CHANGE MANAGEMENT INITIATIVES AND POST-ACQUISITION PERFORMANCE OF NATIONAL BANK OF KENYA

BY

MICHAEL MARWA MWITA

D61/81118/2012

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

NOVEMBER 2022

DECLARATION

This research project is my original work and has not been submitted or presented to any other institution of learning for any academic award

Signature:________________________________Date ____25/11/2022________________

Michael Marwa Mwita

D61/81118/2012

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

Signature: ______________________________Date __30/11/2022___________________

Dr. Muya Ndambuki

Lecturer, Department of Business Administration

Faculty of Business and Management Science

University of Nairobi

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to everyone that supported me throughout my MBA study journey.

I appreciate my project supervisor, Dr. Muya Ndambuki, for his able guidance and support throughout this project. I also thank my colleagues for their contribution and encouragement that saw me through my graduate studies.

I would like to thank my late parents whose love, guidance, and prayers are with me in whatever I pursue.

Most importantly, I wish to thank my loving wife, Lilian, and my wonderful son, MJ, who provide unending inspiration.

DEDICATION

This project is dedicated to my late Parents, Samson Mwita and Josephine Mohabe for their unconditional love and for setting up a solid foundation that taught me to work hard for the things that i aspire to achieve.

I also dedicate this work to my Family and Friends who have been a constant source of support and encouragement in the many changes and vicissitudes of life.

TABLE OF CONTENTS

DECLARATION .... **ii**
ACKNOWLEDGEMENTS .... **iii**
DEDICATION .... **iv**
ABBREVIATIONS AND SYNONYMS .... **vii**
ABSTRACT .... **viii**
CHAPTER ONE: INTRODUCTION **1**
1.1 Background of the Study 1
1.1.1 Change Management 2
1.1.2 Post Acquisition Performance 4
1.1.3 Banking Industry in Kenya 5
1.1.4 National Bank of Kenya 6
1.2 Research Problem 8
1.3 Research Objectives 10
1.4 Value of the Study 10
CHAPTER TWO: LITERATURE REVIEW **12**
2.1 Introduction 12
2.2 Theoretical Review 12
2.2.1 Lewin's Change Model 12
2.2.2 Kotter's Change Management Model 13
2.3 Change Management Initiatives 15
2.4 Change Management Initiative and Post-Acquisition Performance 18
2.6 Empirical Studies and Gaps 19
CHAPTER THREE: RESEARCH METHODOLOGY **21**
3.1 Introduction 21
3.2 Research Design 21
3.3 Data Collection 21
3.4 Data Analysis 22
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS **23**
4.1 Introduction 23
4.2 Respondents Profile 23

4.3 Change Management Initiatives 24
4.4 Post Acquisition Performance 28
4.5 Discussion of the Findings 29
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS 33
5.1 Introduction 33
5.2 Summary of the Findings 33
5.3 Conclusions 35
5.4 Recommendations 36
5.5 Limitations of the Study 36
5.6 Suggestions for Further Research 37
REFERENCES 39
APPENDICES 45
Appendix I: Interview Guide 45

ABBREVIATIONS AND SYNONYMS

AAR	-	Average Abnormal Returns
CAR	-	Cumulative Abnormal Returns
CBK	-	Central Bank of Kenya
CRBs	-	Credit Reference Bureaus
ERP	-	Enterprise Resource Planning
KCB	-	Kenya Commercial Bank
MSMEs	-	Micro, Small and Medium Enterprises
NBK	-	National Bank of Kenya
NGO	-	Nongovernmental Organizations
ROA	-	Return on Assets
ROE	-	Return on Equity

ABSTRACT

Strategic management literature accentuates the need for change management in the post-acquisition stage, showing that a poorly implemented change management process is a key cause of poor post-acquisition performance. Kenya's banking industry plays an important role in supporting development and is a vital driver of economic growth. However, several banks have been forced to merge their operations on mutually agreed terms, while some have acquired other institutions with about seven mergers and acquisition deals closed within the last six years. This study sought to determine the effect of change management initiatives on post-acquisition performance of National Bank of Kenya. The study was guided by the Lewin's change model and the Kotter's change management model. The study adopted a case study research design and used primary data, which was obtained through an interview guide. The data was collected from the senior management team members namely; the director in charge of finance, director in charge of credit and risk, corporate banking director, retail banking director, marketing and corporate affairs director. Thematic analysis was used analyze the data were the generated responses were categorized based on the identified research topics and objectives. The findings revealed effective communication was the precursor of all other change management initiatives followed by leadership, employee training, stakeholders' involvement and up line support. The findings further revealed that change management initiatives largely affected the bank's post-acquisition performance as NBK recorded an increase in revenues, reduction of non-performing loans as well as an increase in employee morale and motivation. In addition, the finding documented that change management initiatives greatly led to reduction in customer complaints, the bank was able to regain lost customer confidence, and had recorded improvement in its capital and liquidity requirements due to the effective adoption of post-change management initiatives. Further, the results indicated that successful implementation of post-acquisition change management initiatives in the banking sector leads to increased revenue, maximizes efficiency, increases profits, creates customer satisfaction, improves employee morale, and enhanced quality excellence. The study concluded that communication is the key change management initiative, which supports other change management initiatives including leadership styles, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support. The study also concluded that change management initiatives largely affected NBK post-acquisition performance in terms of investment returns, profitability growth, liquidity, capital adequacy, reduction of non-performing loans, customer satisfaction, and reduction of customer complaints, competitiveness, employee development, employee growth and productivity after acquisition by KCB group.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In an effort to gain competitive advantage, firms make acquisitions in order to diversify their activities, penetrate new markets and increase their performance (Babic, Savovic & Domanovic, 2014). Therefore, post-acquisition change management initiatives implemented by the acquiring company are critical to the strategic and financial success of the acquisition (Rajan & Ganesan, 2017). Organizational change initiatives therefore increase or decrease the corporation's performance and ensures successful post-acquisition performance; managers should thus embrace swift changes in the operating environment and prepare the entity for positive change management initiatives (Jordan, 2019). Any change management efforts and initiatives must be aligned with the company's objectives and goals to guarantee organizational success (Jalagat, 2016). Without suitable change management initiatives, businesses may not be capable of adapting to the new structures and benefit from increased performance (Ahmed et al., 2006).

Theoretically, the Lewin’s change model and the Kotter’s change management model will guide this study. Lewin (1947) three-step theory and the eight-stage theory by Kotter (1995) provide the structured explanation that assist managers in identifying the problems of organization change during merger and acquisition integration and getting an entity ready for positive post-acquisition performance (Jordan, 2019). The Lewin (1947) entails unfreezing, changing and refreezing. Unfreezing denotes the act of undoing the existing system, while changing entails moving from the old system to the new system, while refreezing means institutionalizing the change into the corporation’s strategic goals (Jalagat, 2016). Kotter's (1995) eight-step model indicates that transformation of organizations requires creating a simulated vacuum to create a need for change to be undertaken and managed by individuals (Rajan & Ganesan, 2017).

In Kenya, the banking sector remains a key sector that contributes considerably to the attainment of the country's Vision 2030 (Tayari & Mutinda, 2019). However, in the face of competition brought about by globalization, management innovation and information technology, Kenyan banks were forced to change their systems and operations in line with a customer-centric strategy (Ntongai, 2020). The Kenyan banking sector has witnessed a significant increase in mergers and acquisitions in last few years due to the need for business growth, changing regulatory environment and expansion. In 2019 for instance, after a significant deterioration in operating performance and a decline in profitability resulting in insufficient liquidity and capital, the Kenyan Central Bank (CBK) approved the acquisition of 100% of NBK by the KCB Group. This acquisition is anticipated to strengthen NBK's operational efficiency and give leverage to established domestic, public, and retail franchises (CBK, 2022).

1.1.1 Change Management

Change management denotes the implementation and management of initiatives meant to innovate the capabilities, direction and the organization structure to meet the dynamic needs of its internal and external clients (Peus et al., 2009). It is an orderly activity and application of resources, knowledge and tools to take advantage of change benefits. Change management is a process towards a more efficient operation in the anticipation that it will affect performance in a positive way (Alrumaih, 2017). Management of change is a synchronized activity of moving people, groups, and entities from the current situation to a preferred situation in the future to implement or achieve a strategy and a vision (Quaicoo, 2021). The process of managing change involves identifying and applying business goals, processes, systems and expertise to address changes in the operating and environmental conditions (Kimhi & Oliel, 2019).

The key objective of managing change is to improve capacity and performance of an organization through reactive and proactive actions in response to externally or externally imposed changes (Fusch et al., 2020). Implementing changes initiatives leads to increased revenue, maximizes efficiency, increases profits, creates customer satisfaction, improves employee morale, and enhanced quality excellence (Rajan & Ganesan, 2017). Because of its importance, management of change is essential and requires the right management strategies and skills. To survive, to succeed and to continue being competitive in today's ever-changing and ever-evolving operating environment, a company must manage change effectively (Jalagat, 2016). Effective management of organizational change is a critical component of business survival (Jordan, 2019).

Change management concentrates on the need for changing organizational strategies and plans to be developed in the context of the organization's overall goals and strategies and to respond to the dynamic operating environment of the organization (Kimhi & Oliel, 2019). Change management includes various initiatives used to help individuals make successful individual transactions that lead to change acceptance and implementation (Olajide, 2014). Key change management initiatives in strategic management include leadership, communication, support, employee and stakeholder engagement, training, feedback, among others (Anamallah & Hashim, 2018).

1.1.2 Post Acquisition Performance

Organizational performance denotes the degree in which the overall goals of a business entity are achieved and is considered quantitative or qualitative (Vasilaki, 2011). Post-acquisition performance entails the change in marketplace value of one parent company after acquiring another (Lin, Ho & Lin, 2015). Post-acquisition performance also refers to improvements in synergies or profitability beyond what was expected after the acquisition of another entity, and these improvements have been attached to the stock price of the acquiring company (Sirower & O'Byrne, 1998). Post-acquisition performance is a very important issue given the company's emphasis on acquisition strategy (Krishnan, Hitt & Park, 2007). Successfully managing post-acquisition performance requires an effective combination of the additional resources of the acquirer and the target companies (Evran, 2014).

Post-acquisition performance assesses the wealth of acquirers through their focal acquisition (Evran, 2014). Following the acquisition, the acquiring company must effectively identify the expected synergies that contribute to the overall improvement of the company's operations. It is therefore vital to evaluate performance after an acquisition corresponding to the acquisition for both the short- and long-term value of the company based on pre-determined and accurate evaluation criteria (Vasilaki, 2011). After an acquisition, new owners normally reorganize the business and implement a new value system, which is reflected in the improved performance after the acquisition. Measurement of post-acquisition performance is crucial as it reveals the organization's vision and mission and helps the acquiring company translate its goal-achievement strategies into quantifiable objectives (Vasilaki, 2011).

The commonly used post-acquisition performance measures are market-based indicators (CAR and AAR), accounting measures (ROA and ROE) and subjective performance metrics centered on assessment by managers (Savović, 2016). However, financial performance and stock market-based metrics leads to the disregard of intangible goals, role of employees and acquired knowledge. Subjective performance indicators have advantages over stock markets and financial indicators and provides a multidimensional approach to measuring post-acquisition performance. This study shall use the subjective measures where managers of the acquired entity will be requested to assess the extent in which the goals originally set before the acquisition have been met.

1.1.3 Banking Industry in Kenya

The Kenyan financial sector plays an important function in the Kenyan financial system and is the main player in the Kenya financial sector (Ntongai, 2020). As of 31st December 2021, the Kenyan banking industry consisted of the Kenyan Central Bank (CBK) as the oversight entity, 39 banking entities (38 banks and 1 mortgage financing entity), 14 Microfinance Banks, 3 Credit Reference Bureaus (CRBs) among other entities (CBK, 2021). Kenyan banks are supervised by the CBK. In addition, the Banking Act, the CBK Act, other prudential rules and guiding principles issued frequently by the CBK also govern the sector (Tayari & Mutinda, 2019). The operations of the banking sector are critical to the Kenyan because of the role it plays in the country's economy growth and development (Kibui, Muriithi & Mbebe, 2020).

The Kenyan financial sector is dominated by banks and thus financial intermediation in the country relies heavily on banking institutions. The banking industry in Kenya is like a bond that connects the country's economy (Mujuka, 2018). The survival and development of sectors such as agriculture and manufacturing largely depends on the banking sector. In Kenya, banks are key in transmitting the impulses of monetary policy to the economic system and savings from customers remain their major source of capital (Tayari & Mutinda, 2019). The Kenyan banking industry has experienced significant expansion, including growth in branches, exchange of credit information, agency banking adoption, market research, and increased interest by global banking entities (Oganda, Mogwambo & Otieno, 2019).

However, Kenya's banking sector continues to change, and the unpredictability of this erratic change complicates the sectors operating environment. A prominent inclination is that a decline in profits, increased losses and several receivership cases in the past have recently become a problem in the sector (Ntongai, 2020). Despite its significance, the segment faces a multitude of challenges in managing the various risks it faces such as nonperforming loans, interest rate risk, liquidity problems, operational risk among other challenges (Oganda, Mogwambo & Otieno, 2019). The banking sector has undergone extensive changes driven by competitive and regulatory forces. The radical changes that have been witnessed include dynamic technological advancements, entrance of foreign banks and a change in attitudes of customers who have become more demanding and enlightened which has made banks more sensitive to client needs (Kibui, Muriithi & Mbebe, 2020).

1.1.4 National Bank of Kenya

The National Bank of Kenya (NBK) was established on 19th June 1968 and formally started operations ON 14th November 1968. It is a subsidiary of KCB Group after a successful acquisition in September 2019. It is licensed by the Central Bank of Kenya and is a member of the Kenya Bankers Association. NBK is a medium-sized provider of financial services within the Kenyan territory and serves individuals, micro, small and medium enterprises (MSMEs) and big business (Corporate) establishments. It has its headquarters in Nairobi County and owns Two subsidiaries; The NatBank Trustee and Investment Services Limited and NBK Bancassurance Intermediary Limited. NBK has 85 branches and over 150 Automated Teller Machines across the country (Ntongai, 2020).

The bank was remarkably competitive from inception until 1996, after which it began experiencing turbulence due to ballooning bad debts. Following prolonged financial challenges and many failed interventions attempts by shareholders and the Government, the Bank was fully acquired by KCB Group in September 2019. Prior to the acquisition of KCB, NBK struggled with liquidity and profitability issues. For example, between 2014 and 2016, the bank posted the highest expense-to-revenue ratio of 64.6 percent compared to the sector average of 47.1 percent, and the highest Non-Performing Loans ratio of 42.1 percent compared to the industry average of 10.6 percent (Oganda, Mogwambo & Otieno, 2019). However, following the acquisition, NBK registered tremendous improvement. In the first 9 Months of 2021, the bank posted an after-tax profit of Kshs. 1.1 billion which was a 1126 percent growth from Kshs. 87 million in Quarter 3 of 2020. Similarly, in Quarter 1 of 2022, the Bank posted an after-tax profit of Kshs. 395 Million compared to Kshs. 229 Million in Quarter 1 of 2021, this represented a 72 percent growth. This informs the need to examine the effect of change management initiatives and post-acquisition performance of National Bank of Kenya.

1.2 Research Problem

Companies often use acquisitions as an approach to enhance their competitiveness (Savovic & Babic, 2021). Even though firms enter into acquisitions with anticipation of good returns, empirical evidence (Babic, Savovic & Domanovic, 2014; Isa, Cheng, & Yunus, 2011) show that acquisitions often do not attain the anticipated potential. Increasingly, strategic management literature accentuates the need for change management in the post-acquisition stage, showing that a poorly implemented change management process is a key cause of poor post-acquisition performance (Jordan, 2019). Kang, Nantharath, and Hwang (2020) suggest that in order for an acquiring company to make strategic decisions that are best for its organization, it should integrate change management into its pre-contract activities and in the acquisition approach to achieve post-acquisition success. According to Azil, Danku, and Apreko (2013), a thoughtful, disciplined approach to management of change improves an organization's chances of smooth integration, post-acquisition integration, and sets a strong foundation for post-acquisition performance optimization.

Kenya's banking industry plays an important role in supporting development and is a vital driver of economic growth (Oganda, Mogwambo & Otieno, 2019). As such, the industry has faced various management challenges due to changes in the operating environment, globalization, inflation, reduced interest margins, technological advancements, renewed laws and regulations. Several banks have been forced to merge their operations on mutually agreed terms, while some have acquired other institutions with about Seven Mergers and Acquisition deals closed within the last six years (CBK, 2022). The most recent popular Merger and acquisition are KCB Group acquisition of National Bank of Kenya, and

Commercial Bank of Africa and NIC Bank Merger (Ntongai, 2020). Over the years, NBK had faced various financial troubles which eroded public and customer confidence leading to 100% buyout of the bank by KCB Group in September 2019, which injected Kshs.5 Billion of new capital to recapitalize the lender that had breached critical capital and liquidity ratios for years.

Various studies have attempted to empirically examine change management and organizational performance (Jalagat, 2016; Oyier, 2016; Tayari and Mutinda, 2019), factor affecting change management (Kansal and Chandani, 2014; Azila, Danku & Apreko, 2013), leadership and post-acquisition profitability (Babić, Savović & Domanović, 2014) as well as strategic management practices and change implementation (Njue & Ongoto, 2018). However, empirical evidence on change management and post-acquisition performance is inconclusive. Some studies document positive impact while others show a positive influence between change management and post-acquisition performance. In addition, most of the available studies use accounting and market-based indicators such as abnormal returns, cumulative returns, ROA, ROE and the Event study methodology to measure post-acquisition performance, which may not be applicable in strategic management. Further, the available global studies on the concept was carried out in varying contexts and used different methodologies making it impossible to generalize the findings to the Kenyan context. Thus, owing to the fragmented nature of most studies, there is a need for a more focused perspective of; what is the effect of change management initiatives and post-acquisition performance of National Bank of Kenya?

1.3 Research Objectives

The objectives of this study are:-

i. To establish the post-acquisition change management initiatives implemented by the National Bank of Kenya.

ii. To determine the effect of change management initiatives on post-acquisition performance of National Bank of Kenya.

1.4 Value of the Study

The foremost importance of this study applies to NBK and KCB bank leadership who may use the study outcomes and inferences to evaluate how change management initiatives influenced NBK performance after acquisition. The study findings will aid the management of banking entities to evaluate the factors to leverage on when formulating change management strategies thus enhancing performance after mergers and acquisitions and consequently, shareholders' wealth. Understanding the impact of change management initiatives and post-acquisition performance will be paramount to the Kenyan banking industry and its stakeholders as it relates to the sustainability of the industry, improve customer confidence and ultimately increase the sector revenue.

The study findings will also provide policymakers with a basis for formulating policies to alleviate post-acquisition failures and poor performance in the financial sector and to recommend measures to enhance performance after acquisitions and mergers in the banking sector. The regulatory authority, the CBK, the treasury and policymakers would obtain essential links on the effects of change management initiatives and banking sector performance after acquisitions.

This study shall provide academicians and researchers with a useful basis for future research on change management initiatives and post-acquisition performance. This study shall supplement the obtainable theoretical evidence on Lewin's change model and Kotter's change management model. Further, the findings can be used as a reference for researchers to investigate change management initiatives and post-acquisition performance in the banking sector. Further, researchers interested in investigating the interrelationship between the variables would benefit from the study methodology and data collection techniques.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section brings out the theoretical basis of the research, including Lewin's change model and Kotter's change management model. The chapter also discusses various change management initiatives, the interrelationship between change management and performance, a review of past studies under the empirical studies and the gaps arising from the reviewed studies.

2.2 Theoretical Review

This study focused on two widely used models of change management models, including Lewin's three-step change model and Kotter's eight-step change model.

2.2.1 Lewin's Change Model

Lewin (1951) conceptualized the Three Stage Model of Change (Lewin model) which recognized who recognized the three stages of change, namely, unfreeze, change, and re-freeze. Based on the theory, the first step of behavior change process is to unfreeze the prevailing situation or existing state of affairs. Unfreezing is essential to ease the stress of resistance and to enhance team support. The model's second step on behavior change entails movement. In the second step, it is essential to change the targeted structure to the new equilibrium. With the change of roles, a state of reduced effectiveness is formed, where the goals are significantly reduced. The goal at this phase is to prepare individuals for the refreezing phase and retain them (Quaicoo, 2021). The final step in model is referred as refreezing. This step is undertaken after executing change to ensure its sustainable or to last in the long run. It remains possible that change can be short-lived, and employees might return to the status quo if this step is ignored (Jalagat, 2016).

Lewin conceptualizes change as a transition from present-day practice to future practice to counteract emerging environmental incentives (Jordan, 2019). The main criticisms against this model are that, first, it is one-sided, and second, there are concerns that the need for re-freezing does not lead to the creation of a culture of constant change. As a simple model, it does not fully capture the change dynamics, which is often significantly more complex than the proposed model. The second criticism is important because many argue that the rate of change, especially in technology, has accelerated significantly since the 1950s. Other critics have termed the three-step theory as a linear model for stationary change (Kamugisha, 2013).

Lewin's three-stage change model remains a widely used model of managing change by many researchers, as it offers a simple and continuous method of change at any organization level (Jordan, 2019). This model focuses on understanding how a group behaves and argues that the way people behave varies across groups (Quaicoo, 2021). This model makes available a valued background for explaining how organizational change process and staff can participate in the different phases. Thus, in this study this model illustrates the factors that inhibit and promote change. Particularly, the various change management initiatives, which support change and supports that change occurs when the collective force of one force is exceeds the sum of the set of opposing forces.

2.2.2 Kotter’s Change Management Model

Kotter (1995) conceptualized this model to be used at the organization’s strategic level to transforms its vision and then reorganize the organization. Kotter suggests eight steps to successful change. The first step aids in creating a sense of urgency by examining competitive and market and realities, ascertaining and deliberating crises, possible cases or major prospects; the second step supports the formation of a strong leadership coalition by assembling a team that is strong enough to spearhead the change effort and empowering the group to team up. The third phase supports the designing of a vision that shall help guide change efforts by developing plans for the vision realization; the fourth step encourages communication of the vision, uses all potential means to convey new visions and approaches and teaches new behavior through leadership coalitions (Rajan & Ganesan, 2017).

Further, step five promotes the empowerment of employees to work on the organization vision by eliminating barriers to change and changing the structures and systems undermining the vision. The sixth stage encourages drafting and creating short-term gains by improvements, recognition and rewarding staff who initiated the developments. Step seven encourages amalgamating innovation and creating even greater change through building credibility to change systems, structures and policies, recruiting, motivating, and developing capable employees to realize this vision. Finally, the eighth step supports the institutionalization of new approaches by creating the link between the new behavior and firm success (Quaicoo, 2021).

Critics of this theory argue that organizational change is a highly flexible process that affects several components that need to be strategically influenced, rather than just following a phase/step approach. Additionally, not all stages are consecutive; in fact, you can go back from one and increase the previous stage or vice versa. Every change is different; thus following the phase/step pattern does not always lead to successful outcomes

(Olajide, 2014). Implemented and enforced by the management, this model makes available a systematic model under which leaders can normalize organizational change management process (Jordan, 2019). Kotter's model is relevant in this study as it is a basic model that helps organizations to implement change and may be best suited for most as significant changes may be required for different parts of the organization and how it works and a systematic approach would be advantageous.

2.3 Change Management Initiatives

Change management initiatives denote the process of constantly renewing an entity's capabilities, direction and structure to address the dynamic operating and external need of their clients (Isa, 2007). Change management initiatives vary between organizations. Conceptually, several change management initiatives that have largely been discussed in the literature, such as shared vision of change, culture, leadership, organization structure, upline support, communication, reward system, training, participation, feedback and performance appraisal (Isa, 2007). This study will focus on leadership, communication, up line support, employees and stakeholders' participation, training, and feedback as the key change management initiatives.

Leadership is crucial to the management of demoralized employees since a bad leader can make the situation worse. Leaders must truly embrace new strategies, tasks, roles, and responsibilities in managing an organization undergoing change. Leaders must have a tactical plan that takes into account severance packages, outplacement service, dealing with survivor syndrome and staff transfers to other sections (Fusch et al., 2020). Leading the workforce to embrace change is essential to the realization of any corporate change program (Peus et al., 2009). To realize effective teamwork, a leader must foster a positive culture among workforce since it will create an environment where staff trust in each other and reduce interfering with their job performance (Anamallah & Hashim, 2018).

Communication is an essential component of change initiatives success, mostly by minimizing uncertainty, reducing resistance, and gaining commitment and involvement to change process, which then enhances employee retention and morale (Isa, Cheng & Yunus, 2011). Constant and effective communication is key to success of change and plays an important part in creating readiness for change, reducing change resistance, and changing the interest of individuals. The objectives of the communication process include sharing the strategy, change program vision, scope, and the desired future state to all pertinent stakeholders (Errida & Lotfi, 2021). Effective workplace communication improves employee performance by increasing job satisfaction, personal sense of accomplishment, and enhancing their productivity (Kansal & Chandani, 2014).

Upline support, like supervisory support is deemed an important factor to any organization success as its helps in enhancing the level of job satisfaction of employees (Isa, Cheng & Yunus, 2011). Gaining the support of frontline managers is important because line managers have a greater influence on motivating employees to change than others. Therefore, gaining support of supervisors is essential to building change leadership as group or individual coaching by supervisors is often needed to facilitate buy-in (Khatoon & Farooq, 2016). Through upline support, supervisors give important instructions to employees so that they clearly understand their responsibilities. Top leadership ought to exercise an active and clear collaboration to ensure successful management of change (Rajan & Ganesan, 2017).

Change initiatives require substantial commitment and involvement of all stakeholders, including managers, employees and supervisors. Involving employees and stakeholders in the process of managing change is critical to reducing barriers and resistance to change. It also creates a sense of ownership (Ahmed et al., 2006). In addition, involvement of different stakeholders in the change initiatives adopted by an entity is a critical success element (Kansal & Chandani, 2014). Employee involvement, addressing staff concerns, and provision of support helps to reduce the impact of resisting the change and enhances success in change implementation (Ahmed et al., 2006). In addition, change agents should be greatly motivated, as they must motivate stakeholders and individuals to implement change projects successfully (Errida & Lotfi, 2021).

Training and development are key components of the change implementation process that aids in building of skill, knowledge, attitude and behavior necessary for the change process (Isa, 2007). Change resistance usually occurs in most organizations when they fail to provide appropriate change management training to its employees. Training is considered a vital element of the success of the change procedure since training helps the organization prepare for change by aiding the management communicate the significance of the change initiatives to staff, reshaping employee behaviors and attitudes that make them a regular part of organizational practice and culture (Isa, Cheng & Yunus, 2011). Employees should clearly understand how organizational change benefits them personally in their job functions (Quaicoo, 2021).

Feedback is important as it motivates and guides, reinforces effective behavior, and prevents ineffective behavior, so it can serve many useful functions for managing change (Kimhi & Oliel, 2019). A significant approach for companies to build impetus for change initiatives is to set clear feedback standards for desired outcomes and then openly document the progress all through the organization's transformation (Quaicoo, 2021). An organization must create a clear feedback path to evaluate the success of the change initiatives relative to past performance. Studies show that organizations that use feedback mechanisms to evaluate the change progress implements change more efficaciously than those that fail to. In different cases, employees who perform well or exceed expectations get positive feedback, while employees who perform differently get negative feedback (Isa, Cheng & Yunus, 2011).

2.4 Change Management Initiative and Post-Acquisition Performance

Change management initiatives often involve the introduction of different procedures; ways of doing things and new people that directly affects an organization's performance. Successful management of change centers on understanding the possible effects of the change initiatives on an entity performance (Olajide, 2014). Change initiatives should swiftly lead to implementation of programs that lead to a greater performance level envisioned in the decision to acquire another entity (Isa, Cheng & Yunus, 2011). Organizational learning literature suggests that companies usually improve their post-acquisition performance when they should choose the right mix of change management initiatives (Evran, 2014).

Researchers suggest that several aspects of change dynamics among organization during acquisitions contribute positively to post-acquisition performance. The key elements of successful management of organization change are critical factors in performance of an entity following an acquisition (Jordan, 2019). Acquisitions represent substantial change of the organization programs since organizational integration is a post-acquisition performance. Organizational actors can experience a range of negative emotions during an acquisition, such as stress, loss of identity, fear of losing jobs, stress and other work-related uncertainties, which may negatively affect their productivity (Jordan, 2019). Effectively managing change within an organization can also take a long time, resulting in costs and production costs (Olajide, 2014).

2.6 Empirical Studies and Gaps

Several studies have been done on change management and organizational performance in the past with various gaps being documented. Little studies have examined how organizational change management influences post acquisition performance particularly regarding mergers and acquisitions. For instance, Sanjaghi (2013) using questionnaires to collect data from 130 respondents studied the link between change capacity and corporate performance. The study documented a significant and positive interrelationship between change capacity and profitability though the study focused on technology firms and used a regression model for data analysis thus contextual and methodological gaps. In Nigeria, Olajide (2014) examined change management and organization performance and documented a significant interrelationship though the study's context was telecommunication firms and methodologically a questionnaire was used for data collection.

Further, several studies have also been undertaken within the public sector as opposed to the banking sector. For instance, Alhmeidiyeen (2015) examined change management dimensions (leadership, changing culture, employee engagement and technology) and firm performance and documented a positive link between leadership, technology dimensions, change culture and employee participation on municipality productivity. In Kenya, Koitie

(2015) also examined change management practices and Kenyan Constitutional Commissions performance and documented a positive interrelationship between effective strategic and performance. Njue and Ongoto (2018) also explored how strategic management practices affects change implementation in the Kenyan public universities and documented a positive and significant interrelationship between strategic driver and implementation of change.

Other studies were also undertaken in the manufacturing sector were various contextual and methodological gaps were highlighted. These studies also did not capture the aspect of post-acquisition performance as the sampled entities had not been acquired. Khatoon and Farooq (2016) for instance examined change management and organizational performance using Structural Equation Modeling and documented a positive link between the aspects of change on performance. Kegoro, Akoyo and Otieno (2020) also examined change management and performance of sugar manufacturing corporations in Kenya and revealed a positive significant interaction between managing change and corporate performance.

Further, in the NGO sector, Mudanya (2018) examined how change management practices affects ERP implementation at the United Nations Office in Nairobi. Using the correlation and regression techniques, the study documented a significant interrelation between management of change and ERP implementation. In Serbia, Babić, Domanović and Savović (2014) also examined whether transformational leadership affects post-acquisition performance using exploratory factor analysis and documented that stimulating and inspiring employees had an indirect effect on performance after acquisition though the study focused on transformational leadership and did not incorporate change management as a variable.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The methodology of a study concerns a logical theoretical approach a study aims to employ. This chapter therefore contains the study design, data collection and analysis.

3.2 Research Design

This study adopted a case study research design. Case study designs are particularly useful when the data gathered for a specific study focuses on examining individual distinctiveness or unique differences between circumstances and an alternative (Bryman, 2015). Case studies are desirable where researchers choose to understand a situation to a large extent and where researchers find cases with rich information that can be fully gathered about the phenomenon. This design is suitable because the study requires precise exploring the effects of change management initiatives on post-acquisition performance of the National bank of Kenya.

3.3 Data Collection

This study used primary data, which was obtained through an interview guide. The data was collected from the senior management team members namely; the director in charge of finance, director in charge of credit and risk, corporate banking director, retail banking director, marketing and corporate affairs director. These individuals are deemed as the most suitable persons to provide the information as they participate in decision making and they were able to give information regarding their respective departmental functions and change initiatives have been implemented in the respective departments.

3.4 Data Analysis

In qualitative research, where data is collected through the interview guide, thematic analysis is often used to analyze the data (Yin, 2018). Thematic analysis entails the identification of themes and patterns in study data. It starts with collection of data and continues through the entire process of data transcription, analysis, and interpretation. Thus, through thematic analysis, the generated responses were categorized based on the identified research topics and objectives.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This study's objectives were to establish the post-acquisition change management initiatives implemented by the NBK and to determine the effect of change management initiatives on post-acquisition performance of NBK. This chapter thus present the study results from the analyzed data. Specifically, the chapter presents findings on the respondents' profile under section 4.2, change management initiatives under section 4.3, post-acquisition performance under section 4.4 and the findings discussion under section 4.5.

4.2 Respondents Profile

The study targeted six senior managers at NBK who included the director in charge of finance, director in charge of credit, director in charge of risk, corporate banking director, retail banking director, marketing and corporate affairs director. These individuals were deemed the best as the most suitable persons to provide the information as they participate in decision making and they were able to give information regarding their respective departmental functions and change initiatives have been implemented in the respective departments. The study managed to gather data from the six respondents hence a 100% response rate.

From the findings, 4(67%) of the respondents were male while 2(33%) were female which implies that the findings were not biased towards gender as both genders were presented. The findings on the period worked indicated that 4(67%) of the respondents had worked in the financial sector for more than 20 years while 2(33%) had worked for a period 15 years. This implies that the respondents were versed with the operations of the banking sector hence they had credible information on the banking sector. Further, the findings indicated that all the respondents were senior managers running they key sections of the bank hence they understood the bank's operations and activities.

4.3 Change Management Initiatives

This section sought to determine the post-acquisition change management initiatives implemented by the NBK. The respondents indicated the bank had adopted various change management initiatives to stabilize the bank and ensure good performance. The main initiatives included leadership changes from the head office, department and in branches, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support, up line support of junior employees and incorporation of their concerns. Other initiatives undertaken by the bank included review of rewards and performance appraisal, operations and processes restructuring, revamping of products and services, seeking customer support and feedback, realignment of NBKs vision with that of the KCB group. All the respondents indicated that to ensure the success of the change management initiatives every element there should be effective communication as communication is the precursor to all other change management initiatives followed by leadership, employee support and training and stakeholders' involvement.

The respondents indicated that to ensure successful post-acquisition change management the bank had adopted different leadership styles and initiatives. The adopted leadership styles included transformational leadership, transactional leadership, participatory and democratic styles of leadership. The respondents indicated that the transformation leadership style was the most effective and preferred as the bank's key strategy was to involve and encourage bank employees and stakeholders to accept change and to stick with a common vision and goals for bank as well as challenging them to become creative through support, supervision and training. According to the respondents, the employees were also allowed to participate in the change process in a democratic process thus the democratic style of leadership played a key role towards change management while transactional leadership was partially adopted through rewards management and review of performance appraisal.

The respondents were further asked to indicate the strategies that the bank had adopted to communicate post acquisition change management initiatives. According to the respondents, the management had developed an effective and clear communication strategy that detailed the change management plan, the communication structure and frequency, the change execution process and the required change management efforts. The respondents also indicated that the bank adopted the top down communication, which the management communicated the various departmental heads all the way down to the branch level as well as the bottom up communication approach, which mainly entailed obtaining feedback from junior employees of the various challenges they faced during the change process.

The respondents were further asked to indicate the strategies that the bank used to get support of frontline mangers and whether up line support was an effective post acquisition change management initiative. According to the respondents, branch managers as well as other managers at the branch level were actively involved and trained on change management, diagnosing change resistance, assessments, feedback and different ways to deal with resistance to chance. The bank also gave the frontline managers a chance to set their own target in line with bank's overall goals and objective and ensure continuous support during the change period. Further, an onboarding process was developed, and frequent meetings were held with the frontline managers to obtain their views, to communicate new changes, and to provide new guiding principles. The respondents indicated that up line support was key during the transition period since gaining the support of frontline managers was important as they have a greater influence on motivating employees to change than others

Further, the respondents were asked whether employees and other stakeholders were involved during the post-acquisition transition and the extent in which their involvement reduced resistance to change. The respondents indicate that all employees and various stakeholders were actively engaged during the transition process. According to the respondents, employees were largely involved in the change planning process and training on handling change. In addition, their support was sought, the effect of the change on their jobs was effectively communicated, and their feedback was sought and incorporated. The organization ensured that none of its employees was left out during the change. The key stakeholders' that were included government and regulatory agencies, shareholders, creditors among other who were largely involved by the KCB group. Involvement of employees played a key role towards change resistance as most employees felt that they were part of the change process, there were views, and opinions had been incorporated.

In addition, the respondents were asked to indicate whether NBK undertook employee training and development programs during the transition process and to what extent did the training affect post acquisition change management. The respondents agreed that the bank undertook change management training for all its employees with the training focusing on the need and the aim for the change, communication strategies during the transition process, employee roles and responsibilities and how to handle and manage post change related stress. According to the interviewees, training was key as it helped employees to understand the change process, encouraged belongingness among the employees and promoted employee engagement, which were key in reducing employees' resistance to change.

The respondents were further asked whether NBK initiated feedback paths to evaluate the success of the change initiatives and how effective were the feedback strategies during change management. The respondents' indicated that the bank initiated several feedback initiatives and strategies to measure behaviour, attitudes and to identify areas that required improvement during the change process. A feedback path was developed for employees, branch level managers, senior managers as well as the top managers to provide both and positive and negative feedback. The respondents indicated that positive feedback was recognized and appreciated while any negative feedback was deliberated on and corrective action taken. The bank also made it easy for employees to provide feedback, to ask questions and communicated the appropriate actions after deliberations.

Additionally, the interviewees were asked to indicate the extent change management initiatives affected NBK post acquisition performance. The respondents agreed that change management initiatives largely affected the post-acquisition performance of NBK. According to the interviewees, NBK recorded an increase in revenues, reduction of non-performing loans as well as an increase in employee morale and motivation. The respondents' indicated that customer complaints greatly reduced, and the bank was able to regain the customer confidence that had been lost. Further, the bank recorded improvement in its capital and liquidity requirements and has been able to meet all the regulatory due to the effective adoption of post-change management initiatives.

Lastly, the interviewees were asked to indicate the benefits of implementing post acquisition change management initiatives in the banking sector. The respondent indicated that one of the major benefits of implementing post change management practices was reduction of change resistance among employees experienced during acquisitions and merger. According to the respondents, implementing post acquisition change management initiatives increases employees and organizational productivity, reduces employee stress, improves communication and decision-making. Further, the respondents indicated that successful of implementation of post-acquisition change management initiatives in the banking sector leads to increased revenue, maximizes efficiency, increases profits, creates customer satisfaction, improves employee morale, and enhanced quality excellence.

4.4 Post Acquisition Performance

The respondents were asked to rate their bank's performance after acquisition by KCB Group in terms of investment returns, profitability growth, liquidity, capital adequacy, interest growth and reduction of non-performing loans. The respondents indicated that the bank recorded a slight reduction in non-performing loans but recorded an improvement in the amount of loans and advances. The respondents indicated that the organization also recorded a growth in interest revenue as well as non-interest income, which translated to increased performance and returns on investments. In terms of regulatory requirement, the respondents' indicated that the bank had increased it liquidity levels as well as capital requirements. The respondents were optimistic that the bank would record an improvement with time and being among the best performing Kenyan banks.

The interviewees were further asked to rate their bank's performance in terms of meeting customer needs, customer satisfaction, reduction of customer complaints and competitiveness after acquisition by KCB Group. The respondents' indicated that the bank had a recorded a reduction in number of complaints, which indicated that the bank was addressing customer concerns effectively. According to the respondents' the bank had reinvented its customer service model and had adopted a customer centric approach to meet customer needs and ensure they are satisfied with their services. In terms of competitiveness, the respondents indicated that the bank had gained some competitiveness and synergy associated with mergers and acquisitions after being acquired by KCB.

The respondents were also asked to rate the bank's performance in terms of employee development, training, employee growth and output and top management output after acquisition by KCB group. The respondents' indicated that employee morale, productivity and motivation had greatly improved after the acquisition. To ensure successful post acquisition integration, the bank initiated and undertook various employee training and development programs which were key towards employee growth and enhanced their input as well as their output. The respondents were also optimistic that the bank would be able to increase the number of employees once the integration and transition phase is completed.

4.5 Discussion of the Findings

The study revealed that the main change management initiatives by the bank included leadership changes, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support, up line support of junior employees and incorporation of their concerns. In addition, the study found that to ensure the success of the change management initiatives every element was effectively communication that communication was the precursor to all other change management initiatives followed by leadership, employee support and training and stakeholders' involvement. According to Isa, Cheng and Yunus (2011) communication is an essential component of change initiatives success, mostly by minimizing uncertainty, reducing resistance, and gaining commitment and involvement to change process, which then enhances employee retention and morale.

The findings revealed that the bank adopted different leadership styles included transformational leadership, transactional leadership, participatory and democratic styles of leadership and that to ensure successful post-acquisition change management an organization can adopt different leadership styles and initiatives. The study also documented that style of leadership plays a key role towards change management. Anamallah and Hashim (2018) supports that to realize effective teamwork, a leader must foster a positive culture among workforce since it will create an environment where staff trust in each other and reduce interfering with their job performance.

The study further documented that the management developed an effective and clear communication strategy that detailed the change management plan, the communication structure and frequency, the change execution process and the required change management efforts. Kansal and Chandani (2014) documents that effective workplace communication improves employee performance by increasing job satisfaction, personal sense of accomplishment, and enhancing their productivity. Errida and Lotfi (2021) indicates that constant and effective communication is key to success of change and plays an important part in creating readiness for change, reducing change resistance, and changing the interest of individuals.

The findings revealed that up line support was key during the transition period since gaining the support of frontline managers is important as they have a greater influence on motivating employees to change than others. Isa, Cheng and Yunus (2011) supports that upline support is an important factor to any organization success as its helps in enhancing the level of job satisfaction of employees. Khatoon and Farooq, (2016) indicates that gaining support of supervisors is essential to building change leadership as group or individual coaching by supervisors is often needed to facilitate buy-in.

The study results further indicated that involvement of employees played a key role towards change resistance as most employees felt that they were part of the change process, there were views, and opinions had been incorporated. Ahmed et al. (2006) posits that employee involvement, addressing staff concerns, and provision of support helps to reduce the impact of resisting the change and enhances success in change implementation. According to Kansal and Chandani (2014), involvement of different stakeholders in the change initiatives adopted by an entity is a critical success element. Errida and Lotfi (2021) posit that involving employees and stakeholders in the process of managing change is critical to reducing barriers and resistance to change and creates a sense of ownership.

According to the findings, training was key as it helped employees to understand the change process, encouraged belongingness among the employees and promoted employee engagement, which were key in reducing employees' resistance to change. Isa, Cheng and Yunus (2011) supports that training is a vital element of the success of the change procedure since training helps the organization prepare for change by aiding the management communicate the significance of the change initiatives to staff, reshaping employee behaviors and attitudes that make them a regular part of organizational practice and culture.

In addition, the results revealed that positive feedback was recognized and appreciated while any negative feedback was deliberated on and corrective action taken. The bank also made it easy for employees to provide feedback, to ask questions and communicated the appropriate actions after deliberations. According to Isa, Cheng and Yunus (2011) organizations that use feedback mechanisms to evaluate the change progress implements change more efficaciously than those that fail to. In different cases, employees who perform well or exceed expectations get positive feedback, while employees who perform differently get negative feedback.

Further, the findings revealed that change management initiatives largely affected the post-acquisition performance and NBK recorded an increase in revenues, reduction of non-performing loans as well as an increase in employee morale and motivation. Further, the bank recorded improvement in its capital and liquidity requirements and has been able to meet all the regulatory due to the effective adoption of post-change management initiatives. Jalagat (2016) support that to survive, to succeed and to continue being competitive in today's ever-changing and ever-evolving operating environment, a company must manage change effectively. A study by Olajide (2014) examined change management and organization performance and documented significant interrelationship. Alhmeidiyeen (2015) documented a positive link between leadership, technology dimensions, change culture and employee participation on municipality productivity.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section includes a summary of the study findings in addition to the conclusions and recommendations. The chapter in addition depicts the research's limitations and recommendations for future study.

5.2 Summary of the Findings

This study sought to determine the effect of change management initiatives on post-acquisition performance of National Bank of Kenya. The study was guided by the Lewin's change model and the Kotter's change management model. This study adopted a case study research design and used primary data, which was obtained through an interview guide. The data was collected from the senior management team members namely; the director in charge of finance, director in charge of credit and risk, corporate banking director, retail banking director, marketing and corporate affairs director. Thematic analysis was used analyze the data were the generated responses were categorized based on the identified research topics and objectives.

The study revealed that the main initiatives included various leadership changes in the head office, department and in branches, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support, up line support of junior employees and incorporation of their concerns. In addition, the study found that to ensure the success of the change management initiatives every element should be effectively communicated that communication was the precursor to all other change management initiatives followed by leadership, employee support and training and stakeholders' involvement. The findings further revealed that the transformational leadership style was the largely preferred leadership style and that the bank management had developed an effective and clear communication strategy that detailed the change management plan.

The study results established that up line support was key during the transition period since gaining the support of frontline managers were important as they have a greater influence on motivating employees to change than others. The results documented that involvement of employees played a key role towards change resistance as most employees felt that they were part of the change process, there were views, and opinions had been incorporated. The findings also revealed that training was key as it helped employees to understand the change process, encouraged belongingness among the employees and promoted employee engagement, which were key in reducing employees' resistance to change. The results further revealed that the bank initiated several feedback initiatives and strategies to measure behaviour, attitudes and to identify areas that required improvement during the change process.

The findings further indicated that change management initiatives largely affected the post-acquisition performance as NBK recorded an increase in revenues, reduction of non-performing loans as well as an increase in employee morale and motivation. In addition, the finding documented that change management initiatives greatly led to reduction in customer complaints, the bank was able to regain lost customer confidence, and had recorded improvement in its capital and liquidity requirements and has been able to meet all the regulatory due to the effective adoption of post-change management initiatives.

Further, the results indicated that successful implementation of post-acquisition change management initiatives in the banking sector leads to increased revenue, maximizes efficiency, increases profits, creates customer satisfaction, improves employee morale, and enhanced quality excellence.

5.3 Conclusions

This study's first objective was to establish the post-acquisition change management initiatives implemented by the National Bank of Kenya. The findings indicated that effective communication was the key change management initiative and was the precursor to the other change management initiatives followed by leadership, employee support and training and stakeholders' involvement, up line support of junior employees and incorporation of their concerns. This study therefore concluded that communication is the key change management initiative, which supports other change management initiatives including leadership styles, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support.

The study second objective was to determine the effect of change management initiatives on post-acquisition performance of National Bank of Kenya. The findings revealed that change management initiatives largely affected the post-acquisition performance as NBK recorded an increase in revenues, reduction of non-performing loans, customer complaints had greatly reduced and the bank recorded improvement in its capital and liquidity requirements. This study thus concludes that change management initiatives largely affected NBK post-acquisition performance in terms of investment returns, profitability growth, liquidity, capital adequacy, reduction of non-performing loans, customer satisfaction, and reduction of customer complaints, competitiveness, employee development, employee growth and productivity after acquisition by KCB group.

5.4 Recommendations

This study concluded that communication was the key change management initiative that support other change management initiatives including leadership styles, employee involvement and participation, employee training and feedback, seeking employees and stakeholders' support. As per this finding, this study recommends that the management of the National Bank of Kenya should develop a clear and effective change management communication strategy to support other change management initiatives. This is because without proper and effective communication good leadership styles, upline support, employee and stakeholder involvement, training and feedback change initiatives will not yield the best post-acquisition change.

Secondly, the study concluded that that change management initiatives largely affected NBK post-acquisition performance in financial, non-financial and employee performance. This study therefore recommends that the management of the National Bank of Kenya should continuously review its change management initiatives to align them with the organizations core goals and objectives and enhance its performance in terms of profitability, liquidity, capital adequacy, customer satisfaction, competitiveness, employee growth and productivity.

5.5 Limitations of the Study

This study's context was the National Bank of Kenya, hence, the research was limited to a single banking institution in Kenya. Therefore, care should be taken when generalizing the outcomes to other commercial banks as their operations, change management initiatives and performance may differ significantly. Further, the findings may not be replicated to entities in the entire financial sector such as SACCOs and insurance entities since they may have varying change management initiatives and they have not been acquired or engaged in a merger.

This study collected data from six interviewees, which included the director in charge of finance, director in charge of credit and risk, corporate banking director, retail banking director, marketing and corporate affairs director. This indicates the study did not collect data from all respondents in charge of change management at the National Bank of Kenya. The findings therefore are based on the interviewed respondents. The study also used a case study approach that entails an in-depth examination of an entity to obtain specific responses. However, a case study lacks scientific rigor and provides little basis for generalization of results to the wider population.

5.6 Suggestions for Further Research

This study's context was the National Bank of Kenya, which restricted the scope and the generalization of the findings to the study context. However, several other banking institutions in Kenya have been acquired while other have engaged in mergers to achieve synergy and enhance their competitiveness. Thus, a similar study can be undertaken can be replicated across other financial institutions in Kenya to determine whether change management initiatives influences post-acquisition performance.

This study used interviews to collect data from six respondents who comprised of the director in charge of finance, director in charge of credit and risk, corporate banking director, retail banking director, marketing and corporate affairs director. Interviews however collect qualitative data from few individuals within an organization and fail to incorporate the view of low cadre employees who are part of the organization. The study therefore recommends a similar study, which can be undertaken using questionnaires to collect data from all respondents within the targeted population.

REFERENCES

Ahmed, Z., Zbib, I., Arokiasamy, S., Ramayah, T., & Chiun, L. M. (2006). Resistance to change and ERP implementation success: The moderating role of change management initiatives. *Asian Academy of Management Journal,* 11(2), 1-17.

Alhmeidiyeen, N. A. N. M. S. (2015). Impact of change management dimensions on performance criteria at Greater Amman Municipality. *European Journal of Business and Management,* 7(12), 185-195.

Alrumaih, S. (2017). The impact of change management in enhancing the effectiveness of companies' performance. *European Journal of Business and Management,* 9(9), 82-85.

Anamallah, R. N., & Hashim, N. (2018). A review on the effectiveness of change management in organization. *Journal of Information and Knowledge Management*, 8(2), 1-12.

Azila, E. M., Danku, L. S., & Apreko, A. A. (2013). Post-acquisition change management: An experience of employees of Ghanaian Telecommunication Company. *International Journal of Asian Social Science,* 3(12), 2441-2454.

Babić, V. M., Savović, S. D., & Domanović, V. M. (2014). Transformational leadership and post-acquisition performance in transitional economies. *Journal of Organizational Change Management,* 27 (6), 856 – 876.

Errida, A., & Lotfi, B. (2021). The determinants of organizational change management success: Literature review and case study. *International Journal of Engineering Business Management,* 13, 18479790211016273.

Evran, M. (2014). The influence of acquisition experience and post-acquisition strategies on the performance of emerging market acquirers: Empirical Evidence from Turkey. *Doctoral Dissertation*, Queen Mary University of London.

Fusch, G. E., Ness, L. R., Booker, J. M., & Fusch, P. (2020). People and process: Successful change management initiatives. *Journal of Social Change*, 12(1), 166-184.

Gathaiya, R. N. (2017). Analysis of issues affecting collapsed banks in Kenya from year 2015 to 2016. *International Journal of Management and Business Studies*, 7(3), 9-15.

Isa, F. M. (2007). Change management initiatives and change success in direct selling industry: The moderating effect of attitude towards change. D*issertation*, Universiti Sains Malaysia.

Isa, F., Cheng, W. H., & Yunus, J. (2011). Change management initiatives and job satisfaction among salespersons in Malaysian direct selling industry. *Asian Journal of Business and Management Sciences*, 1(7), 106-121.

Jalagat, R. (2016). The impact of change and change management in achieving corporate goals and objectives. *International Journal of Science and Research,* 5(11), 1233-1239.

Jordan, M. J. (2019). Mergers and acquisitions: Organizational integration strategies. *Unpublished Thesis*, Walden University.

Kamugisha, S. (2013). The effects of change management in an organization. *Wyno Journal of Management & Business Studies*, 1(1), 1-18.

Kang, E., Nantharath, P., & Hwang, H. J. (2020). The strategic process of merger and acquisition (M&A) market using integrating change management. *Journal of Distribution Science*, 18(6), 57-62.

Kansal, S., & Chandani, A. (2014). Effective management of change during merger and acquisition. *Procedia Economics and Finance*, 11, 208-217.

Kegoro, H. O., Akoyo, S. I., & Otieno, D. A. (2020). Change management on performance of sugar manufacturing firms. *Journal of Human Resource & Leadership*, 4(1), 1-9.

Khatoon, S., & Farooq, A. (2016). Impact of organizational change on organizational Performance. *Global Journal of Management and Business Research*, 14(1), 1-13.

Kibui, P. N., Muriithi, S. & Mbebe, J. (2020). Analysis of factors influencing banks' customer loyalty. *Journal of Human Resource and Business Administration*, 3(6), 394-413.

Kimhi, S., & Oliel, Y. (2019). Change management and organizational performance in selected manufacturing companies in Anambra state, Nigeria. *The International Journal of Social Sciences and Humanities Invention*, 6(05), 5437-5445.

Koitie, E. J. (2015). Strategic change management practices and the performance of constitutional commissions in Kenya. *Unpublished MBA Project*, University of Nairobi.

Kotter, J. P. (1995). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review*, 73, 59-67.

Krishnan, H. A., Hitt, M. A., & Park, D. (2007). Acquisition premiums, subsequent workforce reductions and post-acquisition performance. *Journal of Management Studies*, 44(5), 709-732.

Lewin K. (1947a). Frontiers in group dynamics: Concept, method and reality in social science; social equilibria and social change. *Human Relations*, 1, 5-41.

Lin, L. H., Ho, Y. L., & Lin, W. H. E. (2015). Post-acquisition performance: Contingency of acquisition strategy. *Procedia-Social and Behavioral Sciences*, 207, 59-69.

Mudanya, F. I. (2018). The effect of change management practices on the implementation of ERP at the United Nations Office, Nairobi. *Unpublished MBA Project*, PAC University.

Mujuka, D. A. (2018). Factors affecting financial performance of banks in Kenya. *International Journal of Academics & Research- Business & Management Journal*, 1(1), 20-37.

Mukira, T. G. (2018). Sustainable competitive advantage and performance of National Bank of Kenya Limited. *Unpublished MBA Project*, University of Nairobi.

Njue, C. M. & Ongoto, H. K. (2018). Strategic management practices and change implementation in selected public universities in Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(4), 124-149.

Ntongai, D. (2020). Organization culture, strategy operationalization and performance of commercial banks in Kenya. *Unpublished Doctoral dissertation*, KeMU.

Oganda, J. A., Mogwambo, V, A., & Otieno, S. (2019). Effect of non-performing loans on performance of commercial banks in Kenya: A comparative study between

National Bank Kenya Limited and Equity Bank Kenya limited. *The Strategic Journal of Business & Change Management*, 6 (2), 2430-2443.

Olajide, O. T. (2014). Change management and its effects on organizational performance of Nigerian telecoms industries: Empirical Insight from Airtel Nigeria. *International Journal of Humanities Social Sciences and Education,* 1(11), 170-179.

Oyier, L. A. (2016). Effect of change management strategies on the performance of Kenya Revenue Authority. *Unpublished MBA Project,* University of Nairobi.

Papadakis, V. & Thanos, I. C. (2010). Measuring the performance of acquisitions: An empirical investigation using multiple criteria. *British Journal of Management,* 21(4), 859-873.

Peus, C., Frey, D., Gerkhardt, M., Fischer, P., & Traut-Mattausch, E. (2009). Leading and managing organizational change initiatives. *Management revue*, 158-175.

Quaicoo, J. B. (2021). *Change management in the banking industry: The case of Ecobank Ghana Limited.* University of Wales Trinity Saint David (United Kingdom).

Rajan, R. & Ganesan, R. (2017). Critical analysis of John Kotter's change management framework. *Asian Journal of Research in Business Economics and Management*, 7(7), 181-203.

Sanjaghi, M. E. (2013). Organizational change capacity and organizational performance. *Journal of Knowledge-based Innovation in China*, 5(3), 188-212.

Savović, S., & Babić, V. (2021). Impact of behaviour factors on acquisition performance: mediating role of speed of post-acquisition change. *Journal of Organizational Change Management*, 34(5), 929-956.

Savović, S. (2016). The post-acquisition performance of acquired companies: Evidence from the Republic of Serbia. *Economic Annals*, 61(209), 79-104.

Sirower, M. L., & O'Byrne, S. F. (1998). The measurement of post-acquisition performance. *Journal of Applied Corporate Finance*, 11(2), 107-121.

Tayari, A. & Mutinda, B. (2019). Change management practices and organizational performance: A survey of commercial banks in Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(7), 346-362.

Vasilaki, A. (2011). A critique of measuring post-acquisition performance. *Unpublished manuscript*, IESEG School of Management, France.

APPENDICES

Appendix I: Interview Guide

Section A: Background Information

1. Gender of the Respondent____
2. Number of years' experience in the banking sector__________________________________
3. Position of the respondent ____

Section B: Change Management Initiatives

4. Which were the key change management initiatives adopted by NBK, and which of these were most effective for post-acquisition transition and management?
5. Which leadership strategies and initiatives did NBK employ post acquisition to ensure successful change management and which strategy was the most effective?
6. How did the bank undertake communication post acquisition?
7. What strategies did the organization employ to gain support of frontline managers and how effective was up line support during change management post acquisition?
8. Were employees and other stakeholders involved during the post-acquisition transition and to what extent did their involvement reduce resistance to change?
9. Did NBK undertake employee training and development programs and to what extent did the training affect post acquisition change management?
10. Did NBK initiate feedback paths to evaluate the success of the change initiatives and how effective were the feedback strategies during change management?
11. To what extent did change management initiatives affect NBK post acquisition performance?
12. What are the benefits of implementing post acquisition change management initiatives in the banking sector?
13. Which change management initiatives do you recommend for a newly acquired or merged financial institution?

Section C: Post Acquisition Performance

14. How would you rate your bank's performance after acquisition by KCB Group in terms of investment returns, profitability growth, liquidity, capital adequacy, interest growth and reduction of non-performing loans?
15. How would you rate the bank's performance in terms of meeting customer needs, customer satisfaction, reduction of customer complaints and competitiveness after acquisition by KCB Group?
16. How would you rate the bank's performance in terms of employee development, training, employee growth and output and top management output after acquisition by KCB group?
17. Can NBK's post acquisition performance be linked to the change management initiatives adopted post acquisition by KCB Group?