in the market. The organization should do research and monitor the organization environment which will make them understand the competitors, customers and the risk involved in operating in the market they are.

1.1.2 Strategic Management Practices

Strategic change management practices are tools, processes or techniques that are used by firms to align employees to the business set objectives and achieve the required business outcomes as well as ensuring the business work efficiently. Strategic change management practices are also defined as techniques, instruments, and mechanisms that help the firm manage the technical and human elements of an intervention and that they are also adopted with the aimed at improving the organizational performance through helping it meet its strategic goals (Nyachoti, 2013). Strategic change management practices are mostly designed by firms to set the firm's course of action, recognize the strategies which the firm should use to contend in the market and also to help the firm organize its internal

activities (Hill & Jones, 2001). Firms have adopted different strategic management practices to survive in the competitive environment.

Nyariki (2013) suggested that majority of SMEs have adopted strategic management practices such as strategic product pricing, technology adoption, cost control, market strategy, product reputation, customer service, product quality and product and service innovation to attain competitive advantages. According to Chesbrough (2006), firms have to train their employees to deal with the pressures of competition, globalization, changes in technology, climate change and constant change in the consumer tests and preferences to survive. It is thus imperative for organizations to develop trainings and education programs that would target the development of important skills, competencies, knowledge and behaviors that can provide the firm competitive advantage that will enable it survive the pressure. Williamson and Williams (2011) suggested that because of competition, companies have opted to adopt strategic management practices such as product differentiation, diversification of products and markets, adoption of product focus strategy.

Since change among organizations will always bring up some level of resistance by employees and other stake holders, organizations must adopt employee resistance management practices to counter the resistance and align the employees to overall strategic direction of the organization (Muema, 2013). Korir (2014) found that Bomet County Government has been applying strategic management practices such as adoption and use of new technologies, employee training, organization communication, employee resistance management and employee involvement in the strategic management processes. Murphy (2003) identified several strategic management practices as common

among firms. These include; job descriptions, incentive plans, hiring practices, career management practices and training programs. Effective and efficiency technology management practices are important to firms during all life stages of the firm. This is attributed the crucial role that technology plays in the firms operation activities (Sahlman & Haapasalo, 2009).

1.1.3 Banking Industry in Kenya

Kenya's banking industry commenced with the National Bank of India in Kenya in 1896 after the establishment of the British in the region. It was followed by Standard Bank of South Africa in 1910. Six years later, the South African National Bank branch joined hands with Anglo-Egyptian Bank Ltd and the merger was referred to as Barclays Bank. The Standard Bank of South Africa and Barclays Bank were just branches of British banks based in London. The General Bank of Netherlands was then set up in 1951. Bank of India and the Bank of Baroda were started in 1953 as Habib Bank (overseas) Ltd was set up in 1956. The Commercial Bank of Africa and the Ottoman Bank were started in 1955. During the 1960s, the banking sector in Kenya experienced a new surge of energy change and in 1968, the Cooperative Bank of Kenya opened its doors. In 1968 again, the National Bank of Kenya took over the business of Ottoman. In 1971 the National and Grindlays Bank, that operated as a retail commercial bank until 7th December 1971, was nationalized and formed Kenya Commercial Bank (Sashoo, 2012).

The Kenyan banking industry was liberalized in 1995 which saw the emergence of more financial institutions. The activities of the industry are regulated through the Companies Act, the controlled by the CBK Act and Banking regulations, which are guided by the guidelines provided by the Central Bank occasionally. The Central Bank of Kenya has a

duty to formulate and implement monetary and the fiscal policies. It offers banking services for the other banks and ensures a sound financial system that has no shortage of surplus of money. The 2014 Supervision Report by the CBK revealed that the Kenyan banking sector had no other regulatory authority but CBK, mandated to oversee the activities of 44 banks comprising forty three commercial banks and a mortgage finance company, as well as 8 representative offices of the foreign banks, 2 credit reference bureaus (CRBs), 9 micro finance banks (MFBs), 87 Foreign Exchange (forex) Bureaus and 13 Money Remittance Providers (MRPs).

CBK (2015) cites several issues facing the banking industry. These include; New regulations, increased crime targeting the industry, global crisis banking crisis and increased competition from both local and international banks. The new regulations calls for the financial institutions for the building up of their minimum base capital requirement of one Billion Kenya shillings by the month of December 2012. The Global crisis experienced by big economies also affected the Kenyan banking industry and more so the enlistment of some deposits and the trade reduction which also declined the interest margins. The competition issue of local banks and the international banks, is some of the things affecting new players coming into the country. Other challenges are skimming of the ATM card, the high borrowing cost, high rate of theft and the competition from the mobile money transferring services (Wameyo, 2012).

1.1.4 Barclays Bank of Kenya

Barclays Bank Kenya is a commercial bank which has so far operated for more than 97 years in Kenya. The financial institution has its activities regulated by the national banking regulatory authority, the Central Bank of Kenya (CBK, 2014). As at March

2014, the bank's asset value was estimated at US\$2.329 billion, approximately 200.975 billion Kenya shillings. During the time when the evaluation was conducted, the financial institution ranked fifth among the largest banks in Kenya in terms of value of their assets (Bankelele, 2014). The institution serves the needs of small and large business customers also individuals too

History of the Barclays bank traces back in the year 1916 when the now known First National Bank was called the National Bank of South Africa and had started a branch in Mombasa (BBK, 2015). Explaining the formation of the bank, Anthony (2001) reveals that it was founded in 1925 as a merger between the Anglo-Egyptian Bank, the Colonial Bank and National Bank of South Africa and it was then referred to as Barclays Bank (Dominion, Colonial and Overseas). After the merger, it was able to extend its operations to the country, leading to the emergence of the Barclays Bank within Kenya. The bank got licensed in 1953 but its incorporation was not until 1978, where it became the Barclays Bank of Kenya, with full ownership at the time belonging to the Barclays Bank International. The ownership changed in 1986 during its initial public offering that allowed the public to own part of the bank through buying shares in the Nairobi Stock Exchange. During the time the institution used BARC symbol in the stock exchange. Currently the bank does not trade its shares at Nairobi Securities Exchange, but its shares are also listed in London Stock Exchange and York Stock Exchange (NYSE) under BARC and BCS respectively. In efforts to increase its efficiency, the parent company decided to unite all the branches under a collective function "One Bank in Africa". business in Africa (other than Zimbabwe and Egypt units) through Absa Group Limited,

finally forming Barclays Africa Group. Barclays Bank of Kenya has over 240 ATMs and nearly 120 branches in various areas across Kenya (BBK report, 2014).

1.2 Research Problem

Managing the change is an essential factor that determines the extent to which a business achieves its targets because it influences the perception of managers to adopt change, with a consideration of factors that may negatively impact organizational success (Carbon, 2007). The authors further reveal the importance of developing a change management strategy, failure to which a company may experience huge losses. Among the adverse effects of inefficient change management strategy include poor leadership, lowly motivated workforce, high cost of implementing changes as well as the lack of the initiative to engage in something different. Thus when changes occur, organizations that adapt fast will create a competitive advantage position compared to companies that reject to change lag behind hence the need for an effective change management plan (Nyachoti, 2014). Thus prompts for the research to find the best strategic change management practices that can enable the organizations adapt quickly to create competitive advantages thus survive.

The banking industry in Kenya does a pivotal part in the country and that may be the reason why the rapidly changing environment is especially pronounced in this sector (Kiragu, 2012). The rapidly changing environment has led to some banks merging to survive, others ending up into receivership while others going out of business. Mbwaya (2012) asserts that successful organizations identify the significance of strategy being a management tool and realize that their thriving is dependent on the way they adopt strategies and enhance the existing strategies to attempt to react to the changes caused by

the market. Barclays bank is successful in adopting change strategies through aligning strategies to the organization, adequate resource allotment to projects, ascertaining of supporting policies and/or staff commitment (Kiragu, 2012). Chekuki (2009) suggest that Barclays bank adopt strategies such as adoption of new operation technology and also outsourcing of some non-core services to remain competitive. Barclays bank just like other banks in Kenya faces challenges such as competition, resistance to change, fluctuation of the economic conditions of the country, fraud, poor level of employees' confidence in strategy implementation process among others (Chekuki, 2009; Cheptumo, 2010; Mbwaya, 2012; Wanjiku, 2012).

Studies reviewed on this area of knowledge include; Rezvani *et al.* (2012) who studied on managing strategic change for organizations in Malaysia and established that there will be more, not less, change and it is only change which can help those firms to endure in this competitiveness market. Munywoki (2013) evaluated the strategic change management practices adopted by commercial banks in Kenya and established that the most important challenge faced by commercial banks in managing strategic change were information and technological innovations. Chepkemoi and Moronge (2015) determined the challenges hindering effectual strategic change managing in Kenyan Counties and established how governance and leadership had the strongest positive influence on effective strategic change management. None of the study examined strategic change management at Barclays, this brings a gap in information that the study desire to bridge through answering the questions; What are the strategic change management practices adopted by Barclays bank?; What is the effect of strategic change management

implementation on the performance of Barclays bank in Kenya?; What are the challenges of managing change at Barclays bank?

1.3 Research Objectives

- i. To determine the strategic change management practices adopted by Barclays Bank of Kenya.
- ii. To establish the challenges of managing change at Barclays Bank of Kenya.

1.4 Value of the Study

Barclays bank management and other institutions in the industry might find the findings worthwhile, to knowledge and to the scholars and academicians.

This study will be significant Barclays bank management and the management of other institutions in the industry. This study will help organizations realize the need to change since change in organizations is unavoidable regardless of how successful and strong an organization is (Flamholtz & Randle, 2008).

To the practitioners such as banks, this study will be of significance in determining ways of effectively managing strategic change and its effect on the bank performance. It will also shed light on the various strategic change managing practices and major challenges that face the implementation of the strategic changes management among the banking industry players in Kenya and their impact on bank performance.

This study will also contribute to additional knowledge on strategic change management in the banking industry. To theory, this study will be important to the current theories through challenging or supporting them through the research findings.

Given that strategic change management has so far gained much attention (Omari, Ateka & Nyaboga, 2013), this study will be important to the scholars and academicians in building their knowledge base and creating an insight in understanding overall effect of strategic change management on organizations. The study will also form a basis for future research on strategic change management at Barclays.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Described in the chapter is the literature and authorities on strategic change management. Issues on strategic change management were critically reviewed focusing on the concept of strategy and strategic change management practices and challenges of managing change together with their effect on the organizational performance. Countries across the world have reacted differently in managing change (Weill & Woodham 2002). Some countries have been fairly successful while others have failed especially during devolution transition process. This study reviewed other literature that is relevant to this topic.

2.2 Theoretical Foundation of the Research

This study reviewed two change management theories and a model. These are Environmental Dependence Theory, the Resource Based Theory and the Lewis's Change Management Model. These theories were developed at different times of the change management evolution thus they were relevant to track the change management evolution process.

2.2.1 Environmental Dependence Theory

The Environmental Dependence Theory was developed from two papers that were published in 1949 – one by Hans Singer and the other by Raul Prebisch. Environmental Dependence Theory is of the suggestion that strategic change management such as interfering with organizational interdependence through mergers, diversification and integration, creating a combined structure forming a negotiated environment and using

social, political or legal action forming an established environment influencing the achievement of an organization's performance (Nickol, 2006). This theory is propagated on the assumption that companies cannot meet all their needs alone because they require varying resources such as employees and physical capital. The fact that the companies are not self-reliant is the primary reason they must establish strong links with the elements that provide resources in the environment. Porter (1996), explains that the ability of a company to operate effectively is dependent on its ability to comprehensively scan its internal and external environments. Through this, the organization is able to come up with generic strategies that will give their firm a position in the market.

To meet the strategies planned for the company's success, it is crucial to implement strategic changes. Among the primary aspects that influence the extent to which companies become dependent include the number of alternatives, significance of resources and expectations of the stakeholders. The Environmental Dependence Theory has not been modified. The theory was relevant to the study in that the theory tends to explain the relevance of the organization's environment on strategic change management that the firm adopts. Thus the theory recognizes the importance of the environment on the strategic change aspect of the firm. The theory called for the organization to adopt strategic change management practices that would align the organization to its environment.

2.2.2 Resource-Based Theory

This theory is based on Wernerfelt (1984) work. It assumes that the innovative services provided by an organization to the customers are among the aspects that positively impact its competitive ability. According to Borg and Gall (2009), it is possible for a

firm to remain top in the market through efficient use of resources in the implementation of strategic goals. Resource Based Theory is of the view that resources aid in production of goods and services and are classified into organizational, human and physical capital. A study conducted by Currie (2009), reveals that the variations in performance of companies are brought about by the difference in resources utilization. Thus the Resource based view theory is used to explain how business firms gain competitiveness through innovative delivering superior services to customers, and they focus on strategic identification and the use of resources for developing a sustained competitive advantage.

The Resource based was modified in 1992 through integrations with other concepts such uncertain imitability by Lippman and Rumelt in 1982, isolating mechanisms by Rumelt in 1984 as articulated by Barney (1991). The theory is relevant to our study in that the researcher seeks to establish the strategic change management practices like superior resources which help the survival of banks, which are highly competitive and very dynamic. This theory is criticized on the grounds that it is self-varying. This theory is also criticized on the basis of the value of the resources. Critics claim that it is possible for a company to generate the same value using varying resource configurations (Priem & Butler, 2001). The Resource Based Theory is also criticized on the basis that it has limited prescriptive implications (Hoopes, Madsen & Walker, 2003).

2.2.3 Lewin's Change Management Model

The Lewis's change management model was done by Kurt Lewin in 1940s, and still holds true today (Burnes, 1996). The model holds idea that organizational change occurs at three levels; the unfreezing, moving and refreezing. The phases are aimed at ensuring that the unproductive behaviors are discarded and new productive activities introduced

(Burnes, 1996). A study conducted by Lewin (1947) supported Burnes' argument about the phases of organizational change. He explained that the first phase aimed at destabilizing the usual culture to allow for introduction of new culture. The author further explained that the status quo needed to be broken to establish the proposed new behavior.

Moving entails introducing a new behavior, that allows the individuals to develop a more acceptable behavior following the end of unacceptable behavior. Being the last step, refreezing allows for stability of the newly adopted behavior. A crucial point to note about this phase is that the adopted behavior needs to be, somehow, congruent with all the rest of the personality, behavior and environment for the learner or/and it will just lead to the new round of the disconfirmation (Schein, 1996). The model has not been modified so far but there are propositions for modification by scholars such as Dawson (1994) and Hatch (1997). Lewis's 3-Step change management model is criticized on the account that it presumed that an organization operates in a stable state; that is only appropriate for small-scale changing projects; that ignores organizational politics and power (Burnes, 2004). This model similarly tends to be taken as outdated (Burnes, 2000). The strength of the Lewis's 3-Step change management model that makes it relevant is that the theory's proposition of managing and creating new behavior through a procedure that is easily implemented.

2.3 Strategic Change Management Practices

Most organizational managers today would attest to the idea that change now has become like a constant issue which people must attend to and also be managed well for the organization's survival (Li, 2005). This is due to changes such as in technology, the political, social values, the marketplace, workforce demographics, information systems

and the global economy environment which have a significant effect on the services, products and processes produced. Strategic change management practice is defined as a part of managerial actions and decisions undertaken for a company to cope with the changes in the environmental aspects like environmental scanning and strategy formulation, strategy implementation, and evaluation and control (Hill & Jones, 2001). Hill and Jones (2001) further suggest that strategic change management practice are designed to outline a firm's action, identify the strategies to use to compete well in the market and how it can organize its activities.

Innovation is also a strategic change management practice that is adopted by firms to survive. According to Chapman (2005), business firms need to be innovative as a strategy to ensure their existence since innovations involve ideas that create the future. Chapman (2005) further suggests that the quest for the innovations is somewhat doomed unless the managing team who seek it took time to clearly learn from past. Staff training is also a change management practice that is adopted by many firms. Organizations should have a continuous training on the change and equipping staff with the necessary skills to effectively carry out the new ways, documentation of the change to provide a point of reference and uniformity in interpretation and risk assessment in the organization (Musau, 2012). Musau (2012) further asserts that training equips management to have the specific competencies necessary to manage the change; staff training contributes to increased group and individual motivation; it promotes communication between peers; facilitates the change and eliminates confusion on the change since one well understands what is expected of them and sustains staff retention. Musau (2012) also suggests communication as a change management practice that organizations should adopt.

Communication involves staff councils and meetings, use of emails and remind-emails to remind employees of their roles and the announcements of the many changes taking place in the company (Musau, 2012).

Setting up learning and development and open debate programs is also a strategic change management practice used by firms to manage change. However, even with the learning and development, change management takes time and involves careful thought. Grant (2005) asserts that there is a need for institutions to develop measures that enhance accuracy in environmental scanning to improve the quality of strategic decisions made. The author further expressed the need for managers to ensure that they make accurate decisions about changes to avoid unnecessary errors. With the high instability in the environment, it is important to note that changes can act as a learning platform where processes are experimented. The minor changes adopted by companies may lead to huge organizational success, making it necessary for managers to ensure that their decisions are based on accurate information. According to Mbwaya (2012) strategic management approach is not uniform but keeps changing with time.

2.4 Challenges of Managing Change

Researchers have found different challenges faced when managing change in different organizations. Rezvani *et al.* (2012) state that change management faces challenges such as like culture and management, technology, strong competition, environment, structure , labor and employees and political issues. According to Rezvani *et al.* (2012), organization's strategy is also strongly affected by culture and also managers decision making process between each other and that new technology and product development on the other hand required for strategic changing that cost a lot for an organization, so it is

one of the barriers of change. Strong competitors are also the big challenge for changing thus the company should have a strategic plan for competing among its competitors. Environment involves factor such as uncertain strategic direction, insufficient concept of business environment, non – sharing of the knowledge and problem among each others, poor vision and mission and goal setting, high speed of external change are the other.

Obonyo and Kerongo (2015) suggest three challenges to managing change in an organization as, organization culture, structure and leadership. Organizational culture is defined by the nature of variables such as norms, values and artifacts because they have a direct impact on the behavior of individuals involved. According to Obonyo et al. (2015), the type of culture observed in an organization is dependent on the type of managerial style adopted as well as the processes within the organization. The authors further pointed out that the approach that the stakeholders take when faced with challenges is mainly indicated by culture.

Organizational change usually involves change in the organization's structure. De Wit and Meyer (2004) suggested that how labor is distributed within a certain organization influences how well the strategic changes management practice is implemented.

Lack of capacity and resources is also a challenge when managing change in organizations. Lack of resources can also be a challenge when managing change, since without resources the implementation of strategy itself is almost impossible (Johnson & Scholes 2002). Organizations have to develop ability for the change, by allocating and developing change and the operational capabilities which sustain the long term

performances (Meyer & Stensaker, 2006). They then argue that organizational changes should not affect the productive aspects of the firm.

Another common challenge that firms face is the company's capability to marshal resources needed in supporting new strategic ideas and also steer them to the appropriate organizational unit which has major impacts for the strategy implementation process (Johnson & Scholes 2002). Alexander (1985) lists ten of the most frequently recurring strategy execution problems like; underestimating time which is needed for the implementation, and unanticipated problems, managers being over optimistic, coordination effectiveness for activities, disturbance from the competing activities, major tasks being not defined in enough detail, insufficiency of the capabilities of the employees involved, adequate leadership and direction. Carbon (2007) suggest four key challenges that affect change management practice implementation in companies. The problems include demand for changes by the management team, poor commitment, inadequate resources to effect changes, lack of common vision and ineffective channels of communication.

2.5 Literature Summary

This study reviewed two theories and a model that try to explain the importance of strategic change management to an organization. These are; Environmental Dependence Theory by Hans Singer and Raul Prebisch (1949), Resource-Based Theory by Wernerfelt (1984) and the Lewin's Change Management Model by Kurt Lewin in the 1940s. The Environmental Dependence Theory suggests that organizations depend on the environment thus their ability to understand the environment and adopt effective strategic change management practices will enhance their competitive advantage hence

performance. The resource-based theory proposes that organizations can achieve competitiveness through innovatively delivering superior value to customers which is dependent on the resources they have. The Lewin's Change Management Model on the other hand suggests that change in organizations should involve three steps which are unfreezing, moving and refreezing. This will change ensure that organizations old behavior is discarded before new ways are adopted successfully.

The review of the literature also identified several strategic change management practices that included; innovation, staff training, setting up learning and development and open debate programs and effective communication channels. From the literature, common challenges of managing change include; lack of resources, strong cultures, lack of participation by top management, technology, strong competition, employee resistance to change, environment, organization structure, political issues and lack of effective communications channels.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the procedure, methods and techniques which were utilized in the collection, and processing and the data analysizing. Specifically, these following subsections discussed in this chapter: research design, collection and data collection procedures.

3.2 Research Design

Dul and Hak (2008) described research designing as the arrangement of states for collection and data analysis in a manner which aims to combine the relevance with that research purpose. This research is a case study on Barclays Bank of Kenya. Depending on Thomas (2011), the case study is basically an analysis of the events, persons, decisions, periods, institutions or/and other systems that are studied fully by one or/and more methods. The design enables the researcher not only to establish factors explaining phenomena but also unearth underlying issues. This research design was used to provide a detailed and in-depth analysis of change management at Barclays Bank of Kenya.

3.3 Data Collection

This study used both secondary and primary qualitative data. The primary qualitative data was collected using an interview guide. The interview guide consisted of open-ended questions and was structured into various sections. The first section looked for the demographic data of its respondents. The second section contained questions on the strategic change management practices as adopted by the Barclays Bank of Kenya. Section three comprised questions on the challenges of managing change at Barclays

bank. Secondary qualitative data was obtained from sources such as company website, scholarly articles, turnaround framework papers, and Kenya financial regulatory policy papers and other company reports.

The interview guide was administered to the respondents using face to face method. The interviewees include the managing director, operations manager, credit manager, financial controller and human resource manager. These respondents were chosen because they have a better understanding of change management at Barclays Bank of Kenya.

3.4 Data Analysis

The collected interview guides was edited for completeness and consistency. Since the collected data was qualitative in nature, it was analysed using content analysis, a technique that describes the composition of objects qualitatively. A study conducted by Cooper and Schindler (2003), indicates that the analytical method involves observation thus it is highly accurate. Nachmias and Nachmias (1996) assert that analysis technique identifies the distinctive features of data to make accurate conclusions based on the similarity of trends involved. The data obtained from the respondents was transcribed, a summary of the results obtained, inferences drawn from the data and then this summary of the results and conclusions prepared so as to compare to the literature review for any consistencies and inconsistencies or to establish areas of agreement and disagreement. Dominant themes were identified through systematic sorting of data according to the research objectives.

CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents primary data findings of the study. The study was done using interview guides and by use of probing questions. The total number of respondents who were interviewed were five (5) (managing director, operations manager, credit manager, financial controller and human resource manager). Both of them were from top-level management. The study had two main objectives, firstly to examine the strategic change management practices adopted by Barclays bank and to find out the challenges of managing change at Barclays bank. The presentation of this chapter starts with the analysis of the strategic change practices adopted at Barclays bank. Secondly, it discusses the challenges of the change management in Barclays Bank of Kenya. During the interview, different changes were identified by the respondents. Firstly, changes in the information technology, secondly, changes in the compensation plan, third, product restructuring to suit the market demands, fourth, changes in the work environment, fifth, changes in the marketing strategy and sixth, merging of branches and products changes.

4.2 Change Management Practices

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

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

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

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

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

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

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

The executives cited several methods that the organization used in ensuring that change were successful. Firstly, the management conducts vigorous training and do mock tests to ensure that the desired change is tested before the actual roll out. Secondly, incentives are given for top performers. Thirdly, competent teams to implement change are set to ensure

that the need for change is fully understood. Fourth is proper communication to staff on the change and testing of new systems put in place.

The managers gave their own opinion on the change management practices at Barclays Bank of Kenya. Three of the five respondents indicated that change management practices had flexibility and open communication, it was participative and effective. Two out of the five respondents indicated that, sometimes, change was not well planned and there were misunderstandings among the change agents. They therefore rated the change management practices at Barclays bank of Kenya to be fairly managed. All the managers also cited that sometimes change involved the restructuring .An example was when the loan processing centre and card centre credit department were merged into credit operations department. The employees had to relocate from their departments to merge into one under the same management.

4.3 Challenges of Change Management

From the interviewees in the field, loss of job security was cited by 3 out of the five management staff interviewed as one of the challenges affecting change management that every employee would not accept. This was so especially with the new banking system which would render some jobs irrelevant especially the back office team. There were some employees who were previously given early retirement and had since been rehired on contractual terms. Examples of these were the drivers and some compliance coordinators. Such employees operated in anxiety towards the end of their contracts as they were not sure whether their contracts would be renewed.

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

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

Eighty percent of the respondents cited circumstances in which employees lacked faith on the management and this had various effects on change management. Firstly, time was wasted as the management tried to force change to the employees. Secondly, change was sometimes implemented on the basis of threats instead of trust, thus straining the relationship between management and employees. Third, employees' morale was lowered due to lack of cooperation between employees and management. Fourth, it

occurred when management had not previously kept its promise on previous change commitments. It thus became difficult for the junior staff to believe in the change.

According to all the five respondents, resistance to change, culture, teamwork and leadership have influenced the bank's change management practices. Firstly, a lot of time and resources were wasted due to resistance to change. Resistance to change has thus enabled management to consider the need of employees to participate in the change process. Secondly, the culture at Barclays bank of Kenya has facilitated the changes that have taken place. This is due to a sense of belonging among the employees; every employee is able to own the change thus making its implementation easier. Thirdly, teamwork was considered to be very important in successful implementation of change. At Barclays bank, teamwork was emphasized thus resulting in synergy.

4.4 Discussion of the Findings

Managing change is an important factor in success of a business, as it helps managers to think creatively on how they will manage change, while avoiding many pitfalls that similar firms have ever encountered. Thus when changes occur, organizations that adapt faster creates a competitive advantage position while the companies that reject to change lag behind hence the need for an effective change management plan. Thus prompted for this research to find the best strategic change management practices that can enable the organizations adapt quickly to create competitive advantages thus survives. This study sought to answer the following questions: What are the strategic change management practices adopted by Barclays Bank of Kenya? What are the challenges of managing change at Barclays Bank of Kenya?

To answer these two pertinent questions, the study adopted two change management theories and a model. These are Environmental Dependence Theory, the Resource Based Theory and the Lewis's Change Management Model. The Environmental Dependence Theory argues that for a firm to have a sustainable competitive range over its competitors, it must ensure that its strategy includes both internal and external environment analysis that will enable them select generic strategies that will give their firm a position in the market. The resource-based theory suggests that aggressiveness can be attained by ingeniously delivering superior service to customers. This focuses more on the strategic plan identification and usage of resources by a firm for developing a sustained competitive advantage. Finally, Lewin's Change Management Model holds that change should involve three steps of unfreezing, moving and refreezing, where old behavior has to be discarded before new ways can be adopted successfully.

This study employed used a case study of Barclays Bank of Kenya and targeted the managing director, operations manager, credit manager, financial controller and human resource manager. The primary qualitative data was gathered using an interview guide.

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

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

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose for this study is to investigate strategic change management's practices adopted by the Barclays Bank of Kenya. The study has the following objectives; to look at the practices of strategic change management adopted by the Barclays bank and also to identify the challenges that come with managing change in Barclays bank

5.2 Summary

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

The first objective of this study was to describe the practices of change management which Barclays Bank of Kenya adopted. Most of the respondents indicated that there has been change which was based on reinterpreting and redefining existing values and norms. All the respondents cited that before any change, Barclays bank undertakes training to all the staff affected by the change. Change management at Barclays Bank was found to be

systematic and organized especially with an example of the new information technology system that was rolled out in June 2010. There were also some instances where individuals were forced to change, whether by reward or by punishment. The appraisal system for instance, is set in such a way that good performers are rewarded through salary increment and bonus. The company had launched a new compensation plan which was cited as a reward and focused on bringing change to the sales people such that each person would be rewarded according to the sales they make.

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

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

5.3 Conclusion

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

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

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

Through cooperation, there will be synergy which ensures that change is successfully implemented. Management should also aim at leading the implementation of change to

the end. This would show their commitment to the change hence the employees would believe in the change.

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

5.4 Recommendations for policy

From the analysis of the findings, the study gave the following recommendations:

The management of Barclays Bank of Kenya should take bold step of adopting strategic change management practices that are unique and relevant. They should also ensure that all the employees are competent enough to carry out these strategic change management practices by having frequent in-house training. Barclays could also invest in business seminars and conferences so as to get new ideas on the same. Application of new, better and more meaningful strategic management will transcend all categories of workers within a business organization.

The Barclays Bank of Kenya should embrace new technological innovations so as to increase efficiency and facilitate strategic change management practices. The

management should invest heavily on technology by purchasing new technologies and providing in-house training to their employees on new technological innovations.

According to management of Barclays Bank of Kenya, loss of job security was one of the challenges that negatively affected change management. The management should practice job rotation to ensure that employees have multiple skills such that an employee can perform more than one task. This would be the solution to some of the workers whose jobs would be rendered irrelevant with the introduction of the new information technology system.

Finally, the management of Barclays Bank of Kenya should carry out frequent market research so as to understand the market very well. Through this, they will be able to master consumer behavior and hence adopt strategic practices that will be able to address the needs of the consumers. Market research will go a long way in developing new products and diversification of existing products.

5.5 Limitations of the Study

In the process of carrying out this study, there were some limitations encountered. One of the major limitations was that the members of staff feared to disclose the information sought as the researcher may be an emissary of their competitors. However, this was taken care of since the researcher presented herself as a customer to the bank hence informal discussions helped gather important information for the purpose of this study.

It was also difficult to measure aspirations and expectations resulting from the answers from the interviewees, owing to the nature of work undertaken by the respondents, some

of the answers may be inaccurate due to divided attention. Though the researcher would have preferred to interview the heads of the departments, this was not possible due to time constraints and the availability of the respondents. It is also assumed that the respondents gave correct information and that the interview was completed by the intended respondents and not their delegates who may not understand some issues well.

5.6 Suggestions for further Research

There is need to conduct further studies in different organizations since they have different cultures, management styles and resource capabilities. The study was conducted on a multinational firm and it would be necessary to study change management practices in a local firm to find out if there are any differences.

Traditionally, change has been viewed in a negative context and it is recommended that further research be done to find out how organizations can positively leverage on this phenomenon to create competitive advantage.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

The Respondent

Dear Sir/Madam,

RE: LETTER OF INTRODUCTION

I am a postgraduate student in the school of business at University of Nairobi pursuing a master degree in Business Administration. In order to fulfill the degree requirement am undertaking a research on 'strategic change management at Barclays Bank of Kenya'.

I kindly request for your assistance by availing your time for a short interview of not more than twenty minutes based on the guide enclosed herein. Any documents, strategic plans or reports that you may have that are relevant to this topic of study may be availed to me at your discretion. A copy of the final report will be made available at your request.

Your assistance will be highly appreciated. Please be assured that the information you provide will be used exclusively for academic purposes on this research project.

Yours faithfully,

Faith Muneo Nzuki.

APPENDIX II: INTERVIEW GUIDE

SECTION A: GENERAL INFORMATION

1. What is your age bracket?
2. What managerial position do you hold?
3. How long have you been working for the Barclays Bank of Kenya?
4. How long have you been working in your present position?
5. What are your major roles at the Barclays Bank of Kenya?

SECTION B: STRATEGIC CHANGE PRACTICES ADOPTED

6. What would inform the need for organizational change in your bank?
7. Who is involved in change management in your organization?
8. What are the change management practices employed by your bank?
9. In your opinion, what is the importance of management competence to achieving successful change management in your bank?
10. Has the top management supported change process in your bank? If so, in what ways have they supported and participated in the process?
11. Have you noted any considerable interference in change management from within or without?
12. Does Barclays Bank of Kenya carry out management training and development programs before it embarks on a change program?
13. Does Barclays Bank of Kenya undertake an early involvement of staff in the strategy process on successful change management? If yes, how effective do you find this?

SECTION C: CHALLENGES OF CHANGE MANAGEMENT

14. What are the challenges facing change management in Barclays Bank of Kenya?
15. What challenges are posed by resistance to change in your department?
16. In your opinion, what is the role played by leadership in managing change? Are there any challenges relating to leadership? Which ones? How do they affect change management?

17. Are there any challenges of the organizational structure and culture in managing change at Barclays Bank of Kenya? Which ones? How do they affect your change management?
18. In your opinion, do you feel that power and internal politics pose a challenge to change management at Barclays Bank of Kenya? What challenges and how do they affect you?
19. What are the other challenges you face in change management at Barclays Bank of Kenya and how do they affect change management?