

MANAGEMENT OF STRATEGIC CHANGE AT I&M BANK LIMITED

BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (MBA), FACULTY OF BUSINESS AND
MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI.**

APRIL 2023

DECLARATION

I hereby declare that this project is my own work and has not been submitted anywhere for any award.



Signature

Date **10th May 2023**

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This research project has been submitted for examination with my approval as the University Supervisor.

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ACKNOWLEDGEMENT

First and foremost, I acknowledge the almighty God for his sufficient grace and guidance during the entire period of undertaking this project.

My sincere appreciation goes to my supervisor Mr. Alex Jaleha and my moderator Dr. Mercy Florah for their invaluable professional advice, guidance and scholarly support.

My gratitude also goes to my dear brother Henry Okech, my role model, my all-time support, for inspiring me and always encouraging me to do my best, my dear sisters Florence and Philis for their continuous motivation and support.

I also wish to sincerely thank my dear lovely daughters Shania and Elsie for always being there for me and understanding me whenever I had to be away attending to my class work.

Last but not least, let me express my sincere appreciation to all who in any one way formally or informally provided valuable input to enable me successfully complete my coursework and research project.

DEDICATION

I dedicate this project to my dear daughters Shania and Elsie who constantly encouraged me and made me believe that I could make it.

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ABSTRACT

Management of strategic change should be a systematic process that focuses on changing mindsets or creating a new banking strategy in response to new market threats or opportunities. A well – organized strategic change initiative requires plans, resources, budgets, schedules as well as effective deployment of communication channels. The aim of this study was to establish the management of strategic change at I&M Bank Limited, Kenya. The study’s objectives were to establish the management of strategic change approaches; identify the challenges in the management of strategic change; and to determine the measures taken to mitigate the challenges in the management of strategic change. The study design was a case study where primary data was collected through an interview guide. Eight senior executives were interviewed through face-to-face and telephone arrangement. The study findings showed I&M bank had adopted a number of strategic change management approaches including reshaping its iMara strategy, hiring of new leadership, consistent weekly communication, adoption of new digital technologies, reshaping the workforce through training, employee participation and organizational culture. The study established that at the initial stages of the change initiatives, it was bereft with various challenges including employee resistance, failure to embrace the new digital technologies, lack of clear communication, poor coordination and leadership weaknesses. To address the challenges, the study established that the bank had developed in house communication channels, introduced strategy maps to prioritize change areas, monthly meetings to review progress, more training on the use of the new digital technologies and replacing the old technologies and hiring young, experienced and tech savvy managers, participation by top level managers, and cultural transformation programs. The study recommends that I & M Bank Limited should continue implementing management of strategic change especially in the area of digitalization by investing in new digital platforms as a financial organization deepening strategy through its iMara strategy. To fully achieve its strategic goals, the study further recommends that the practice of inclusivity must be embraced to all the stakeholders to reduce the challenge of resistance to change.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today's 21st century environment is extremely dynamic and increasingly complex, and as a consequence, it has become inevitable for organizations to engage in strategic change for survival in the modern and turbulent markets. The pace of change is also set to increase further within the competitive environment for businesses that seek to sustain value for stakeholders and future growth (Aupperle and Karimalis, 2001; Kash et al., 2014). According to Gartner & Folkedal, (2018) management of strategic change involves the adoption of different strategies, organization designs, and technological processes to manage the changes caused by the turbulent environment. Thus, management of strategic change provides a systematic framework where specific knowledge, tools and resources are used to deal with change.

The decision to engage in managing strategic change is to ultimately become competitive in order to achieve various organizational outcomes such as profitability or competitive advantage (Green et al., 2014). In support, Ongore & Kusa (2013) assert that effectively managing strategic change enhances organizational sustainability and ultimately its performance. According to Noe et al. (2017), managing organizational change has a direct influence on individual and team productivity, which ultimately affects the entire outcomes of an organization. Management of strategic change is the systematic process designed to replace organizational attributes with the ability to affect an organization's long-term prospects (Kirtley & O'Mahony (2023). Consequently, management of strategic change is concerned with altering the basic traits of an organization by making the envisioned change a possible achievement.

This study was anchored on Path Dependency Theory (PDT) (Pierson, 1993) and supported by Institutional Theory (North, 1991). Path Dependency Theory (PDT) postulates that past events and strategic changes could create paths that shape the development of organization strategies, policies, and outcomes in the long term. Consequently, it suggests that strategic changes are influenced by historical decisions. Institutional theory suggests that management of strategic change in institutions or organizations can lead to broader changes that influence strategic behaviors of organizations and individuals, beliefs, and norms. The Institutional theory further posits that by knowing how institutions shape behavior and at the same time understanding how they can be changed, managers can use to maximum advantage institutional dynamics to effectively manage strategic change for positive outcomes.

I&M Bank Limited, from its incorporation in 1950 has been successful in undertaking a raft of business and corporate strategic changes earning it several awards in the banking industry (I&M Bank, 2021). Even though it attained its first recognition as a commercial bank on 1st April 1996, the bank began to initiate incremental strategic changes over the same period. Moreover, other adaptation changes were undertaken and integrated into its culture to highlight evolution from a finance company into a commercial bank (I&M Bank, 2020). For close to 24 years, I&M Bank has continued to achieve major milestones including expansion in over five countries in the Eastern Africa region (Kenya, Rwanda, Tanzania, Uganda, and Mauritius). In 2013, the bank began by going public, merging with City Trust through share swap, launching of corporate internet banking platform for the corporates, and delivery of new products and services to improve its banking experience (I&M Holdings Bank, 2013).

The bank saw diversification and offering of products beyond its financial services to begin provision of competitive insurance products with the help of Bancassurance services (I&M Holdings Bank, 2014). The bank also partnered with leading insurance companies to make it sell and distribute insurance products. The launch of a one-stop-center group strategy targeted all financial needs of its customers. The key strategic changes involved acquisition of Giro Commercial Bank and Burbidge Capital in order to take advantage of the Kenyan market while increasing shareholder value (I&M Holdings Bank, 2015). Moreover, the bank introduced the iMara strategy in 2016 with the goal of reorganizing the bank in order to accelerate its growth trajectory. In specific, the strategic change involved focusing on growth of corporate banking, delivery of unique value proposition to business and personal clients, and digitization of its business through automation processes (I&M Holdings Bank, 2016).

1.1.1 The Concept of Strategic Change

Abbas et al. (2014) refers to a strategic change as the process of altering the contents or goals and objectives of a firm's existing strategy. The alteration can be in the form of changing the scope or improving or reducing resource deployment to help the firm gain synergy, competitive edge, or sustain profitability. On the other hand, Aguinis & Kraiger (2012) define strategic change as a company's current modes of cognition and action being modified in order to position the firm to capitalize on new market possibilities or to address resulting environmental concerns. According to Al-Haddad & Kotnour (2015), it is crucial to envision strategic transformation as a process that calls for change agents to understand a new vision. Evidently, the definitions of strategic change converge. The definitions of scholars and researchers point at a common reference point that strategic change entails editing a company's vision either to take advantage of a new market

opportunity or cushion it from emerging or existing market adversities (Balogun & Hailey, 2016). It implies that a move to change an organization's strategic direction must be informed by a meticulous assessment of the organization's strengths and weaknesses. The change agent must provide a link between the organization and its external environment (Al-Jaradat et al., 2013). Thus, the ability of an organization to maintain competitiveness is pegged on its capability to anticipate and respond to both internal and external forces of change.

Change could be described patterns of work activities either as intentional or strategic, which is referred to as planned change (Burnes, 2004) or incremental, continuous, which is referred to as emergent change (Brown & Eisenhardt, 1997). The business dimension of strategic change involves change in strategy, processes and structures and the people dimension of strategic change focuses on change in values, beliefs and behavior (Hiatt 2012). Change can also be classified as operational and strategic (Pettigrew 1987). While Wood et al, (2015) characterized change as developmental, transitional and transformational, Johnston, et al (2018) maintain that strategic change is always incremental in nature and allows businesses to build it on previous strategies. Balogun, Hailey, & Gustafsson (2016) categorize change into adaptation, reconstruction, evolution, and revolution and each of these strategic changes have been operationalized using specific measurable indicators. Moreover, Balogun et al., (2016) maintain that realignment is a type of change that involves focusing on ways a business does things and not just the fundamental re-appraisal of central assumptions and beliefs. Realignment is a transformational initiative that is defined through adaptation and reconstruction.

Balogun et al., (2016) view strategic change in terms of reconstruction that requires a business to undertake less fundamental changes to realign their operations. Such activities could occur in a dramatic manner or incrementally. Organizations can also achieve significant transformations through the process of evolution or revolution (Longo and Cristofoli, 2007). The former involves using activities such as changes in culture, training and learning, sharing of information. Additionally, some businesses use revolution to achieve strategic change through redefining of mission and purpose in order to shift goals in order to reflect the new direction and business model. A business that does this must touch on aspects such as culture, structures, and procedures. Similarly, Baker (2007) found businesses that followed this approach changed their assumptions about how to compete, the environment, and the organization itself in order to change how management thinks and acts.

1.1.2 Management of Strategic Change

Al-Jaradat et al. (2013) defines management of strategic change as an approach of handling change in such a way that the organization staff with the support of the management team embrace teamwork as a basis of implementing the appropriate strategic change effectively. Management of strategic change is an approach that continuously reviews and recreates an organization's mission and reorients internal operational processes to be in tandem with the business environment (Brightman 2016). Balogun & Hailey, (2016) define management of strategic change as an activity designed to transition people, teams, and organizations by putting in motion operational processes that will enable resources to be managed in a seamless way. Notably, the scholarly definitions of the term strategic change management converge at some point. Scholars agree that strategic change management should be a continuous process of synchronizing management levers. Vovk (2013)

notes that the key management levers that must be core to strategic change management are strategy, operations, culture, and rewards. Shoaib (2011) cautions that if change is not managed effectively, the company's strategic direction may be plunged into dismay.

Studies suggest management of strategic change involves the application of diverse strategies. Johnson, et al., (2008) observe that management of strategic change involves education and delegation, collaboration, participation, direction, and coercion. Aguinis & Kraiger (2012) on their part, categorize strategic perspective of managing strategic change into seven strategies including putting people first, working with a prescribed change management model, using communication to empower people, activating leadership, making change as competing and exciting, paying attention to high and low points in momentum and keeping eyes on resistance. Balogun, et al., (2016) on their part, found five strategies for managing strategic change as designing incentives, redefining cultural values, exercising authority, shifting the burden of change, and recruiting champions for change.

There is an overemphasis on the role of individuals at the top of organizations when it comes to management of strategic change (Longo and Cristofoli, 2007). It is important to develop a mindset about a change agency concept, in which individuals or groups act as agents to effect strategic change in a business (Baker, 2007). Specifically, the person who creates a strategy may or might lack the skills of being a change agent. Such an individual must depend on other people to take up the mantle of effecting the change strategy. Baker (2007) argues that management of strategic change has been linked to the role of a strategic leader to assist in achieving goals or aims. Employees, stakeholders, and outside observers see leaders as intimately associated with strategic

change plans (Dzwigol, et al., 2019). Managing strategic change focuses on selecting the way organizations manage change and the nature of roles of change agents. It is from this that organizations can then pick on individuals to act as change agents and perform the roles of change champions, external facilitation, change action team, and function delegation (Johnson, et al., 2008).

1.1.3 Overview of I&M Bank

I&M Bank Limited is the flagship company of I&M Group of Companies, a leading corporate group in East Africa (I&M Bank – Kenya, 2020). The I&M Group is in a special epoch of its history, now entering its 8th decade since it was set up back in 1944 and incorporated in 1950 under its former name, City Trust Limited. It has been an interesting journey for the Group, one characterized by both successes and challenges in the business landscape. From its humble beginning when it was incorporated in August 1950 as an investment holding company to the financial behemoth it is today, I&M Holdings Company continues to distinguish itself as a financial services conglomerate offering banking, investment advisory and insurance services across 5 countries through its subsidiaries and affiliates.

As I & M Bank limited continues to expand its operations in an increasingly volatile competitive environment, the bank has faced unique challenges and opportunities. To adapt to these environmental issues, in 2020, I & M Bank embarked on a transformational journey by refreshing its strategy referred to as iMara 2.0 that identified three unique growth opportunities leveraged by four key enablers to propel its growth. The change in strategy from iMara 1.0 to iMara 2.0 strategy shifted the bank's focus towards emerging businesses growth opportunities in the East African

region. The strategy was anchored on 3 key pillars of first driving business growth by expanding into new markets in Eastern Africa and at the same time diversifying into the corporate, MSME and Premium Banking sectors, secondly, building a resilient bank by investing in the best practices in risk management, advanced analytics and cyber security, and finally, optimizing the bank's operations by radically changing its operational efficiency framework through automation of end-to-end customer processes and capacity building through the support of a central shared service center (I & M Bank, Annual Integrated Report & Financial Statements 2020). I & M bank also revamped its operations by implementing a new organizational structure to further improve its customer experience and enhance synergies by integrating its subsidiaries, enhancing quality controls and improving governance through standardization of reporting. It is within this context that a study was necessitated to investigate management of strategic change at I & M Bank Limited, Kenya.

1.2 The Research Problem

Prior studies have shown that management of strategic change is a transformational process that makes an organization move to its future desired state from its present undesirable state. Thus, it is a strategic change management approach that aligns strategy, design and human resource systems to the complex and dynamic environment. Cooper et al., (2013) argues that management of strategic change is now a common occurrence that has to be given the utmost attention for it to be managed effectively for organizational survival. A study by Kirtley & O'Mahony (2023) on USA entrepreneurial firms and management of strategic change, found out that instead of making radical changes with one decision, firms incrementally exited or added a single dimension to their strategies. A study by Oladokun, Sotunde, & Makinde (2018) established that to reduce employee

resistance to change in Nigeria's private sector, strategic change initiatives that were effectively communicated by management and implemented by employees produced organizational success. Koite (2015) study established that effective implementation of strategic change is based on effective internal communication, involvement of all important stakeholders, employee participation and a management team that develops a harmonious working relationship with other employees during the change process. While the above cited studies were conducted on management of strategic change, they were done in different settings, focused on the dimensions of change or establishing a relationship between the variables of strategic change and organizational success. This highlighted the contextual and conceptual gaps that this study sought to address.

I&M continues to grow within the competitive environment and industry. The competition has exposed the bank to numerous challenges as well as valuable and exciting opportunities. Since 2013, the bank has continued to design and implement numerous strategic changes (I&M Holdings, 2013:2020). Despite differences in strategies, the findings show such strategies have involved driving business growth, building a resilient organization, and optimizing the operating model. Implementation of these strategies have had an impact of making I&M Bank ranked at the top position as the most attractive bank over the last six years since 2016 (Cytonn, 2020). Consequently, the bank has maintained financial stability indicators such as the net profit and loss (NPL) to gross loans ratio (10%), returns on assets (2.5%), return on equity (14.4%), and liquidity ratio of 47% (Cytonn, 2020). In specific, just like several other institutions within the banking industry in Kenya, I&M Bank has been pushed by market situations to re-examine and adjust its

strategic directions by implementing several strategic changes. However, unlike other banks, I&M has maintained its position because of its robust strategic changes.

Considerable global, regional and local research has been done on the area of management of strategic change. Ravasi & Phillips (2011) study on organizational identity management and strategic change at Bang & Olufsen Limited, Denmark, found out that maintaining alignment between new configurations of resources and activities and how these new configurations are communicated to external organizational constituents is critical in maintaining organizational identity and managing strategic change. A study by Al-Jaradat, Nagresh, Al-Shegran, and Jadellah (2013) on the impact of change management on performance of employees in university libraries in Jordan, confirmed and found a positive and significant relationship. A study by Kirtley & O'Mahony (2023) in seeking to explaining when and how entrepreneurial firms in the USA decide to make strategic changes, established that firms reoriented their strategic direction by reallocating or restructuring their activities, resources, and attention incrementally to address the on-going stream of environmental problems and opportunities. The studies cited above have mostly focused on establishing a relationship between strategic changes and were done in different sectors hence an emergence of both conceptual and contextual gaps.

In the regional context, a study by Leonard & Grobler (2006) on managing organizational change in South African companies, established the need for transformational leaders who could conceptually and practically navigate organizational change. A study by Thomas (2014) on change management and organizational performance of Nigerian telecoms industries, confirmed a positive and statistically significant positive effect. The study however focused on establishing a

relationship between strategic change and performance in organizations and not the strategic change activities. A research by Andargia, Tebeje, Moges, & Dgnaw (2021) on the determinants of strategic change management in Ethiopia's public sector, established that effective communication, top leadership support, stakeholders' involvement and employee's readiness had the greatest effect on strategic change management. The study however was conducted in a different setting and its findings cannot apply to a financial institution in the private sector.

According to Mbogo (2003) on the challenges of implementing management of strategic change at Kenya Commercial Bank, it was established that it was bedeviled with challenges of communication, employee adaptability, culture, and system incompatibilities.

Similarly, Mwangi (2009) found a majority of employees had a negative perspective towards strategic change. They were worried about possible negative impact to their work relationship with the employer. Wanjiru (2009) found that there have been significant changes in organizational structure and leadership throughout his study of strategic change management at Faulu Kenya. These studies shed light on how businesses navigate managing strategic transformation in various situations. Atieno (2014) investigated the influence of management of strategic change on employee performance at Airtel Kenya Limited, and confirmed that structural change positively and significantly influenced employee performance. The studies cited have been conducted in different settings thus raising contextual gaps.

While research has been done in the area of strategic change management, most of them have focused on establishing the relationship between change and performance, thus pinpointing conceptual gaps. Moreover, other studies have limited their research on people approaches for

managing strategic change and they were done in different contextual settings. While there is no conclusive evidence of the effectiveness of the strategic change management, little or no studies have been conducted on I&M Bank in the area of management of strategic change. Therefore, to address these research gaps, this study sought to answer the following question; What approaches has I & M Bank Limited adapted in the management of strategic change?

1.3 Research Objectives

The objectives of this study were to:

- i. Establish the change management practices adopted by I & M Bank Limited.
- ii. Establish the challenges in managing strategic change at I&M Bank Limited
- iii. Determine the measures taken to mitigate/manage these challenges at I & M Bank Limited.

1.4 Value of the Study

For the researchers and academicians, the study findings will enable them to highlight the importance of effectively managing strategic change for desirable outcomes. The Path Dependency theory as applied in this study will provide a theoretical framework of management of strategic change and integrate arguments from the Institutional theory to get a more complete picture of the important dimensions of management of strategic change for positive organizational outcomes.

The study findings will aid practitioners and management consultants to have a clear understanding of the effective management of strategic change. The findings will further aid the consultants to offer advice to the top managers of I & M Bank Limited on the appropriate strategic change

management practices and to offer recommendations on how to effectively implement strategic change and mitigate the attendant challenges for positive growth.

Conclusions from this study will be a useful starting point of information to the top policy formulators in I & M Bank Limited and the government. Since I & M Bank is one of the major players in the financial sector, the study findings will contribute to a policy framework on how I & M Bank could improve their organizational outcomes by managing its strategic changes as a major component in its growth strategy. The study findings will aid the top management of I & M Bank in formulating a policy framework to enable strategic changes to seamlessly align with the external environment for improved outcomes. This study will also enable the government through the Central Bank of Kenya to formulate and implement better governance policies, together with legislative and regulatory mechanisms that will strengthen the commercial banks against failures and improve their future outcomes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights the theoretical foundation and review of empirical literature. The theoretical foundations of this study are the Path Dependency Theory and Institutional Theory respectively. The aim of the empirical review of literature on the management of strategic change is to pinpoint the research gaps which the study will address to answer the research question. A summary of the research gaps as a basis of addressing the research objectives will be highlighted.

2.2 Theoretical Foundation

The main theory of this study was the Path Dependency Theory (PDT) (David, 2001), which suggests that managing strategic change in institutions may require a careful analysis of current environmental conditions and at the same time consider how past management of strategic changes have shaped the existing path, and how potential management of strategic changes may disrupt or reinforce that path. The Institutional theory (North, 1991) argues that management of strategic change occurs through processes of institutional entrepreneurship, whereby managers within an organization actively challenge existing institutional frameworks, introduce new practices or ideas, and seek to gain legitimacy and support for these changes.

2.2.1 Path Dependency Theory (PDT)

The Path Dependence Theory (PDT) as proposed by David (2001), postulates that past decisions concerning the management of strategic change can shape an institution's trajectory, leading to outcomes that are difficult to reverse or change. The theory suggests that the development of

institutions, policies, strategies and practices are not entirely rational but rather by historical events which create a path that tends to be followed in the future. Bonoli & Palier (2000) argue that in applying PDT, the decision to manage strategic changes in organizations depends on the path an organization had previously taken with regards to strategic change. Such paths comprise of institutions in terms of rules, standards and values, as well as public policies that come from previous choices.

Businesses use these choices to impose limits on how institutions develop (Pierson, 1993). Therefore, the notion of dependence when related to the path a business takes helps bring out the historical dynamic that defines the moment a business takes a certain path and it cannot deviate from it. The failure to change the path comes from the understanding that businesses institutionalize processes and reinforce them over time. Reversing a reinforced institutionalized process becomes increasingly challenging disregarding the rules and regulations established by previous choices and authorities generating costs that come in form of new investments, training, and coordination (Bonoli & Palier, 2000; Sydow, Schreyögg, & Koch, 2009).

According to David (2021), Path Dependency theory highlights the role contingencies and historical circumstances play in creating the present and future, and suggests that past incremental changes, events or decisions could have long term effects. While Path Dependence theory postulates are quite relevant for analyzing and explaining the resilience and persistence of organizational policies in the face of management of strategic change, it can limit the options available to managers including, creativity and innovations (Prado & Trebilcock 2009). Despite its limitation, a major implication of Path Dependency theory to this study is that it calls for

management to pay attention to the critical role historical processes and institutional dynamics play in the management of strategic change. Consequently, management of strategic change in institutions require a careful analysis of current conditions and how past decisions on strategic changes have shaped the existing paths.

2.2.2 Institutional Theory

The Institutional theory suggests that management of strategic change is influenced by the formal and informal institutional constraints that determine how the organizational characteristics will align with the environmental conditions (North 1990). To gain legitimacy and thrive, the theory postulates that organizations must be in congruence with the humanly devised existing institutional prescriptions (Scott, 2013). Consequently, an understanding of the institutionalized prescriptions can help organizations align with the environment for organizational outcomes (North 1991). Thus, failure to change to the institutional environment and act as per societal expectations may lead to organizations losing legitimacy (Ibrahim 2017).

While the theory has been criticized for its assumptions that organizations have been held hostage by institutional forces thus failing to address strategic behavior and how it can influence the conceptions of institutionalization (Mills, 2012), the reality is that organizations faced with institutional pressures require management of strategic change to correctly align the organization to the institutional environment (Greenwood & Suddaby, 2006). The theory's implication to this study is that for organizations to gain legitimacy, management of strategic change should be undertaken after correctly deciphering the institutional environment.

2.3 Change Management Practices

Strategic change management has attracted tremendous research interest over the years. Thomas (2014) reiterates organizational development programs support change managers to implement internal and external objectives. Kariuki (2014) described them as long-term efforts change managers' use when they want to solve problems and renew processes. Findings showed change managers adopted effective and collaborative management approaches to manage organizational culture. While according to a study conducted by Pearce & Robinson (1997), change managers use awareness and understanding practices to communicate the needed strategic changes to both external and internal stakeholders about the expected value. Moreover, their findings showed change managers adopted the lock-in approach by integrating teams and managing trainings for team members.

While on the other hand, Quinn (1982) argues that change managers can only move forward incrementally. They begin with the planning phase to allow them understand existing problems or challenges. Consequently, the change leaders determine whether the change efforts are likely to succeed or fail when implemented. The findings showed a majority of change managers adopted practices covering creation of commitment, management of coalitions, solidification of progress, creation of awareness, empowerment of champions, rewarding of key players, and bringing together all processes and measurements. Similar views have been shared by Tsai (2011) whose findings showed a significant beneficial relationship between leadership style, job happiness, and ultimately employee performance. Similarly, Omari, Ateka, and Nyaboga (2013) studies showed that CEO dedication and leadership were crucial factors in the introduction and implementation of changes that had a positive impact on organizational performance.

Despite variability in change management practices, this study derives proposition from extant literature that change managers who adopt effective change management practices are likely to achieve positive strategic changes in their organizations.

2.4 Challenges in Management of Strategic Change

Heide et al. (2002); Hilman & Siam (2014) contend that organizational structure is characterized by three constructs: formalization, which refers to the extent to which decisions and working relationships are governed by formal rules and procedures, centralization, which refers to the extent to which decision-making authority is closely held by top managers or is delegated to middle and lower-level managers, and specialization, which refers to the extent to which the organization employs experts or generalists. Companies' organizational structures can be divided into mechanistic and organic structures using these constructs. Mechanistic organizations are centralized, have rigorous rules and procedures, and have strict control over work. Feldberg (2021) researched the challenges in small and medium sized companies that operate in different industries. The results showed three key challenges of managing strategic change as, setting measurable short-term goals, maintaining effective communication, and involving everyone in implementation to increase motivation. Additionally, Naghibi and Baban (2011) findings reveal that culture, behavior of employees, context compatibility between change and businesses may also affect implementation of strategic changes.

The findings on challenges in management of strategic change seem to vary across studies. Change managers who adopt varying change management practices are likely to experience different internal and external challenges.

2.5 Measures to Mitigate the Challenges of Strategic Change Management

Atambo and Momanyi (2016) studied employees from the Kenya Power and Lighting Company to determine measures adopted to mitigate challenges when implementing strategic change. 65% of employees indicated lateral communication was crucial for departmental interactions, team development, and efficient task coordination. The study concluded that improved employee performance resulted from good communication. A similar study was also conducted by Asamu (2014) in Nigeria to establish measures to mitigate challenges of strategic change. Findings showed a strong connection between productive and committed employees and good communication.

Organizations believe achievement relies on facilitation and participation to implement and overcome challenges of implementing a strategy (Emshoff, 1994; Appelbaum and Wohl, 1998; Carnall, 1990). Managers need to support their employees at the time of implementation. Carnall (1990) finds making oneself available, being positive, listening actively, showing personal interest and respecting others form some of the strategies managers use to overcome challenges in managing strategic change. Appelbaum and Wohl (1998) findings showed employees must be involved in development of strategies, solutions, and decision making around the challenges that confront managers in charge of strategies. Doing this helps in handling resistance among employees. Consequently, people are likely to begin feeling better about decisions they were part of and experience a sense of ownership. Managers in charge of strategies design different measures whenever they experience challenges with the hope of achieving positive strategic change.

2.6 Summary of Research Gap

Empirical studies focusing on management of strategic change have been carried out in different sectors in Kenya (Njoki, 2013; Ochola, 2013, Wambui and Gachunga, 2016; Kituu, 2013). Studies have relied on understanding the effect of management of strategic change on performance and not on approaches for managing strategic change (Ochola, 2013; Kituu, 2013). Besides, those that have focused on understanding management of strategic change have conflicting findings (Čater & Pučko, 2010). Moreover, the majority of studies have been conducted in other organizations and specifically not on I & M Bank as one of the top tier bank in Kenya. Thus an in-depth case study is warranted to investigate the management of strategic change at I & M Bank. Specifically, the study focused on establishing change management practices, the challenges in managing strategic change, and the measures taken to mitigate/manage the challenges of strategic change management at I&M bank.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to find answers to the research questions. It covers the research design, data collection and data analysis techniques used in the research. It further describes the process through which data was collected and the methodology used to analyze the findings from research tools.

3.2 Research Design

The study used a single case study design to adopt an exploratory study of answering the “how” and “why” questions (Yin, 2018). Yin (2018) reiterates that the use of a case study assists researchers in tracing operational processes over time instead of identifying frequencies or incidences. Consequently, a case study design was an appropriate research design as the researcher wanted to gain concrete, contextual, in-depth knowledge about the specific real world issue of management of strategic change. It allowed the researcher to explore the key characteristics, meanings, and implications of the case. Moreover, Yin (2018) argues that a case study approach is quite useful when there is need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its natural real-life context. Hence, it allows for a direct observation of events under study and interviewing of people that have direct involvement in the event.

While the case study design has been criticized for its narrow focus and that its results cannot be generalized to fit the profile of an entire population, a case study provides more realistic responses than a purely statistical survey. This study used I & M Bank as a unit of analysis to respond to the

three objectives identified in section one. The use of case study designs have been successfully applied by various scholars to address their study objectives (Abbas, et al., 2014; Mukonyo, 2014). The study by Abbas, et al., (2014) focused on the adoption technology strategies and performance among employees at Allied Bank Limited. Mukonyo (2014) focused on the influence of strategic change management on performance at Capital Markets Authority. This case study sought for an in depth approach to establish the management of strategic changes, the attendant challenges and mitigation measures at I & M Bank.

3.3 Data Collection

The study collected qualitative primary data through face-to-face and telephone interviews. An interview guide was used to gather responses from interviewees. Specifically, the guide had three key sections. Section one focused on change management practices adopted by I&M Bank, section two collected data on the challenges in managing strategic change at I&M Bank, and section three focused on the measures taken by the bank to mitigate/manage the challenges. The interviewees were the top-level management staff of the bank and they included the Chief Executive Officer, the Chief Operations Officer, the General Manager Strategy and Transformation, the General Manager ICT and other heads of departments including Branch Managers. This is because they were familiar with the data that the study was seeking to obtain. Interview guides were used since they are renowned for producing the highest levels of cooperation and the lowest levels of rejection, delivering high response quality, utilizing the interviewer's presence, and utilizing multi-method data collection.

Secondary data was collected from the bank's annual reports, financial statements, Strategy documents, and magazines. The data helped enrich primary data

3.4 Data Analysis

Content analysis was used to analyze the data. Content analysis provides numerous advantages; applies mixed methods of using both quantitative and qualitative methods. Such a mix aids in increasing the significance of results (Hsieh & Shannon, 2005). It also presents both interpretive and descriptive aspects to derive the meaning of data. Secondly, the study relies on the closeness to data. It is also easier to conduct statistical analysis of coded form of the text. It allows for an unobtrusive approach of analyzing interactions. It also presents insights into complex models to think and use language in understanding the meanings from interviewees (Forman, and Damschroder, 2007). Cooper and Schindler (2003) defend content analysis as a method for evaluating the semantic content, or the "what" part of the communication. The scope of content analysis makes it a versatile and all-encompassing instrument that can be applied as a methodology or as an approach tailored to a particular issue. According to Cooper and Schindler, content analysis prevents selective interpretation of the material and allows for the strict application of reliability and validity criteria.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents the data analysis, findings and discussions of the study on managing strategic change at I & M Bank Limited. The study used an interview guide and conducted a face-to-face interview of the key top-level management. The study was based on three specific objectives namely, to determine how management of strategic change had been undertaken, to identify the challenges encountered in management of strategic change and to determine the measures that have been put in place to deal with the challenges of management of strategic change at I & M Bank Limited.

4.2 Management of Strategic Change at I&M Bank

All the interviewees confirmed being aware of the bank adopting a new strategy and the numerous strategic changes that had taken place in the organization in the last six years. They also confirmed that the strategic changes were aimed at helping the bank to achieve its vision of becoming the best place for employees to work. They also confirmed that despite the strategic changes, the bank was on track and would achieve its goals if the strategy is well implemented. An interviewee stated that,

“The bank had reshaped its iMara strategy in a planned and emergent way in order to align well with the dynamic realities on the ground considering the strategic changes were to be implemented over a period of time”. (Chief Executive Officer)

Most of the interviewees reported that the top leadership team spear-headed the implementation of the strategic changes and were actively and visibly involved in all stages throughout the life cycle of the strategic change. According to the interviewees, this encouraged the other staff members as

the top leadership team provided tremendous support to staff members by constant reassurance and training support. They also gave employees ample time to adapt to new practices. One of the interviewees stated that,

“The management team has encouraged and welcomed conversations before, during and after the changes were implemented between the staff and the management teams”.
(Branch Manager).

On the issue of communication, the interviewees agreed that there was clear and relevant information on why the change was happening, the expectations, the long term plan perspectives and how the strategic changes would impact employees and the essential business drivers. The interviewees explained that the bank ensured consistent weekly communication and transparency on what had been achieved and the challenges while leveraging on different communication channels. There was regular communication in place through weekly status update emails to all staff members and members were given the chance to express their views concerning the new change initiatives. According to one interviewee,

“The bank’s leadership team actually listened to their employees during this period of implementing the changes than ever before and the bank acted on staff requests promptly”
(Branch Manager).

According to one of the interviewees,

“The bank constantly engaged with its front-line employees by helping them understand why the strategic changes were necessary and how it would affect them. Furthermore, the bank kept reassuring staff that no one would lose their jobs and equipped them to transition through the process successfully. This was done through numerous town hall meetings that highlighted what was in store for staff members and by the bank ensuring that impacted groups were appropriately trained. It also involved the employees by giving them a chance to propose solutions and their desired future state”.

The interviewees further stated that the bank rolled out annual employee engagement surveys to help them understand staff needs and implemented them thereby giving staff members a great employee experience and satisfaction, which in turn greatly increased the staff morale. They also stated that the bank objectively focused on improving or changing its organization culture through the bank's cultural pillars of candid, collaborative, data driven, empowered, risk intelligent and agility. Most of the interviewees stated that employees were encouraged to be candidly honest, respectful and empathetic in their conversations and share regular feedback, they were also encouraged to work collaboratively to deliver on their promises to clients and shareholders, using data to inform their choices and make better decisions. They were also empowered to trust and equip their people and delegate to promote ownership and authority to drive change and execution. In addition to that, staff were encouraged to intelligently evaluate risk and reward to make balanced and quick decisions and to be agile, creative, flexible and adaptive for them to be able to act with speed and deliver with excellence at all times. According to the CEO,

“It was important to explain what these behaviors meant and what expectations the bank demanded from the employees.”

To embed the bank's culture, the interviewees stated that the bank ran a series of competitions for the various behaviors that defined the I & M way. The interviewees further stated that staff members were allowed to show case how they were living the I & M way with cash prizes being won. According to the interviewees, each behavior was assigned a behavior owner who issued the rules of the game and determined the winner at the end of each behavior month. According to one interviewee,

“The bank has appointed change makers from each branch and department to form a team that was later trained vigorously on the changes the bank was looking forward to achieve, beginning with the culture change. Their role was to cascade information and spearhead

the implementation of strategic changes”. (General Manager, Strategy and Transformation).

According to the interviewees, the bank’s strategic change management team was integrated with the project management team, and this was viewed as a major contributor to the success of iMara strategy. The interviewees pointed out that the two teams collaborated and worked together by adding change management activities to the project plan, aligning change plans with the project plans and combining and assigning their responsibilities saving on time. An interviewee stated,

“The bank has formed a strategic change committee whose mandate was to monitor and manage the implementation of strategic changes”. (General Manager, Strategy and Transformation).

The interviewees confirmed that the bank had provided adequate resources to ensure the success of the strategic change management initiatives. They highlighted that the project team had access to appropriate funding and resources together with a community of flexible, ambitious, decisive, and collaborative individuals.

According to the General Manager, Strategy and Transformation officer, the bank intentionally adopted a defined approach to managing its strategic changes which provided it with the necessary structure to stay on track. It carefully planned adequate time for key activities and allowed space to identify and address gaps throughout the process of implementation. The bank had a strategy map that focused on objectives that set to drive achievement of its goals for easy tracking in form of a house. This view is validated by the I&M Bank Holdings Plc Integrated Report & Financial Statements, (2020), which indicated that I & M Bank Limited, Kenya, implemented a new organizational structure to further improve customer experience. This enabled it to unlock

synergies through driving quality controls for capital expenditure and improving governance through standardization of reporting.

4.3 Challenges in Managing Strategic Change

Interviewees highlighted that the following were the challenges faced by I & M bank while implementing the strategic changes.

4.3.1 Failure to embrace the new strategy

The interviewees reported that it was initially very difficult to get all staff members on board since most of them had reservations and believed the changes would render them jobless/redundant. There was a lack of commitment by employees on the strategic change initiatives that were being rolled out.

“Some of the employees were in a comfort zone with what they already knew and had not faced such experience occasioned by such significant changes within the company”. (General Manager, Strategy & Transformation).

“I was constantly receiving complaints from other managers on employees who had resorted to taking too many sick leaves and taking longer to complete essential work, this showed that they did not approve of such changes” (Chief Executive Officer).

There was a lot of uncertainty about the future roles of the employees, and everyone was concerned about their job security. In return there was a great decrease in employee productivity and considerable delays in the implementation of systematic changes as staff members slowed down the processes thinking that the changes would be unfavorable to them. The study also found out that there was also resistance from other departments that couldn't recognize the broader organizational needs for the strategic changes since their systems worked and they did not see the

need for change hence did not want to participate. According to the General Manager, Strategy & Transformation;

“There was fear of failure amongst employees who were convinced that they would be unsuccessful and even personally fail as a result of the changes that were being implemented thus affecting their performance. This led to low output and poor quality of work”.

4.3.2 Lack of communication

A number of interviewees commented that there was no clear and frequent communication in the beginning but this improved with time. They further stated that at the initial phase of the iMara strategy implementation, most employees complained of ambiguity and uncertainty due to lack of frequent communication regarding the aim of the strategic changes.

“There was lack of engagement with the employees and this made them develop the perception that they were not part of the decision making process, implying that their views were not important, which seemed to kill their morale and participation in this process” (One of the Branch Managers).

The study also established that even though there were properly established communication channels, at the initial phase, there was communication breakdown between the headquarters and the branches. This led to a lot of rumors and grapevine that distorted information creating an environment of fear and distrust among employees. This was reinforced by one of the interviewees;

“I feel that I & M Bank failed to drive the right communication message on the changes from the initial stages. This provided fertile ground for more murmurs and disquiet that created an environment of distrust and anxiety among the employees” (One of the Branch Managers).

4.3.3 Lack of proper planning and coordination

The study noted that there was poor or lack of planning and coordination which affected implementation of the strategic change initiatives during the initial stages. According to one of the interviewees;

“The bank was rolling out too many change initiatives simultaneously without proper planning and consultation of the people on the ground. This reduced employee morale as most people felt overwhelmed thus affecting productivity and performance” (One of the Branch Managers).

4.3.4 Challenges of adopting the new technology

During the interviews, it was established that incorporating some of the emerging technologies into the bank’s existing systems was challenging. According to one of the interviewees;

“It was not easy to motivate employees to learn and apply the new skills at work considering the fact that even the old systems were still working okay. It was clear the technological developments adversely affected the bank’s entire workflow” (ICT Manager).

4.3.5 Leadership Challenges

Most of the interviewees stated that while the bank had a very effective CEO, other senior executives were not quite involved in providing the right direction, promoting and implementing the changes.

“Majority of the senior managers were old school and had been in the bank since its inception and could not keep up with the technological changes. This became a hindrance as the decision making process and implementation of the strategic change initiatives was slowed down” (General Manager, Strategy & Transformation).

4.4 Measures to Mitigate the Challenges in Managing Strategic Change

The study observed that the major aim of implementing the strategic changes was to drive business growth, build resilience and optimize the bank’s operations. Despite the progress made to achieve the objectives, challenges had been encountered. This forced the management team of I&M Bank

to formulate robust measures to mitigate the challenges. From the interviews, the study established the following measures;

4.4.1 Clear and Consistent Communication

I & M Bank established proper internal communication channels to enhance the change process. The change messaging was clear, concise and consistent across all channels and organizational level that facilitated constructive engagements between staff and management. The bank introduced weekly communication updates that were sent on emails to all staff with essential details concerning events that would happen and what to expect and the details of all the initiatives being rolled out every week. According to one of the interviewees;

“We conducted various formal engagements with all our employees that enabled them to settle into new ways of working and adjust to our new operational model. The aim was to emphasize the central focus of its employees in driving the change agenda”. (Chief Operations Officer).

The study established that on a monthly basis the bank organized town hall type of meetings both physically and virtually where staff members were taken through the strategy map, the objectives, the enablers of different work streams and what was expected of staff. In all these forums, staff members were given a chance to freely air their views and were assured that no one would be victimized for whatever they said. This ensured free and open flow of communication and staff members started getting comfortable with the bank’s initiatives and in return increased their support of strategic change management stimulating their commitments. The top management team also ensured that correct information was communicated to the employees by directly sending communication to everyone regarding the bank’s decisions, goals and progress to avoid distortion of information if sent to heads of department for further cascading. As one interviewee stated;

“Weekly quizzes were introduced following roll out of different initiatives to ensure staff members grasped the concepts well, with gifts awarded to the winners”. (Chief Operations Officer).

The study established that I & M Bank introduced the open-door policy with employees encouraged to freely enter into the manager’s offices for consultations and clarifications on information that could have been misinterpreted. The communication channels were opened up through the utilization of suggestion boxes, an active committee handling complaints, a toll-free line with ready staff to respond to any queries and concerns.

4.4.2 Effective planning and coordination

The bank refreshed its strategy to provide an opportunity to enhance alignment across the group by sharpening its focus on areas and opportunities available in the projected landscape. To enhance coherence and integration of the change initiatives, a clear strategy map with clarity on what was expected at each organizational level, the resources that needed to be allocated to achieve the results expected and clear timelines for completion. Projects were implemented systematically one after the other to avoid staff members from feeling overwhelmed due to too much pressure. As explained by one of the interviewees;

“To boost employee morale, the bank appointed change agents from different departments and equipped them with the necessary information in order to spear head the changes and projects that were to be implemented. This greatly improved staff morale as they were able to deal with the change agents who were closer to them” (General Manager, Strategy and Information).

4.4.3 Embracing the New Digital Technologies

The study established that I & M Bank made it clear that the new digital technologies that were being introduced were designed to improve the bank’s internal customer management system. The bank ensured a network of early learners was built and trained on all of the systems that were to

be implemented way before the roll out of the systems. These teams were in turn able to teach the other staff members once the systems were rolled out.

The bank also rolled out a learning management system which encouraged employees to learn more and develop the culture of learning to acquire modern technical skills. At the end of each year those who had completed various online courses were recognized then awarded, and this encouraged everyone to learn, thereby building a culture of learning. Their challenges were keenly noted and trainers tailor made solutions to assist in overcoming these challenges. One of the interviewee's stated;

“We were trained on the new digital technology and the bank acquired state of the art equipment. Our work processes are now seamless and we have fully embraced the changes hoping the company will continue with its growth momentum and better pay for our staff”.
(General Manager, ICT).

Further, management had put in place support meeting and workshops to facilitate individual growth and development of employees and show commitment to the change. The human resources department was also revamped to provide counseling to employees when in need and especially to those who faced job losses.

4.4.4 Effective Leadership

The responses from the interviewees indicated that the bank had hired young and highly experienced and techno savvy managers from across the globe with the capacity to drive the bank's goals. In addition, a robust team of staff members were also trained with the necessary skills to work along with the projects team. As highlighted by one interviewee;

“In our endeavor to sustain strong leadership, the bank identified a pool of staff members through vigorous assessments and formed a pool of talent. This group of staff members were trained and mentored by the senior management team to prepare them for future leadership roles as a way of mitigating leadership crisis”. (Chief Executive Officer).

4.4.5 Resistance to Change

According to the head of operations, resistance to change was not easy to overcome. The top management team however did it's best to minimize the resistance by communicating more, highlighting the benefits of the strategic changes, providing ongoing support through facilitation and counseling programs and embarking on a cultural transformation journey with the aim of changing its entire organizational culture. An interviewee stated;

‘The cultural transformation journey was meant to strengthen the banks culture and align it more pointedly to support the strategic changes and in turn the business as a whole’. (General Manager, Strategy & Transformation).

A team of senior management staff was formed to support the transformation initiatives and was mandated to coordinate a number of planned activities under the cultural transformation journey.

A survey was done where staff members were encouraged to raise issues that they thought if looked into would make I&M bank a better place for them to work. Most of the issues raised in the survey plus those raised in other forums with the CEO and during departmental meetings were resolved and this boosted the staff morale tremendously. Other planned activities included leadership development interventions to increase velocity of business growth and development by supporting teams to deliver. It also included launch of a career development framework and interventions to manage and grow careers for high performers. This was the response by one of the interviewees;

“Learning and development identification and assessment activities were rolled out to drive conversations on talent development, capacity, and competency gaps. The bank redesigned its approach to reward and developed a recognition reward scheme for high performers among other benefits”. (Chief Operations Officer).

In the course of the interviews, the study established that initially, the bank had put more focus on its external customers, while staff related matters were not given much attention. To ensure the

strategic change initiatives were first internally embraced, the focus shifted to staff development and growth through relevant sensitization and training programmes. This enabled the staff and senior management to work as a team in the interest of the organization and the success of the strategy they had all imbibed.

4.5 Discussion of Findings

This study sought to establish management of strategic change at I&M bank and the overall finding was that despite the challenges, I & M Bank had successfully managed and aligned its strategic change initiatives to the ever changing environmental demands by effectively managing its strategic change initiatives. As David (2001), argued while supporting the Path Dependence Theory (PDT), past decisions concerning the management of strategic change can shape an institution's trajectory, leading to outcomes that make it challenging for organizations to effectively manage strategic change. The study findings support Path Dependence Theory (PDT) which suggests that management of strategic change is not entirely a rational and systematic process, but is rather shaped by past events, which create a path that might determine the future success of the organization. The study findings agreed with the Institutional theory (North, 1991) which posits that for an organization to successfully gain legitimacy and thrive, it must manage its strategic changes to be in congruence with the humanly devised existing institutional prescriptions or environmental demands.

The study established that I & M Bank managed its strategic changes in a number of ways as it sought to expand its market share, provide an integrated customer experience, and adopt new technology to drive its expansion strategy. In particular, the study findings showed that

the bank engaged in educating and training of its teams on how to implement strategic changes and hired visionary and reliable leadership to drive the management of strategic change. These findings concurred with prior empirical literature that highlighted the role of education and leadership for successful management of strategic change (Bonoli & Palier, 2000). The study established that the strategic changes involved investing in advanced data analytics systems and technologies which enabled them to enhance data-driven policy actions.

The study observed that to reduce resistance to strategic change, staff involvement was a critical aspect. Staff at I & M Bank only embraced the change as they felt their critical inputs in the implementation process from the beginning made them feel they were part of the change process. This finding was in tandem with Gimona (2016) study findings which highlighted the importance of engaging all stakeholders throughout the change process to ensure effective change. The study found out that I&M Bank had initiated its strategic change initiatives after the appointment of its new Chief Executive Officer (CEO) who carried out a strategic diagnostic audit and recommended a number of strategic changes to the top leadership for implementation. A strategic change management committee was formed and tasked to ensure implementation and monitoring was done in accordance to the strategic plan. The formation of the strategic change management committee supports Kotter's (1996) eight stages model of change management which advocates the idea of building a strong guiding coalition. This is where a network of committed people is formed, born of its own ranks to guide, coordinate and communicate the activities of the strategic change management committee to the rest of the team.

The study also revealed that change agents were appointed from different departments and branches with the aim of generating support for change since it would be easier for other employees to connect with the change agents who were closer to them on the ground helping them to overcome the psychological and emotional fears associated with change. The change agents were also trained in advance in order for them to cascade the information to the rest of the team, preparing them for actual change beforehand. Building on this foundation, Armenakis, Harris, and Mossholder (1993) proposed a model for creating readiness and proposed that readiness was a precursor of resistance and adoption behaviors. I&M Bank ensured it understood the expectations of its employees and sorted out any issues affecting them that would hinder implementation of its strategic objectives. The bank identified gaps that existed between its own expectations about the strategic change initiatives and those of its employees and closed the gaps to ensure the implementation of the strategic objectives was not threatened.

The results of the study were also very clear on how the bank adopted the deliberate move to involve all its staff members throughout the process through clear, open and frequent communication. The bank gave everyone an opportunity to be heard, to air their views and to even participate in decision making before key decisions were made, tremendously increasing staff morale. Coch and French (1948) demonstrated the effect various forms of employee participation had on productivity and satisfaction during times of change. They found out that the greater the extent of participation (i.e., none, participation by representation, and total participation), the more satisfied employees were and the quicker they met new production goals. This is consistent with the findings of this study reflecting how increase in staff morale due to their full participation in decision making led to increased productivity and full embrace of the strategic change initiatives.

This study found out that the following factors are the key determinants of successful implementation of strategic change; leadership, organization culture, stakeholder engagement, organizational structure and organizational learning. These results corroborate with Kariuki's (2010) study on the factors influencing strategic change at Cooperative Bank of Kenya which concluded that organization culture, strategy and organization structure were the key determinants of strategic change. Besides the studies support Kotter's (1996) study that noted that for change to be successful and sustainable it needs to be anchored on the organization's culture.

The most impactful challenge was the lack of alignment with the company's strategy which would have hindered the success of the strategy if it was not checked. A study by Ramírez & Selsky, (2016) revealed resistance to change was attributed to fear of job loss due to lack of necessary skills and unwillingness to leave the comfort zone (Čater & Pučko, 2010). Other elements realized within the study denoted that change created uncertainty about the future and this stimulated fear about the loss of jobs, and preferred status quo, and is naturally threatening. Pearce & Robinson (1997) observed that resistance to change causes delays in implementation, additional costs, and a reduction in performance (Hughes, 2007). The employees were trained to equip them with the right skills to work efficiently and accept change. Employees who supported the change were adequately rewarded in form of promotions and cash incentives to motivate them while those who were frustrated with the change were asked to leave the organization. However, a handful felt that coercion was not used to make the employees adopt to the changes but rather consistent preparation, training, and persuasion.

The study established that staff now felt that the bank had a unique workforce that was seamlessly aligned to its strategy and communication flow in the organization is now very commendable. Staff morale is at an all-time high while the Bank has achieved a digital and agile culture, building a workforce that is digitally aware and able to leverage on digital technology in the execution of the business strategy. The bank came up with a cultural transformation program to align the employees with the Bank's overall strategy. This has helped a lot in shaping the culture of the organization towards the strategy's success and the management of its successful implementation. Communication flow was improved and people are now more open and candid whilst accepting feedback. The bank came up with trackers to measure leading indicators in the implementation of the strategy. There is a sense that the bank has complemented customer centricity efforts. The bank has succeeded in becoming client-focused through innovation of market-driven financial solutions. Consequently, it built operational efficiencies that improved its customers' banking experience. The bank has also developed an empowered, entrepreneurial approach to client solutions and products, ensuring data-driven decisions and risk-intelligent management of its business environment. This has led to great progress such as the building of a resilient bank amidst the current economy and covid-19 pandemic, an increase in business growth, strategic partnerships with stakeholders, and optimization of all the bank operating models.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions and recommendations. It also presents limitations of the study and suggestions for further study.

5.2 Summary of Findings

The findings of the case study conducted at I&M Bank revealed that the strategic changes at I&M Bank were driven ultimately by the changing customer's expectations, technological developments and stiff competition. To guarantee sustainability and survival of the bank in the long run, the bank's management crafted a strategy to help the bank move away from its then present state towards its agreed desired future state to increase its competitive advantage. The change management initiatives were highlighted in the reshaping of the bank's strategy dubbed iMara strategy as part of the Bank's continued efforts to move from its traditional corporate focus to also embrace the MSME and retail customers' financial needs. To drive the bank's digitization strategy, the bank hired new leadership starting from the CEO to ensure success of the strategic change initiatives anchored on business growth, building resilience and optimization of operations. The study findings also showed that the bank appointed change leaders in each department to drive the change process and instituted consistent and weekly communication through emails and newsletters on the progress of the strategic changes. The bank also undertook education and training activities to reshape the workforce and the organizational culture in line with the new mandate. The bank made changes on its strategies, leadership, information systems, human resource and its corporate culture in order to yield the desired results.

The study findings established that despite the bank's milestones in achieving its strategic goals of growth, resilience and optimization, it still faces enormous challenges including staff resisting the changes, slow acceptance of staff in embracing the new digital technologies designed to drive the operational and performance levels, lack of consistent or intermittent communication on the progress of the strategic change initiatives, lack of coordination due to the numerous strategic change activities and the attendant leadership inadequacies across the branch networks to synchronize the change initiatives. While the challenges have been highlighted, the study also established that the bank had put in place various mitigation measures including clarity and consistency in the internal communication updates on a weekly basis, rewarding the best performing staff during the change initiatives, use of the strategy maps that enabled the bank to set priorities and enhance coordination, hiring of young, experienced tech savvy managers to drive the digitalization strategy and education and training programs that enabled staff embrace new technologies and other strategic changes

5.3 Conclusion

From the study findings, it is important that I & M bank continues implementing its iMara strategy and the attendant strategic changes by fully involving staff in the strategic changes through consistent communication on a continuous basis. This could further be amplified through adoption of an open-door policy to enable employees and the top management to openly engage in the strategic change initiatives. The above findings underscore the importance of the bank to provide strategic leadership by providing the strategic direction of the change initiatives with the appropriate vision. The importance of consistent communication cannot be assumed as the bank needs to ensure the deployment of all the available communication channels to directly

communicate the change initiatives to the employees. The messaging should set out the roles of each employee in the strategic change initiatives. The study's conclusion is that to successfully manage strategic change, the bank should empower and train influential staff members as change agents to help push the change agenda. In addition, embedding the new organization culture of change through involvement of all staff could help deal with resistance to change in the long run.

The study findings show that I & M Bank should continue investing in digitization of its business operations and processes in order to reduce costs, improve quality of services and dramatic improvement in optimizing operations. In addition to the above, the bank should also focus on data analytics to drive its customer and employee experience by employing digital techniques like augmented intelligence, robotics and machine learning to drive customer engagement and manage its risks successfully. The bank's innovative culture is also critical in helping it achieve its goal of being a digital and agile organization so as to easily adopt to strategic changes.

5.4 Recommendations for policy and practice

The study recommends that I & M Bank should continue engaging in management of strategic change especially in the area of digitalization by investing in new digital platforms as a financial deepening strategy through its iMara strategy. To fully achieve its strategic goals, the study recommends that the practice of inclusivity must be embraced for all the stakeholders to reduce the challenge of resistance to change.

From a policy perspective, the study recommends that I & M Bank should put in place a dedicated employee communication policy that embraces informal communication. This will go a long way

in reducing staff resistance to change. The study also recommends that a human resource policy should be formulated in the area of leadership selection and training and development to enable the bank equip itself with a qualified pool of talented staff for succession planning.

5.5 Limitations of the study

The study focused on management of strategic change at I & M Bank Kenya which comprised interviewing a few managers and ignored the responses of non - managerial staff on managing strategic change despite them being the actual implementers at the operational level.

The study focused on I & M Bank only, implying that the findings could be specific to I & M Bank. A case design limits the study findings as they may not apply to other commercial banks in Kenya or in different sectors that face unique challenges as well as opportunities. The study focused on I & M Bank only, ignoring other major players in the financial services sector and this may have reduced the scope of responses on the management of strategic change.

5.6 Suggestions for Further Research

This study suggests that to address the limitations of a single case study, a multiple case approach study of the top tier banks should be undertaken to provide researchers with an opportunity to conduct an empirical mapping and analysis from several organizations. To enrich the study for practical interventions, an industry study should be undertaken to establish the influence of management of strategic change on performance or competitive advantage of commercial banks in Kenya. This could provide a complete picture of the change management approaches considered significant in affecting performance of commercial banks.

Since the interviewee responses were mostly subjective, this study recommends that a structured investigation involving objective measures should be used to determine the actual strategic changes that could inform management of the correct mitigation measures to address the challenges the bank has experienced. This study suggests that future researchers could seek to establish the effectiveness of measures undertaken by the bank to align all employees to the strategic change.

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APPENDICES

Appendix I - Introduction Letter



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TO WHOM IT MAY CONCERN

RE: PATRICIA ASIYO WABWIRE

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, she is expected to carry out a research project study on "Management of Strategic Change at I&M Bank Limited."

She has identified your organization for that purpose. This is to kindly request your assistance to enable the student complete the research study. The exercise is strictly for academic purposes. The student is expected to strictly adhere to all guiding principles for ethical research. Your assistance will be greatly appreciated.

Sincerely,


DR NIXON OMORO
COORDINATOR, FoB&MS, KISUMU CAMPUS

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Appendix II - Interview Guide

Introduction

I&M Bank limited has implemented strategic change in the recent past. As a valued employee of the bank, you have been selected to provide responses to this study that seeks to establish how management of strategic change is being carried out at the bank in order to achieve its strategic objectives. All responses provided will be treated with utmost confidentiality. Your participation will be highly appreciated.

PART 1: STRATEGIC CHANGE MANAGEMENT PRACTICES

This section seeks to understand your opinion concerning the practices I&M Bank uses to manage its strategic change

- a) I&M Bank has implemented strategic change in the recent past, what's your comment on that?
- b) Was the strategic change part and parcel of the bank's plan or was it an emergent plan, occurring in a spontaneous and unplanned manner?
- c) If the strategic change was part of the plan, how was the change executed in line with the vision of the bank and was there a project plan?
- d) What are some of the things that the bank had to do away with in the process of implementing the strategic changes?
- e) After the changes took place, how was it institutionalized?

PART 2: CHALLENGES IN MANAGING STRATEGIC CHANGE

This section seeks to understand your opinion concerning the challenges the bank experiences in the process of managing strategic change

- a) In your opinion how did the bank's staff members perceive the change?
- b) Were the staff members willing to adapt the changes and support the management team?
- c) Was there any resistance to the changes being implemented and if yes, what were some of the ways through which the resistance was portrayed and the reasons for the same?
- d) Apart from resistance, what other systemic challenges has the bank encountered in the cause of implementing its strategic change?

PART 3: MEASURES PUT IN PLACE TO MITIGATE THE CHALLENGES

This section seeks to understand your opinion concerning the measures the bank has taken to mitigate the challenges mentioned above as it manages its strategic change.

- a) How has the bank responded to the systemic challenges during management of strategic change?
- b) How has the bank responded to the behavioral challenges during management of strategic change?
- c) In your opinion has the bank been successful in mitigating these challenges.
- d) Would you recommend other ways or mitigation measures the bank should have adopted for successful implementation of the changes?

THANK YOU VERY MUCH