EMPLOYEE PERCEPTION OF CHANGE MANAGEMENT AT K-REP

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university.

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D61/P/8065/02

SIGNED .... **DATE** 9/11/2007

Supervisor;

I confirm that I am the supervisor of this student and that I have read this final draft and I believe it to be the student's own original work.

SIGNED .... **DATE** 12/11/2007

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DEDICATION

To my parents, you are the greatest inspiration in my life without who completion of this project would not have been possible.

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Secondly, my most sincere gratitude goes to my family – dad, mum, sisters Christine and Anne and my brother Josh for the support and inspiration accorded me to fully concentrate on the writing of this paper. I owe them special thanks.

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ABSTRACT

Change management is the process, tools and techniques to manage the people side of business. Change is required to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace. Perception is a cognitive process that lets a person make sense of stimuli from the environment. Perception is influenced by internal and external factors leading people to see some perceived events differently. This study therefore sought to determine employee perception of change management at K-Rep.

The objectives of the study were to establish the process of change management process at K – Rep as well to determine the employees' perception of change management at K-Rep. The study adopted a case study method as its research design. Stratified sampling was adopted for this study. In this case 34 employees of K-Rep Bank were involved in the study. Primary data was collected by questionnaire method.

The findings indicated that the forces of change that largely affected the organization include; the need to improve product and services, the need to improve productive efficiency, the need to improves standards, growing the customer base, the need to introduce a new culture in the organization, change in demand for K-Rep products or services and growing the current revenue and profits. On the other hand the perceptions that were largely felt by the respondents include enhancing competitiveness, leading to loss of morale and broadening the product and service range in existing markets.

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CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Concept of Change Management

Fishbein and Ajzan (1975) note that change has become an enduring factor of organizational life. They observed that few people if any currently in public, private or voluntary sectors can claim to have been untouched be either the pace or direction or organization change in recent years. Johnson and Schools (1999) agree and argue that managers whether in private or public sector are finding it difficult to make sense of business environmental in which they operate. One of the reasons for this is the speed of change organizations must keep changing to create short-term advances.

Change management is the process, tools and techniques to manage the people side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace Nadler (1981). Change in attitudes and behaviors can build a culture based on open communication, interpersonal trust, constructive handling of conflict, teamwork and collaborative problem solving. Organizations frameworks help managers in selecting forces most likely to affect a particular company. They provide cognitive frameworks for combining forecasts about those forces into statements of opportunities and threats basis of company strategy Neuman et al (1989). Organizations that have successfully managed change have been able to link strategic change with operational change and every aspect of the organization in relation to dynamic external environment. In most organizations, operations are an internal function that is buffered from the external functions by other organization functions (Cheluget, 2003).

Prophets of change have talked about the space age and the post industrial society' or the information revolution: already it has been noted that we are moving towards a society in which many repetitious jobs such as adding up or typing endless columns of figures, or endlessly feeding highly specialized one task machines are being phased out. These are being replaced by jobs requiring more skills, resourcefulness and increased discretion (Evans, 1999). When introducing change, Kotler (2003 who studied the Pepsi Company, said that managers often are surprised and dismayed that things do not turn out as planned. Frequently, the change itself is not the problem; rather the change process is to blame in affecting performance.

Change is the order of the day for today's managers. Kotler (2003) quotes

"We must re-examine every relationship, every element of doing business, every process and procedure. The only plausible criterion for success is: are you changing enough, rapidly enough to successfully confront the future?"

Change 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 (Kotler, 2003). However, to Nickols (2006) the overall process of change and change management remains pretty much the same. Thus it's this fundamental similarity of the change processes across organizations, industries, structures in different countries, continents i.e. globally that makes change management a task, a process, and an area of professional practice. The environment as Stoner & Freeman (1992) notes determines both the amount of uncertainty an organization faces and the extent to which one is dependent on others for vital resources. In turbulent environments, organizations must devote more of their resources to monitoring their environment.

In today's unpredictable environment, change management must be part of an organizations strategy. There is however no single, universally accepted definition of strategy. Different authors and managers use the term differently (Mintzberg et al, 1999). Quinn defines strategy as the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. He goes further to state that a well-formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. He also further states that an organization must therefore strategically manage change within it to enable it meet the challenges of the anticipated dynamism of the environment.

Nzuve (1999) notes that change is associated with uncertainty and frequently involves complexity, confusion, disturbance and turbulence. This is often made worse by the failure of management to articulate a clear vision of the proposed change and its intended outcomes. Comerfood and Callaghan (1985) define strategic management as a way of running an organization that recognizes the complexity of its environment. He goes further to say that it is a process by which the manager can transform environmental factors, along with various internal personal and political considerations into decisions that result in strategies (goals and plans of action for reaching them) to help guide the dynamic organization into the future.

According to Porter (1980), strategy is the creation of a unique and valuable position involving a different set of activities. For successful implementation of strategy, managers should forge a fit between the strategy and environment and ensure coherence in the internal organization variables as well as maintain consistency with strategy. Therefore, organizations must change to survive. Pressure for change comes from many sources. Inside the organizations, managers and employees at all levels push for change. In the external environment, legal, competitive, technological and economic changes create performance gaps and opportunities that cause organizations to change (Bateman and Zeithmal, 1993). According to Timm, (1987), all leaders must be obsessive about change. It must become the norm and not a cause for panic. One of the most important issues in organization's change programmes is the different perceptions that people have and how to manage them successfully as part of the change process. To understand and minimize the forces that could be detrimental to change, a constant sensitivity and check should be built into the process, which considers how change is perceived.

1.1.2 The Concept of Perception

Individuals are different in terms of how they view the world around them, how they interpret and react to different stimuli and situations, and how they assign meaning to different phenomena. Hence, perception is formed because of how these individuals, in general, view the world around them and form a coherent picture of it. Different scholars have come up with different views of perception. Kotler (2003) defines perception as the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Perception depends not only on the physical stimuli, but also on the stimuli's reaction to the surrounding field and on the conditions within the individual.

Perception is also defined as the process by which information is acquired through the five (5) senses (Bateman, and Zeithmal, 1993). According to Johnson and Scholes (1999), perception is the process by which the individual receives, selects, organizes and interprets information in order to create a meaningful picture of the world. On the other hand, Kibera (1996) views perception as the process by which people select, organize, interpret and assign meaning to external phenomena or stimuli. Thus, it is the process by which people make sense of the world around them.

Perception is largely selective. Selectivity of perception serves as a filter through which potentially important or favorable experiences will be allowed to flow, while potentially unimportant or unfavorable experiences are locked out. Extensions of these are selective exposure and selective retention (Kibera and Waruingi, 1998).

People emerge with different perceptions of the same stimulus object because of three perceptual processes: selective attention, selective distortion and selective retention. Selective attention arises due to the fact that people are exposed to a tremendous amount of daily stimuli. The consumers have a heightened awareness of stimuli that meet there needs or interests and minimal awareness of stimuli irrelevant to their needs. Selective distortion describes the tendency of people to twist information into personal meanings. Selective retention asserts that people will forget much of what they learn. They tend to retain information that supports the attitudes and beliefs for chosen alternatives (Kotler, 1988; Kibera and Waruingi, 1998).

Stakeholders' perception of any process in an organization, including that of change is therefore critical as individuals act and react on the basis of their perceptions not on the basis of objective reality. For each individual, reality is totally a personal phenomenon, based on that person's needs, wants, values and personal experiences. Thus, to the organization, stakeholders' expectations are much more important than their knowledge of objective reality. It is not what actually is so, that affects their actions, and because individuals make decisions and take actions based on what they perceive to be reality, it is important that organizations understand the whole notion of perception and its related concepts to more readily determine what factors influence peoples' behaviour (Schiffman and Kanuk, 2003).

Stakeholder analysis is a critical factor in many industries' management. Complex relationships among stakeholders and clients exist underlying their diversity of opinion and philosophies (Johnson and Scholes 2002). Strategy implementation can be done smoothly when these parties agree if they perceive a positive reward for their involvement or may react differently.

1.1.3 K-Rep

In 1984 World Education, Inc., a U.S.–based NGO launched K-Rep as a five-year project funded by the U.S. Agency for International Development (USAID). Its mission was to provide grants, training, and technical assistance to address the financial, management, and technical needs of NGOs involved in developing small and micro-enterprises. A 1986 USAID evaluation concluded that the project had limited development impact, was not cost-effective, and should be terminated at the end of the five years. The report prompted K-Rep founders to question the sustainability of the project. It also raised issues about relying on a single donor for funding and on sub-grantees for results (K-Rep Bank 2006).

This crisis, in which the decision to terminate or continue operations dependent on one donor, planted the seed for creating a sustainable institution that would focus on long-term strategies to alleviate poverty by delivering micro-credit and other financial services. K-Rep's board and management responded to the evaluation with a series of changes that transformed K-Rep from a project to an institution with many of the characteristics it has today. In 1987, the project was registered as WEREP Ltd., a Kenyan-owned company. Right away, it began addressing some of the concerns prompted by the audit review. It started seeking other donors to broaden its funding base, and it changed its strategy from being solely a service provider to other NGOs to also developing its own loan portfolio (K-Rep Bank 2006)

After exchange visits with microfinance institutions in Bangladesh and Latin America, K-Rep introduced a group-based lending approach among its partner NGOs and launched its own lending program in September 1990. The program, known as *Juhudi*, was modelled after the Grameen Bank's group-based lending method and modified to the Kenyan environment. *Juhudi* loans are co-guaranteed by peer groups of five to seven members (called *watanos*) within larger groups of five to six *watanos* known as a *kiwas* (*kikundi cha watano*). Before receiving loans, the groups receive two months of initial training on group dynamics and the importance of savings.

K-Rep responding to demand and in an effort to increase outreach, in 1991 targeted the indigenous rotating savings and credit schemes, located primarily in rural areas, by lending to groups of borrowers known as *Chikola*. Lending to *Chikola's* was initially a cost-effective way of increasing outreach, since a single check was issued to each group, which was then responsible for allocating the loan funds among its members. Between 1994 and 1995, however, repayment rates fell to 90 percent, due to a lack of cohesiveness within the larger *Chikola*. As a result, K-Rep changed many features of the scheme and began disbursing loans to individual members within the group. It also encouraged the formation of smaller groups and weekly repayment, in line with the *Juhudi* lending approach. These changes were very successful in improving the standards of living of the poor and helping them cope with the financial vulnerability that comes with poverty.

K-Rep's vision of transformation to a regulated financial institution began in 1994, when it prepared a concept paper on possible transformation. A 1995 feasibility study funded by the Ford Foundation showed that the idea was indeed viable. K-Rep's transformation took four years. It forced K-Rep's board to make difficult decisions and to be persistent in looking for investment partners who could help overcome the Central Bank's concerns with the proposal. The board also dealt with a variety of other internal and external issues (K-Rep Bank 2006).

The board had several concerns about commercializing the institution. First and foremost, it feared mission drift - the risk that commercial banking considerations would drive K-Rep Bank to serve higher income customers at the expense of scaling up their mission of serving low-income and poor people. K-Rep needed to resolve the apparent contradiction between financial and social objectives, and it needed to locate partners who shared the original vision and objectives. Becoming a commercial bank also meant that K-Rep would have to submit to the rigors of supervision and prudential guidelines of a regulatory authority with a different tradition and culture (K-Rep Bank 2006).

Before deciding to transform itself into a commercial bank, K-Rep considered other options, including becoming a finance company (a non-banking financial institution) or a cooperative or building society. Workshops were held to solicit the views of external stakeholders, including customers, the government, the Central Bank, and other microfinance stakeholders. At the same time, internal operations were assessed to determine if systems were well grounded and supported by adequate staff capacity and strong leadership capable of operating as a commercial financial institution (K-Rep Bank 2006).

The finance company format initially appeared to offer the best fit, with a lower capital and liquidity requirement than a bank. This option was rejected by the Central Bank, however, which was pursuing a universal banking policy (banking that includes investment services as well as savings and loan services). The cooperative society presented a good option for including customers in the ownership structure, but it had a weak regulatory framework (K-Rep Bank 2006).

The Central Bank of Kenya, which regulates Kenya's financial industry raised several issues. Bank officials questioned the viability of microfinance, given its unconventional lending practices and the fact that it had hitherto been a donor-funded activity. They also questioned whether an NGO could own a bank, given that it has no real owners. The Central Bank worried that there would be no one to hold responsible if things went wrong and that allowing this to happen would set a bad precedent. Their concerns were heightened by the fact that five Kenyan banks had recently been placed under Central Bank management due to lack of liquidity and the National Bank of Kenya (the fourth-largest bank in Kenya) had nearly collapsed. The Central Bank therefore decided not to license any new banks, and K-Rep's application was placed on hold (K-Rep Bank 2006).

K-Rep Bank (2006) these issues were resolved after extensive lobbying by the institution's directors, as well as a visit organized for the Central Bank officials accompanied by K-Rep's directors to travel to Bolivia to see how Banco Sol was operating as a micro finance commercial bank. The Central Bank was convinced that this was a viable operation and gave K-Rep the following conditions to be awarded the banking license:

- To secure at least three other investors
- To separate the bank from the non governmental organization
- To meet the minimum capital requirement and other requirements
- Assessment of the operational and portfolio quality

This was going to be a difficult task for the institution and it was worried about issues like the new partner sharing its original vision and objectives and the pursuit of financial objectives verses social objectives. The search for a local investor was unsuccessful, though the few that were identified were seeking returns of over 20%. The foreign investors were similarly not convinced to under take such an investment. This was taking too long, was proving to be expensive and resulted in pressure from the regulators (K-Rep Bank 2006).

The bank thus come up with its own internal requirements that included; finding an institutional investor with similar social objectives to K-Rep, an international development institution which would be able to provide a sizeable investment thus influence regulators and gain public confidence and recognition, and lastly an employee stock ownership scheme (ESOP) to include staff as part of the organization's ownership (K-Rep Bank 2006).

The bank finally managed to meet the minimum capital requirement and its ownership structure was as follows:

Table 1: K-Rep Bank Ownership Structure

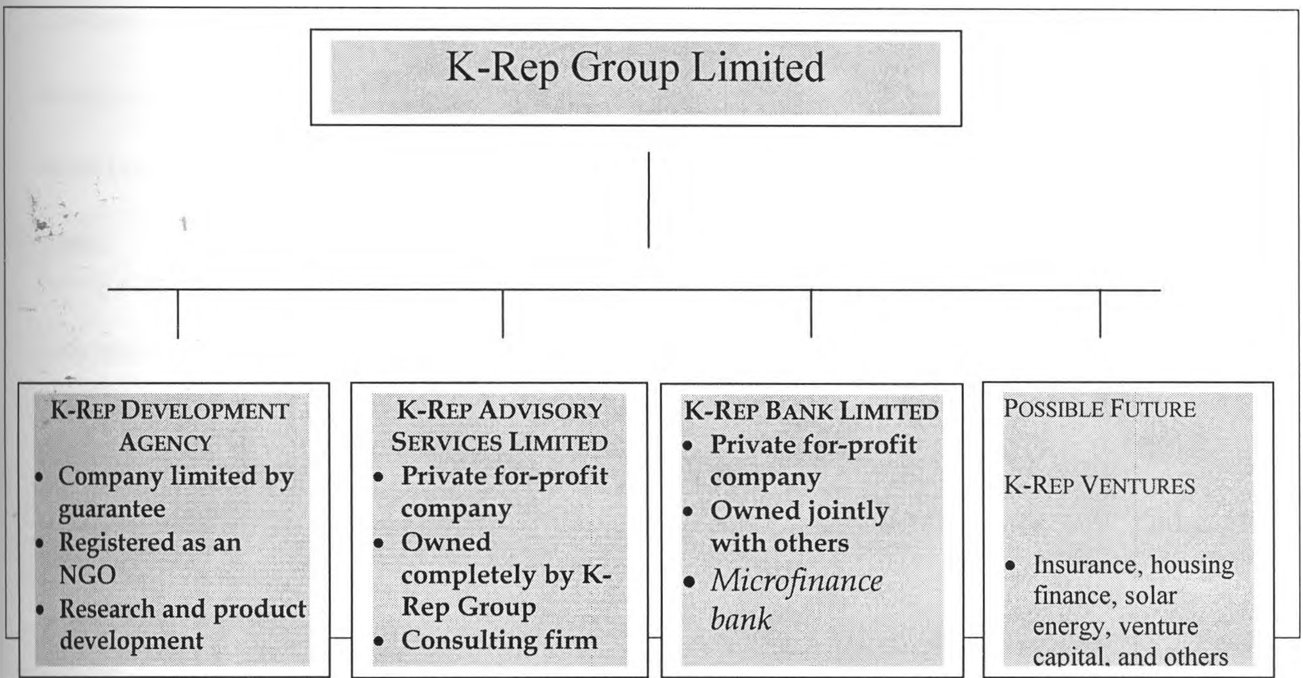
	Us$ Invested	**Ownership %**
International Finance Corporation	1,057	16.7%
The African Development Bank	958	15.1%
The Netherlands Dev. Finance Co.	316	5.0%
Triodos Doen	696	11.0%
Shore Bank Corporation	847	13.4%
K-Rep Welfare Association (ESOP)	633	10.0%
K-Rep Group	1,822	28.8%
Total	6,393	100%

Source: (Fowler &Kinyanjui, 2004)

The pending regulatory issues were resolved by K-Rep obtaining a six year exemption on the 25% ownership limit and calling the field offices "marketing offices" as opposed to branches. K-Rep also pushed for the establishment of a micro finance unit within the Central Bank's bank supervision department.

The transformation of K-Rep into a commercial bank also required major organizational, financial, and operational changes. Three new legal entities were created: K-Rep Group Ltd., a holding company with the largest equity holding in K-Rep Bank; K-Rep Bank Ltd.; and K-Rep Advisory Services (Africa) Ltd. (KAS) (figure 2). K-Rep the NGO was renamed the K-Rep Development Agency (KDA).

Figure 1: Structure of K-Rep Group of Companies



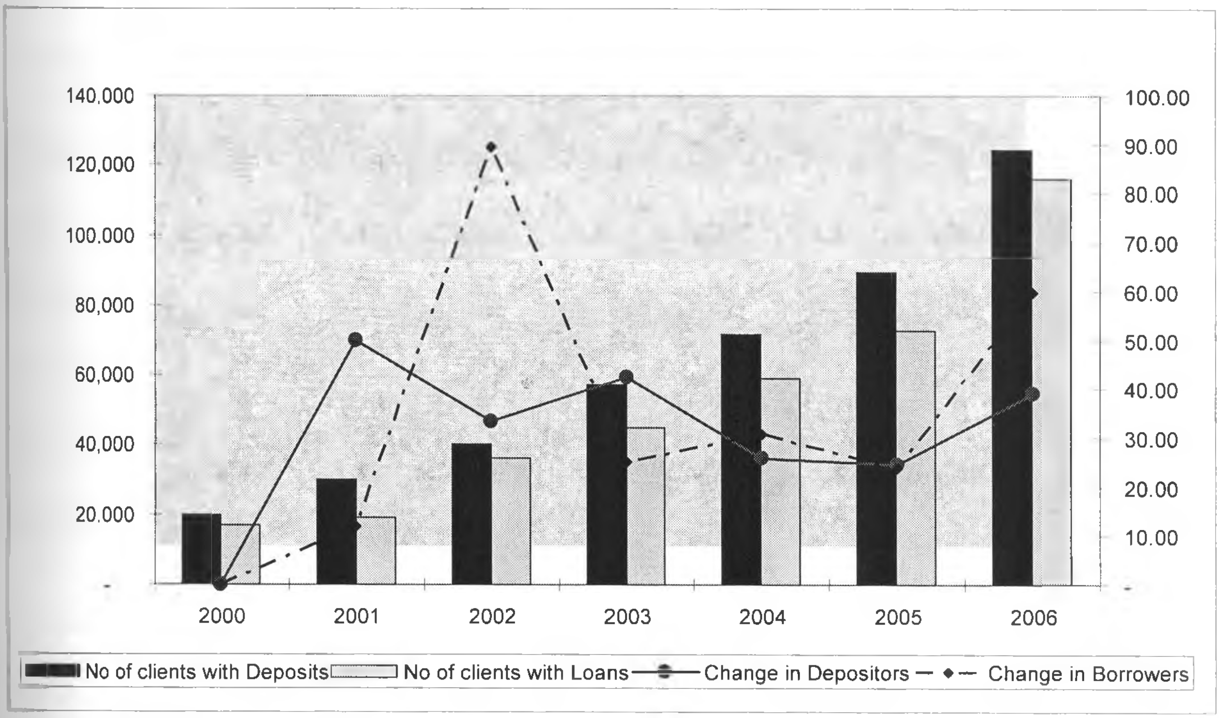
The K-Rep Group transferred the financial assets, liabilities, and activities of the Financial Services Division to K-Rep Bank. The assets, liabilities, and activities of the Non-financial Services Division remained with KDA, which was then split into two divisions, the Microfinance Research and Innovations Division and the Microfinance Capacity Building Division. In 2001 the assets, liabilities, and activities of the Microfinance Capacity Building Division were hived off to K-Rep Advisory Services, which was incorporated to provide fee-based microfinance consulting services.

The new structure was intended to preserve K-Rep's original vision of providing both financial and non-financial services to the poor. Each institution provides different services within the microfinance and micro-enterprise sector. The institutions within the K-Rep Group are separate legal identities, each with its own board of directors, mission, vision, core values, and organizational culture.

With these issues resolved, K-Rep officially started bank operations in December 1999, with the Kawangware branch being it's only branch as well as its headquarters. ICDC Investment Company acquired 3.8% shares from the K-Rep Group in September 2005, thus K-Rep has now managed to meet the Central Banks requirement for a maximum of 25% stake in all commercial banks being owned by a single investor. (K-Rep Bank Financial Statement, 2005).

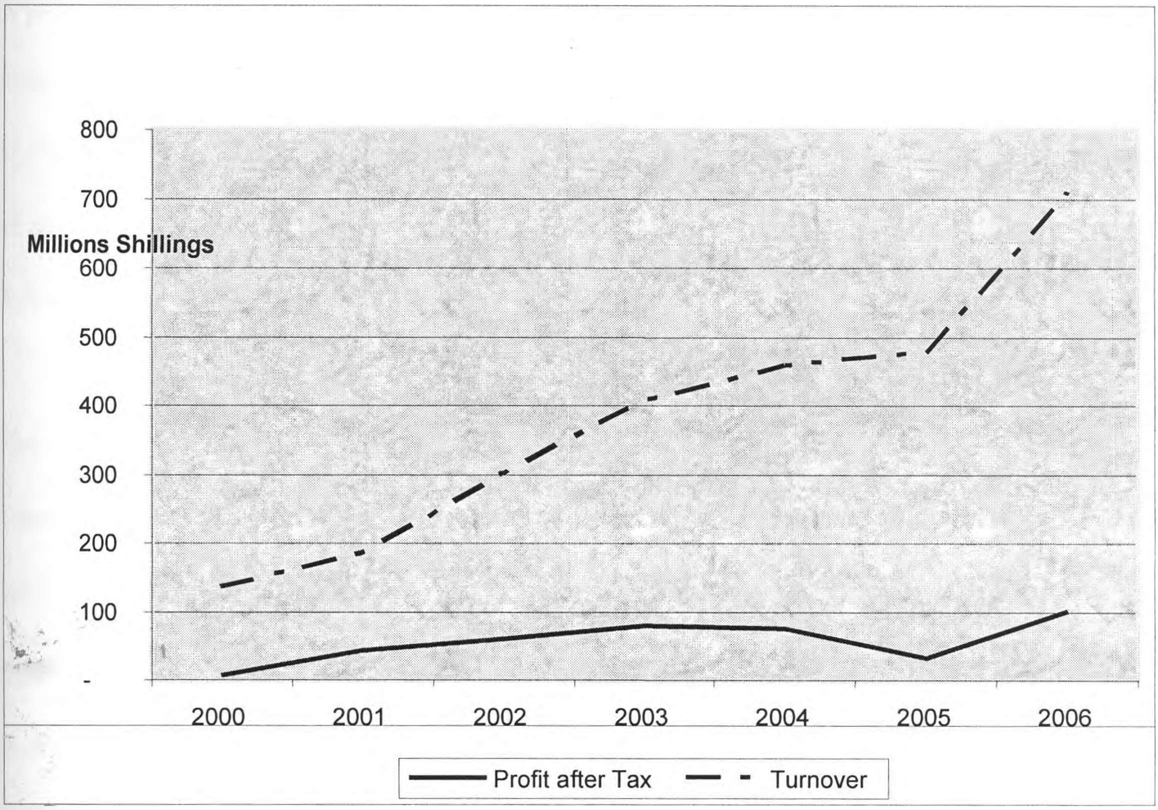
K-Rep's growth in assets, profitability and client since transformation to a commercial bank has been impressive given the industry average, and it is anticipated to improve in the future.

Figure 2: Growth in number of clients with deposits & loan accounts



Source: (K-Rep Bank 2006)

Figure 3: Growth in profitability and turnover



Source: (K-Rep Bank 2006)

1.2 Statement of the Problem

Change can cause painful upheavals, bring anguish, inflict a feeling of loss of control, stir a sense of helplessness and arouse anxiety Kante 1994; Kotler (1996). Kazmi (2002) does indicate that change is not linear i.e. it cannot be worked on mathematical formula basis with a set of variables that will always yield a fixed answer for their combination. Strebel (1996) contends that change management is a daunting exercise that is often elusive. His studies reveal that it is only between 20-50 percent of the organizations that undertake change that report success.

Perception is generated when a person glimpse at the face of a famous actor, sniffs a favourite food or hears the voice of a friend. Recognition is instant. Within a fraction of a second after the eyes, nose, ears, tongue or skin is stimulated, one knows that the object is familiar and whether it is desirable or dangerous. Perception is largely selective. Selectivity of perception serves as a filter through which potentially important or favourable experiences are locked out. Extensions of these are selective exposure and selective retention. People emerge with different perception of the same stimulus object because of three perceptual processes: Selective attention, selective distortion and selective retention.

The decision to become a commercial bank was based on several factors that limited K-Rep's potential. First, the NGO structure prevented K-Rep from attracting funds from investors and inhibited the potential benefits of private ownership. Accessing additional sources of capital, particularly from customer savings (by mobilizing deposits), would permit sustained scaling up of credit to the target population. Second, cross-subsidization of non-financial services from lending operations was impeding the scaling up of its lending activities. In addition, the energy and focus required to oversee the micro-lending program was overshadowing the potential for new product development and expansion of non-financial activities. Third, the savings of K-Rep's customers were deposited in commercial banks, but neither K-Rep nor its customers could access loans from the banks. Transformation to regulated financial institution status was expected to allow K-Rep to redress the inequity of customer savings being on-lent to wealthier customers of formal banks. Fourth, transformation was believed to help ensure the institutional permanence of K-Rep's micro-credit program by improving governance and increasing profitability, giving customers, the government, and partners' confidence in the viability and sustainability of microfinance as a long-term solution to tackling poverty.

Various studies on strategic management in Kenyan companies have been done. Studies such as Karemus (1993) narrow the study of strategy in Kenya down to an analysis of strategic practices in the retailing sector and Bwibo (2000) surveyed strategic change management practices within non-governmental organizations in Kenya. Studies on perception include Gitobu (2005) who focused on hospitals' perception of service quality rendered by NHIF.

This research is different since the objective of K-Rep has been to successfully merge both micro credit and conventional commercial banking services, yet still manage be in line with its initial mission to empower the low-income population and manage to remain profitable. This has not been an easy balance to strike. While the bank has performed tremendously in its last six years of operation, this study aims to answer the research question:

'What is the perception of employees of the change management process at the K-Rep?'

Employees have been selected as they are part of the stakeholders on whom the change had great impact.

1.3 Objectives of the Study

- To determine the employees' perception of change management at K-Rep.

1.4 Importance of the Study

The findings of the study are expected to be of particular importance to the following:

To the directors/managers in the banking and financial services sector the study will assist them in understanding the criticality of the employee perception and factors influencing their perception and reaction to change management process.

The employees of K-Rep can use the study to help them understand the positive/negative gains of the NGO transforming to commercial bank.

The government may use it in formulating policies that relate to NGOs and non-regulated financial institutions changing to commercial banks/regulated financial institutions in the country and finally to Scholars by providing food for thought and a challenge to conduct further research in the subject of stakeholders' perception in the change management of companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Organization Change

Organizations must continuously adapt their operations to the constantly changing environment in order to succeed in business. Since the last quarter of the century, several changes have taken place in world economies and in particular the transport industry. In order to survive organizations need strategies that are focused on their activities and deal with the emerging environmental challenges accordingly. Organizations should be able to shift strategy with change in environment and match capability to selected strategies in order to survive, succeed and remain relevant (Porter, 1985). The Public transport industry for instance has undergone transformational changes with the onset of the new traffic regulations in February 2004.

Changes in the organizations behavior are necessary if success in the transformation of the future environment is to be assured (Ansoff and Mcdonell, 1990). Benett (1977) argues that cultural, political, economic, technological and legal frameworks within organizations are today liable for rapid and far-reaching changes. Change in the environment is a source of opportunities and threats. According to Nadler (1981), change can be managed through major shifts in strategic orientation, revitalization or turn around strategies at various levels of the organization.

Successful change, however, requires more than a new process, technology or public policy. Successful change requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of these changes. The most recent research points to a combination of organizational change management tools and individual change management models for effective change to take place.

2.2 Change Management

Organizational change management includes processes and tools for managing the people side of the change at an organizational level. These tools include a structured approach that can be used to effectively transition groups or organizations through change. When combined with an understanding of individual change management, these tools provide a framework for managing the people side of change (Nadler, 1981).

According to Fishbein and Ajzan (1975), managing change calls for environment assessment, effective leadership, coherence and managing resistance. Ability to perceive change and take necessary action diverges considerably between and within firms. Three aspects of managing change that are interlinked are the analytical, educational and political. Individual resistance to change has sources in selective perception where everyone has a unique view of how their organization works and their role within it. Plans for change which seem to threaten some cherished element of this view or which appear misguided or unfair are likely to be met with resistance (Brown, 1998). Personal habits, security, rewards and status or esteem also contribute in the way individuals view change.

Burnes (1998) argues that managers need a new way to think about managing change in today's knowledge organization. Instead of breaking change into small pieces – TQM, process re-engineering, and employee empowerment – and then managing these pieces, managers need to think in terms of overseeing a dynamic. Instead of thinking about managing change like operating a machine, managers must connect and balance all pieces of the change effort.

2.3 Theoretical Foundations of Change Management

According to Burnes (1998), the three schools of thought that form the central planks on which change management theory stands are:

The perspective school assumes that individual behavior results from the individual interacting with the environment, human actions are conditioned by the expected consequences and behavior that is rewarded tends to be repeated and un-rewarded negative behavior eventually disappears. To bring about organizational change, managers must use strong incentives and involvement, discussions and debates (Skinner, 1974).

The group dynamics school argues that individual behaviors are a function of the group environment. The individual in isolation is constrained by group pressures to conform in terms of group norms, roles and values. The focus of change must, therefore, be at the group level and should concentrate on influencing and changing norms, roles and values in order to bring about successful strategic change management (Bennett, 1997).

The open systems school whose primary point of reference is the entire organization. It sees organizations as composed of a number of interconnected sub-systems (Bennett, 1997). It follows that any change to one of the systems will have an impact other parts of the system and, in turn, on its performance (Strebel, 1996). The open system school's approach to change is based on a method of describing and evaluating these sub-systems, in order to determine how they need to change so as to improve the overall functioning and performance of the organization and achieve overall synergy rather than of optimizing the performance of any one individual part per se (Bennett, 1997).

2.4 Models in Change Management

There are a number of major theorists and practitioners who have contributed their own models and techniques to the development of change process, which in turn, arise from the pioneering work of one person-Kurt Lewin (Bennett, 1997). Lewin was a prolific theorist, researcher and practitioner, in interpersonal, group and community relationships. He found and became the first director of the hugely influential Research Center for Group Dynamics in the USA (Burnes, 1998). The models of the process, which emerged from his work, are:

The action research model in which a key and powerful individual senses that the organization has one or more problems that might be alleviated by a change agent. The agent gathers data and solves the problem jointly with the client (Burnes, 1998), the three step-models whose process goes through three stages, which include the identification of the problem and the action steps to solve the problem and possible resistance to change and the action steps is the implementation of action steps and finally stabilization and evaluation to determine the success of change or need for further action or termination which is leaving the system or stopping one project and starting another (Burnes, 1998).

The phases of planned change model in change go through four phases, which include exploration, planning, action and integration. According to Burnes (1998), other writers have, using Lewin models as a foundation, come up with other models that have greatly contributed to effective strategic change management in organizations. In attempting to elaborate upon Lewin's three step-models, writers have also expanded the number of steps or phases. Dember (1960) developed a seven phase model of planned change; while Fishbein and Ajzan (1975) point out, the concept of planned change implies that an organization exists in different states at different times and that planned movement can occur from one state to another. Therefore, in order to understand change, it is not sufficient merely to understand the approaches and process, which bring about change. There must also be an appreciation of the states that an organization must pass through in order to move from an unsatisfactory present state to a more desired future state and the approach and process to achieve this state.

According to Burnes (1989), the model that resulted from the work of the other writers mentioned above includes; the simple model change takes place within a seven – phase framework which includes the need for change; recognition of the need; identification of the need; identification of possible solution; selling the solution; implementing the solution and achieving success.

The champion of change model, which suggests that change, is unlikely to be lasting, or to be successful or even to take place at all, unless there is a leader of change. The leader must provide inspiration, must have the complete or wholehearted support of the senior management group and must have the authority to carry out the change. He leads the people in the change process until change has taken place and he then disengages himself after empowering those involved in the change process, through involvement, to continue with the change.

The procession model which is the temporal approach to change management, identifies the substance of change like new technology or new management techniques, the need for change is conceptualized, transition in terms of new tasks, activities and decision is achieved in the contextual framework of politics of change, human resource, administrative structures and the business market and lastly the operation of the new organizational arrangements. The logical instrumentalism model in which change takes place incrementally, solidifying process in the change programme incrementally and the integration of the processes in the change programme incrementally (Quinn, 1980).

"The pockets of good practice" model which is a bottom-up approach to business and the organizational transformation, where the principles of empowerment are used to create isolated pockets of good practice with the emphasis on the power of individuals and the need for such individuals to have development experience outside their own business like participating in a management development programme where they are exposed to good practices (Dember, 1960).

The pockets of good practice approach calls for change to be led and inspired by a small cadre of individuals from within the business. Empirical studies have shown how wider organizational practices have been influenced in this way (Dember, 1960). Each individual, whether they are in a senior position or not, starts by developing a personal vision of what could be achieved in business performance if practices were different. They then use their own initiative to implement that vision within one part of the organization, getting the backing of a small number of like-minded people.

The critical role of leadership is a common theme in all cases where the principle of pockets of good practice model has been successfully applied to bring about organizational strategic change and transformation (Dember, 1960). The role of top management must be to create the climate for pockets of change to grow and to nurture them where they appear. Only in that sense should the pockets principle be top-down (Dember, 1960).

2.5 Resistance to Change

Resistance is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change (Ansoff, 1995). Accordingly, resistance manifests itself through out the history of change. During the change process all the following may occur:

First procrastination, delay and anticipation, which slows down the change and makes it, cost more than originally anticipated. Secondly, efforts within the organization to sabotage the change, to absorb it or to welter up other priorities.

After the change has been installed, the following occur; a typical performance lug since the change may be slow in producing the desired results. Alternatively, there maybe efforts within the organization to roll back the efforts of change status. From subordinates, management looks for enthusiasm, acceptance and commitment to change. But it gets something else. Communication breakdown, implementation plans miss their mark and results fall short of expectation. Managers and employees view change differently. Both groups know that vision and leadership drives successful changes that bring about successful change (Strebel, 1996). Top mangers see change as an opportunity to strengthen the business by aligning operations with the strategy, to take on new professional challenges and risks, and to advance their careers. For many employees, however, including middle level managers, change is neither sought after nor welcomed. It is disruptive and intrusive. It upsets the balance (Strebel, 1996)

To close the gap, managers at all levels must learn to see things differently. They must put themselves in their employees' shoes to understand how change looks from that perspective and to examine the terms of the "personal contracts" between the employees and the company (Strebel, 1996). According to Strebel, contracts are reciprocal obligations and mutual commitments, both stated and implied, that define the relationship between employees and management and the company; namely formal, psychological and social dimensional contracts between the employees and he company/management.

Corporate change initiatives whether proactive, alter employee dimensional contract terms (Strebel, 1996). Unless mangers define the terms and persuade employees to accept them, it may be unrealistic for mangers to expect employees to fully buy into the changes that alter the status quo hence the employees' resistance to change.

The leadership must drive the process of change far enough in order to alter employee's perception and hence bring about revised personal impacts. The revision of the personal contract should be treated as the integral part to change process to achieve change goals. Redefining employees' commitment to new goals in terms that everybody can understand and act on is act of great transformational leadership.

According to Luthans (1998) the characteristics and behavior of transformational leaders are; first vision for better future to which the group has a right to and of which it can be proud. Secondly; courage of their convictions through self sacrifice; thirdly having great confidence in its followers and high standards and not pursuing money or power, but instead driven by satisfaction of building the organization, seeing people develop and accomplishing things through other. Without such leadership, that visualizes and catches employee' attention, employee's will remain skeptical of the vision for change and distrustful of management an the management will like wise be frustrated and stymied by employee's resistance to change (Strebel, 1996).

2.6 Concept of Perception

Perception is a cognitive process that lets a person make sense of stimuli from the environment. These stimuli affect all senses: sight, touch, taste, smell and hearing. The stimuli can come from other people, events, physical objects or ideas. A person's perception process is a mechanism that helps her adapt to a changing environment (Dember, 1960). Attitudes have played a key role in social psychology because of the presumed connection between people's perception of their world and their behavior in it. An attitude is "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object" (Fishbein and Ajzan, 1975).

Perception is influenced by internal and external factors leading people / employees to see some perceived objects or persons, events differently. External factors are characteristic of perceived objects or persons, which may include size, intensity, contrast, repetition, motion, novelty, status and appearance. Internal factors in perception are characteristics of the perceiver. The perceivers have a tendency to use themselves as a basis for perceiving others, events, objects. Internal factors that can influence perception are needs and motives, past experiences, self-contest and personality (Nzuve, 1999).

People emerge with different perceptions of the same stimulus object because of three perceptual processes: selective attention, selective distortion and selective retention. Selective attention arises due to the fact that people are exposed to a tremendous amount of daily stimuli. The consumers have a heightened awareness of stimuli that meet there needs or interests and minimal awareness of stimuli irrelevant to their needs. Selective distortion describes the tendency of people to twist information into personal meanings. Selective retention asserts that people will forget much of what they learn. They tend to retain information that supports the attitudes and beliefs for chosen alternatives (Kotler, 1988; Kibera and Waruingi, 1998).

2.7 Stakeholders' Perception of Change

Stakeholders are concerned with both what they give up and what they get in return (Neuman et al, 1989). Their behavior is influenced by goals, values and norms and hence the need to compromise and accommodate each other for the good of the organization. There is need to understand how certain stakeholders are likely to seek influence over an organizations purposes and strategies. External stakeholders will seek to influence a company's strategy through their link with the internal stakeholders (Johnson and Scholes, 2002). Industry conditions change because important forces are driving industry participants, competitors, customers or suppliers to alter their actions. The driving forces in an industry are the major underlying causes of changing industry and competitive conditions (Strickland, 2003).

Stakeholders can play the role of blockers or facilitators of strategy depending on the impact the change will have on them. This underlies the need for management to carry out impact- support mapping to determine the support stakeholders are likely to give to new change efforts. It is not easy to achieve clarity on strategic direction by all stakeholders in an organization especially in a fast changing environment. (Johnson and Scholes, 2002)

Stakeholders need to be intellectually and emotionally ready for change. Buy-in can be enhanced through training, involvement and negotiation. This however depends on the level of stakeholder interest in the new changes. (Bennett, 1997) highlights the need to train and equip people to make a contribution to the operational competencies of the organization and on the other hand an integration of this role into the line of work group management. The value of team working will lead to increased productivity and flexibility. Commitment to people as strategic resources can be achieved through shared purpose, enabling structures, shared learning and development and shared involvement. Shareholder focus and involvement is therefore crucial in ensuring success of implementation of new strategies. Different perceptions bring about conflicts due to change in human behavior. (Bennett, 1997) concluded that successful organizations must be able not only to deliver high levels of customer service but also manage cultural changes.

2.8 Studies on Perception and Change Management

Bennett, (1997) states that the core of managing changes is the art of mobilizing the intellectual resources of all employees in the service of a firm and empowering the people to create and manage the change. It becomes a decisional guide at all levels of the organization. It makes employees treat change not as an event but an enjoyable and rewarding journey that is lifetime endeavor. A vision is an employee- empowering tool. An empowering vision meets the following three criteria: Focus on strategic advantages; the inspiration to deliver those advantages consistently; and clearly to be used as a criterion (Nadler, 1981)

Johnson and Scholes (1999) state that perception is the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. Selectivity of perception serves as a filter through which potentially important or favorable experiences will be allowed to flow, while potentially unimportant or unfavorable experiences are locked out. Extensions of these are selective exposure and selective retention, (Kibera and Waruingi, 1998). When change is therefore perceived as a favorable experience it is embraced but when perceived as unfavorable, it is resisted.

It is said that where you are seated determines what you see. Our perception of the world serves as the basis for our actions. According to Arnold and Friedman (1995) perception has to do with the way in which we receive messages as interpret information. Organization members are constantly being bombarded with information, requests, demands, and suggestions and so on. To Arnold and Friedman, what people do depends largely upon which of these many perceptual inputs they pay attention to, as well as how the inputs and messages are interpreted and understood. In addition, according to Luthans (1998), perception is a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different form reality.

There have also been several local studies on perception with relation to service quality. These studies include: Njoroge (2003), focused on Kenya Power and Lighting Company Limited while that of Odawa (2004) was on the University of Nairobi's Masters in Business Administration Program and that of Mwaura (2002) focused on the Matatu Industry.

While several studies have been done on strategy, change management and perception, this study is different as it focuses on change management in Kenya and it success measured not through the performance of the institution after the change, but by the perception of stakeholders (employees) of the change management process in the institution.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design used in this study was a case study method. This was considered the most suitable method since it was only one study unit K-Rep that was studied. Young (1960) asserts that case is a very powerful form off qualitative analysis that involves a careful and complete observation of a unit.

3.2 Population

The population of the study comprised of 502 employees of K-Rep from various departments as shown in the table below.

Table 2: Population of Study

Department	Population	Percentage
H. R. Dept	8	1.6
Finance Dept.	18	3.6
Marketing	9	1.8
Logistics	7	1.4
Information Technology	8	1.6
Audit	10	2.0
Operations	412	88.0
Total	**502**	**100**

3.3 Sample Selection and its Size

Stratified random sampling was used to select a total of 50 employees from various departments as in the tale 2 above. According to Mugenda and Mugenda (1999) a sample allows the researcher to make generalization about populations. A sample is a subset of a population, but that subset is only useful if it accurately represents the larger population. To ensure that the sample accurately represents the population, the researcher must clearly define the characteristics of the population, determine the required sample size, and choose the best method for selecting members from the population.

Table 3: Sample Size

Department	Population	Percentage
H. R. Dept	1	2.0
Finance Dept.	2	4.0
Marketing	1	2.0
Logistics	1	2.0
Information Technology	1	2.0
Audit	1	2.0
Operations	43	86.0
Total	**50**	**100**

3.4 Data Collection Method

The study used primary data to determine the perception of the staff of the change management at K-Rep. The data was collected through a structured questionnaire where both open and closed ended questions were used. Given that this was a survey, self-administered questionnaires were used and they were administered to both senior (managerial level) and junior staff of K-Rep who were in the bank before and after the change.

3.5 Data Analysis

Once data was collected it was analyzed using descriptive statistics. The survey enables collection of data from a large sample. Description of the perceptions were analyzed through percentages and frequencies and presented in tables, pie charts and bar graphs. Descriptive statistics such as the arithmetic mean were used to determine the most common responses to establish the factors that influence stakeholders' perception of change management at K-rep.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter gives a detailed analysis of the data collected and presents the findings. The data has been analyzed and presented in form of frequency tables, percentages, means and standard deviations. The first section presents an analysis of the respondents profile in frequency and percentages. The second part presents an analysis of employees' perception of change management at K-Rep.

4.2 Title of the Respondent

In this category, the interest of the researcher was on finding out the title of the respondents.

Table 4: Title of the Respondent

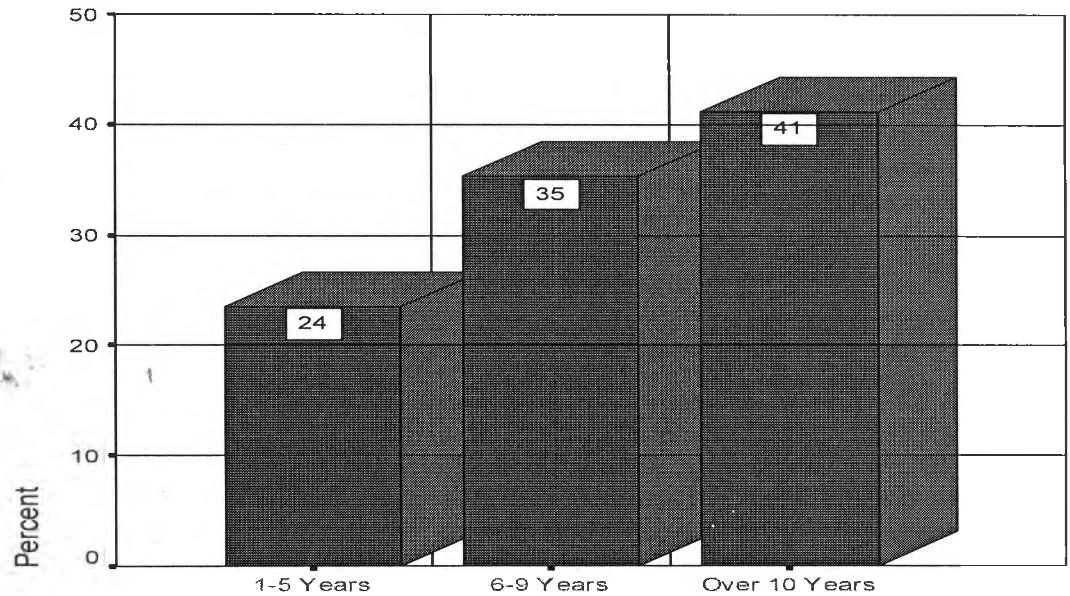
Title	Frequency	Percent
Advances Officer	2	16.7
Branch manger	1	8.3
Finance officer	3	25.0
Manager	1	8.3
Microfinance	1	8.3
Officer	1	8.3
Operations manger	1	8.3
R.B.D.M	1	8.3
Senior finance manager	1	8.3
Total	12	100.0

As can be seen in the above table, the title of respondents ranged from advances officer, branch managers, finance officers and operations manager.

4.3 Years in the Organization

This section analyzes the respondents', number of years in the organization. The data has been presented in the form of a graph.

Figure 4: Number of Years in the Organization



As can be seen in the above graph, 41% of the respondents had been with the organization for over 10 years, 35% had been with the organization for 6 to 9 years while 24% had been with the organization for 1 to 5 years.

4.4 Forces of Change

Changes in the organizations behavior are necessary if success in the transformation of the future environment is to be assured (Ansoff and Mcdonell, 1990). Benett, (1977) argues that cultural, political, economic, technological and legal frameworks within organizations are today liable for rapid and far-reaching changes. Change in the environment is a source of opportunities and threats. According to Nadler, (1981), change can be managed through major shifts in strategic orientation, revitalization or turn around strategies at various levels of the organization.

The scores "Not at all" and "Fair extent" represented aspects of the strategies, regarded as "Not applied", (NA) equivalent to 1 to 2.5 on the continuous likert scale ($1 \leq NA \leq 2.5$). The scores of 'moderate application' represented aspects of the strategies that were regarded as moderately applied. This was equivalent to 2.6 to 3.5 on the likert scale ($2.6 \leq MA \leq 3.5$). The score of "very large extent" and "large extent" represented aspects of the strategies regarded as largely applied (LA). This was equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq LA \leq 5.0$). A standard deviation of between $0 \leq S.D \leq 0.9$ indicated an insignificant variation of the response aspects of the strategies; a standard deviation of between ($0.95 \leq S.D \leq 1.5$) indicated indifference, whereas a standard deviation of greater than ($1.6 \geq S.D$) indicated a significant variation.

Table 5: Forces of Change

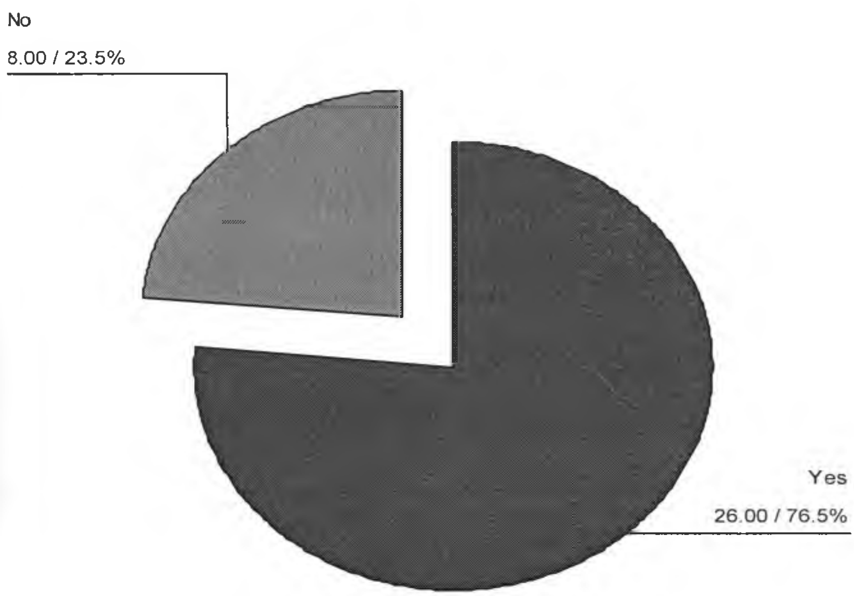
Forces	Mean	Std. Deviation
Need to improve the quality of products or services	4.24	.699
Need to improve productive efficiency	4.15	.821
Need to improves standards	3.91	1.055
Growing the customer base	3.85	1.132
Need to introduce a new culture in the organization	3.76	1.208
Change in demand for K-Rep products or service	3.62	.985
Growing the current revenue and profits	3.62	.739
Need to change strategy as a result of external forces	3.59	1.184
Improving staff morale	3.56	1.375
Threatening tactics of competitors	3.41	1.076
Changing the corporate culture	3.21	.978
Employees retire or resign	3.18	1.487
Arrival of a new comer in the market	3.03	1.446
Legal /political regulation	2.91	1.288
Take over of the business	2.74	1.399

The forces that necessitated change in the organization were many and affected the organization in different ways. The need to improve product and services, the need to improve productive efficiency, the need to improves standards, growing the customer base, the need to introduce a new culture in the organization, change in demand for K-Rep products or service and growing the current revenue and profits largely affected the organization. On the other hand the need to change strategy as a result of external forces, improving staff moral, threatening tactics of competitors, changing the corporate culture, employees retiring or resigning, arrival of a new comers in the market, legal/ political regulation and take over of the business affected the organization in moderately in enforcing change in the organization. There was no significant variation in the responses.

4.5 Presence of Long Term Planning

The respondents were requested to indicate whether the organization had long term planning.

Figure 5: Presence of Long Term Planning

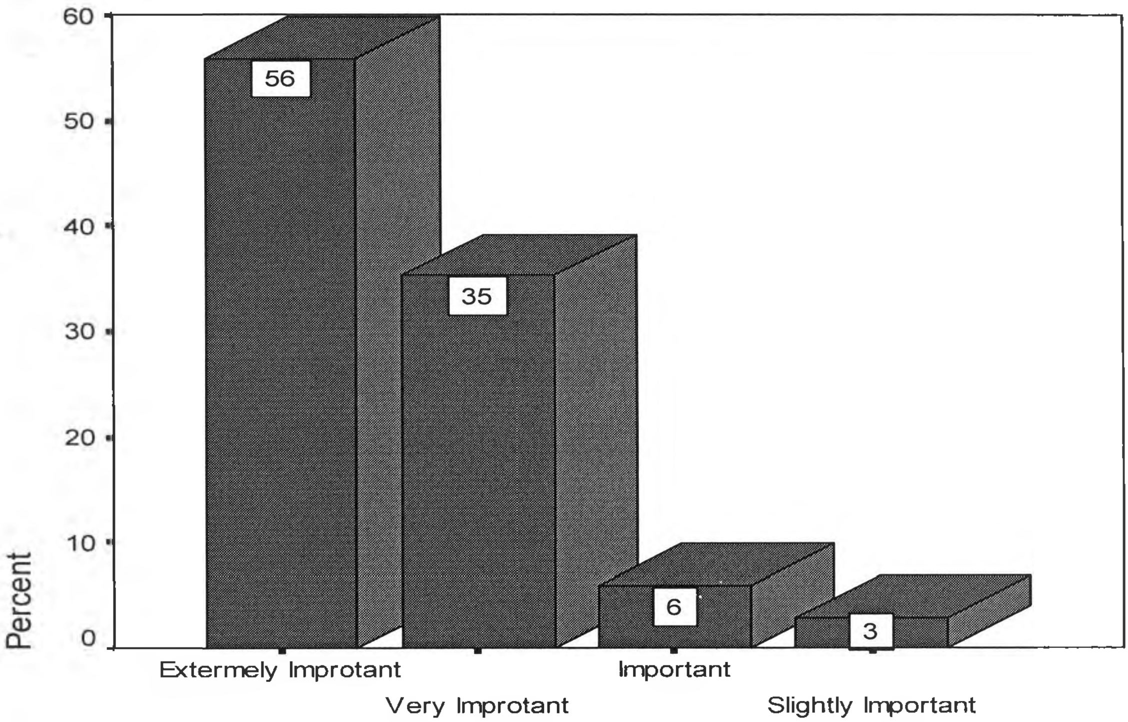


The above chart shows that majority of the respondents comprising of 76.5% indicated that the organization conducted long term planning, while 23.5% indicated that the organization did not carry out long term planning.

4.6 Importance of Long Term Planning

This section sought to find out the importance of long term planning for future success of the company.

Figure 6: Importance of Long Term Planning



The above graph shows that most of the respondents comprising of 56% indicated that long term planning was extremely important to the organization, 35% indicated it was very important to the organization, 6% said it was important while 3% indicated that it was slightly important to the organization.

4.7 Areas of Change

The respondents were requested to indicate the areas that had experienced change most since the conversion of the organization from an NGO to a commercial bank.

Table 6: Areas of Change

Area	**Frequency**	**Percent**
Products /service	16	47.1
Technology	8	23.5
Competition	2	5.9
Operations	5	14.7
HR management	3	8.8
Total	34	100.0

Products and services were the areas that had changed the most as indicated by 47.1% of the respondents, 23.5% of the respondents indicated there had been a change in technology while, 14.7% indicated change in operations. On the other hand 8.8% of the respondents indicated change in human resource management while 5.9% of the respondents indicated change in competition.

4.8 Extent of Change

Successful change requires more than a new process, technology or public policy. Successful change requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of these changes. The most recent research points to a combination of organizational change management tools and individual change management models for effective change to take place. This section sought to find out the extent of change in areas listed in the table below.

Table 7: Extent of Change

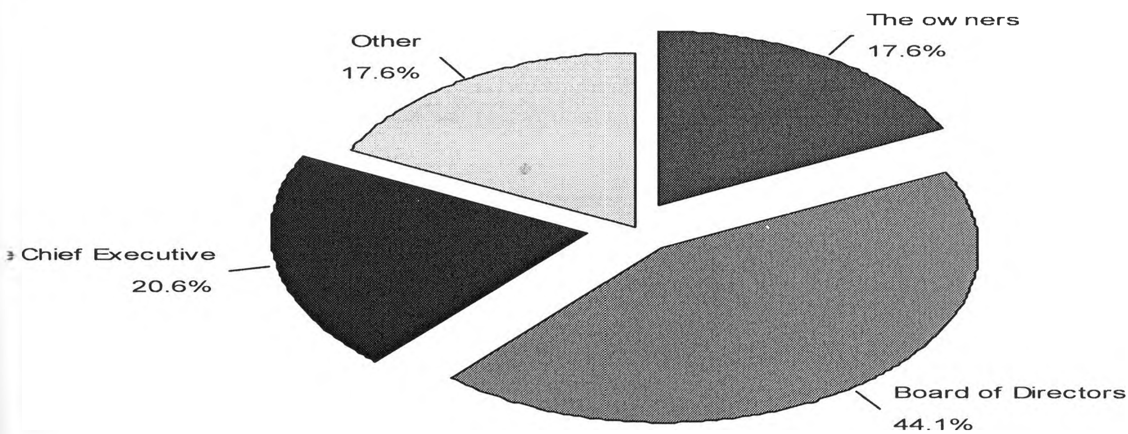
	Mean	Std. Deviation
Technology	4.12	.880
Competition	3.79	1.095
Products services	3.76	1.156
Operations	3.68	1.065
controls /Regulation	3.62	1.015
HR management	3.09	1.525

Change had largely affected the technology of the company, competition, product and services offered, operations as well as regulation of the company. However the change in the human resource department was moderate. There was no significant variation in the responses.

4.9 Initiator of Change

In this category, the researcher sought to find out the person that initiated the change process in the organization.

Figure 7: Initiator of Change



It can be seen from the above chart that 44.1% of the respondents indicated that the board of directors were the ones who initiated change, 20.6% indicated that it was the chief executive officer, 17.6% of the respondents indicated that it was the owners of K rep that initiated change. The remaining population indicated that there were other agents of change apart from the ones mentioned above.

4.10 Information to Employees

The respondents were asked in this section to indicate whether employees were informed about change process in the organization.

Table 8: Information to Employees

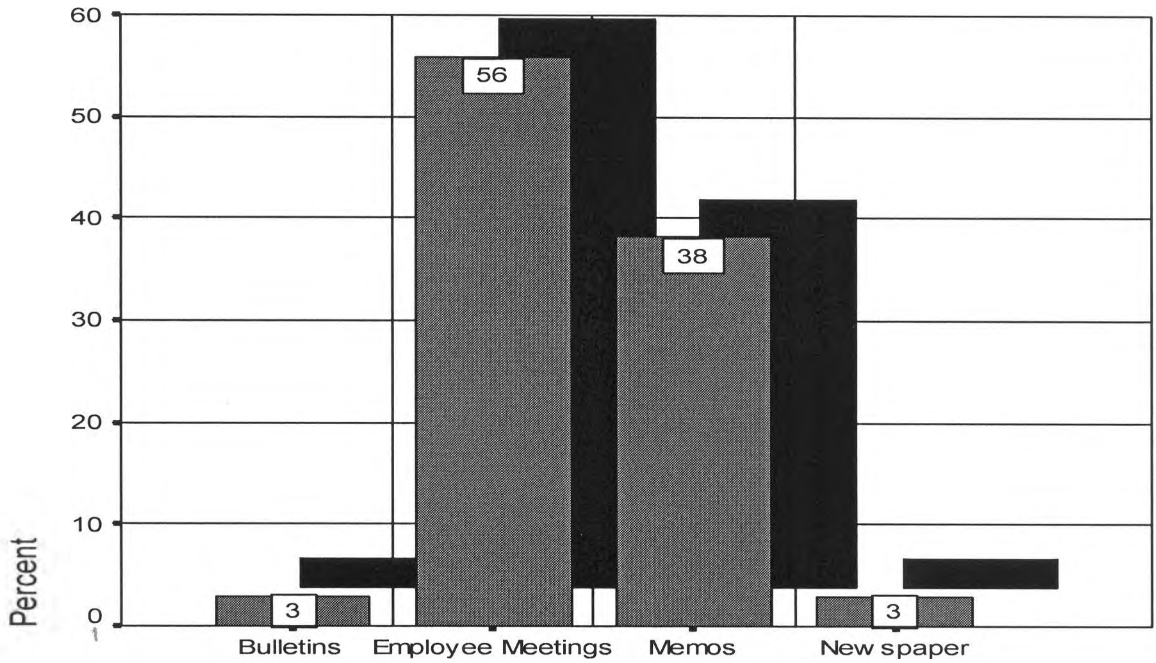
Response rate	Frequency	Percent
Yes	33	97.1
No	1	2.9
Total	34	100.0

It can be seen that majority of the respondents comprising of 97.1% of the total population agreed that employees were informed about the change process while only 2.9% respondents did not agree to this.

4.11 Means of Communication

This section sought to identify the means of communication used to communicate change to employees.

Figure 8: Means of Communication



The main method of employee communication as shown in the above graph comprised of employee meetings (56 %,), memos (38%), newspapers (3%) and bulletins (3%).

4.12 Involvement in the Planning Of Strategic Change Management

The aim of this section was to identify the persons involved in the planning of strategic change management.

Table 9: Involvement in the Planning Of Strategic Change Management

Persons	Frequency	Percent
Top management	32	94.1
Middle management	1	2.9
Consultants	1	2.9
Total	34	100.0

The table 9 above shows that most of the respondents (94.1%) indicated that top management were the ones involved in planning of strategic change management, 2.9% said that middle level managers were also involved while another 2.9% of the respondents said that consultants were also involved in planning for strategic change management.

4.13 Presence of Participation Tools

This section sought to find out the presence of participation tools.

Table 10: Presence of Participation Tools

Response Rate	Frequency	Percent
Yes	18	52.9
No	16	47.1
Total	34	100.0

The above table shows that 52.9% of the respondents indicated that there were participation tools in strategic planning while 47.1% of the population indicated that there were none tools.

4.14 Presence of Formal Process

The purpose of this section was to determine whether there was a formal process used in undertaking change in the organization

Table 11: Presence of Formal Process

Response rate	Frequency	Percent
Yes	26	76.5
No	9	23.5
Total	34	100.0

Most of the respondents comprising of 76.5% indicated that there was a formal process in undertaking change while 23.5% indicated that there was no formal process in undertaking change in the organization.

4.15 Carrying Out the Change

In this category, the interest of the researcher was in determining how change was carried out in the organization.

Table 12: Carrying Out the Change

Frequency of carrying it out	Frequency	Percent
At once	13	38.2
Gradually	12	35.3
Continuous	9	26.5
Total	34	100.0

It can be seen from table12 above that 38.2% of the respondents indicated that change was carried out at once, 35.3% reported that change was carried out gradually while 26.5% said that it was carried out continuously.

4.16 Employees Coping With Change

The respondents were asked to indicate how employees coped with change.

Table 13: Employees Coping With Change

Coping with change	Frequency	Percent
Training	30	88.2
Involvement in identifying solutions	3	8.8
Excluded	1	2.9
Total	34	100.0

Most of the respondents comprising of 88.2% indicated that employees coped with change through training, 8,8% of the population coped with change through involvement in identifying solutions while 2.9% indicated that employees were excluded in the change process.

4.17 Perception of Change Management

Perception is formed because of how individuals, in general, view the world around them and form a coherent picture of it. Stakeholders need to be intellectually and emotionally ready for change. Buy-in can be enhanced through training, involvement and negotiation. This however depends on the level of stakeholder interest in the new changes. (Schiffman and Kanuk, 2003) highlights the need to train and equip people to make a contribution to the operational competencies of the organization and on the other hand an integration of this role into the line of work group management. In this category, the researcher sought to determine the perception of respondents of change management at K- Rep.

Table 14: Perception of Change Management

Perception	Mean	Std. Deviation
It has enhanced the competitiveness of K-rep?	3.85	.821
It has led to loss of morale	3.7353	.99419
It has broaden the product a and service range in existing markets and territories	3.7353	1.02422
It has led to salary upgrading increase	3.6471	.98110
It had led to too much work load targets which are be difficult to cope achieve	3.4706	1.05127
It has led to acquisition of technology where it was lacking	3.3529	1.04105
It has lead to improved corporate culture	3.29	1.001
It has enhanced K-rep market profitability	3.2353	.92307
It has enhanced K-rep market leadership	3.0882	1.23993
It has changed the nature type of clientele	3.0588	.95159
It will enhance corporate growth	3.0294	1.02942
It has led to improvement of working conditions	2.9118	.93315
It has led to economies of scale via spreading overheads	2.8824	1.03762
It has led to few opportunities for advancement promotion	2.8824	1.14851
It has led to acquisitions of access to major customers	2.7059	1.05971
It has led to greater community involvement	2.6765	1.00666
It has led to elimination of overlapping positions	2.38	.888
It has led to loss of organizational identity	2.21	1.250
It has led to turnover of key personnel	2.0294	1.08670

The perceptions of the respondents are as shown in the table above. The perceptions that were largely felt by the respondents include enhancing competitiveness, leading to loss of morale and broadening the product and service range in existing markets. Leading to loss of organizational identity as well as leading to turnover of key personnel were to a small extent felt by the respondents. There was no significant variation in the responses by the respondents.

4.18 Awareness of Change

This section was meant to find out if the respondents were aware of change taking place in the organization.

Table 15: Awareness of Change

Response rate	Frequency	Percent
Yes	27	79.4
No	7	20.5
Total	34	100.0

The above table shows that 79.4% of the respondents were aware of change taking place in the organization while 20.5% were not aware.

4.19 Learning about Change

In this category, the focus of the researcher was to know how the respondents learnt about change taking place in the organization.

Table 16: Learning About Change

Knowledge of Change	**Frequency**	**Percent**
Word of mouth	21	61.8
Company publication and circulations	12	35.3
Local newspapers	1	2.9
Total	34	100.0

Most of the respondents learnt of change through word of mouth comprising of 61.8% of the total population, 35.3% learnt through company publications and circulations while only 2.9% learnt through local newspapers.

4.20 Empowerment to Handle Change

The participants were asked how they were empowered to handle change at the bank.

Table 17: Empowerment to Handle Change

Ways	Frequency	Percent
Training	25	73.5
Involvement in identifying solution	7	20.6
Excluded	2	5.9
Total	34	100.0

Most of the respondents comprising of 73.5% reported that they were trained to enable them handle change in the organization, 20.6% were involved in identifying solutions while 5.9% were excluded in the change process.

4.21 Communication and Embodiment of Change

This section sought to identify how change was communicated and embodied in the day to day operations within the K-rep.

Table 18: Communication and Embodiment of Change

Communication	Frequency	Percent
Word of mouth	15	44.1
Training	11	32.4
Company publication and circulars	8	23.5
Total	34	100.0

The above table shows that 44.1% of the respondents said that change was communicated and embodied in day-to-day operations of the bank, 32.4% said that it was through training and 23.5% said that it was through the company's publications and circulars.

4.22 Reaction to Change

The respondents were asked how their reaction was on the announcement and subsequent implementation of the NGO to K- Rep Bank.

Table 19: Reaction to Change

Reaction	Frequency	Percent
I was stressed	6	17.6
I was angered	2	5.9
I was disoriented	14	41.2
I was frustrated	3	8.8
I was confused	9	26.5
Total	34	100.0

The emotions of the respondents were varied when their organization was changed from an NGO to a commercial bank. Most of the respondents were disoriented; some were confused while others were stressed. On the other hand a few were frustrated and fewer even were angered.

4.23 Staff Support in Organizational Change

The respondents were asked to state whether the staff of K-Rep were supportive in organizational change.

Table 20: Staff Support in Organizational Change

Response Rate	Frequency	Percent
Yes	28	82.4
No	6	15.6
Total	34	100.0

Most of the respondents comprising of 82.4% indicated that the bank's staff were supportive in organizational change while only 15.6% of the respondents indicated that the staff were not supportive.

4.24 Dealing with Resistance to Change

Respondents were asked an open-ended question on how the organization dealt with employees' resistance to change. The responses were varied and included: making the employees understand the benefit of change, consultation and involvement of staff, staff reward and training of staff.

4.25 Success of Response to Change

This section sought to determine whether the organization has been successful in implementing change in the organization.

Table 21: Success of Response to Change

Success	**Frequency**	**Percent**
Very successful	8	23.5
Moderately successful	26	76.5
Total	34	100.0

Most of the respondents indicated that the organization had been moderately successful in implementing change while other respondents indicated that the organization had been very successful in implementing change.

4.26 Personal Perceptions

The respondents were asked about their personal perceptions of change management in the organization. Most of the respondents agreed that change was good but must be planned well and should involve all employees. Respondents also indicated that communication in the organization should be improved to ensure that employees are well aware of what is going on in the organization. Respondents also indicated that management should set clear objectives and communicate these to employees. Training of employees before hand was mentioned as being important to enable employees fit in well in the change process.

CHAPTER FIVE: SUMMARY AND RECOMMENDATION

5.1 Introduction

This chapter provides a summary of the findings, conclusions and recommendations into the perception of change management by employees at K-Rep.

5.2 Summary of the Findings

The objectives of the study were to establish the process of change management process at K – Rep as well as to determine the employees' perception of change management at K-Rep. The findings indicate that the forces of change that largely affected the organization include; the need to improve product and services, the need to improve productive efficiency, the need to improves standards, growing the customer base, the need to introduce a new culture in the organization, change in demand for K-Rep products or service and growing the current revenue and profits.

Most of the respondents indicated that there was long term planning in the organization. This is because most of the respondents attributed long term planning as being very important to the organization. The main areas of change in the organization were products and services, technology, operations, human resource management and competition.

Majority of the respondents indicated that the board of directors and the chief executive officer were the ones who initiated change. The respondents also indicated that change management was communicated to employees through meetings. Top managers were the ones who were involved in strategic change management. There was also a formal process used in undertaking change in the organization. The main ways in which employees were involved in the change process include training and involvement in identifying solutions. The perceptions that were largely felt by the respondents include enhancing competitiveness, leading to loss of morale and broadening the product and service range in existing markets.

The respondents indicated that they were aware of change in the organization. They were aware of change through word of mouth and through company publications. The participants in the survey indicated that they were trained to enable them handle change in the organization. The company's staff had exhibited various reactions on realizing that the organization had changed from being an NGO to a commercial bank. Most of the participants were disoriented; some were confused while others were stressed. Most of the respondents supported organizational change, and on the opinion of dealing with resistance of change the participants mentioned making the employee understand the benefit of change, consultation and involvement of staff, staff reward and training of staff. The participants mentioned that the organization had been successful in implementing change in the organization.

5.3 Conclusion

Change is part and parcel of every organization. Changes in the organizations behavior are necessary if success in the transformation of the future environment is to be assured (Ansoff and Mcdonell 1990). Benett, (1977) argues that cultural, political, economic, technological and legal frameworks within organizations are today liable for rapid and far reaching changes. Change in the environment is a source of opportunities and threats. However for change to be effectively carried out in an organization all stakeholders must be involved in it. In this case while top management should be involved in formulating long term strategies for the organization, employees should be made aware of what is going on in the organization so as to reduce resistance to change.

Change management should include all processes and tools for managing people as they experience change in the organization. There is need of environment assessment, effective leadership and managing resistance (Fishbein and Ajzan, 1975)). Employees are normally supportive when they are aware of what is going on the company. This calls for effective communication to ensure that all employees are made aware that what is going on in the organization will be of benefit to all those who are in the organization. The vision of top management as well as the leadership style plays an important role in carrying out change in the organization. Top managers should have a vision for better future, courage of their convictions through sacrifice and having great confidence in what they taking the organization through.

Perception of change is important to ensure that what the various stakeholders of the organization perceive as going on in the organization is important to them all. This is because stakeholders can play the role of blockers or facilitators in the change process. Management should therefore ensure that stakeholders are intellectually and emotionally ready for change through training, involvement and negotiation (Schiffman and Kanuk (2003).

5.4 Limitations of the Study

The findings of the study may not be generalized as there were some limitations. First this study included only a portion of employees of K-Rep. The sample here therefore may not be representative of all employees, hence limiting the general applicability of the findings of the study.

Secondly, this was a case study therefore focused on one unit of study – K-Rep, thus limiting the applicability of the finding across various institutions undertaking this sort of change.

5.5 Recommendation

Since majority of the participants mentioned that the organization achieved success in its change process, the recommendations here may go to those organizations that want to carry out change. The first thing is to formulate a strategic plan on how change will be achieved in the organization. Next in line would be to break down this plan into a number of objectives that will be clearly stated. The next course of action to adopt would be to ensure that all stakeholders are involved in the process. If it is employees then they need to be communicated on how change will be carried out as well as inform them how this change will benefit everyone in the organization. Top management should then see into it ways in which it can involve its stakeholders in the change process.

5.6 Further study

The current research was focused mainly on only one organization. The reason being that it is was most convenient for the researcher to carry out the research in one organization rather than many organizations. Despite the fact that K-Rep is a good example of a company that carried out a significant change in its operations, there are other companies that have done so in the past and there is need to involve many organizations in different circumstances. This would ensure that a suitable comparison is made and comprehensive conclusions arrived at.

In addition further research can be carried out on the perception of other stakeholders including owners and customers. This would assist in analyzing the various perceptions of the different categories of stakeholders and these compared for an even more comprehensive conclusion and recommendations.

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APPENDIX I:

QUESTIONNAIRE

Section A: General Information

1. Name of the respondent ________________________________ (optional)

2. Title of the respondent__________________________________(optional)

3. Years you have worked with organization

- Less than one year [ ] 1-5 years [ ]
- 6-9 years [ ] Over 10 years [ ]

Section B: Change

4. The following are some of the forces of change to which organizations have to adapt. Indicate to what extent was your organization affected these forces to make them change. (1- Not applicable, 2- to a less extent, 3- to a moderate extent, 4- to a great extent, 5- to a very great extent)

Forces of change (External)	**5**	**4**	**3**	**2**	**1**
Change in demand for K-Rep products or services					
Threatening tactics of competitors					
Arrival of a new comer in the market					
Take over of the business					
Growing the current revenue and profits					
Changing the corporate culture					
Legal / political regulations					

Forces of change (Internal)					
Need to change strategy as a result of external forces					
Need to introduce a new culture in the organization					
Need to improve productive efficiency					
Need to improve the quality of product or services					
Need to improve standards					
Improving staff moral					
Growing the customer base					
Employees retire or resign					

5. Do you conduct long term planning?

Yes [] No []

6. If the answer to question five above is yes, how important is long term planning for the future success of the company?

Extremely important	Very important	Important	Slightly important	Not important
[ ]	[ ]	[ ]	[ ]	[ ]

7. Which of the following area has change been experienced most since conversion from an NGO to a commercial bank?

- Products/Services [ ] Technology [ ] Competition [ ]
- Operations [ ] Controls/Regulations [ ] HR Management [ ]

8. State the extent of change in the following areas where 1 is least change and 5 is most change.

	5	4	3	2	1
▪ Products/Services	[ ]	[ ]	[ ]	[ ]	[ ]
▪ Technology	[ ]	[ ]	[ ]	[ ]	[ ]
▪ Competition	[ ]	[ ]	[ ]	[ ]	[ ]
▪ Operations	[ ]	[ ]	[ ]	[ ]	[ ]
▪ Controls/Regulations	[ ]	[ ]	[ ]	[ ]	[ ]
▪ HR Management	[ ]	[ ]	[ ]	[ ]	[ ]

9. Who initiated the change (conversion) process? (Tick appropriate)

The Owner(s) [ ]

The Board of Directors [ ]

The Chief Executive Officer [ ]

Consultants [ ]

Senior Management [ ]

Others [ ] Specify ______________________________

10. Who was the leader of change process?

The Owner(s) [ ]

The Board of Directors [ ]

The Chief Executive Officer [ ]

Consultants [ ]

Senior Management [ ]

11. To what extent did the following contribute to the change, where 1 is least contribution and 5 is most contribution?

The Owner(s) [ ]

The Board of Directors [ ]

The Chief Executive Officer [ ]

Consultants [ ]

Senior Management [ ]

12. Were the employees told about the change?

- Yes [ ] No [ ]

13. If answer to question 12 is yes how was this communicated?

- Bulletins [ ] Employees meetings [ ]
- Memos [] Newspaper []

14. Who among the following were involved in the planning for strategic change management in the organization?

- Top management [ ] Middle management [ ]
- All employees [ ] A group of employees [ ]
- Consultants [ ] Others [ ] Specify ____________________

15. Did you use any participation tool?

- Yes [ ] No [ ]

16. Was any formal process used in undertaking the change?

- Yes [ ] No [ ]

17. How was the change carried out?

- At once [ ] Gradually [ ] Continuous [ ]

18. How were employees empowered to cope with change?

- Training [ ]
- Involvement in identifying solutions [ ]
- Excluded [ ]

Section C: Perception of Change Management at K-Rep

19. Please indicate on the scale below by ticking (√) the extent to which you consider the following statements, to be reflective/represent your views about the change undertaken at K-Rep. Scale Very great extent = 5; Great extent =4; Moderate = 3; little extent = 2; Not at all = 1.

	Perception	Very great extent	Great extent	Moderate	Little extent	Not at all
1.	It has enhanced the competitiveness of K-Rep					
2.	It has lead to improved corporate culture					
3.	It has led to loss of organizational identity					
4.	It has led to elimination of overlapping positions					
5.	It has changed the nature/type of clientele					
6.	It has led to closure of inefficient facilities					
7.	It has led to turnover of key personnel					
8.	It has led to loss of morale					
9.	It has enhanced K-Rep market leadership					
10.	It has enhanced K-Rep profitability					
11.	It has broadened the product and services range in existing markets and territories					
12.	It has led to salary upgrading/increase					
13.	It has led to improvement of working conditions					
14.	It has led to acquisition of access to major customers					
15.	It has led to economies of scale					

	via spreading overheads					
16.	It will enhance corporate growth					
17.	It has led to acquisition of technology where it was lacking					
18.	It has led to too much work load/targets, which are be difficult to cope/achieve					
19.	It has led to few opportunities for advancement / promotion					
20.	It has led to greater community involvement					

20. Where you aware of the change at the K-Rep

[ ] Yes [ ] No

21. If your response is yes for question 4, how did you learn about it?

- Word of Mouth (Official pronouncement) [ ]
- Company Publications and Circulars [ ]
- Local Newspapers [ ]
- Television [ ]
- Others (specify) ________________________________

22. How were you empowered to handle change at the K-Rep? (Tick)

- Training [ ]
- Involvement in identifying solutions [ ]
- Excluded [ ]
- Others (specify) ________________________________

23. How were the changes communicated and embodied in the day-to-day operations within the K-Rep? (Please tick as appropriate)

i. Word of mouth (official pronouncement) [ ]

ii. Training [ ]

iii. Company publications and circulars [ ]

iv. Rituals i.e. daily routines and 'ways of doing things' [ ]

v. Recognition and reward [ ]

vi. Sharing stories and experiences [ ]

vii. Team events [ ]

viii. Performance measures in employee appraisal plans [ ]

24. What was your reaction to the announcement and subsequent implementation of the NGO to K-Rep Bank?

I was stressed [ ]

I was angered [ ]

I was disoriented [ ]

I was frustrated [ ]

I was confused [ ]

25. (i) Are K-Rep's staff supportive in organizational change?

Yes [ ] No [ ]

(ii) If No to 27(i) above, please state how the organization is dealing with employee's resistance to change. ____

____

26. Are the responses to change successful?

Very successful [ ]

Moderately successful [ ]

Not successful [ ]

Failure [ ]

27. What are your personal perceptions of the change management at the K-Rep?

____

____

____

28. Any other comments?

____

____

____

____

THANK YOU FOR YOUR TIME