STRATEGIC CHANGE MANAGEMENT PRACTICES AND PERFORMANCE OF KENYA COMMERCIAL BANK GROUP LIMITED

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DECLARATION

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

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

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DEDICATION

I dedicate this work to my beloved husband Antony Ngone, your inspiration, encouragement and support in the course of undertaking this study was invaluable. Our babies Terryanne, Steve and Angel, you are the wind beneath my wings- with you I will soar to great heights!

ABSTRACT

Organizations have nowadays been under intense pressure to fundamentally change how they do business if they have to ensure their survival and competitiveness. Organizations are strongly influenced by their environment which consists of forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival. Because the performance of firms is dependent on the fit between firms and their external environment, then change in external environment requires firms to adapt to these changes. As a result, firms would change their strategy in response to the environmental changes.The pace of global, economic and technological development makes change an inevitable feature of organizational life. This study examined the strategic change management practices adopted by Kenya commercial bank limited and influence of the strategic change management practices on the bank's performance. Kenya commercial bank group limited embarked on a transformational change program aimed at moving the bank from good to great through embedding a performance culture of discipline, passion, ownership and teamwork that would place KCB as a brand that is top-of-mind with exceptional financial performance that will allow the bank to invest in the future and fully reward shareholders and employees. This was a case study with the unit of analysis being Kenya Commercial Bank group Limited. The study is significant to scholars and business researchers where they will be able to relate strategic change management and performance in a real working environment and interrogate existing theories and concepts in the area of strategic management. Data was obtained by interviewing senior managers of the bank. The qualitative data was then analyzed using content analysis allowing the researcher to systematically and objectively identify specific characteristics and relate trends. The study found a positive relationship between strategic change management practices and performance of the bank. The study recommends that change process should involve the participation of all employees, should be communicated clearly, frequently and through several channels, certain aspects of the change program should be delegated clearly explaining limits of the responsibilities and managers should foster a change culture in their organizations. The study's limitations included limited time set aside for the study, limited scope of study and securing face to face interviews with senior managers of KCB group limited due to their busy schedules. The study suggests further research on strategic change management practices and performance of commercial banks in Kenya to supplement the findings of this study as well as identify other influences on performance of banks in Kenya.

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ABBREVIATIONS/ACRONMYS

KCB -Kenya Commercial Bank Group Limited

CBK -Central Bank of Kenya

CRM -Credit Risk management

NBFIs -Nonbank financial institutions

OD -Organization Development

RBV - Resource Based View

EPS -Earnings per Share

ROI -Return on Investment

ROA -Return on Asset

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Johnson and Scholes (2003) note that in an ever-changing global economy, organizations must find ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Change management can be referred to as a process for restructuring and redesigning the organizational activities in order to keep abreast of challenges and for meeting the needs of customers (Moran & Brightman, 2000). Change is inherent in contemporary organizations and its management is not only critical to organizational success and survival but is also at the crux of the field of organization development (OD). Along with important changes taking place in the social fabric within which organizations operate are vital forces impacting organizations within the context of their business operations (Stacey 2003).

Traditional theories viewed organizations as closed systems that were autonomous and isolated from the outside world. However overtime more holistic and humanistic ideologies have emerged which have embraced an open system view of organization (Burnes, 2009). Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival. Because the performance of firms is dependent on the fit between firms and their external environment, then change in external environment requires firms to adapt to these changes. As a result, firms would change their strategy in response to the environmental changes. The state of firms will also affect the occurrence of strategic change (Dent and Barry, 2004).

While various schools of strategic thought exist, at the normative level there is general agreement in the literature on the strategic process, i.e. the process of designing and implementing strategy. The evolution of strategic thinking and the move from strategic planning to more of an emphasis on strategic management has contributed to the heterogeneous nature of strategic thought. For example, the strategy process has been criticized by researchers such as Stacey (2003), in that rational analysis and thinking tends to dominate the process at the expense of creativity and innovation. The rational approach to strategy is based on implicit assumptions concerning predictability, measurability and control in business. Although the relevant literature shows a continuing rift between rational and generative or more expansive strategic management, it is recognized that elements of each approach are present in many organization's strategic processes and that each such element has an important role to play.

Burnes (2009) content that change management process is continually renewing an organization's direction, structure and capabilities to serve the ever-changing needs of external and internal customers and improve firm performance (Moran and Brightman, 2001). Recent changes in economic, political and social transformations have obliged commercial banks in Kenya to emphasize on change management to achieve set goals and objectives. Commercial Banks have undertaken CRM implementation, restructuring, mergers and acquisitions, regulations, policy reforms, business process reengineering and development of alternative distribution channels such as e-banking, new roles, new work and managerial practices, corporate identity and culture change with the focus of enhancing banks' performance.

1.1.1 Strategic change management practices

Change management 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. Change therefore must be realistic, achievable and measurable (Chapman, 2005). Change management, according to Jeff (2007) is the process, tools and techniques to manage the people side of business change to achieve the required business outcomes and to also realize business change effectively within the social infrastructure of the workplace, (Paton and McCalman, 2000).

Strategic change is concerned with organizational transformation and deals with broad long-term organization wide issues (Burnes, 2009). It will be aligned to the purpose and mission of the organization, its corporate philosophy on such things as growth, quality management, and innovation and values concerning people, the customers' needs served and the technologies employed. Burnes (2000) view strategic change management as a process that assesses the business and the industries in which the company is involved, assesses its competitors and sets goals and strategies to counter potential competitors and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment or a new social, financial, or political environment. Hence management of strategic change is seen as how to create conditions that makes proactive change as a natural way of life (Doyle, 2002). Strategic change is the movement of a company away from its present state towards some desired future state to increase its competitive advantage (Hill and Jones, 2000).

Strategic change management practices is defined as a set of managerial decisions and actions undertaken for organization to cope with changes in environmental aspects such as environmental scanning, strategy formulation, strategy implementation, and evaluation and control. It is designed to set a firm's courses of action, identifying the strategies it will use to compete in the market-place and how it will organize its internal activities (Hill and Jones, 2001).

In an environment of accelerating change, increasing competition and effects of the worldwide information revolution, organizations are constantly managing programs and resources to accommodate changing needs. Change by its very nature tends to be uncomfortable, disruptive and even painful (Chapman, 2005). Managers in various institutions have to manage this stress and uncertainty to be effective organizations. They have to counter their dynamic environment and competently convert threats and weaknesses from their internal and external environments into opportunities and strengths Ansoff and McDonnell (1990) defined strategic change management as a shift in the product and services mix produced by the organization to the markets which it is offered. The key objective of strategic change management practices is to enhance the competitiveness of the organization and continuous adaption of the organization to various environmental turbulence levels (Doyle, 2002).

1.1.2 Firm performance

Firm performance refers to the extent to which organization’s goals and objectives are achieved efficiently and effectively. Firm performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Burnes (2009), organizational performance encompasses three specific areas of firm outcomes such as financial performance (profits, return on assets, return on investment), product market performance (sales, market share) and shareholder return (total shareholder return, economic value added).Within corporate organizations, there are three primary outcomes analyzed including financial performance, market performance and shareholder value performance (Rhyne, 2005).

Kaplan and Norton (1992) developed a system in which measurements are meant to drive performance where they cited productivity, employees' motivation and cost efficiency as the rightful measure of performance. Davenport and Harris (2007) on the other hand, suggest that organizations will determine the level of performance by the overall firm performance. They argue that the frontier for using data is not just in measurement but also in identifying the most profitable customers, determining the right price, accelerating product innovation, optimizing supply chains and identifying the true drivers of financial performance. Firm performance is measured using increase of sales or revenues, cash flow from operations, return on investment, return on equity, market share, new product development, market development, the quality of products and services, personnel development, employee job satisfaction, employee productivity and employee commitment or loyalty to the firm as developed by Hoque (2004) and Joiner *et al.* (2009).

1.1.3 Banking industry 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 issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls were lifted. The CBK, which falls under the Ministry of Finance, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system.

At the end of June 2003, the banking system comprised 43 commercial banks, 2 non-bank financial institutions (NBFIs), 2 mortgage finance companies and 4 building societies. Banking and non-bank financial institutions declined to 51 in June 2003 from 55 in June 2002 due to the merging of six institutions into three and the liquidation of another. However, the sector remained highly concentrated with 9 of the 43 banks controlling 74% of total assets in the sector. A number of banks closed some branches as part of their cost and business rationalization and restructuring measures. As a result, the branch network of commercial banks declined to 488 at the end of June 2003 from 497 in June 2002. Foreign exchange bureaus stood at 47 in June 2003 from 48 at the end of June 2002 following the closure of one up-country foreign exchange bureau (CBK, 2003).Central Bank issued revised Prudential Guidelines and Risk Management Guidelines aimed at enhancing corporate governance, provisioning levels and risk management in the sector. As at 30th June 2010, the Kenyan banking sector comprised 43 commercial banks, one mortgage finance company and 127 foreign exchange bureaus. The sector's total profitability in the same period was Kshs. 34.9 billion. The growth in the sector is attributed to the increased uptake of loans and other bank products and services by Kenyans.

Some Kenyan banks are exploiting business opportunities in the regional markets thanks to liberalisation. The banking sector, over the years, has witnessed stiff competition due to the homogeneity of the products and services offered by the banks forcing them to repackage financial services and products to satisfy the needs of the customers and retain market share. Institutions therefore increasingly started offering e-banking services for both residents and nonresidents. Islamic banking emerged as a new market product. In response to this, some of the institutions redefined their commercial banks strategies while leveraging on innovative and affordable products to capture this new market segment. Currently, the global banking industry trends are coupled by radical changes in the banking industry that were introduced in the 2009-2010 budget, allowing banks to offer additional services while granting Central Bank of Kenya more supervisory powers. The changes were introduced as part of Finance Bill 2009, an omnibus draft legislation meant to bring all the Government's budget proposals into law (CBK, 2013).

1.1.4 Kenya commercial bank group limited

The history of KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank's history came in 1958. Grindlay's Bank merged with the National Bank of India to form the National and Grindlay's Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlay's Bank in an effort to bring banking closer to the majority of Kenyans.

The KCB bank in 1972 acquired Savings & Loan (K) Ltd to specialize in mortgage finance and in 2010 S&L merged with KCB providing access to mortgage finance through the bank's wide branch network. To provide banking services and promote cross border trading KCB subsidiary, KCB Bank (Tanzania) Limited was incorporated in Dar-es-Salaam and opened 11 branches. KCB Group has the widest network of banking outlets comprising over 222 branches and over 400 automated teller machines in Kenya, Burundi, Rwanda, South Sudan, Tanzania and Uganda (KCB, 2013).

KCB Group limited embarked on a transformation program with the aim of improving KCB bank from a Good bank to a Great bank. The goal of change management is to deliver business growth, increase productivity, drive efficiency, rationalize costs, enhance stakeholder value and launch KCB bank group Limited to achieve great performance.

1.2 Research problem

Strategic change management in an organization is usually required when changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment occur to the environment in which an organization operates (Hoque, 2004). In order to remain competitive in the long term, enterprises are compelled to implement strategic change management practices such as downsizing and acquiring new technology with increasing speed, efficiency and success (Chapman, 2005). Today's financial environment produces change making financial institutions practice mergers and acquisitions, adopt to new technology, restructure and downsize focusing on achieving better performance. Strategic change management is undertaken to achieve desired results within a specified time frame (Davis and Holland 2002).

Commercial banks in Kenya have been responding viciously to the financial environmental changes to improve on banks' competitive situation (CBK, 2013). KCB Group Limited has implemented change programs such as restructuring, mergers, bank process reengineering and development of alternative distribution channels like e-banking, defining new roles for staff, development of corporate identity and culture change aimed to deliver bank growth, increase productivity, drive efficiency, rationalize costs, enhance stakeholder value and improve profitability.

In Kenya, several studies have been done in the area of Strategic Change Management, for instance, Gichohi (2011) undertook a study on Strategic Change Management at the NIC Bank of Kenya, Mbuva (2009) researched on factors influencing change management practices at CFC Stanbic bank, while Nyagari (2009) focused on the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd. Despite efforts made in the bank towards strategic change management, the extent to which strategic change management practices influence achievement of bank's performance is not yet empirically determined. This study therefore, sought to fill this research gap by assessing the influence of strategic change management practices on performance of KCB Group limited. What are the strategic management practices adopted by the Kenya Commercial Bank Group Limited? What are the effects of strategic change management practices on performance of Kenya Commercial Bank Group Limited?

1.3 Research Objectives

The objectives of this study were as follows:

i. To establish the strategic change management practices adopted by Kenya Commercial Bank Group Limited

ii. To determine influence of strategic change management practices on the performance of Kenya Commercial Bank Group Limited

1.4 Value of the Study

Academicians and business researchers will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research on the relationship between strategic change management practices and firm performance. The study will also inform them on the influence of strategic change management practices and how it is affecting bank's performances in Kenya.

This study will be significant to the management and staff of KCB group limited and other commercial banks operating within the Kenyan banking industry by providing information regarding strategic change management practices and their impact on the bank's profitability. The findings of this study will be important to the management of the commercial banks as it will help bank management understand the importance of management of strategic change as they seek to increase penetration in the market and achievement of higher performance.

The study will be useful to policy makers, especially those in the banking sector planning and would like to leverage on the findings to improve strategic change management practices to improve on the banks' performance. The government will also be a beneficiary of this study as a shareholder in KCB group limited and for future application of strategic change management in commercial banks.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives an in-depth discussion of the arguments that have been advanced in the past on the meaning of strategic change and the concept of strategic change management. The chapter also discusses the approaches of strategic change management, strategic change management practices as well as presenting links between strategic change management practices and organizational performance.

2.2 Theoretical foundation

In order to determine the extent to which strategic change management practices contribute to the success of bank performance, this study is anchored on the Resource based theory and environmental dependence theory. The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (Peteraf and Barney, 2003). Selznick (1957), who originated the concept of distinctive competence, placed the idea of commitment at the very center of his theory. He contends that the organization accumulates the resources that provide it with distinctive competence such as talented and committed personnel, an esteemed reputation, a strong culture, or supportive external relationships only by making binding commitments to specific goals, practices, structures, and standards.

It is expected that resource dependency theory will determine the extent to which environmental dependency and uncertainty act as drivers for an organization to embark on variety of controlling strategies to manage the competitive environment to improve organization performance (Nickol, 2006). The essence of environmental resource dependency perspective is that superior organizational performance results primarily from managing dependencies and uncertainty. Choosing the appropriate strategies in which to proactively influence and thereby control the environment to its advantage should be a consideration in strategic decision-making as this will open an option for the firm to contribute or withhold an important resource or input which can then be used as leverage in bargaining with its partner or customer (Rokkan & Haugland, 2002). From dependency theoretical framework, it is expected that strategic change management such as altering organizational interdependence through integration, merger and diversification, establishing collective structures to form a negotiated environment and using legal, political or social action to form a created environment will influence achievement of an organization's performance.

2.3 Strategic change management practices

Most organizational managers today would agree that change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive (Li, 2005). Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment all have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond (Burnes, 2009).

Companies need to be innovative to ensure their existence. Innovations involve ideas that create the future. But the quest for innovations is doomed unless the managers who seek it take time to learn from the past (Chapman, 2005). Getting the right balance between the highest returns from current activities and exploring requires organizational flexibility and a great deal of attention to relationships. Kotter (2006) states that established companies cannot afford falling into the classic traps that stifle innovation by widening the search for new ideas, loosening overly tight controls and rigid structures, forging better connections between innovators and mainstream operations, and cultivating communication and collaboration skills (Modahl, 2000).

The three most important models of the planned cadre of change is the action research model, the three-step model and the phases of planned change approach (Nickols, 2006). Action research was designed to address social and organizational issues and involves a collective approach where all parties involved participate in the formulation of research problems and the action taken to solve these problems. The change process thus becomes a learning process and is a rational, systematic analysis of issues through social action.

The second model proposes that change should involve three steps of unfreezing, moving and refreezing, where old behavior has to be discarded before new ways can be adopted successfully (Burnes, 1996). A further elaboration of Lewin's model is the third model of planned change, which consists of change phases (distinct states an organization moves through), and change process (methods to move the organization through these states). This model concentrated mostly on structural changes.

Specific characteristics of the planned approach is that it places emphasis on processes, deals with change over a significant period of time, follows a holistic approach, encourages participation, ensures full support from top management and involves a facilitator that takes on the role of change agent (Senior, 1997). These models have been criticized as being too rigid, that phases cannot be distinct and chronologically ordered because of the extreme turbulence in the environment, that the emphasis is on incremental and isolated change rather than radical transformation, that reliance on management is too heavy and one kind of change could not work for all organizations (Burnes, 1996).

The second group of approaches to change management recognizes that highly dynamic environments demand more contingent methods, that are more situational and where change strategies can be adapted to achieve maximum fit with the ever-changing environment. These approaches have been developed out of the basic disbelief in the effectiveness of the planned change approaches (Burnes, 1996). According to the emergent approaches, organizations can rely less on detailed plans and projections and develop instead an understanding of the complexities of environments and the issues concerned. Change should be linked to the reality of changing markets, flexible boundaries and relationships with stakeholders, changing work ethics and alterations in management control. Short term change strategies and plans yield short term results and more instability (Burnes, 2009).

In following the emergent approaches to change management, organizations will need to increase their environmental scanning abilities in order to identify issues and trends that might affect them so that decision-making processes can be adjusted accordingly (Grant, 2005). Management will also have to rethink and reformulate what change is all about and not just change for the sake of change. Emergent approaches to change have a few characteristics in common. Change is seen as a continuous process of learning and experimentation to adapt and align to the turbulent environment. Small scale changes over time can lead to larger changes in the organizations where the primary role of managers is to gather information, as well as to facilitate and communicate the creation and maintenance of the organizations vision.

2.4 Organizational performance

The organizational performance construct is probably the most widely used dependent variable, in fact, it is the ultimate dependent variable of interest for any researchers concerned with just about any area of management yet it remains vague and loosely defined (Richard et al, 2009; Rodgers and Wright, 1998). The construct has acquired a central role as the deemed goal of the modern industrial activity. Performance is so common in management research that its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form is unquestionably assumed (March and Sutton, 1997).

However, the definition of organizational performance is surprisingly an open question with few studies using consistent definitions and measures (Adam and Ebert, 1987; Kirby, 2005). Hersey and Blanchard (1998) argued that performance has multiple meanings depending on the discipline and they have given some of the definitions based on management scientists, marketers, accountants and economists. Although firm performance plays a key role in strategic research, there is considerable debate on appropriateness of various approaches to the concept utilization and measurement of organization performance. The complexity of performance is perhaps the major factor contributing to the debate. Out of literature are three common approaches to organization performance measurement namely, the objective measures of performance that tend to be quantitative, the subjective measures that tend to be qualitative therefore judgemental and usually based on perception of respondent, and triangulation. The objective and subjective approaches can also be differentiated in terms of ends and means. Objective measures focus on end results while subjective measures focus on the process or means by which ends results are achieved (Cohen, 1993).

Firm performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (for instance profits, return on assets, return on investment); product market performance for instance sales, market share and shareholder return (for instance total shareholder return, economic value added) (Davenport and Harris, 2007). Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance (in some cases, production capacity performance may be analyzed) (Rhyne, 2005).

External environmental conditions and industry structure are largely assumed to shape the firm's performance. In recent years, however, other streams of research emphasizing a resource-based bundle of capabilities perspective on organizational performance have evolved to characterize the firm's evolution and strategic growth alternatives (Mahoney and Pandian, 1992). Kaplan and Norton (1992) developed a system in which measurements are meant to drive performance where they cited productivity, employees' motivation and cost efficiency as the rightful measure of performance. Davenport and Harris, (2007) on the other hand, suggest that organizations will determine the level of performance by the overall organizational performance. They argue that the frontier for using data is not just in measurement but also in identifying the most profitable customers, determining the right price, accelerating product innovation, optimizing supply chains, and identifying the true drivers of financial performance. More high-performance studies are likely to emerge in the future, partly because the business environment continues to shift and partly because the science of analysis continues to improve (Sharma, 2006).

The performance of organizations has been the focus of intensive research efforts in recent times. How well an organization implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern. Managers in organizations are becoming increasingly aware that a critical source of competitive advantage often comes from effective strategic change management adoption of technology, having an appropriate system of attracting and managing the organizations human resources.

2.5 Strategic change management practices and organization performance

Management of strategic change could be affected by the state of organization and its external environment because the performance of organization might depend on the fit between organization and its external environment, the appearances of novel opportunities and threats in the external environment, in other words, the change of external environment, require organization to adapt to the external environments again (Kotter, 1996). As a result, organizations would change their strategy in response to the environmental changes. The states of the organization will also affect the occurrence of strategic change. They tend to adopt new strategies in the face of financial distress for the purpose of breaking the critical situations. Additionally, organizations would possess structural inertia that they tend to keep their previous structure and strategy to improve organization competitiveness and performance (Kotter, 1996).

RBV provides the understanding that certain unique existing resources will result in superior performance. The existing adequate resources of a firm influence success strategic change management and enabling firm achieving high performance in the volatile contemporary markets. Firm resources may provide necessary flexibility in response to environmental changes and influence achievement of performance and competitive advantage. Bowman and Hurry’s (1993) noted that resources as options approach of an organization’s capabilities and assets influence strategic choice. Cohen and Levinthal’s (1990) work on absorptive capacity also suggests that complementary resources may help organizations engage in adaptive change.

The resource base of a firm has an important influence on the link between performance feedback and strategic change. We distinguish two broad classes of firm resources that play a primary role in strategic decision-making, flexible and specific resources (Teece et al., 1997). Flexible resources can be easily (re)allocated across strategic options, while specific resources result from prior resource commitments and are specialized toward particular strategic actions. Firm resources enhance the competitiveness of the organization and continuous adaption of the organization to various environmental turbulence levels and achieve high performance.

Managers in organizations are becoming increasingly aware that a critical source of competitive advantage and organization performance often from strategic change in production of quality product and services, best strategies, adoption of advance technology and having an appropriate system of attracting and managing the organizations human resources (Kotter, 2007). That is, reciprocal interactions at multiple levels of analysis between the environment and firm capabilities shape business strategy and performance, while interactions between strategy and performance, in turn, shape both organizational capabilities and competitive environments (Burnes, 2009).

Strategic change management tends to increase with more intensive environmental changes (Trinh and O'Connor 2000). Clearly, financial markets experience a great deal of change due to change in environment. Much of this strategic change is due to the seemingly inexorable growth in banking industry. It is beginning to change fundamentally the nature of financial service delivery to the markets. As markets for banking have grown and reformulated, banks have been trying to understand the effects of the new environment and are under pressure to reevaluate how they deliver financial services, find strategies to survive, be competitive and improve profitability (Murray and Anderson 1996). Moreover, banking institutions have come to increasingly control key markets and heighten the general level of competitiveness among banks through effective strategic change management practices such as designs, reconfigure bank operations and cost-control strategies, viewed as controlling costs, protect market share, enhance operational efficiency and improve financial performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. It identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the subsections include, research design, data collection and finally data analysis**.**

3.2 Research Design

This was a case study since the unit of analysis was one organization, Kenya Commercial Bank group limited. This case study aimed at getting detailed information regarding the effects of strategic change management practices on performance of KCB group limited. According to Mugenda (2008), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events.

According to Kothari, (2004), a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. The design is deemed fit to portray clear pictures of the effects of strategic change management practices on the performance of Kenya Commercial Bank group limited.

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was obtained by interviewing 10 Senior Managers of Kenya Commercial Bank Limited using an Interview Guide. The managers represent the functional units of the bank. The guide (Appendix I) was used to solicit information on strategic change management practices adopted and the effects of these practices to the overall performance of the bank. The senior managers were involved in both the change process and ensuring the realization of performance objectives of the bank and therefore were critical subjects of the study. Secondary data was obtained from the bank's internal documents which included circulars, minutes of meetings, internal memos, internal publications etc. External documents including annual reports and prospectuses were also invaluable.

The rationale of the use of multiple sources of data in the study is the triangulation of evidence. Triangulation increases the reliability of the data and corroborates the data gathered from other sources. Yin (1994) identified six primary sources of evidence for case study research as; documentation, archival records, interviews, directs observation, participant observation and physical artefacts.

3.4 Data Analysis

After the interview guides were edited for completeness, the data, which was qualitative in nature, was analyzed using content analysis which is the best suited method of analysis. Content analysis is defined by Nachmias and Nachmias (1996) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends.

According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study existing information in order to determine factors that explain a specific phenomenon. The content analysis was used to analyse the interviewees' views on effects of strategic change management practices on performance of Kenya Commercial Bank group limited.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, presentation and interpretation. The objectives of this study were; To establish the strategic change management practices adopted by Kenya Commercial Bank Group Limited and To determine influence of strategic change management practices on performance of Kenya Commercial Bank Group Limited

The study targeted ten Senior Managers of Kenya Commercial Bank Group Limited using an Interview Guide. The managers represented the functional units of the bank. All the interviews were conducted successfully. The compiled interview guides were edited to ensure completeness and consistency. Qualitative data analysis was applied with the aim of making general statements based on how categories and themes of data are related.

4.2 General Information

The general information sought from the interviewees included the length of time they had worked for the Bank, their designation and role in the bank and the number of years they had been in their current positions.

4.2.1 Work experience at KCB group Limited

All of the interviewees stated that they have worked in the bank for more than five years. Some of them joined the bank as Management trainees and have risen through the ranks to their current positions. Additionally, they all stated that they have seen the company grow to its current position in the market place.

The interviewees are of relevance to the study based on their experience in working with the bank. They have seen the Bank grow in terms of assets, profitability, expansion into the East African region and to being the good bank it is today. They have also been involved in the change process to move the bank from good to great.

4.2.2 Designation and Role in the Bank

The interviewees hold senior management positions in the bank with the role of enhancing the bank's operations and marshalling efforts to deliver the bank's promise to the customers of being the preferred financial solutions provider with a global reach and also enhance shareholder value.

They are therefore of essence to the study since the strategic change and management practices within the organization are influenced by their decisions. The measure of their performance and suitability by both internal and external customers, as well as the shareholders is pegged on their managerial decisions and the results these decisions will deliver with regard to the banks performance.

4.2.3 Work experience at their current positions

The senior managers interviewed have been in their current positions for more than four years. Some gained their promotions to their current ranks in recent years having worked in different positions in the bank.

This makes them essential to the study since they have vast knowledge of the changes the bank has faced, the change management practices that have been used and their effect on the bank's performance

4.3 Strategic Change Management Practices

The first objective of the study was to establish the strategic change management practices adopted by Kenya commercial bank group limited. When asked about strategic change management in the bank, the senior managers stated that strategic management is a continuous process that involves attempts to match or fit the organization with its changing environment in the most advantageous way possible. They agreed that change has become a constant phenomenon which must be managed properly for an organization to survive. They further observed that knowledge and awareness about many of the critical issues involved in the management of such change is often lacking.

Probed further, the interviewees also stated that the tools used during the strategic change process in the bank were interdisciplinary task forces, as well as brainstorming sessions. They revealed that the process approach in managing strategic change was used most, followed by the incremental change approach.

4.3.1 Environmental changes experienced in the bank

When asked to state the environmental changes the bank was experiencing politically, economically, socially, technologically, legally and globally, the interviewees stated that the forces that operate to bring about change are many and varied. They further said that some of these forces may be gentle while others are strong. For instance, they stated that devolution of government led to resignation of many employees of the bank to pursue political careers slightly before the 2013 general elections. They stated that this had an effect on their human resource since the bank had spent a lot of resources to train their staff, including those who resigned and would require training new ones to take up these positions that had fallen vacant. Devolution of government also could mean loss of corporate customers as government accounts could be shifted to other banks on political will thus could adversely affect large deposits and borrowing.

They also stated that tax policy affects business costs. For example, a rise in corporation tax (on business profits) has the same effect as an increase in costs. Businesses can pass some of this tax on to consumers in higher prices, but it would also affect the bottom line. Another area of economic policy relates to interest rates. In this country the level of interest rates is determined by a government appointed group - the Monetary Policy Committee which meets every month. A rise in interest rates raises the costs of borrowing money, and also causes consumers to reduce expenditure leading to a fall in business sales. The respondents stated that the government of the day regularly changes laws in line with its political policies. As a result businesses continually have to respond to changes in the legal framework.

Socially, the interviewees said that the expectations of the society on business enterprises have changed over time. The society wants to benefit from the businesses operating within their areas. They said that KCB group limited has a Foundation that deals with corporate social responsibilities and has aided in health programs, education sponsorship programs for the needy as well as supporting the safari rally championships. They also stated that reputation is supremely important to many businesses. More and more public opinion seems to be turning against firms who are perceived to be over-polluting. They stated that as many firms today are working hard to promote a green image, KCB group Limited has invested heavily in this trend with its Green agenda and sustainability program.

Technologically, the interviewees stated that the banking industry in Kenya has witnessed increased investments in information technology in the last ten years. They explained that it is apparent that ICT is now a major determinant of growth in banking business as it influences the unit cost of providing banking services and the types of products that a bank can offer to its customers. Apart from traditional deposit taking and withdrawals, ATMs, lending and treasury services, banks operating on modern ICT infrastructure are offering their customers premium services such as mobile and internet banking. They further explained that stiff competition in the banking industry has seen bank managers embark on strategies that favor increased business volumes that translates into economies of scale. Increased consumer awareness has led to customers demanding efficient services at affordable cost. Therefore, to optimize the bank's objective function, and faced with the constraint of providing efficient and affordable services, the only feasible solution is to invest in good ICT infrastructure. They concluded that it is important that any bank embarking on business growth strategy has to consider whether its ICT platform is adequate and robust enough to support its business model.

4.3.2 Effects of Environmental changes on the Bank

Asked how these environmental changes have affected the bank, the interviewees stated that the economy, demographics, competition, political interference, government laws and regulations whether they are internal or external driving forces, one thing is certain for both; Change will occur! They said that a company must be cognizant of these changes and be flexible and willing to respond to them in an appropriate way. They also stated that the environmental changes experienced and the manner with which they are handled had an impact on the bank and its performance.

4.3.3 Involvement of senior managers

The interviewees were asked whether they were involved in initiation and implementation of the changes and they all answered on the affirmative. They all stated that they played major roles in the initiation of the changes. Probed further on the motivation for their involvement in change, they stated that the bank's vision of being the preferred financial solutions provider in Africa with a global reach influenced the strategic change process most.

They emphasized that the bank's core values include working together as a team whereby they break silos that interfere with effective teamwork, share experiences, skills, knowledge, information and opinions openly. They stated that they played major roles in training, providing information and support to employees during strategic change process, to enable them cope with the challenges of change and to marshal their support for change and enhance performance.

4.3.4 Delegation and strategic change management

The interviewees were asked if it was necessary to delegate certain aspects of change management and they explained that delegation is one of the most important management skills. They emphasized that good delegation saves you time, develops people, grooms a successor, and motivates teams. They explained that poor delegation causes frustration, demotivates and confuses the other person and fails to achieve the task or purpose itself.

According to the interviewees, delegating certain aspects of change management was a very helpful aid for succession planning, personal development and seeking and encouraging promotion. They said that delegation enabled managers in the lower cadre to feel part and parcel of the change as well as gain experience to take on higher responsibilities.

They further said that effective delegation is crucial for management and leadership succession. For the successor and for the manager or leader too: the main task of a manager in a growing thriving organization is ultimately to develop a successor. When this happens everyone can move on to higher levels. They said that when delegation fails to happen, succession and progression becomes dependent on bringing in new people from outside.

4.3.5 Communication and strategic change management

The interviewees were asked if the change was communicated to staff in lower positions in the bank, they stated that the change was communicated to the employees in the lower positions before it was initiated. They said that the key to a successful implementation of change is to communicate consistently and frequently. The vision, mission and the objectives of the bank were clearly communicated to all staff to help them understand how these changes would affect them personally and the steps taken to make sure change would be as seamless as possible. They said that they used different avenues of communication which included emails, update sessions, internal magazines and communication champions in every branch. The more information the senior management gave, the less uncertainty and anxiety there was. This lessened misconception, which would most likely have been more negative than positive and also helped build trust in them as leaders.

The interviewees further stated that they communicated the reasons for the change so that everyone fully understood the need and purpose of change. They emphasized that no matter how senseless a change might seem, there are reasons behind it, and it is important to convey those reasons to your staff. They observed that when staff fully understand the reasons for change and all about the change is communicated to them promptly, they are more likely to make the change work.

4.3.6 Coercion and strategic change management

The interviewees were asked if it was necessary to use coercion to bring about change and they stated that it was not necessary to use coercion to bring about change. One of the respondents explained that coercion is the practice of forcing another party to act in an involuntary manner by use of intimidation or threats or some other form of pressure or force.

The interviewees also stated that coercion goes against the beliefs and culture of the bank and could therefore bring out a negative impression of the bank especially in regards to employee relations in all ranks.

4.3.7 Resistance to change

When asked if they observed resistance to change among staff, the interviewees stated that people do not like change, any change. People only want to change when both the pull- and push-forces are strong that people themselves see no other solution any more than to change. They explained that an allegedly “much more challenging business environment” and a “vision” of a “more business-like” organization are definitely not enough to convince employees to change their daily routines at their desks.

The interviewees also stated that people are quite sensitive about the “technical” aspects of change initiatives, i.e. how change is introduced, communicated and discussed, and how their viewpoints are not only being heard but seriously taking into account. They said that what many people perhaps resist the most is the cynical use and misuse of “grand” ideas for personal and group interests. People resist ambitious senior managers who join organizations they do not know, who are only interested in furthering their own career and market-value, mess with several change management initiatives, and then leave the organization in a state worse than before for good and with a golden handshake. People resist managers who have only little understanding of the business, who do not care for the ideas and needs of their employees, and the organizational necessities and opportunities, with managers who pretend to be busy and important, even crucial for the sake and survival of the unit but at the end of the day are only interested in their career and the increase in their market value, in strengthening their position and securing their pension scheme. They emphasized that people are not against change per se, but these specific tendencies.

The interviewees stated that the issue was rectified through a series of scheduled meetings with the employees. The meetings discussed the reasons for strategic change in the bank. One of the interviewees stated that keeping the organization’s employees informed on what is happening is important.

4.4 Strategic change management practices and Performance

The second objective of the study was to determine influence of strategic management practices on performance of Kenya Commercial Bank group limited. I asked the senior managers about the banks performance and they indicated that the banks performance could mean its financial performance, market performance or shareholder value performance. Upon further probing, they confirmed that KCB Group limited had moved from being a good bank with average performance to a great bank with excellent performance as had been the aim of the strategic change program.

4.4.1 Senior management involvement and resistance to change

Asked if they thought involvement of senior management in initiation and implementation of change reduced resistance to change, the interviewees stated that the involvement of senior management in the initiation and implementation of change reduced the resistance to change. They stated that they held meetings with the employees to update them on the course of change and the impacts they expected to experience.

The interviewees stated that this had an impact on the performance of the bank. Specifically, customer satisfaction index improved from 64% to 84%. The management indicated that this increase in customer satisfaction was brought about by a workforce that had confidence in the change program and that understood that the strategic change was not only good for the bank, but also for their benefit.

The management emphasized that their involvement gave confidence to the entire workforce which in turn understood that if the bank moved from a good bank to a great bank, they would also be moving themselves from being average employees to excellent employees. With this in mind, the workforce was marshaled behind the change having been made to feel part and parcel of the change.

4.4.2 Aspects of performance that delegation affected

The interviewees were asked to state the aspect(s) of performance that delegation affected and to what extent, they noted that in the absence of a close monitoring, supervising, and performance evaluation system, delegation of authority and responsibility may lead to deviation from the core mission and objectives of the company. They said that central values and principles of the company may be compromised if the individual who has been delegated with serious responsibility is unfit for the job. Therefore, the delegation process was carried out gradually and scientifically. Managers who had consistently displayed an exemplary loyalty and high performance levels in the organization were chosen for dispersal of authority. The delegation was increased progressively in proportion with the performance and results produced by the manager over a period of time.

4.4.3 Reasons for the effect of delegation on performance

The interviewees were asked to state the reasons for the effects of delegation on performance to which they stated that delegation affected performance to a large extent because as a business organization grows in size and scope, it is no longer possible to have concentration of power and authority in just a few hands. They explained that delegation of authority becomes crucial for the efficient management of every aspect of the organization.

One of the natural concerns of most business owners is to know how delegation affects a company. They ensured a smooth dispersal of authority without compromising the core values and principles on which the company has been built. That makes it important to understand the impact of delegation on a company's growth and expansion.

4.4.4 Effect of communication in the change process

The interviewees were asked to identify and state the effect of communication in the change process. They stated that effective communication is important in an organization because it creates a mutual understanding environment between management and employees and also helps in increasing the employee's productivity. They stated that communication must be consistent and frequent through multiple channels which should include speaking, writing, video, focus groups, bulletins, intranets and even training.

They emphasized that effective communication gives a sense of direction to the workers as they now understand what they are to achieve. They added that effective communication was important to make the employees feel as part of a team thus enhancing their performance and in turn performance of the organization.

4.4.5 Evidence that communication affected performance

When asked to provide evidence of how communication affected performance, the interviewees stated that communication affected the performance to a large extent as uncertainty of job security among employees came to an end. They said that through the interactive forums and workshops held with the employees, they provided answers to questions asked and would constantly chart progress together. Additionally, they restated their earlier comments that communication directly helps in increasing the employee's productivity by eliminating fear and uncertainty. One of the interviewees added that the employees are more motivated to work and see the changes take effect.

4.4.6 Effect of coercion on the banks performance

The interviewees were asked the effect of coercion on the banks performance and they stated that lack of coercion made the employees feel part and parcel of the change and thus increase their productivity and hence the banks performance. This is based on their views that workplace coercion can change the value and belief system of an organization and create an unhealthy work environment. They said that when organizations allow workplace coercion to run rampantly, employees may become demoralized and the organization may find it difficult to use its human resources effectively. While workers may learn to work with the difficult situations and may try to adapt, constant undue distress can lead to excessive absenteeism and high turnover rates and consequently negative impact on the organization's performance. They emphasized that they did not use coercion to bring about change in the bank.

4.4.7 KCB group limited's performance before the change

The interviewees were asked how the bank's performance measured two years before change. They stated that profit before tax was Ksh. 6 Billion in 2008 and Ksh. 6.5 Billion in 2009, Total Assets were 191 billion in 2008 and Ksh. 195 Billion in 2009, Earnings per Share was Ksh. 1.97 in 2008 and Ksh. 1.84 in 2009, Customer satisfaction was average with the bank relying on the loyalty of their aged client.

The interviewees stated that the youth associated KCB group limited with the old and its culture with that of government owned bank. They said that this view made the youth not interested in banking with KCB thus low sales from this category of customers two years before the changes were implemented. This was evident in their position compared to other banks in the market at that period.

4.4.8 Bank's performance since the implementation of the change

When asked to indicate the bank's performance since the implementation of change, the interviewees stated that Profit before tax increased tremendously to Ksh. 9.8 billion in 2010, Ksh. 15.1 Billion in 2011, Ksh. 17.2 Billion in 2012 and Ksh. 20.1 Billion in 2013, Assets increased to Ksh. 251 billion in 2010 and Ksh. 330 billion in 2011, Earnings per Share increased to Ksh. 2.76, 3.72, 4.11 and 4.82 in 2010, 2011, 2012 and 2013 respectively. They stated that the bank has recorded a great increase in profitability since the implementation of the strategic change.

In addition, they said that the bank had innovated tailor made accounts for the youth, both individual and business accounts, and had increased sales to the young people in terms of accounts and loans and this has greatly improved income for the bank. They stated that customer satisfaction had improved greatly as the bank increased its IT platform capabilities, introduces internet banking, mobile banking, smart ATMs that can perform other functions besides the withdrawals, agency banking as well as products for customers in the diaspora. The interviewees indicated that this had increased the bank's profitability to a PBT of Ksh. 20.1 Billion in 2013. One of the respondents also mentioned that the employee morale to work has led to customer satisfaction and in turn customer loyalty.

4.4.9 Other strategic practices that influence bank performance

When asked to state other strategic practices that influence bank's performance, the interviewees stated that the Human Resource department has the ability of influencing the bank's performance. However, the question of whether strategic human resource practices improves or worsens firm financial performance is stills worthy of further research such as the one being undertaken in this study. Besides, the impact of strategic human resource practice on firm performance has not received adequate research attention in the banking industry.

4.5 Discussion of findings

The objectives of this study were to establish the strategic change management practices adopted by Kenya Commercial Bank Group Limited and to determine influence of strategic change management practices on the performance of Kenya Commercial Bank Group LimitedThis study was anchored on the Resource based theory and environmental dependence theory. The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance (Peteraf and Barney, 2003).

The study found out that changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment all have a significant effect on the processes, products and services produced by the bank. This is in consistent with the findings of Trinh and O'Connor (2000) who concluded that strategic change management tends to increase with more intensive environmental changes. The findings further showed that the dynamic environment created by these environmental forces has resulted in KCB group limited embarking on a transformation journey from being a good bank to being a great bank. This agrees with Mckinsey (2006) who indicates that organizations will change to reduce costs, move from good to great performance, turn around a crisis situation and catch up with rivals or to divest part of the organization.

The study found that senior management of the bank initiated the strategic change process as well as implementation of the change. The involvement of senior management was important to provide support to staff and show them as part of the team. This concurs with the findings of Noer (1997) who cautioned leaders not to rely too heavily on external tools for change. He was of the view that the leader, in this case the senior manager, as a person is the most important tool for change. According to him, the leader's spirit, wisdom, insight, compassion, values and learning skills are all important capabilities to lead others to embrace change and redesign.

The study found that senior management communicated the intent and impact of change program to all the stakeholders. Frequent meetings were held with staff to enable them understand the change process and change communication champions who would rally different departments behind the change program by addressing all the concerns of staff were put into place. More communication was given through memos, circulars and internal publications all aimed at over communicating the change and giving no room for speculations or uncertainty among staff. This was found to be in line with findings of studies done by Warwick (1997) and Denhardt (1999) whose empirical studies have supported communication as a tool for successful strategic change management to reduce resistance to change.

This study found that managing strategic change in an organization is not an easy task and thus delegation of authority and responsibilities eases the burden on senior management. It further found that good delegation saves time, develops people, grooms successors and motivates people. Delegating certain aspects of change management is a very helpful aid for succession planning, personal development and seeking and encouraging promotion. This contradicts the conclusions made by Angst and Karol (2013) who indicated that the power of making a decision was rather burdensome for a subordinate and thus not favorable.

Change by its very nature tends to be uncomfortable, disruptive and even painful. The study found that resistance to change was triggered by uncertainty and threats to job status and security. It is important to note that the causes of resistance to change are consistent with those identified by Kreitner (1992) and Kotter and Schlesinger (1979). The study furher found that coercion limits employees' choices and their ability to share in decision making. Employees working under coercive management styles may be resentful and may choose other employment. The study revealed that though coercion is fast and can overcome any kind of resistance, it can also be very risky. This agrees with Ansoff and McDonnell (1990) who argue that if senior management apply strong pressure, the temporary coercion may be effective but the resistance is natural and will resurface.

This study found that performance of the bank was measured against its intended inputs which included both financial and non financial measures. The study found financial measures of performance as profits, return on investments, return on assets, earnings per share and non financial measures that included customer satisfaction and loyalty, corporate social responsibility and efficiency. This resonates with Marangu (2012) whose findings supported the measure of organizational performance as one that shows both financial function mostly profits announced at the end of every financial year and the non-financial functioned mainly measured by staff welfare, the company's participation in corporate social responsibility, customer satisfaction, efficiency in production and ability of the company to honor in time its statutory obligations

This study found a positive relationship between change management practices and the bank's performance which had improved greatly as seen in the increased profits, assets and customer satisfaction since the implementation of change. This is consistent with the observations made by Simpson (2002) who indicated that what motivates investments in electronic banking is largely the prospects of minimizing operating costs and maximizing operating revenue. It further fund that involvement of staff in the change management program had a direct impact on their productivity and hence the increased performance of the bank. This concurs with the findings of Appiah (2010) who states that an improvement in employees' performance leads to an improvement in a company's performance. Studies by Hambrick and Schecter (1983) also found that strategic change management enhances organizational performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings, conclusions and recommendations. The findings are summarized in line with the objectives of the study which were to establish the strategic change management practices adopted by Kenya Commercial Bank Group Limited and to determine influence of strategic change management practices on the performance of Kenya Commercial Bank Group Limited.

5.2 Summary of Findings

The study finds that managers in organizations are becoming increasingly aware that the primary difference between organizations that succeed and those that fail is the ability to respond to the pace of change, (Ulrich, 1997). Interactions at multiple levels of analysis between the environment and firm capabilities shape business strategy and performance, while interactions between strategy and performance, in turn, shape both organizational capabilities and competitive environments (Burnes, 2009).

The study found that successful management of strategic change requires organizational planning and analysis of environment in which the organization operates, full and active senior management support, involvement of all cadres of employees, proper delegation and effective communication. Change efforts must be coordinated by management to avoid employees getting confused and angry thus resist change. The leaders should identify all necessary training and provide it.

The study found a positive relationship between strategic change management practices and performance of Kenya commercial bank group limited. The bank has made significant profits since the implementation of the change. The bank is making increased profits and is meeting its targets as compared to years before the change.

5.3 Conclusion

It is evident that strategic change management tends to increase with more intensive environmental changes (Trinh and O'Connor 2000). Clearly, financial institutions experience a great deal of change due to change in environment. Much of this strategic change is due to the seemingly inexorable growth in banking industry. It is beginning to change fundamentally the nature of financial service delivery to the markets. As markets for banking have grown and reformulated, banks have been trying to understand the effects of the new environment and are under pressure to reevaluate how they deliver financial services, find strategies to survive, be competitive and improve profitability (Murray and Anderson 1996). Moreover, banking institutions have come to increasingly control key markets and heighten the general level of competitiveness among banks through effective strategic change management practices.

5.4 Recommendations

It is recommended that organizations should not 'sell' change to people as a way of accelerating 'agreement' and implementation. 'Selling' change to people is not a sustainable strategy for success. When people listen to a senior manager 'selling' them a change, decent diligent folk will generally smile and appear to accept what is being said, but quietly to them they are thinking, "I don't like this. I've not been consulted or involved. I am being manipulated. This change will benefit the directors and owners, not me, so actually I won't cooperate, and I might resist and obstruct this change, in every way that I can." And that's just the amenable types - more forceful employees will embark on a more serious transition from 'gamekeepers' to 'poachers'.

This study recommends senior management to clearly communicate the vision, mission and objectives of the change management effort to help the employees understand how those changes will affect them personally. The managers should communicate the reasons for the change in such a way that all employees understand the context, purpose and need for change. Communication should be consistent, frequent and through multiple channels.

The study further recommends that delegation of certain aspects of the change program should clearly explain limits of the responsibilities. Poor delegation might cause frustration and confusion to all parties involved since delegation means transfer of certain responsibilities and not surrender of authority. Further, this study recommends that successful assumption of authority due to effective delegation should be rewarded.

It is also recommended that leaders should check that people affected by the change agree with, or at least understand, the need for change, and have a chance to decide how the change will be managed, and to be involved in the planning and implementation of the change. Coercion does not allow employees to share in decision making and this may make them resentful. Thus, when employees are involved in the change effort, they are more likely to buy into the change than resist it. Quick change prevents proper consultation and involvement, which leads to difficulties that take time to resolve.

It is also recommended that the managers should not let up. They are expected to foster and encourage determination and persistence - ongoing change - encourage ongoing progress reporting - highlight achieved and future milestones. Finally the leaders are expected to make change stick. This is achievable by reinforcing the value of successful change via recruitment, promotion, and new change leaders. This simply means fostering a change culture.

5.5 Limitations of the study

The study's limitations included limited time set aside for the research and the limited scope of study. It would have been interesting to research on strategic change management practices adopted by several commercial banks and their impact on performance.

Securing face to face interviews was a challenge due to the senior managers' busy schedules and the limited stipulated time to carry out the research. To counter this, appointments had to be sought and scheduled, sometimes outside the official working hours.

5.6 Suggestions for further Research

The study suggests further research on the strategic change management practices and performance of commercial banks in Kenya. The study will supplement the findings of this study by providing information on the strength and weaknesses experienced in the implementation of strategic change. This research therefore should be replicated in other banks in order to establish whether there is consistency among them on strategic change management practices and performance of the banks.

Additionally, further studies should be carried out in order to determine performance of Kenya Commercial Bank Group Limited. This is in relation to identifying other external influences over which they have little control and how they impact on the bank's performance.

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APPENDICES

Appendix I: Introduction letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 30/07/2014

TO WHOM IT MAY CONCERN

The bearer of this letter MARGARET W. WAMBUI

Registration No. D61/60148/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
28 JUL 2014
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix II: Interview Guide

PART A: GENERAL INFORMATION

1. How long have you worked at KCB group limited?
2. What is your designation and role in the bank?
3. How many years have you been in your current position in the bank?

PART B: STRATEGIC CHANGE MANAGEMENT PRACTICES

4. What environmental changes is the bank experiencing?
5. How have these environmental changes affected the bank?
6. Were you involved from initiation or implementation of the changes?
7. Was it necessary to delegate certain aspects of the change management?
8. Was the change communicated to staff in the lower positions in the organization, before it was initiated?
9. Was it necessary to use coercion to bring about changes?
10. Could you observe resistance to change among the staff?

PART C: ORGANIZATIONAL PERFORMANCE

11. Do you think involvement of senior management in the initiation and implementation of change reduced resistance to change? Did this have any impact on any aspect of performance of the bank?
12. What aspect(s) of performance did delegation affect and to what extent?
13. Why do you think it affected it to that extent?
14. To what extent do you think communication affected the change process and consequently the banks performance?

15. How do you know it affected performance to that extent?
16. In your view, do you think coercion (or lack of it) in the change process affected the banks performance?
17. How was the bank's performance two years before the change?
18. How has the bank's performance been since the implementation of the change?
19. In your view, what other strategic practices influence bank performance?