DETERMINANTS OF CHANGE MANAGEMENT PROCESS AMONG COMMERCIAL BANKS 1N KENYA

BY

NASARINA ANYANGO KOLA

iiTOv OF mm
LOWfiR KASjtTE
LIBRARY

A Management Research Project Submitted in Partial Fulf,lment of the Requirements for the Award of the Degree of Master of Business Administration (MBA), School of Business, an(j University of Nairobi

NOV£M0ER2On

DECLARATION

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

Signature. . . . . .Date ... ./. .U.J. .^Q.1.

KOLA ANYANGO NASARINA

D61/71088/2008

This project has been submitted for examination with my approval as University supervisor.

Signature. . . . ./. . . . ~. .Date rii< ln

Dr. Justus Munyoki

Lecturer, Department of Business Administration

University of Nairobi

DEDICATION

To my late parents, Mr. & Mrs. Marcel Ndege Kola. You have made me what 1 am today. Thank you for ensuring that 1 got good education and upbringing.

To my children, Lucielle, Natalie, Jorram and Marcel. Thank you for the overwhelming support and enthusiasm during the entire course. You have made me a proud mother and you give me great joy.

To George, my husband. Thank you for your assistance and words of encouragement. I could not have completed this effort without your tolerance.

ACKNOWLEDGEMENTS

This research work involved extensive reading, consultation and on-going dialogue with many key persons whom I thank for their invaluable time, guidance and professional input.

I am very grateful for the cooperation and interest of my supervisor. Dr. Justus Munyoki for his invaluable support and insightful guidance, constructive feedback and helpful advice during the successive stages of this work. Special thanks go to all my graduate friends, especially my group members for their time and willingness to contribute ideas, feedback and advice during group work which has guided this project.

I must acknowledge the support I got from officials of the commercial banks of Kenya who took time off from their busy schedules to listen, answer my questionnaire and offer relevant feedback. Without them this effort would not have been possible.

Above all, I thank the Almighty God for the many blessings, protection and love given to me. Your Grace has seen me through this journey.

ABSTRACT

This study sought to determine the factors influencing change management process among commercial banks in Kenya. The study had three objectives; to determine the factors influencing change management practices at the commercial banks in Kenya, to establish the extent to which the change concept has been adopted by the commercial banks in Kenya, and to determine the challenges faced by commercial banks in implementation and management of the change programmes.

The study employed a survey design. The population of the study comprised of all the 43 commercial banks in Kenya. The study collected both primary and secondary data. A semi-structured questionnaire was used to collect data. The Statistical Package for Social Sciences (SPSS) was used for analysis of data and for descriptive analysis, percentages and frequency distributions were used.

The study found that the factors influencing change management practices in the banks are to a very great extent ICT, management of the board, service provision, and organisation structure and client target. The study established that banks prefer formal structured process in strategic planning and that banks reviewed their change management strategy on a quarterly basis. The key challenges faced in implementation and managing the change program were; regulation, technology, competition, social change, leadership, financial sustainability and client satisfaction.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Change management is the process tools and techniques to manage the people side of business change to achieve the required business outcomes and also to realize that business change effectively within the social infrastructure of the workplace (Jeff, 2007) .It entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. Problems arise when change is forced on people and therefore change must be realistic, achievable and measurable (Chapman, 2005). Bate (1994) proposes a broad definition for the amount of change which may be either incremental or transformational. Bate maintains that incremental change occurs when an organization makes a relatively minor change to its technology, processes or structure whereas transformational change occurs when radical change programmes are implemented. Bate also argues that modern organizations are subject to continual environmental change and consequently they must constantly change to realign themselves. Over the years. Commercial Banks have continued to grow in assets, deposits, profitability and product offerings. The need for change in this industry is inevitable; the questions remain how the commercial banks' management staffs identify the resistance from staff and effectively manage to ensure successful implementation of the policies.

1.1.1 Change Management

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1999). The introduction of change can brings in a lot of resistance and conflict with the employees. One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006).

Change management helps ensure that predetermined objectives of introducing the process change are achieved, and it also helps prevent and resolve: Conflicts, service disruption, culture clashes and other problems associated with the change process Change management is not restricted to one level of management; instead, it cuts across the lower, middle and top levels of management, depending on the circumstances and the level of authority at each level (Beckhard, 1969).

1.1.2 Change Management Process

The change management process is the sequence of steps or activities that a change management team or project leader would follow to apply change management to a project or change. Change management is therefore the process by which an organization gets to its future state, its vision. While traditional planning processes delineate the steps on the journey, change management attempts to facilitate that journey. Change guru (Kotter, 1979) has argued that the most general lesson to be learned from the more successful cases in change is that the process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps creates only the illusion of speed and never produces satisfactory results and making critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating hard-won gains. Creating change starts with creating a vision for change and then empowering individuals to act as change agents to attain that vision. The empowered change management agent's need plans that provide total systems approach, are realistic, and are future oriented. Change management encompasses the effective strategies and programs to enable those change agents to achieve the new vision.

1.1.3 Determinants of change management

Organizational change is usually required when changes occur to the environment in which an organization operates. There is no accepted definition of what constitutes this environment, however, a popular and practical working definition is that the environmental variables which influence organizations are political, economical, sociological and technological (Jury, 1997). When an organization or a company begins its operations, it creates its vision, mission, goals and objectives based on the prevailing environment. Organizations create strategic plan within the context of the existing environment. However, the environment does not remain stagnant.

It is for this reason that management must prepare and anticipate the likely reactions of employees to change and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level (Mullins, 1999). The need for organizational change can be prompted or initiated by many different triggers. External triggers for organizational change can include: development in technology; developments in new materials; changes in customers' requirements and tastes; activities and innovations or competitors; new legislation and government policies; changing domestic and global economic and trading conditions; shifts in local, national and international politics and changes in social and cultural values. Internal triggers for organizational change can include: new product and service design innovations; low performance and morale triggering training programmes; office relocation closer to suppliers and markets; recognition of problems, triggering reallocation of responsibilities; innovations; and new ideas about how to deliver services to customers.

1.1.3 Commercial Banks in Kenya

The Banking Industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and various prudential guidelines by the Central Bank of Kenya (CBK). Commercial banks are those institutions involved in accepting deposits, provision of loans and trading facilities to the public while retaining a given amount of their capital base at the central bank. Commercial banks, just like other organizations operate within the environment and are environment dependent (Ansoff & Mc Donnell, 1990). According to CBK's Directory 2011, Kenya has forty-five (44) licensed commercial banks and one (1) Mortgage finance company. The regulation of commercial banks in Kenya is carried out by the Central Bank of Kenya through the Central Bank Act Cap 486, which is usually reviewed every year.

The banking institutions in Kenya are segmented into three main categories comprising of foreign banks, state owned commercial banks where the government has a bigger percentage in its equity and the privately owned commercial banks. A list of all the banks in their respective categories is provided in the Appendix 111. The Kenyan Banking sector has demonstrated a solid growth over the past few years. The industry continues to offer significant profit opportunities for the major participants. Profit after tax of the overall banking system increased by 38.61%, or Kshs 5.08 billion, from Kshs 13.15 billion in December 2005 to Kshs 18.22 billion in December 2006. This growth is a continuation of the strong growth in profit after taxes that the industry has achieved for the past several years. (The Kenyan Banking Sector Report , 2007). Key issues affecting the banking industry in Kenya include; changes in the regulatory framework, where liberalization exists but the market still continues to be restrictive, declining interest margins due to customer pressure leading to mergers and reorganizations, increased demand for non-traditional services including the automation of a large number of services and a move towards emphasis on the customer rather than the product and introduction of non-traditional players, who now offer financial services products. Among the key trends is what appears to be the strong emergence of technology driven banking services in Kenya .Banking is edging away from over reliance on traditional banking halls to other platforms supported by technology and in particular telecommunications .This is emerging as threat to the banks because it has enabled non bank competitors like safaricom short circuit banks by offering cheap money transfer (The Kenyan Banking Sector Report ,2007).There is also an emerging strategy of the banks trying to curve out underexploited but potentially viable niches like mortgage financing.Islamic banking and SME banking among others .The distinction between the traditionally big banks and small banks is somewhat fading as far as product offering is concerned . Abdullahi (2000) mentioned that commercial banks in Kenya have tremendously continued to change by adopting new strategies such as differentiation, focus, segmentation, positioning and alliances among others. In addition to this, according to the Marketing Intelligence Banking Survey (2004), the banking sector has been able to adapt to sequential fundamental challenges in the economic, political and policy environment. Some of these challenges include a poor and declining economy, cyclical interest rate patterns, and high incidence of non-performing loans in addition to a changing political environment.

1.2 Statement of Research Problem

The management of change among organizations, groups and individuals is perhaps the biggest challenge that faces organizations today. Change is perhaps the only constant in many organizations and its occurring at an exponential rate that is almost frightening. Unless managements are able to cope with the demands imposed by the changes that they face, then organizations are unlikely to survive. Robson and Beary (1999) cautioned that no individuals, groups and organizations have automatic right to survive and succeed. Environmental demands and pressures, rapidly changing technology, and continued globalization continually demand that organizations change, and organizations, in turn, ask organizational members to change. If a given change driver or combination of change drivers can be identified as significant to individual change, then organizations can better focus their resources and efforts during change initiatives. Change drivers or determinants provide one means of moving our understanding forward.

It is evident that commercial banks have been changing the way they operate and products they offer to remain competitive in the financial market while for others is to survive. These changes normally elicit various forms of resistance from the affected staff that slow down implementation process. Commercial banks are investing heavily in Information technology, right sizing and more prudent but stringent loan procedures among others. The banking sector, as highlighted earlier, is very competitive and players are constantly changing their processes, products and services to remain competitive. However, the internal process of change and how it affects the members of staff often escapes the spotlight.

There is evidence to suggest that the universal model of change management is inadequate to describe the diversity of approaches actually used by banks (Chapman, 2005).Similarly, Chapman (2005) and Nickols, (2006) found failure of the management and workers to be the major impediment to the use of change management practices in Australian banking industry. Research undertaken by Jeff (2007) indicated that one-half to two-thirds of all major corporate change efforts fail and resistance is the little-recognized but critically important contributor to that failure. However, few of these international studies have focused on factors influencing change management in the context of banking industry and since the studies are based on developed world, they may not apply to Kenya.

There are a number of studies that have been done in Kenya. Gekonge (1999) conducted a survey of the strategic change management practices by Kenyan companies: a case of companies listed by the NSE. Bwibo (2000) did a survey of strategic change management practices within non-governmental organizations in Kenya. Sikasa, (2004) carried out a study on customer perception of change management practices in the mortgage industry, the case of HFCK, while Otiso (2008) studied strategic change management practices, the case of Africa Merchant Assurance Company. However although these studies have made important contributions, limited research had been done on factors influencing change management practices in commercial banks in Kenya.

This study therefore seeks to determine factors influencing change management process among Commercial Banks in Kenya. It was guided by the following research questions:

i) What factors determine change management process among Commercial Banks in Kenya?

ii) To what extent has the change concept been adopted by the Commercial Banks in Kenya?

iii) What challenges has Commercial Banks faced in managing organizational change?

1.3 Objective of the study

The objectives of the study were:

1. To determine the factors influencing change management process among the Commercial Banks in Kenya.

2. To establish the extent to which the change concept has been adopted by the Commercial Banks in Kenya

3 To determine the challenges faced by Commercial Banks in implementation and management of the change programmes.

1.4 Value of the Study

The findings of this study would be valuable to the various stakeholders in the banking industries. The study would provide useful information on determinants of change management process among commercial banks in Kenya and help the players in the banking industry in understanding the challenges they faced when implementing change management in their organizations and how to deal with these challenges. The study would also act as a source of reference materials and knowledge for academicians and upcoming researchers who might be interested in carrying out studies related to this one as it would contribute to the existing literature in the field of change management process.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discussed the past study on strategic change management practices in omanizations. The specific areas covered here are definition of change management, the concept of change, types of change, the triggers of change and the determinants of change management process as well as a review of empirical literature.

2.2 The concept of change management

Change management may be defined as the process of planning, organizing, coordinating and controlling the compositions of the environment, internal and external; to ensure that the process changes are implemented according to approved plans and the overall objectives of introducing the changes are achieved with as little disruption as possible, (Beckhard, 1969) . It is impossible to effect change without any inconvenience to the existing processes and processors. In effect, change management is intended to prevent disruptions and any other deliberate or inadvertent acts that would frustrate the process change, and to resolve any disruptions and their causes promptly.

Most theorists classify change according to the type or the rate of change required and this is often referred to as the substance of change (Dawson 1994). Bate (1994) proposes a broad definition for the amount of change which he argues may be either incremental or transformational. Bate maintains that incremental change occurs when an organization makes a relatively minor change to its technology, processes or structure whereas transformational change occurs when radical change programmes are implemented. Bate also argues that modern organizations are subject to continual environmental change and consequently they must constantly change to realign themselves. (Modahl, 2000; Pina and Torres, 2003; Mintzberg, 1990), present an ideal model of what happens in organisations at different points in time or in different contexts (Dawson, 1996; Longenecker and Fink, 2001).

Bate (1994) states that change may be either incremental or transformational. Incremental change occurs when an organization makes a relatively minor change to its technology, processes or structure whereas transformational change occurs when radical change programmes are implemented. According to Burnes (1996) there are three schools of thought on which change management theory stands; there is the individual perspective school, which assumes that individual behaviour results from his interaction with the environment and change is achieved through stimuli which influence human behaviour; the open systems school examines change through organizations and other subsets. Any change in one subset will impact the other therefore holistic view of organization change important; group dynamic school emphasize of change through groups. As individuals work in groups, changes occur through changing the groups' norms and practices.

According to Paton and McCalman (2000) the need for organizational change can be prompted or initiated by external triggers and internal triggers. External triggers for organizational change can include: development in technology; developments in new

UNIVERSITY OF NAIROBI
LOWER KABETE
LIBRARY

materials; changes in customers' requirements and tastes; activities and innovations or **competitors;** new legislation and government policies: changing domestic and global **economic** and trading conditions; shifts in local, national and international politics and chanties in social and cultural values. Internal triggers for organizational change can include: new product and service design innovations; low performance and morale triimerinii training programmes; office and factory relocation closer to suppliers and markets; recognition of problems, triggering reallocation of responsibilities; innovations in the manufacturing process; and new ideas about how to deliver services to customers.

Orlikowski and Hofman's (1997) Improvisational Change Model is based on two major assumptions: First, that changes associated with technology implementations constitute an on-going process rather than an event with an end point after which an organization can return to a state of equilibrium. Second, that every technological and organizational change associated with the on-going process cannot be anticipated in advance. Based on these assumptions, Orlikowski and Hofman (1997) have identified three types of change; namely anticipated change (changes planned ahead of time and occur as intended); Opportunity-Based Change (those not originally anticipated but are intentionally introduced during the on-going change process in response to an unexpected opportunity); Emergent Change (arise spontaneously from local innovation and that are not originally anticipated or intended).

2.3 Factors Influencing Change Management

Change is inevitable in the life of an organisation. In today's business world, most of the organisations are facing a dynamic and changing business environment. Organizations that learn and cope with change will thrive and flourish and others who fail to do so will be wiped out.

Communication: Discussing the language of organization, De wit and Meyer (2004) note that the nature of language and the significance and potential of linguistic analysis is often misunderstood. At an everyday level, they warn us we have a tendency to think of language in representationalist terms. Thus they note that orthodox forms of (managerialist) organization studies tend to view language as a medium of representation and linguistic analysis as a tool, which may be employed to improve the effectiveness of organizations (Jeff, 2007). As a medium of representation, language is to be regarded as problematic insofar as the use and miss-use of language causes blockages in organizational communication, which in turn limit organizational effectiveness and the achievement of planned change. Effective communication, both from top to bottom and from bottom to top is crucial during change process .Effective and timely communications are crucial in avoiding gossip and rumors and reduce confusion and misperceptions. The most significant advantage of effective communication is to reduce resistance to change.

Employee Attitude towards Change: Industrial progress finds one of its greatest handicaps in the frequent resistance of both management and workers to change of any sort (McAuley et al, 2000). When the word resistance is mentioned, people tend to ascribe negative connotations to it. This is a misconception. There are many times when resistance is the most effective response available. That resistance can play a useful role in an organizational change effort certainly stands juxtaposed to a traditional mindset that would view it as an obstacle that is normally encountered on the way to a successful chanue process. Nevertheless, it is a conclusion reached by a variety of authors who suuuest that there are a number of advantages of resistance. Resistance plays a crucial role in influencing the organization toward greater stability. While pressure from external and internal environments continues to encourage change, resistance is a factor that can balance these demands against the need for constancy and stability. Either way, resistance is the organization's method of communication; therefore attempting to eliminate resistance as soon as it arises is akin to shooting the messenger who delivers bad news. Specifically, management can use the nature of the resistance as an indicator of the cause of resistance. It will be most helpful as a symptom if management diagnoses the causes for it when it occurs rather than inhibiting it at once (Burnes, 1996).

A further advantage that resistance contributes to the change process is an influx of energy. Psychologists have long understood the danger of apathy or acquiescence when there is a need for growth and development. Where a workplace is marked by apathy or passivity, implementing change is a very difficult task (Torres, 2004). Where conflict becomes too great, it may assume the focus of the energy causing the issues created to recede into the background. Resistance is what keeps us from attaching ourselves to every boneheaded idea that comes along (Nickols, 2006). In combination, these aspects of resistance make a persuasive case for re-evaluating the classical understanding of resistance. Equally, they call into question the assumption that a change effort that is met with little resistance should be automatically deemed a good change. The legislative process, for example, is predicated upon resistance playing a crucial role in ensuring the best possible laws are produced.

Organization Culture: Organizational culture is a concept which describes the attitudes, experiences, beliefs and values of an organization (Huczynski and Buchanan, 2003). It has been defined as the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization. Cultural differences have a huge impact on human behavior and hold potential for misunderstandings in business contacts, which might become barriers to change in an organization (Doyle, 2002). A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2003), social processes can also create rigidities if an organization needs to change their strategy.

Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture (Pearce and Robinson, 2003). Pearce and Robinson

(2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. According to Mullins (1999) organizations need to develop capacity for change, by allocation and development of change and operational capabilities that sustain long term performance. They argue that making change happen without destroying well-functioning aspects in an organization and harming subsequent changes requires both capabilities to change in the short and long term, and capabilities to maintain daily operations.

Johnson and Scholes (2002) stated that resource management and development must support an organization's strategies. Tools and workflows can be complex to implement, especially for large enterprises. While some companies report great success, initiatives have also been known to fail mainly owing to poor planning, a mismatch between software tools and company needs, roadblocks to collaboration between departments, and a lack of workforce buy-in and adoption. The circumstances in which banking supervision and associated activities take place can be summarized in two fundamental facts that reflect the complexity of the system: the banks and investment entities, under the principles of the free movement of capital ruling and the supervisors possess even greater individual prerogatives and can exercise a certain degree of discretion in their supervisory activities (Dawson, 1994; Jeff, 2007).

In the business environment, the concept of compatibility, derived from experience, has also been introduced in order to explain the behaviour of companies as users. Consequently, using as a basis the theory of organisational learning, Bate (1994) considers that experience leads to a wider knowledge base and more solid technological skills while Beckhard and Harris (1987) argue that compatibility increases due to the variety of events a company undergoes.

There is a critical role for leaders to play in bringing about positive and significant organizational change (Bass, 1990; Schein, 1992; Tichy & Devanna, 1986). A fundamental challenge of leaders is in alignment with how a company organizes in such a way that the positive potential of its people, products, and services can be fully realized and the organization has the ability to respond successfully to its critical challenges and opportunities (Whetten & Cameron, 2004). In some respects, the phrase, "leading change" could be considered a tautology. The literature on change has often defined leadership as the appropriate response by key individuals in a company to circumstances where the organization is faced with change (Burns, 1978; Whetten & Cameron, 2004). Given this definition, leadership and positive change management can be considered one and the same thing. This point highlights an underlying, historical assumption about leadership - that it is a more transformational, emotional, and rare form of management (Burns, 1978; Graen & Uhl-Bien, 1995; Tichy & Devanna, 1986). Management, in contrast to leadership, has been described as being focused on executing strategy, controlling variation, and ensuring employee performance. In this way, leadership is associated with vision, dynamism, and charisma; management with control, stability, and social transactions.

Change leaders allocate an array of resources, time, money, knowledge, and materials to drive organizational change in large-scale organizational change efforts. They may

expend such resources on organization-wide or department wide meetings, training events, special communications related to the change, or survey and feedback activities. **Resources** allocated to change implementation can result in change drivers. Change **drivers are** events, activities, or behaviours that facilitate the implementation of change **bv** providing an understanding of the need for change, describing the change vision and **initiatives,** fostering or training employees on new work routines, processes, models, and **or** values, or embedding changes in the culture.

Participation has been widely and consistently cited as a major factor affecting processes of change .For example; participation plays a major role in goal setting and the achievement of goals in the context of change (Gransbury, 1995; Covey, 1994; Neumann, 1989; Latham, Erez & Locke, 1988; Miles et al., 1969). Participation can also build individual ownership of change, altering both frameworks and mental models and behaviours and increasing understanding and commitment to change initiatives. Participation of employees can occur through holding meetings to discuss change initiatives, by soliciting input and feedback, and by using pilot teams or groups in the implementation process (Whelan, 1997; Pascale, Milleman & Goija, 1997; Howe & Johnson, 1995; Kennedy, 1994). Such participation of employees in designing, implementing, and evaluating change initiatives facilitates the organizational change implementation process, and fosters individual understanding, commitment, and adoption.

Insufficient training is often seen as a major contributor to the failure of change initiatives and as essential for successful change efforts .Research has linked training and outcomes typically associated with surface change, but not as frequently with deeper, more revolutionary change (Harrison, 1995; Goldstein, 1993; Carnevale, Gainer & Villet, 1990; Bramley, 1989). Training is usually more related to the technical aspects of change, ensuring that employees have acquired the necessary skills to carry out a new task, although it can also convey new values, frameworks, and approaches (Bennett, Lehman & Forst, 1999; Harrison, 1995; Wellins & Murphy, 1995; Stewart, 1989).

According to Rajagopalana and Speitzer, (1997) there has been a great deal of research on strategic changes as change in either business, corporate or collective strategy or change in strategy making norms or values. They also define strategic change (Ginsberg and Grant 1985) in terms of theoretical models that reflect the different views of driving forces and performance outcomes of change. Gekonge' s (1999) study of 54 companies listed in the NSE found that over time the use of the strategic change management practices has increased in the companies listed with the Nairobi Stock Exchange and that it is particularly important to be able to implement new re-engineered processes with a minimum amount of difficulty. Odhiambo (2005) evaluated the problems and practices of strategic change management in the manufacturing sector in Kenya and concluded that companies in the manufacturing sector considering implementing planned strategic change should use Kotter's eight stage model. Mbogo's (2006) study found that the commercial banks operate in an extremely competitive environment and that they are adopting dynamic strategic change management practices which is a signal that many banks believe they need to perform much better than they currently are. Mberia (2006) on her part did a survey of resistance to change in the commercial banking sector. Her study can be correlated to this study because she surveyed commercial banks like this study. Besides, Mberia analysed two important determinants of change in organizations; Training and communication. Mberia concluded the study by saying that while communication and training were determinations of change in organizations they were also ways of handling resistance to change besides reviews, rewarding and learning.

Kinuu (2007) did a research on the management of strategic change at TAMOIL Kenya. His aim was to evaluate the change process in the light of the models of change management. Kibanga (2008) on the other hand looked at change management strategies used in the insurance industry in Kenya; her main objective was to determine the change management strategy used by the insurance industry, while Amenya (2008) carried out a study on change management at the Rift Valley railways. The study revealed that the changes implemented at RVR (K) were both planned and emergent. Adieri's study of NGOs found that NGOs in Kenya apply strategic change management practices and that there exist managerial differences among the organizations issues of strategic change management. Issues of change management gained from these studies may not be assumed to explain factors influencing strategic change management process in the banking industry in Kenya. This study will therefore endeavour to breach the gap by determining the factors influencing change management process among commercial banks and analysing the extent which the concept of change has been adopted and looking at the challenges facing commercial bank in Kenya.

2.4 Chapter summary

This chapter discussed the related studies on strategic change management practices in organizations. The study covered the concept of strategic change management and identified three different types of change; anticipated change; opportunity-based change and emergent change. The study analysed the concept of change, types of change, the triggers of change and the determinants of change management process as well as a review of empirical literature.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design, the population of interest, the population sample, data collection instruments, and the data analysis technique that was used to establish the factors influencing change management process in the commercial banks in Kenya.

3.2 Research Design

This study employed a survey design. The survey is appropriate as it seeks to ascertain the determination of factors influencing change management process in commercial banks in Kenya.

3.3 Population of the Study

The population of this study comprised all commercial banks in Kenya. There are 43 commercial banks in Kenya, CBK (2010). Appendix III attached has the list of commercial banks (Source: Kenya Banker's Association. Bank Addresses Listing-09/11/2009). All banks were included in the study and hence the study was a census.

3.4 Data Collection

This study collected both primary and secondary data. A close-ended questionnaire was used to collect data. The questionnaires was administered through the drop and pick later

method. The respondents of this study were corporate communication managers of all the banks. The data collected was both qualitative and quantitative in nature. The **questionnaire** was in three parts. Questions in section A covered general information **mainly** demographics/personal. Section B questions addressed the first objective of the **study** while questions in section **C** addressed the second and third objectives **respectively.** The questionnaire was piloted in 5 banks and for validity, three **academicians** were requested to evaluate that the instrument was relevant for the research.

3.5 Data Analysis

The researcher ensured that all questionnaires were completely answered. The information was categorized in topics. The Statistical Package for Social Sciences **(SPSS)** was used for analysis of data. Descriptive analysis such as percentages and frequencies were used to analysis quantitative data. Qualitative data was coded and organized into themes and used in description of behaviour and context in which it occurs. Quantitative data used percentage (%) means frequency to generate quantitative content and all were finally integrated to form the report. SPSS was used to analyse correlation using Pearson and Kendall's. Factor analysis was used to extract the three (3) and reliability was tested

CHAPTER FOUR:

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter details the findings of the study and discussions with respect to the objective of the study .The study was designed with the aim of achieving the objective of determining the factors influencing change management process among commercial banks in Kenya. The study involved the collection of data through the use of questionnaires which were administered through drop and pick basis. This study targeted all the 43 commercial banks in Kenya. The results are presented in order of objectives i.e. to determine the factors influencing change management practices at the commercial banks in Kenya; to establish the extent to which the change concept has been adopted by the commercial banks in Kenya and to determine the challenges faced by commercial banks in implementation and management of the change programmes.

Out of the total 43 questionnaires the researcher administered, only 27 were returned. The response rate was therefore 63%.This percentages is fairly representative. Mugenda and Mugenda (1999) stipulate that a response rate of 50% is adequate for analysis and reporting. A response rate of 63% is therefore good and adequate rate to base conclusions.

4.2 Demographic characteristics

This section analyses the key characteristics of the banks and is intended to establish certain attributes like years of operation, ownership structure, and size in terms of number of employees.

Foremost, the respondents were required to indicate the year of establishment in Kenya. The years of operation are important because it enabled the study to establish the relationship between operational experience and change management program in the banks.

Table 4.1: Age of firm since establishment

	Frequency	Percent	Cumulative Percent
Less than 30 years	16	59.25	59.25
31 60 **years**	6	22.22	81.47
61-90 **years**	3	11.11	92.58
Over 91 **years**	2	7.4	100.00
Total	27	100.0	

Source: Research data, 2011.

As indicated in Table 4.1, 59 % of the banks had an operational experience of between 1 to 30 years, 22 % had operated between 31 to 60 years, and 11 % had been around for between 61 to 90 years while 7 % had operated for over 91 years. On average, the banks were well established in Kenya and hence could have experienced change management challenges overtime.

Secondly, the respondents were asked to state the form of ownership of the Commercial Banks This enabled the researcher to determine if the ownership influenced the change management practices. The results are as indicated in Table 4.2

Table 4.2 Ownership of the Banks

	Frequency	Percent	Cumulative Percent
Local	15	55.55	55.55
Foreign	12	44.45	100.00
Total	27	100.00	

Source: Research data, 2011.

In Table 4.2, of all the banking institutions surveyed 56 % were locally owned and 44 % privately owned. This therefore means that change management practices must have been experienced due to the large component of foreign owned banks in the market.

4.3 Change management practices

This section analyses the change management practices in the commercial banking industry in Kenya. Frequency tables and percentages are extensively used to illustrate the data as indicated below.

4.3.1 Changes in the organization for the last 5 years

The respondents were asked to state whether there has been changes in the banks for the last 5 years, respondents were required to indicate yes/no in respect to their institutions. 88 % of the respondents agreed that their institutions had changes in the last five years while 11 % denied that there had been any significant changes in the banks. Subsequently those who agreed to the changes were required to indicate the key changes. The responses are given in Table 4.3.

Table 4.3 Key changes

	Frequency	Percent
Board and management	14	51.85
Organizational structure	18	66.67
Funding	7	25.93
Services	20	74.07
Client target	19	70.37
Staff changes	21	77.78
Geographical coverage	17	62.96
ICT	26	96.30

Source: Research data, 2011.

The findings in Table 4.3 indicated that the key changes ranked 1st was ICT with 96 % followed by staff changes at 78 %, services at 74 %, client targets at 70 % and organizational structure at 67 %. The least variable key change were funding at 26 % and change in board management at 52 % respectively. This implies that commercial bank had more emphasis on ICT and staff changes in driving the change in the industry.

4.3.2 Factors influencing change management practices

This study sought to establish factors influencing change management practices. Using the scale if to a very great extent, to a great extent, to a moderate extent to a lesser extent and to no extent the respondents were required to indicate the extent to which; board and management, organizational structure, services, client target, branch distribution and ICT influenced change management practices in the banks.

Table 4.4 Factors influencing change management practices

variable	Board Management	Organisation structure	Services	Client target	Branch distribution	ICT
	%	%	%	%	%	%
very great extent	44.44	33.33	59.25	33.33	14.81	92.5 Q
a great extent	40.74	44.44	25.92	48.14	22.22	7.4
a moderate extent	11.11	3.7	14.81	18.51	3.7	00
a lesser extent	3.7	18.51	0	00	44.44	00
no extent	00	00	0	00	14.81	00
Missing system	00	00	0	00	00	00

Source: Research data, 2011.

As shown in Table 4.4, board and management influenced change to a very great extent ai 44 %, to a great extent at 41 %, to a moderate extent at 11 % and to a lesser extent at 4 %. Organizational structure, influenced change to a very great extent at 33 %, to a great extent at 44 %, to a moderate extent was 4 % while to a lesser extent was 19 %. Service provision strategy influenced change to a very great extent at 59 %, to a great extent at 26%, and to a moderate extent was 15 %.

As far as client target was concerned, it influenced change to a very great extent at 33 %, to a great extent at 48 % and to a moderate extent at 19 %. Branch distribution influenced change to a very great extent at 15 %, to a great extent at 22 %, while it influenced to a moderate extent at 4 % and to a lesser extent at 44 %. Those who thought it was to no extent rated the variable at 15 %. ICT influenced change to a very great extent at 93 %, and to a great extent at 7 %. From this Findings all the factors except branch distribution,

influenced change management practices in the Banks to a very great extent. The finding also means that rapid and continual innovation in technology is a critical factor **influencing** change management process.

4.4 Change program

This study set to find out the factors that the banks took into consideration when to institute a change program. The scale used was 1. For not important 2. For important and 3. For very important. The respondents were required to indicate the importance of the following variables when the bank is considering a change program. Client needs, vision of the bank, capacity of the bank, availability of resources, customer requirements, government regulations, taxation, change in technology and competition

Table 4.5 Factors to consider in change program

Factors	Mean	Std. Dev.
Client needs	2.9304	0.8329
Vision of the Bank	2.1522	1.0742
Capacity of the Bank	2.8478	0.7368
Availability of resources	2.9191	0.7050
Customer requirements	2.1770	1.0451
Government regulations	2.2413	0.9770
Taxation	2.2435	1.2239
Change in technology	2.9427	1.0160
Competition	2.3209	1.0787

Source: Research data. 2011.

As shown in Table 4.5, the findings very important factors were; change in technology (mean of 2.94), client needs (mean of 2.93), availability of resources (mean of 2.92) and capacity of the Bank (mean of 2.85). On an important extent; Competition (mean of 2 32). taxation (mean of 2.24), government regulations (mean of 2.24), customer requirements (mean of 2.18) and vision of the bank (mean of 2.15).

In ueneral the most important factors to consider in change program were; change in technology (mean of 2.94), client needs (mean of 2.93), availability of resources (mean of 2.92) and capacity of the Bank (mean of 2.85). This means that information technology and continual adoption of improved business processes plays significant role in change program:

The respondents were expected to indicate main change problems their organization have face during the change process. The purpose was to identify key change problems.

Table 4.6 Key change problems

Change problem	Frequency	Percent
Resistance to change	19	70.37
Retrenchment of staff	13	48.15
Time management	7	25.93
Cost of change	25	92.59

Source: Research data, 201

The result in Table 4.6 shows that the key change problems were cost of change at 93 % followed by resistance to change at 70 % and retrenchment of staff at 48 % respectively, •pi *
is means that while implementing change, commercial banks consider cost-benefit

analysis as a powerful tool. This tool assists them in identifying and listing out the potential cost of undertaking the change and expected benefit.

4 5 Extent of adoption and the challenges in implementation and management of the change

This study set to determine the extent to which a change program was adopted and the challenges of implementation. The purpose was to answer the research questions, to what extent has the change concept been adopted by the commercial banks in Kenya and what challenges has commercial banks faced in managing organizational change.

Respondents were required to indicate the kind of strategic planning their banks followed in the implementation of the change management policy. The respondents were given a choice of the following kinds of strategic planning processes; highly formal process, formal structured process and semi-formal (low degree of formality, high degree of informality)

Table 4.7 kinds of strategic planning processes

	Frequency	Percent
Highly Formal	6	22.22
Formal structured process	20	74.07
Semi-formal (low **degree** of formality, high degree of informality)	1	3.70
Total	27	100.00

Source: Research data. 2011.

According to Table 4.6, 74 % of the banks uses formal structured process in strategic planning, 22 % followed a highly formal process, while 4 % used a semi-formal process. This finding means that banks associate formal planning with better performance while implementing change. The market being highly uncertain and complex, formal planning leads to great success in the entire organisation's objective

In the process of planning the respondents were required to indicate their banks' change program planning period. The following periods were defined; 0 to 1 year, Over 1 to 3 years, Over 3 to 5 years and Over 5 years

Table 4.8: Banks' change program planning period

	Frequency	Percent
0 to 1 year	3	**11.11**
Over 1 to 3 years	11	40.74
Over 3 to 5 years	12	44.44
Over 5 years	1	3.70
Total	27	100.00

Source: Research data, 2011.

As indicated in table 4.7, 11% of the banks preferred 0 to 1 year, 41 % preferred over 1 to 3 years, 45 % over 3 to 5 years and those over 5 years were 4 % the mean preferred period was therefore 21/2 years with a preference of 43 % respondents.

The respondents were required to indicate the frequency the bank reviewed their change management strategy. The period was categorized as; once a year, twice a year, quarterly or never. The results are shown in table 4.9 below.

Table 4.9: Review of change management strategy

	Frequency	Percent
Once a year	5	18.51
Twice a year	6	22.22
Quarterly	16	59.25
Total	27	100.00

Source: Research data, 2011.

As shown in table 4.9, majority 59 % of the banks carry out review of change management strategy on quarterly basis followed by 22 % twice a year and only 19 % on annual basis.

Subsequently the respondents were asked to indicate the persons responsible in the review of the bank's change strategy. From a list of; board of directors, senior management (Department /Division Heads), middle management, head of IT and line management. The results are given in table 4.10

Table 4.10: persons responsible in the review of the bank's change strategy

	Frequency	Percent
Board of Directors	23	85.19
Senior Management (Dept. /Div. heads)	19	70.37
Middle Management	7	25.93
Head of IT	9	33.33
Line Management	2	7.41

Source: Research data, 2011.

From table 4.10 most banks, 85% assigned the responsibility of reviewing the bank's change strategy to board of directors and 70 % assigned to senior management.

4.6 Challenges faced in managing change

In line with the second objective of the study, the respondents were required to identify the key challenges faced in managing the change programs. On a scale of to a very great extent, to a great extent, to a moderate extent, to a lesser extent and to no extent respondents were required to indicate the extent to which the following challenges are a source of change in the bank. Regulations, technology, competition, social changes and leadership.

Table 4.11: Challenges as a source of change

variable	Regulations	Technology	Competition	Social changes	Leadership
	%	%	%	%	%
Very great extent	40.74	77.77	14.81	3.7	14.81
Great extent	22.22	11.11	11.11	22.22	11.11
Moderate extent	14.81	7.4	3.7	3.7	3.7
Lesser extent	11.11	3.7	59.25	59.25	55.55
No extent	7.4	0	14.81	11.11	14.81

Source: Research data, 2011.

According to Table 4.11, regulations were considered a source of change to a very great extent at 41%, to a great extent at 22 %, and to a moderate extent at 15 %, while to a lesser extent it was 11 % and to no extent stood at 7%. As a source of change technology was rated to a very great extent with 78 %, to a great extent was rated 11 %, to a moderate extent it was 7 %, and to a lesser extent at 4 %. As far as competition was concerned, only 15 % rated it to a very great extent, 11 % thought it was to a great extent, and 4 % said it was to a moderate extent, the majority 59 % saw it to a lesser extent and 15 % to no extent. Social changes were considered a source of change at 4 % to a very great extent, 22 % to a great extent, and 4 % said it was to a moderate extent, the majority 59 % to a lesser extent and 15 % to no extent. On leadership, 15% said it was to a very great extent, 11 % to a great extent, 4% to a moderate extent, and the majority 56% to a lesser extent while 15% said it was to no extent

From this study finding, regulations and technology were considered by the banks as a source of change in the industry while competition, social changes and leadership were not necessarily a source of change challenges in the banking industry.

4.7 Importance of change to the banks

The study set to find out the importance of certain variables in the implementation and management of the change programmes. The aim was to answer the research question; to determine the challenges faced by Commercial Banks in implementation and management of the change programmes. On a scale where 5 - Critically important, 4 - Very important, 3 - Moderately important, 2 - Less important, 1 - Not important , respondents were required to indicate the extent to which the following variables are

UNIVERSITY OF NAIROBI
LOWER KABETE
LIBRARY

important to your institution; Financial sustainability , client satisfaction, competition, changing conditions and performance .

Table 4.12: Importance of change determinants

variable	Financial sustainability %	Client satisfaction %	Competition %	Changing conditions %	Performance %
Critically important	77.77	70.37	25.92	33	74.07
Very important	14.81	14.81	48.14	51.85	3.7
Moderate important	0	3.7	3.7	3.7	3.7
Less important	7.4	3.7	3.7	11.11	11.11
Not important	0	7.4	18.51	0	7.4

Source: Research data, 2011.

As indicated in Table 4.12, financial sustainability was critically important at 78%, very important at 15% and, less important was only7 %. Client satisfaction, was rated critically important with 70 %, very important with 15 %, moderately important was 4%, same as less important and not important had 7 % respondents. As far as competition was concerned 26% rated it critically important, 48 % very important, 4 % moderately important, and another 4 % rating it less important, while 19 % said it was not important. Changing conditions were considered critically important with 33%, very important at 52 % and 4 % moderately important while 11 % thought it was less important. This means that financial sustainability plan **must** be in place for any meaningful change to take place.

Finally performance was considered critically important with 74 %; very important with 4 % another 4 % thought it was moderately important while 11 % said it was less important and 7 %, not important

4.8 Correlation analysis

The study set to find out the importance of certain variables in the implementation and management of the change programmes. A correlation analysis was performed to reveal the contribution of each variable to various measures of change management. This study analysed the relationship between the number of years in operation and the key changes experienced. The results of this analysis provided a general support that each variable had a different contribution to change.

Table 4.13 Key changes and year of establishment

Variables	Correlation coefficient
Board management	.879
Organisational structure	.697
Funding	.972
Services	.985
Client target	.966
Staff changes	.663
Geographical coverage	.042
ICT	.952

Source: Research data, 2011.

From Table 4.13, a number of correlation relationships were calculated for the various factors that were under consideration. The key change variables; Board management, organisational structure, funding, services, client target, staff changes and ICT showed a strong positive relationship indicating a medium to strong positive correlation between the factors. Only Geographical coverage had a weak relationship.

4.9 Factor analysis

A factor analysis was performed to reveal the weight of each variable to various measures of change management. This study analysed the importance of the key changes experienced and factors influencing change management practices.

Table 4.14 Component Matrix for Key changes and year of establishment

Component Matrix(a)		
	Component	
	1	2
Age of firm since establishment	.982	-.144
Board Management	.938	.181
Organisation Structure	.806	.572
Funding	.943	-.233
Services	.973	-.181
Client Target	.935	-.285
Staff Changes	.782	.528
Geographical Coverage	.108	.772
ICT	.906	-.357
Extraction method: Principal Component Analysis .A 2 components extracted.		

Source: SPSS Analysis of research data, 2011

Using the Principal Component Analysis two components were extracted and from the analysis all first components had more weight than the second component except for geographical coverage. The conclusion is that geographical coverage is not a key change determinant.

Table 4.15 Component Matrix factors influencing change management practices

Component Matrix(a)		
	Component	
	1	2
Board Management	.993	-.003
Organisational Structure	.886	.419
Services	.942	-.257
Client Target	.897	.010
Branch Distribution	.102	.949
ICT	.786	-.295
Extraction Method: Principal Component Analysis. A 2 component extracted		

Source: SPSS Analysis of research data, 2011.

Using the Principal Component Analysis two components were extracted and from the analysis all first components had more weight than the second component except for branch distribution. The conclusion is that branch distribution does not influence change management practices

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Foremost, the study established that on the average the banks were well established in Kenya and hence could have experienced change management challenges over time. The majority of the banking institutions surveyed were locally and privately owned and also the majority of the respondents had served in the organization for a long period and therefore they were in a position to respond to change management issues. From the study Findings, it is imperative that the majority of the banks had experienced changes for the last 5 years while the key changes were; organizational structure, services, client target, staff changes, geographical coverage and 1CT.

Secondly, the study found that the factors influencing change management practices in the commercial banks were; board management, organizational structure, services, client target and ICT and to lesser extent branch distribution . When instituting a change program this study found out that the commercial banks took several factors into consideration. The factors included; client needs, vision of the bank, capacity of the bank, availability of resources, customer requirements, government regulations, taxation, change in technology and competition. From the study, all the above factors except taxation were considered as being very important by the banks when instituting a change program.

Other findings established that the key changes problems the banks encountered were; resistance to change, staff retrenchment, time management and the cost of change. In the implementation of the change management policy this study established that the kind of strategic planning the banks followed in the implementation of the change management policy was the formal structured process and the process planning period was 21/2 years. The study established that the banks reviewed their change management strategy on a quarterly basis and that the persons common to most banks in the review of the banks change strategy were; board of directors, senior management and middle management. From the study findings the challenges faced in managing the change program in the banks were noted as; regulations, technology, competition, social changes and leadership. The findings of the study confirmed that the challenges faced by commercial banks in implementation and management of the change programmes include; financial sustainability, client satisfaction, competition, changing conditions and performance.

5.2 Conclusions

From the findings, it can be concluded that the factors influencing change management practices in the commercial banks are both from the internal and external environment. The study further concludes that organizations should take into consideration the needs of client, the vision of the bank, the capacity of the bank, and availability of resources, customer requirements, and government regulations when determining a course of change management program.

The study can also conclude that changes in the banks have preceded growth strategy. This explains why many banks have undergone structural changes within a very short period of time. The challenges of change management are evident in the reorganization and resistance to change, changing of organizational structure a head of strategy development, balance between planned and emergent change and restructuring especially downsizing human resources. Another conclusion pertinent to this study is that other levels of change process like competition, social changes and leadership are not well taken care of as part of the change management process. These factors should be taken into consideration while embarking on the change process as they are very important.

5.3 Recommendations

5.3.1 Recommendations with policy implications

Based on the study findings, it is recommended that policy initiatives should be considered in all circumstances which may potentially result in significant change for the banking institutions. Successful organizations respond intelligently to factors which precipitate change; i.e. economic climates, political trends, changes in consumer demands, management policy or structure, employment levels and financial resources. The banking institutions in Kenya should appreciate the fact that all these elements are constantly at play to ensure that organizations clinging on to static structures will ultimately lose out.

The immediate changes and modifications in a company make the employees adjust to new principles, obligations, processes, policies, systems, and many more factors present in everyday work lives. Such alterations may cause a feeling of insecurity and discomfort to creep into the minds of employees. However, if there is a responsible and efficient management team present in the organization, it can certainly enable the workers to adjust to changes even before letting them know about the transition. This helps in a smooth transition of old processes and techniques to the new ones.

The banking institutions should develop a policy on planning out and implementing strategies for organizational change. The management has to make sure that the employees are well informed about the policies, obligations, regulations, and a detailed structure of the organizational changes which are to be implemented. Imparting change-related information is a must as every employee would need to know the effect of the change on his responsibilities or position. Implementing organizational change successfully is a task which has to be undertaken by keeping many factors in mind, such as employee feelings, company's financial status, long-term goals, and company's goodwill among others factors. If implemented and coordinated well, everyone contributes positively toward change and the company definitely goes on to benefit from

5.3.2 Recommendations for further Research

The study focused on the factors influencing change management practices at the commercial banks in Kenya; the extent to which the change concept has been adopted by the commercial banks in Kenya and the challenges faced by commercial banks in implementation and management of the change programmes. It is therefore recommended that further research work should look at the success and challenges of other related players in the industry who have implemented the same and results be compared.

The study found out that resistance to change by employees has hindered implementation of most banks' change programs. As the organisation prepares to embark on change management, resistance to change by employees may impede the process. Based on the study findings, it is recommended that further study be done to establish the reason for this. The process of designing any changes must be accepted by all and the implementation of change must be continuously monitored to ensure that the objectives of the changes are met.

There is therefore need to carry out further research to determine how well organizations in the country are prepared on the application of change management. Further research should also be undertaken to determine the success levels of organizations that are using strategic change management

5.4 Limitations of the study

The main challenge faced was the administration of the questionnaires; most management employees of the banks were not readily available for a face to face interview due to their tight schedules. There was also concern on breach confidentiality in the disclosure of information. At a time when new management issues are coming up with new strategies to enhance service provision given, this may breach confidentiality due to information technology leakages. The researcher took time in explaining to them that the study was for academic purposes only.

REFERENCE

Amenya, S. A. (2008), *A study on the change management at the Rift Valley railways:* University Of Nairobi Unpublished MBA project

Ansoff, I. (1990), *The new corporate strategy.* London: John Wiley and sons

Ansoff H.I., McDonnell E (1990),*Implementing Strategic Management*: 2nd edition, Prentice Hall.

Armstrong M (2006), *A Handbook of Human Resource Management Practice.* 10th Ed.Kogan Page Ltd, London.

Bate, P. (1994), *Strategies for Cultural Change* (Butterworth-Heinemann Ltd).

Beckhard, R. and Harris P. (1987) *Organization Development: Strategies and Models,* Addison-Wesley, Massachusetts, USA.

/

Burnes, B. (1996), *Managing Change: A Strategic Approach to Organisational Dynamics*, (London: Pitman).

Bwibo Adieri (2000), *A survey of strategic change management practices within non-governmental organizations in Kenya.* Unpublished MBA Project. University of Nairobi.

Central Bank of Kenya website:wwww.centralbank.go.ke.

Chapman P. (2005), "*Researching the roles of internal-change agents in the management of organizational change*", British Journal of Management, Vol. 8 No. 1, pp. 61.

Dawson, P. (1994).*Organisational Change: A Processual Approach* (Paul Chapman Publishing).

De wit B & Meyer R (2004),*Strategy: Process, content and Context*, 3rd Edition; Thompson Learning, North Yorkshire 2004 Edition .

Diefenbach, T. (2006), *"Competing perceptions and business models of senior managers in a higher education institution",* International Journal of Knowledge, Culture and Change. Management, forthcoming Vol. 12 No.6, pp.234-239.

Doherty P and Waterhouse P (2006), *Change Managements CA IT Service Management Process Map.* Californian: Business Service Optimization, CA Inc.

Doyle, M. (2002),"*From change novice to change expert: issues of learning, development and support", Personnel Review,* Vol. 31 No.4, pp.465-81.

Gathungu, M. (2008), *Employee perception of strategic change at the Kenya National Audit office:* University Of Nairobi Unpublished MBA project.

Gathua, M (2006),.*Evaluation of the change management and its impact on performance at Unga Group Kenya*: University Of Nairobi Unpublished MBA project.

Gekonge Christopher (1999), *A survey of the strategic change management practices by Kenyan companies: a case of companies listed by the NSE.* Unpublished MBA Project University of Nairobi.

Gichohi, S.M. (2007), *The challenge of change management*: A case study of Unga Ltd. University of Nairobi Unpublished MBA project.

Grant, D. (2005), "*Guest editorial: discourse and organizational changeJournal of Organizational Change Management*, Vol. 18 No. 1, pp.6-15.

Hill, C. & Jones, G. (2001), *Strategic Management Theory*, 5th edition, Houghton Mifflin Company.

Huczynski, A & Buchanan, D. (2003), *Organizational Behaviour*, 4th Ed. Pearson Education Ltd., England.

Jeff T. (2007), *The Challenge of Organisational Change*: How Companies Experience It and Leaders Guide It, Free Press, New York, NY.

Johnson G. Scholes K, (2003), *Exploring Corporate Strategy:*; Texts and Cases, Prentice Hall, New Delhi, 6th edition.

Jury, G. M. (1997), *Managing Technology; the Environment in Which Technology is Managed.* IEE Engineering Management Journal 7 (1): 27-32.

Kibanga, S. W. (2008), *Change management strategies used in AON Minet insurance brokers Kenya.* University Of Nairobi Unpublished MBA project.

Kaplan, R. S. and Norton D P (1996), *Using the balanced scorecard as a strategic management system.* Harvard Business Review Jan - Feb pp. 75-85.

Kinuu, D. (2007),*Management of strategic change at TAMOIL.* University Of Nairobi Unpublished MBA project.

Kothari C.R. (2004), *Research Methodology: Methods and Techniques;* New age International publishers.

Kotter, J. P. & Schlesinger, L. A (1979), *Choosing Strategies for Change,* Harvard Business Review, and March - April 1979 issue.

Lewin, K. (1951), *Field Theory in Social Sciences,* in Huczynski, A and Buchanan, D (2003), Organizational Behaviour, 4th Ed. Pearson Education Ltd., England .

Longenecker, C., Fink, L. (2001), "Improving management performance in rapidly Changing organizations", *The Journal of Management Development*, Vol. 20 No. 1, pp.7.

Maru, T.M. (2004) *^A survey of strategic choices of survival within a changing environment in microfinance institutions*: University Of Nairobi Unpublished MBA project.

Mbogo, S. N. (2006), *Management of Strategic Change in the Commercial Banks in Kenya.* Unpublished MBA Project. University of Nairobi.

Mintzberg, H. (1987), *Crafting Strategy. Hansard Business Review*, July-August: 66-75.

Mullins L (1989), *Management and Organizational Behaviour* (London: Pitman).

Musei, C.M. (2006), *A survey of the relationship between strategic planning and performance in the textile industry in Kenya:* University Of Nairobi Unpublished MBA project.

Mintzberg, H. (1990), *"Strategy formulation: schools of thought",* in Frederickson, J. (Ed.), Perspectives on Strategic Management, Harper and Row, New York, NY, pp. 21-37.

Modahl, M. (2000), *Now or Never.* How Companies Must Change Today to Win the Battle for the Internet Consumer, Orion, London,

Mullins L.J (1999), *Management and Organizational Behaviour.* (5th Ed.): In Marrow, A.J (1969), The Practical Theorist: The Life and Work of Kurt Lewin Teachers College Press. 1977 Ed. New York.

Nickols F. (2006), "*The challenge of global change for strategy: Opportunities for charting a new course*in Shrivastava, A.H. and Dutton, J. (Eds), Advances in Strategic Management: Responding to a Changing World, Vol. 9, JAI Press, Nyamache, N. (2003) *,.A study on strategic change management process in the public sector. A case study of the service reform programme in Kenya between the years 1993-2003:* University Of Nairobi Unpublished MBA project.

Odhiambo, H. S. (2005), *A problems and practices of strategic change management in the manufacturing sector :* a case of Olympia capital holdings limited. University Of Nairobi Unpublished MBA project.

Orlikowski, W. J. (1996), *Improvising Organizational Transformation over Time Situated Change Perspective.* Information Systems Research 7 (1): 63-92.

Otiso Henry Nyabuto (2008), *Strategic change management practices*: the case of Africa merchant assurance company.

Paton, R.A. & McCalman, J. (2000), *Change Management*: A Guide to Effective Implementation, 2nd ed., Sage Publications, London.

Pearce J.A., Robinson R.B., (2003), *Strategic Management; Strategy Formulation, Implementation and Control,* Irwin, Homewood, Illinois, 8th edition.

Pina, V. & Torres, L. (2003), "*Reshaping public sector accounting: an international comparative view",* Canadian Journal of Administrative Sciences, Vol. 20 No.4, pp.334-50.

Rajagopalan, N., Spreitzer, G. (1997), "*Toward a theory of strategic change: a multi-lens perspective and integrative framework",* The Academy of Management Review, Vol.22 No.l, pp.48-79.

Seleshi Sisaye, 2003 *Advances in Management Accounting,* Volume 11, 251-285

Senge, P. M. (1990), *The Fifth Discipline The Art and Practice of the Learning Organization,* New York: Random House.

Sikasa C. (2004), *Customer perception of change management practices in the mortgage industry.* The case of HFCK. Unpublished MBA Project. University of Nairobi.

Staw, B.M. & Epstein, L.D. (2000), *"What bandwagons bring: effects of popular management techniques on corporate performance, reputation, and CEO pay",* Administrative Science Quarterly, Vol. 45 No.3, pp.523-56.

Thompson, A & Strickland (2003), *Strategic concepts and cases New York*: McGraw-Hill Company.

I orres, L. (2004), " *Trajectories in public administration reforms in European continental countries",* Australian Journal of Public Administration, Vol. 63 No.3, pp.99-112.

Worley, C.G., Hitchin, D.E., & Ross, W.L. (1996), *Integrated strategic change. Reading, MA:* Addison-Wesley Publishing.

Weick, K. E. (2000), *Emergent Change as a Universal In Organizations,* Boston: Harvard Business School Press.

Whelan, K. S. (1997), *Change catalysts - clarifying the individual change process embedded in the organizational change process.* Paper presented at 1997 Academy of Management Meeting, Boston, MA.

Wilson, D.C. (1992), *A Strategy for Change: Concepts and Controversies in the Management of Change,* Routledge, London.

APPENDICES

Appendix I: Letter of Introduction

APRIL 2011

The Chief Executive Officer,

Bank Limited,

Dear Sir,

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Masters of Business Administration program.

Pursuant to the pre-requisite course work, I would like to conduct a research project on **DETERMINANT OF CHANGE MANAGEMENT PROCESS AMONG COMMERCIAL BANKS IN KENYA.** The focus of my research will be the commercial banks in Kenya and this will involve use of questionnaires administered to members of the management team.

I kindly seek your authority to conduct the research in this bank through questionnaires and use of relevant documents. I have enclosed an introductory letter from the University. Your assistance is highly valued. Thank you in advance.

Yours faithfully,

NASARINA A. KOLA

Appendix II: Questionnaire

(a) Give brief answers in the spaces provided.

(b) In the boxes given, please tick appropriately.

Section A: ORGANISATIONAL DEMOGRAPHICS

1. Name of Bank

2. Year of establishment of bank in Kenya

3. Is your bank locally or foreign owned

4. How long have you worked in the Bank?

1. 1-5

2. 6-15

3. 16-30

4. 31-60

5. 60>

Section B: factors influencing change management processes

1. Have there been any changes in the organization for the last 5 years?

Yes ( ) No ( )

2. Which key changes has your organization gone through? Please tick.

1. Board and management [ ]

2. Organizational structure [ ]

3. Funding [ ]

4. Services

5. Client target [ ]

6. Staff changes [ ]

7. Geographical coverage [ ]

8. ICT [ ]

3. Using the scale provided please indicate the extent to which the following variables factors influencing change management practices in your Bank.

5 - To a very great extent, 4 - To a great extent, 3 - To a moderate extent,

2 - To a lesser extent, 1 - To no extent

	5	4	3	2	1
Board management	[ ]	[j	[ ]	[ ]	[J
Organizational structure	[ ]				
Services	[ ]				
Client target	[ ]				
Branch distribution	[ ]				
ICT	[ ]				

4. Using the scale provided please indicate the importance of each variable when the bank is considering a change program

Where: l.not important 2. Important 3.very important

	1	2	3
Client needs			
Vision of the Bank			
Capacity of the Bank			
Availability of resources			
Customer requirements			
Government regulations			

Taxation	[ ]	[ ]	[ ]
Change in technology	[ ] '	[ ]	[ ]
Competition	[J	[ ]	[ ]

5. Did changes in 5 above affect your Bank in any way?

Yes ( ) No ( )

Which key changes problems has your organization encountered? Please tick

1. Resistance [ ]
2. Retrenchment
3. Time [ ]
4. Cost of change [ ]
5. Cost of change [ ]

SECTION C extent of adoption and the challenges in implementation and management of the change

1. What kind of strategic planning does your bank follow in the implementation of the change management Policy? (Tick)

Highly formal ( )

Formal (structured process) ( )

Semi-formal (low degree of formality, high degree of informality) ( )

2. What is your Banks' change program planning period? (Tick)

0-1 Yrs ( )

1-3Yrs ( )

3-5Yrs ( )

Over 5 Yrs. ( )

3. How often does your bank review its change management strategy? (Tick)

Once a year [ ]

Twice a year [ ]

Frequently [ ]

Never [ ]

4. Who are involved in the review of the bank's change strategy? (Tick

1. Board of Directors

2. Senior Management (Dept. /Div. heads and CEO

3. Middle Management [ ]

4. Head of IT [ ]

5. Line Management

6. Please indicate the extent to which the following challenges are a source of change in your Bank

5 - To a very great extent, 4 - To a great extent, 3 - To a moderate extent,

2 - To a lesser extent, 1 - To no extent

5 4 3 2 1

Regulations	[ ]	[ ]	[ ]	[ ]
Technology	[ ]	[ ]	[ ]	[ ]
Competition	[ ]	[ ]	[ ]	[ ]
Social changes	[ ]	[ ]	[ ]	[ ]

Leadership	[ ]	[ ]	[ ]	[ ]	[ ]

7. Using the Likert scale please indicate the extent to which the following variables are important to your institution

KEY 5 - Critically important, 4 - Very important, 3 - Moderately important,

2 - Less important, 1 - Not important

	5	4	3	2	1
Financial sustainability	[ ]	[ ]	[ ]	[ ]	[ ]
Client satisfaction	[ ]	[ ]	f]	[ ]	[ ]
Competition	[ ]	[ ]	[ ]	[ ]	[ ]
Changing conditions	[ ]	[ ]	[ ]	[ ]	[ ]
Performance					

Appendix III: Directory of Commercial Banks as At December 2010

1. **African Banking Corporation Ltd.**

P.O Box 46452-00100, Nairobi. Telephone: +254-20- 4263000, 2223922, 22251540/1, 217856/7/8

2. **Bank of Africa Kenya Ltd.**

P. O. Box 69562-00400 Nairobi. Telephone: +254-20- 3275000, 221 1175, 3275200

3. **Bank of Baroda (K) Ltd.**

P. O Box 30033 -00100 Nairobi. Telephone: +254-20-2248402/12, 2226416, 2220575, 2227869

4. **Bank of India.**

P. O. Box 30246 - 00100 Nairobi. Telephone: +254-20-2221414 /5 /6 /7

5. **Barclays Bank of Kenya Ltd.**

P. O. Box 30120 - 00100, Nairobi. Telephone: +254-20- 3267000, 313365/9, 2241264-9,313405

6. **CFC Stanbic Bank Ltd.**

Address: P. O. Box 72833 - 00200 Nairobi. Telephone: +254-20-3638000. /11 /17 /18 /20/21,3268000, 0711-0688000

7. **Charterhouse Bank Ltd.**

UNDER - STATUTORY MANAGEMENT

P. O. Box 43252 Nairobi. Telephone: +254-20-2242246 /7 /8 /53

8. **Chase Bank (K) Ltd.**

P. O. Box 66015-00800 Nairobi. Telephone: +254-20- 2774000, 2244035, 2245611, 2252783, 0727-531175, 0736-432025

9. Citibank N.A Kenya.

P. O. Box 30711 - 00100 Nairobi. Telephone: +254-20- 2754000. 2711221

10. Commercial Bank of Africa Ltd.

P. O. Box 30437-00100, Nairobi. Telephone: +254-20-2884000, 2734555,

0711056222-

11. Consolidated Bank of Kenya Ltd.

P. O. Box 51133 - 00200, Nairobi. Telephone: +254-20-340208/340836,340551, 340298, 340747,340298,211950, 0722-999177

12. Co-operative Bank of Kenya Ltd.

P. O. Box 48231 - 00100 Nairobi. Telephone: +254-20-3276000, 0711 -049000

13. Credit Bank Ltd.

P.O Box 61064-00200, Nairobi. Telephone +254-20-2222300/2220789/2222317

14. Development Bank of Kenya Ltd.

P. O. Box 30483 - 00100, Nairobi. Telephone: +254-20-340401 *12 13,* 340416, 2251082, 340198

15. Diamond Trust Bank Kenya Ltd.

P. O. Box 61711 - 00200, Nairobi. Telephone: +254-20-2849000, 2210988/9.

16. Ecobank Kenya Ltd.

P.O Box 49584- 00100 Nairobi .Telephone:+254-20-2883000, 2249633 /4, 0722-204863

17. Equatorial Commercial Bank Ltd.

P. O. Box 52467-00200 Nairobi. Telephone: +254-20-2710455, 4981000, 4981301, 4981405

18. Equity Bank Ltd.

P. O. Box 75104-00200, Nairobi. Telephone: +254-20- 2262000

19. Family Bank Limited.

P. O. Box 74145-00200 Nairobi. Telephone: +254-020- 318173, 318940/2/7, 2244166, 2240601, 0736-698300, 0720-098309

20. **Fidelity Commercial Bank Ltd.**

P. O. Box 34886-00100 Nairobi. Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461,315917

21. Fina Bank Ltd.

P. O. Box 20613 - 00200, Nairobi. Telephone: +254-20-3284000, 2246943, 2253153, 2247113, 2253040, 0722-202929

22. **First community Bank Limited.**

P. O. Box 26219-00100., Nairobi. Telephone: +254-20-2843000 -3, 0726-736833, 0738-407521

23. **Giro Commercial Bank Ltd.**

P. O. Box 46739 - 00200, Nairobi .Telephone: +254-20-340537, 310350, 2216005, 2217777 /6, 340544, 0722823684, 0733999044

24. **Guardian Bank Ltd.**

P. O. Box 67681-00200, Nairobi .Telephone: +254-020-2226771, 2226774, 2226341, 222483, 0722-282213,0722938629

25. **Gulf African Bank Limited.**

P. O. Box 43683 - 00100, Nairobi .Telephone: +254-20-2740000, 2718608/9, 2740111

26. **Habib Bank** A.G **Zurich.**

P. O. Box 30584 - 00100 Nairobi. Telephone: +254-20-341172/76/77, 340835, 310694

27. **Habib Bank Ltd.**

P.O. Box 43157-00100, Nairobi. Telephone:+254-20-2226433, 2222786, 2226406/7, 2218176

28. **Imperial Bank Ltd.**

P. O. Box 44905 - 00100, Nairobi. Telephone: +254-20-2874000, 343416 /12/17/18/19/94, 342373, 2719617/8 /9

29. **I** & M **Bank Ltd.**

P.O. Box 30238 - 00100, Nairobi.

Telephone: +254-20-310105, 2711994-8, 3221200/2

30. **Jamii Bora Bank Limited.**

P. O. Box 22741 - 00400, Nairobi. Telephone: +254-20- 2224238/9, 2214976, 2219626, 2210338/9, 0722-201112

31. Kenya Commercial Bank Ltd.

P.O. Box 48400-00100, Nairobi. Telephone:+254-20-3270000, 2851000, 2852000, 250802

32. **K-Rep Bank Ltd.**

P. O. Box 25363 - 00603, Nairobi. Telephone: +254-20- 3906000-7, 3873169, 3568996/7, 0711-058000-7,

33. **Middle East Bank (K) Ltd.**

P. O. Box 47387 - 0100 Nairobi. Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-205903

34. National Bank of Kenya Ltd.

P. O. Box 72866 - 00200 Nairobi. Telephone: +254-20-2828000, 2226471, 0711-038000, 0735-995050-4

35. **NIC Bank Ltd.**

P. O. Box 44599 - 00100 Nairobi. Telephone: +254-20-2888000, 2888600, 4849000, 0722-203885 /6 /7,

36. **Oriental Commercial Bank Ltd.**

P.O BOX 14357-00800, Nairobi. Telephone: +254-20-3743278/87, 3743289/98, 0714611466, 0733610410

37. **Paramount Universal Bank Ltd.**

P. O. Box 14001 -00800 Nairobi. Telephone: +254-20-4449266/7/8, 446106 /7, 4443896, 445722

38. **Prime Bank Ltd.**

P. O. Box 43825 - 00100, Nairobi. Telephone: +254-20-4203000

39. **Standard Chartered Bank Kenya Ltd.**

P. O. Box 30003 - 00100 Nairobi. Telephone: +254-20-3293000, 3293900

40. Trans-National Bank Ltd.

P. O. Box 34353 - 00100 Nairobi. Telephone: +254-20-2224234-6, 2210335, 2252188/90/91, 2224235/6,

41. UBA Kenya Bank Limited.

P. O. Box 34154 - 00100 Nairobi. Telephone: +254-020- 3612000 /I / 2, 3740814

42. **Victoria Commercial Bank Ltd.**

P.O. Box 41114-00100 Nairobi.

Telephone: +254-20-2719499, 2719815, 2710271, 2716108, 2719814

43. **Dubai Bank Kenya Ltd.**

P. O. Box 11129 - 00400, Nairobi.

Telephone: +254-20-311109/14/23 /24 /32

Source: Kenya Banker's Association. Bank Addresses Listing-09/11/2009.