EMPLOYEE PERCEPTION OF CHANGE MANAGEMENT PRACTICES AT
KENYA COMMERCIAL BANK NAIROBI COUNTY

OLIVE AWINO OMITTO

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI

2013
DECLARATION

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

Signature……………….. Date……………………………………

OLIVE OMITTO D61/73446/2009

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

Signature…………………….. Date…………………………

GEORGE OMONDI
DEDICATION

I would like to dedicate my research project to my family for their love and support during this study.
ACKNOWLEDGEMENT

I wish to acknowledge all the individuals who assisted in various ways towards completion of this research proposal. Many thanks go to my supervisor, George Omondi for giving me the required guidelines all the way till I was through. My fellow classmates who assisted me in various ways cannot be forgotten since their contribution had a positive impact. I can’t also forget the entire management of University of Nairobi for their cooperation towards providing library facilities where I accessed a lot of information concerning this research study.
### TABLE OF CONTENT

Declaration ........................................................................................................................................ ii
Dedication ........................................................................................................................................ iii
Acknowledgement ............................................................................................................................ iv
Abstract ............................................................................................................................................... vii
List of tables...................................................................................................................................... viii
List of figures..................................................................................................................................... ix

**CHAPTER ONE: INTRODUCTION** ................................................................................................. 1

1.1 Background of the Study ............................................................................................................. 1
  1.1.1 Concept of Perception ........................................................................................................... 2
  1.1.2 Kenya Commercial Bank ......................................................................................................... 4
1.2 Problem Statement ....................................................................................................................... 5
1.3 Objectives of the Study ............................................................................................................... 7
1.4 Value of the Study ....................................................................................................................... 7

**CHAPTER TWO: LITERATURE REVIEW** ...................................................................................... 9

2.1 Introduction ................................................................................................................................ 9
2.2 Theoretical Review ..................................................................................................................... 9
  2.2.1 Change Management ............................................................................................................ 9
  2.2.2 Change Management Practices ............................................................................................ 11

**CHAPTER THREE: RESEARCH METHODOLOGY** ................................................................. 18

3.1 Introduction ............................................................................................................................... 18
3.2 Research Design ........................................................................................................................ 18
3.3 Population .................................................................................................................................. 18
3.4 Sampling Design ....................................................................................................................... 18
3.5 Data Collection .......................................................................................................................... 19
3.6 Data Analysis ............................................................................................................................. 19

**CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS** ................................. 21

4.1 Introduction ............................................................................................................................... 21
  4.1.1 Response Rate ..................................................................................................................... 21
4.2 Demographic characteristics of the respondents .................................................................... 21
The change management process in any organization normally happens due to the awareness of the need for change. Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant et al., 2005). Perceptions are multi-dimensional and have behavioral implications for humans’ decision-making. Employee perception of change management should be key to an organization as it determines whether the organization will succeed or fail in its change processes. This study seeks to bridge the existing research gap by conducting a study to establish the employee perceptions of change management with special reference to Kenya Commercial Bank, Nairobi County. This research was conducted through a descriptive survey. The population of this study consisted of all staff working for Kenya Commercial Bank-Nairobi County. A sample of 60 respondents (5% of the target population) was drawn from the possible 1200 target population. Stratified random sampling technique is used when population of interest is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. Primary data was collected using a semi structured questionnaire. Descriptive analysis and content analysis was employed; this included the use of weighted means, standard deviation, relative frequencies and percentages. From the findings the study found that leadership, communication, organisation culture, change agents and the employees’ readiness to accept change are all great factors of change management at Kenya Commercial Bank - Nairobi County. From the findings the study concludes that leadership, communication, organisation culture, change agents and the employees’ readiness to accept change are all great factors of change management at Kenya Commercial Bank-Nairobi County. The study recommends that in order to ensure that change management is easily accepted and effectively adopted there is need for Management of Kenya Commercial Bank-Nairobi County to increase employee participation and involvement during the change process; this will reduce resistant to change and increase acceptability of change among employees. The study can also be extended to other financial institutions such as Savings Cooperatives and Insurance companies in order to understand the perception of employees on change management practices financial markets in Kenya. Similarly the studies can be done for other banks in other countries.
LIST OF TABLES

Table 3.1: Sample Size ........................................................................................................19
LIST OF FIGURES

Figure 4.1: Gender of the respondents ................................................................. 22
Figure 4.2: Highest Level of Education ................................................................. 22
Figure 4.3: Length of Service .................................................................................. 23
Figure 4.4: Respondents Work Department ............................................................ 24
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The change in management process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement (Doyle, 2002). Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant et al., 2005). “Between the lines” a particular practice is primarily about power and control, dominance and supremacy, whose access to resources will be enlarged or reduced. On the one hand, this struggle for supremacy, power and control is about personal interests. For example, senior managers are well aware of the fact that initiating a new change initiative can, irrespective of the factual outcomes for the organization, increase their credibility (Staw and Epstein, 2000) and their market value outside the organization as well as their position and influence inside the organization.

Jick (1993) believes that change in its broadest sense is a planned or unplanned response to pressures and forces, in particular technological, economic, social, regulatory, political, and competitive forces. He sees organizational change as an important issue because simultaneous, unpredictable, and turbulent pressures have become more the norm than the
exception. Moreover, on a global scale, these forces multiply. Jick (1993) believes that pressures that provoke change can be considered either obstacles or challenges, either threats or opportunities. They can elicit shocking and paralyzing frustration and despair or mobilize great energy that leads to renewal and growth. It appears that the reactions solely depend on how people in organizations interpret the forces and pressures surrounding them, and how they react to them.

Change has been classified in many different ways. Most theorists classify change according to the type or the rate of change required and this is often referred to as the substance of change. Bateman (1999) proposes a broad definition for the amount of change which he argues may be either incremental or transformational. Bate maintains that incremental change occurs when an organisation makes a relatively minor change to its technology, processes or structure whereas transformational change occurs when radical changes programmes are implemented. Bate also argues that modern organisations are subject to continual environmental change and consequently they must constantly change to realign themselves.

1.1.1 Concept of Perception

Perception can be defined as a “complex process by which people select, organize, and interpret sensory stimulation into a meaningful and coherent picture of the world” (Berelson and Steiner, 1964: 88). Perceptions are multi-dimensional and have behavioral implications for humans’ decision-making. Several perceptions of change are acting as determinants of employees’ reactions to change management. During organizational change processes, employees create their own perspectives and interpretations of what is going to happen, what others are thinking, and how they themselves are perceived. Additionally, if there is a lack of
information about the change, then evidence of employees’ own perspectives and interpretation of the change is more likely to be observed (Coghlan, 1993).

Managing organizational change is problematic: situations in which changes are undertaken are shifting; it is harder for organizations, and in particular top managers as well as change agents, to prepare for and manage the change in ways that satisfy both the organization and its employees. Employees who are confronted with changes in their organization face an inevitable choice: whether they should support or resist such changes in order to still (or best) achieve their personal goals and objectives. Schweiger and DeNisi and Hellriegel, locum, and Woodman have pointed out that organizational changes can be viewed as the greatest source of stress on the job and, perhaps, in an employee's life. Kotter has pointed out that, while each is important, the core problems of organizational changes are never strategy, structure, culture, or system. Rather, the real problems arise when deciding how to help employees adapt to the change. Schabracq and Cooper believe that employees' stress rises because positions and technical skills may be changed or altered. When employees cannot make necessary technical adjustments, a sense of uncertainty arises about the future, which, in turn, creates stress. This uncertainty can affect employees' job commitment and job satisfaction. Furthermore, trust is an important foundation of cooperative relationships between people. Past research has posited that it is a key interest of a firm to appropriately deal with resistance to change in order to achieve the goals of organizational change efforts (Coch and French, 1948; Kotter, 1995; Kotter and Cohen, 2002). However, it is important to know whether resistance to change always has a negative impact on change efforts and thus firm
performance, or whether there might at times be a counter-intuitive implication, i.e., a positive effect, on change efforts and thus firm performance.

1.1.2 Kenya Commercial Bank
The history of Kenya Commercial Bank 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. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank.

In January 2011, Kenya Commercial Bank instituted a transformation programme. In May 2011 the Kenya Commercial Bank group board announced that it had concluded the first phase of the transformation process which had been launched in January. One of the outcomes of this phase was a new organization structure, which was approved at a Board meeting, following discussions on the recommendations by International consultants McKinsey & Company. The consultants had been engaged for a four-month period to carry out diagnostics of the organization and make recommendations that will transform the company over time from Good to Great and thereby enhance shareholder value. The
organization structure announced was aimed to help achieve many milestones which included an efficient, lean organization that would allow for faster decision-making for the benefit of the Bank’s customers and other stakeholders. Its aim was also to enable the Bank pay focused attention to its businesses in Kenya as well as the International Business in line with its vision of becoming a pan African Bank. In February 2013, Kenya Commercial Bank (Kenya Commercial Bank) announced another round of layoffs in a cost cutting strategy hinged on need to tap into technology. The programme lasted a month and affected all levels of employees.

As at September last year, Kenya Commercial Bank’s average cost-to-income ratio was at 56.6 per cent. In June 2013 Kenya Commercial Bank Group appointed six senior executives to bolster its growth and improve service delivery, as its restructuring started two years ago came to a close. Kenya Commercial Bank is currently the country's biggest lender by balance sheet size of Sh367billion, and has a presence in six countries: Kenya, Uganda, Tanzania, Rwanda, South Sudan and Burundi. In the last five years, the bank has registered strong performance, doubling its pre-tax profits from Sh6 billion in 2008 to Sh17.2 billion in 2012, making it one of the most profitable companies in Kenya and the region. Recently the bank was awarded the highest credit rating score of AA short term and A1+ long term in Kenya by Global Credit Rating (GCR) for the financial services sector.

1.2 Problem Statement

Employee perception of change management should be key to an organization as it determines whether the organization will succeed or fail in its change processes. Research on
organizational change has suggested that a proper communication from management tends to help employees understand a situation and a need for organizational change, thereby facilitating change processes and reducing employees’ resistance to change (see, e.g., Kotter 1995; Kotter and Cohen, 2002). It is useful to note that from employees’ point of view, the context in which organizational change takes place tends to exert an effect on employees’ perceptions of need for change. For example, organizational change in a turnaround situation tends to be perceived of greater need than organizational change in a normal situation, demonstrating the implication of the context in which organizational change occurs on employees’ perceived need for change.

Kenya Commercial Bank is faced with issues concerning change management. The bank recently announced that there would be staff lay-offs due to increasing costs. In 2011 there was a restructuring programme which saw a number of staff leave the bank especially through Voluntary Early Retirement. These years over 200 staff have also left through the same programme and a number have also resigned hence raising questions on how change is managed within the organization.

Various international studies on change management practices have been done. Rahim and Norman (2007) have done studies on change management interventions. A study by Drummond-Hay and David Branford (2009) investigated how organizations should plan and implement change management. Kumar (2009) has also done a case study on employee perception towards organizational change with reference to an industry in India. His study seeks to find various factors that influence employee’s perception towards change.
Local Studies in change management practices have also been done in Kenya. Miyumo (2003) carried out a study on a survey of change management practices in Total Quality Management implementation. A survey of ISO 9000 certified firms in Kenya, Kasima (2004) the change management practices and resistance to change in multinational oil companies in Kenya, Karanja (2005) investigated change management practices adopted by the City Council of Nairobi. To the researchers knowledge no known local study that has been done to establish the employee perceptions of change management practices hence, this study seeks to bridge the existing research gap by conducting a study to establish the employee perceptions of change management with special reference to Kenya Commercial Bank, Nairobi County.

1.3 Objectives of the Study
To establish the perception of employees on change management practices at Kenya Commercial Bank, Nairobi County.

1.4 Value of the Study
The findings of the study are expected to be of particular importance to the following; The study will provide the management of Kenya Commercial Bank with an appreciation of perception and their effect on the employees change acceptance. It is also hoped that the study will provide them with ways of handing change management to enable employees perceive it positively. It will also assist employees in handling the organizational change process.
The study will provide academicians with a basis upon which further studies on change management could be done and assist them to identify any research gaps.

It will assist policy makers to know how to handle the change process when they come up with new policies or amend existing ones. It will also assist them to know how to communicate effectively when new policies come up so that employees embrace change.

It will assist Human Resource Practitioners to know why employees behave in a certain manner when change is implemented and hence formulate ways of managing change at their respective work places.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section seeks to explore further into the past studies on change management practices. The chapter therefore covers the theoretical review and past studies on change management practices.

2.2 Theoretical Review

2.2.1 Change Management

Various articles reflect diverse research into the topic of organizational change. Some of these studies look at organizational change from several perspectives. For example, in their review of theoretical and empirical change literature over a nine-year period, Armenakis and Bedeian (1999) identify four research themes or issues common to all change efforts (1) content issues which focus on the substance of contemporary organizational changes; (2) contextual issues, which primarily deal with forces in an organization’s external and internal environments; (3) process issues, which address actions undertaken during the enactment of an intended change and (4) criterion issues, which focus on outcomes commonly assessed in organizational change efforts.

Change management scholars say it entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. Problems arise when change is forced on people change therefore must be realistic achievable and measurable, Chapman (2005-06).
Change management to Jeff (2007) is the process tools and techniques to manage the people side of business change to achieve the required business outcomes also to realize that business change effectively within the social infrastructure of the workplace. However to Nickols (2006) the overall process of change and change management remain 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.

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant, 2005). “Between the lines” a particular strategy is primarily about power and control, dominance and supremacy, whose access to resources will be enlarged or reduced, who can stay and who has to go. On the one hand, this struggle for supremacy, power and control is about personal interests. For example, senior managers are well aware of the fact that initiating a new strategic change initiative can, irrespective of the factual outcomes for the organization, increase their credibility (Staw and Epstein, 2000) and their market value outside the organization as well as their position and influence inside the organization.

It is for this reason that management must prepare and anticipate the likely reactions of employees and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level, (Mullins, 1999). According to
Mullins (1999), we all have our own ‘world’, our own way of looking at and understanding our environment and the people within it.

In the past, employees’ feelings and contribution to the organization was not viewed as very important. However, in the early 1930’s, the Human Relations Approach theory was advanced as a result of the experiments that were done by Elton Mayo which came to be known as the Hawthorne experiments. These experiments helped managers to see the importance of the employees and the necessity of putting their feelings into consideration. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. This helps us to understand the importance of employees to an organization and the approach an organization should adopt with them even when affecting any kind of changes.

2.2.2 Change Management Practices

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1999). One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006a). The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in ‘status quo’ brings in apprehension as no one knows what the outcome maybe. Kant (2002), in his research on
change management came up with the following practices that if followed will ensure that change is successful;

*Align the goals of a change effort with organizational strategy:* If the goals of the change effort do not support the organizational strategy then the change effort will not yield significant value to the organization. Therefore, by aligning the goals of a change effort with the business strategy of an organization, the change effort will have a greater chance of succeeding because the change effort will receive greater executive commitment than if the goals were not aligned.

*Acquire and maintain executive commitment:* Great leadership is required for change to occur, especially if the change requires significant cultural changes. Thus, corporate leaders must provide this leadership by committing to change, communicating the corporate vision to others, and empowering people to act consistently with the behaviors of the change. To accomplish this, the organization must clearly define its structures, management systems, and guiding principles, policies, and procedures.

*Create and maintain a superior change team:* To create a superior change team an organization must first define a charter that identifies a task that is narrower in scope than the organization’s strategy statement and states the expectations of management in terms of goals and metrics. The change team must control the goals, which must be measurable and meaningful. The change team must also define its purpose, the methods and procedures it will use, what is acceptable team behavior, and how it will resolve conflict and define team roles. A superior change team will effectively create a plan for change, identify processes to change, and acquire support for the change effort from an organization, at all levels.
Evaluate the willingness of the organization to change: The readiness of an organization to change is dependent on several variables, including the strength of the corporate culture and the number of prior change efforts. To achieve a successful change, a change plan must rigorously identify the objectives and milestones of the change, the impact of change on the workforce, the cultural climate, the barriers to change, methods for overcoming them, the probability of overcoming them, the communications approach, and the required training needs.

Change teams must be the instruments of change: Process owners should be sponsors of change teams to insure their full commitment to change efforts. Senior line managers, such as division heads, should be sponsors of change efforts and the main points of continuity. In addition, highly respected members from various business functions of an organization should be members of change teams to encourage cross-functional changes, which have the greatest payoff, and help establish buy-in among the workforce.

Plan for continuous improvement: Continual process improvement will cause an organization to produce better products more reliably and efficiently and enhance customer satisfaction and value. To achieve continuous improvement, an organization must use good performance measures and management must monitor them and respond to them, as necessary.

Top-level executives should stay actively involved: Active involvement may include chairing executive steering committees, presiding over reward ceremonies, continuing to communicate in large and small forums, and visibly adopting required behaviors of the
change effort. By staying actively involved, top-level executives demonstrate their support of a change, which will help it to succeed.

*Listen to the customer:* An organization must capture the needs and desires of its customers since their perceptions of its strengths and weaknesses are vital to its success. That is, an organization should ask its customers what it must do today to satisfy them two, three, and five years in the future.

*Align the infrastructure.* Successful change requires that an organization align its human resource, information, financial, organizational, and other support systems around the core business processes. Organizational structure, for example, should be an operational response to an organization’s mission and strategy.

*Foster a creative and innovative environment:* Organizations must systematically and deliberately identify new ideas and ways of doing things better. This requires organizations to challenge the basic assumptions on which its organization and industry has been built. To change these assumptions requires creativity, which is the generation of ideas and alternatives, and innovation, which is the transformation of those ideas and alternatives into useful applications that lead to change and improvement. To be able to adapt to change, to create, and to innovate requires that management be able to accept, test, and validate these ideas, as well as give recognition to both the successful and unsuccessful ones.

For those who believe in the principles that underlie it, change management practices as philosophy legitimates ‘the interests of management in how organizations are managed, stressing the role and accountability of individual managers in their positions as managers’
One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006). The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe.

The change process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement. There is much research reporting on implementation of change programmes where the resulting picture is far from a replica of discrete set of economic, structural and technological contingencies (Senge, 1990; Pettigrew et al., 1992).

When an organization decides it wants to change, it should assess its current state and clearly identify its desired state. Afterwards, it should identify the differences between the two states and estimate the difficulty and required effort of moving from the current state to the desired one. The greater the gap between the two, the more important the identification of a compelling need. An extremely compelling need for change will encourage others to embrace the change and increase the odds of a successful change effort. Since compelling
needs usually must support business needs, auditors should verify that the documented needs support the business goals and that they are compelling. One way to establish a compelling need is for organizational leaders to change first and then continue to adhere to the desired behaviors. When an organization seeks to change itself, it should change those processes most vital to it. Selecting processes based on this scheme yields the greatest value to an organization. Auditors should verify that change teams perform risk reward trades by inspecting artifacts that document them. By adopting a strategy of gradual change characterized by several minor changes, an organization's personnel can better cope with the change effort. In addition, adoption of this practice by an organization has the added benefit that its personnel will learn to live with change, which helps it to continually learn and improve. Such change will maximize return on investment and minimize risk (Kandt, 2002).

The organization should also create a vision for change. By creating a vision for each process undergoing change, the change team can provide the members of an organization with a sense of how they will perform work in the future. This will lower resistance to change by allaying fears that arise when people are uncertain about their futures. A change team must understand existing processes to identify areas of improvement, to estimate how much an organization can improve, and to measure improvement. It must obtain a detailed understanding of the processes chosen for change so that it can communicate the required organizational and behavior changes to affected personnel.

To succeed with a change effort, an organization must successfully perform several critical practices. Failing to successfully perform any of the critical practices will mean that the
change effort will fail. The most important critical process is obtaining executive-level commitment for a change effort. To obtain executive-level commitment, a change team must successfully accomplish several tasks. First, it must demonstrate specifically how the change effort supports the organizational strategy and business needs. For example, if the addressed business need is to reduce manufacturing costs by 10% then the change effort must demonstrate how it will help to reduce manufacturing costs. Second, it must demonstrate a beneficial financial return on investment. Another critical practice is constructing the vision of the new organization, as well as for the individual changed processes. A third critical practice is communicating the change effort - the vision, its benefits, its differences, and so on - to the entire workforce. The change team will have to do this for executives, middle-level managers, and practitioners. For each group, the change team will have to develop a different message (Kandt, 2002).

For high-level executives, the message will concentrate on the alignment of the change effort with the business goals and needs of the organization and the financial return on investment. For practitioners, the message will emphasize the difference between how they do work today and how they will do it in the future. The change team should emphasize the personal benefits of the change, and emphasize tedious operations they currently have to perform manually that will be automated in the future state. Finally, the change team should motivate Middle-level managers by emphasizing the benefits in terms of improved product work quality. That is, the change team should emphasize that managing projects will be easier in the new state than in the prior one (Kandt, 2002).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter reviews the research design, population and sampling method, that was used in gathering, analyzing the data and reporting the results.

3.2 Research Design

This research was conducted through a descriptive survey. A descriptive survey, sought to ascertain respondents’ perspectives or experiences on a specified subject in a predetermined structured manner. This design was appropriate for this study because all the elements were investigated at the same point in time.

3.3 Population

The population of this study consisted of all staff working for Kenya Commercial Bank- Nairobi County. The total number of staff at the Kenya Commercial Bank – Nairobi County is currently 1,200 (KCB HR Department, June 2013); the structure of the Corporation consists of Management staff (370), Supervisory Staff (810) and support staff (20).

3.4 Sampling Design

A sample of 81 staffs was utilized in this study drawn from the management, supervisory, and support staff levels. The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample was be selected (Cooper & Schindler, 2003).
Based on this, a sample of 60 respondents (5% of the target population) was drawn from the possible 1200 target population.

**Table 3.1: Sample Size**

<table>
<thead>
<tr>
<th>Sections</th>
<th>Population</th>
<th>Sample Ratio</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management staff</td>
<td>370</td>
<td>0.05</td>
<td>19</td>
</tr>
<tr>
<td>Supervisory staff</td>
<td>810</td>
<td>0.05</td>
<td>40</td>
</tr>
<tr>
<td>Support staff</td>
<td>20</td>
<td>0.05</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>1200</td>
<td>0.05</td>
<td>60</td>
</tr>
</tbody>
</table>

**3.5 Data Collection**

The study used primary data. Primary data was collected through self-administered questionnaires. The researcher personally delivered the questionnaires to the respondents then collected them later through the drop and pick later method. The questionnaire was divided into two sections. Section one was concerned with the demographic data of respondents. Section two dealt with employee perception of change management practices in Kenya Commercial Bank-Nairobi County.

**3.6 Data Analysis**

Before processing the data, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories. Descriptive statistics was used to analyze the quantitative data. Coding was done in Statistical Package for Social Science (SPSS), analyzed and the
output interpreted in frequencies, percentages, mean scores and standard deviation. The findings were presented using tables, graphs and pie charts. This was enhanced by an explanation and interpretation of the data.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS.

4.1 Introduction

This chapter presents the analysis and interpretations of employee perceptions of change management practices at Kenya Commercial Bank Nairobi County.

4.1.1 Response Rate

A total of 60 respondents were targeted. A total of sixty (60) questionnaires were distributed to staff in various branches of Kenya Commercial Bank – Nairobi County, out of which fifty four (54) were returned. This made a response rate of 90%. According to Cooper (1999) a response rate between 30 to 80 per cent of the total sample size can be generalized to present the opinion of the entire population. Therefore, a response rate of 90% was adequate for this study’s purpose.

4.2 Demographic characteristics of the respondents

Demographic information of the respondents was considered necessary because it allowed the researcher to determine whether the target audience was being reached and if the information sought was being gathered. Furthermore, if you aim for a representative sample of a population, knowing the distribution of the demographic characteristics of your respondents will help you in determining how close the sample replicates the population. The information sought was gender of the respondents, highest level of education, length of service and work departments.
4.2.1 Gender of the respondents

Gender was chosen as one of the respondents’ characteristics so as to ensure that there was no biasness.

Figure 4.1: Gender of the respondents

Majority of the respondents were male (56%) whereas only 44% of the respondents were female.

4.2.2 Highest level of Education

Figure 4.2: Highest Level of Education
70% of the respondents indicated their highest level of education as a Bachelors degree, whereas 30% of the respondents indicated their highest level of education as college diploma.

4.2.3 Length of service

Figure 4.3: Length of Service

As illustrated, 42.6% of the respondents had served the company for over 10 years, 35.2% of the respondents indicated that they had served the company for 6 to 10 years. 16.7% of the respondents indicated that they had served the company for a period of 1 to 5 years whereas 5.6% of the respondents indicated that they had served the company for less than a year. This depicts that most of the respondents have been working with the company long enough hence giving them a better understanding of the company’s change management practices.
4.2.4 Respondents Work Department

Figure 4.4: Respondents Work Department

As illustrated in figure 4.4 above, 25.9% of the respondents indicated they worked in the marketing, 22.2% indicated that they worked in finance / accounts department, 16.7% of the respondents indicated that they worked in the human resource department, 13% of the respondents indicated that they worked in Information Technology department and with administration whereas 9.3% of the respondents indicated that they worked operations department. This is an indication the all the departments are involved in the change management practices.
4.3 Employee Perception of Change Management Practices

Employee perception of change management practices at Kenya Commercial Bank – Nairobi County, are influenced by factors of change management, perception on communication, employee attitude, organisational culture and aspects of change management, among others.

The researcher sought to find out which factors were affecting employee perception of change management practices, based on a scale of 1-very small extent to 5-very great extent.

The study aimed to establish if employees’ readiness to accept change was a great factor of change management at Kenya Commercial Bank-Nairobi County. 87.5% of the respondents strongly agreed to this. This finding concurs with the Hawthorne experiments which helped Managers to see the importance of employees and the necessity of putting their feelings into consideration.

Communication is a great factor of change management at Kenya Commercial Bank – Nairobi County, as indicated by 90% of the respondents who strongly agreed. For any change effort to be successful, there must be effective communication to the employees.

The study sought to identify whether failure in internal communication have sometimes led to failure of implementation of change management in the bank. 89% of the respondents agreed this. Many scholars say that without internal communication, change efforts may fail. Communication is a very vital process in change management hence should be given high priority.

The study sought to identify if organizational culture was a great factor of change management at Kenya Commercial Bank and that the institution’s culture was consistent
with the change management strategy. 86% of the respondents agreed to this statement which concurs with Kotter (1996), who noted that the different perceptions to change come because of the difference in the background of employees due to their different cultures. Culture therefore plays a crucial role in the change management process as it determines how the employees perceive change.

Respondents strongly agree that leadership is a great factor of change management at Kenya commercial bank. This is indicated by 92%. One way to establish a compelling need is for organizational leaders to change first then continue to adhere to the desired behaviours (Kotter, 1998).

The study aimed to establish if system incompatibility is a great factor of change management at Kenya Commercial Bank – Nairobi County. 88.2% of respondents feel that this is the case as noted by Kandt (2002) who indicated that successful change requires that an organization align its human resource, information, financial, organizational, and other support systems around the core business processes. Thus, the reporting relationships among an organization's business units should represent its actual workflows. Thus, it is vital that auditors identify the workflow between business units, identify whether the organization's infrastructure matches it, and whether personnel within those business units have the skills to effectively and efficiently perform their work.

The study sought to establish if change agents are a great factor of change management at Kenya Commercial Bank – Nairobi County. 85% of respondents strongly agreed to this statement which concurs with Kotter (1996) who noted that the support of management
personnel who are change agents at multiple levels of an organization is critical to the success of a change effort. This is because their positions give them the ability to motivate others to adopt change, through various mechanisms, and lead their staff in accepting change.

The study aimed at establishing if there is a clear vision that governs change in the organization. 92.4% of respondents strongly disagreed to this statement. This contradicts earlier studies on change management which indicate that an organization should create a clear vision for change. By creating a vision for each process undergoing change; the change team can provide the members of an organization with a sense of how they will perform work in future (Kandt, 2002).

The study sought to find out if there is adequate training to enable employees cope with the change in management. 93.6% of employees did not agree and this is in line with Kandt (2002) who states that to achieve a successful change, a change plan must rigorously identify the objectives and milestones of the change, the impact of change on the workforce, the cultural climate, the barriers to change, methods for overcoming them, the probability of overcoming them, the communications approach, and the required training needs. In addition, when an organization asks people to perform new functions, it should help them establish and develop the necessary competencies by providing appropriate training. Without adequate training, change efforts may fail.
The study aimed to establish if employees resist implementation of change within the institution. 88.2% of respondents disagreed and this contradicts McAuley, who states that the introduction of change brings in a lot of resistance and conflict with the employees’ as change in ‘status quo’ brings in apprehension as no one knows what the outcome may be (McAuley et al, 2000).

The study sought to establish if resistance plays a crucial role in influencing the organization toward greater stability. 82% of respondents were neutral about this. One of the goals of change management is with regards to overcoming resistance to change in order for organizational members to buy into change and achieve the organization’s goal of an orderly and effective transformation (Diefenbach, 2006). The findings therefore contradict previous studies which have indicated that organization’s focus on overcoming resistance so that there can be greater stability.

The study sought to establish if employees tend to refuse new responsibilities brought about by change in management. 86.2% of respondents were neutral about the statement and this contradicts earlier studies which indicate that process owners should be sponsors of change teams to ensure their full commitment to change efforts. In addition, highly respected members from various business functions of an organization should be members of change teams to encourage cross-functional changes, which have the greatest payoff, and help establish buy-in among the workforce. The commitment of process owners and senior line management will initiate a successful change effort and the full representation of the various business functions by members of the change team will help sustain it. The change team,
however, has the greatest chance of sustaining a change if it periodically communicates with those affected by a change.

The researcher wanted to find out if managerial abilities is a characteristic that contributes to change management implementation at Kenya Commercial Bank – Nairobi County. 90.6% of the respondents strongly agreed to this. This is in line with earlier studies into change management practices which say that the interests of management should be in how organisations are managed, mainly stressing the role and accountability of individual managers (McAuley et al, 2002).

The study sought to establish if education background is a characteristic that contributes to change management implementation at Kenya Commercial Bank – Nairobi County. 90% of respondents strongly agreed. This is a new finding as there’s no study that has been done to establish the relationship between education background and change management practices. This can therefore form a basis for new research.

The study aimed to establish if poor organizational structure causes resistance among some employees. 84.8% of respondents agreed. Previous studies indicate that successful change requires that an organization align its human resource, information, financial, organizational, and other support systems around the core business processes. Organizational structure, for example, should be an operational response to an organization’s mission and strategy (Kandt, 2002). Poor organizational structure can therefore lead to resistance among employees.
The study aimed to find out if experience is a characteristic that contributes to change management implementation at Kenya Commercial Bank – Nairobi County. 81.2% of respondents agreed to this statement. The findings of the study are in line with Kandt (2002), who noted that creating a superior change team requires more than good planning; it also requires good people. To enact change, change team members should be experts and stakeholders, have positions of authority, possess good management and communication skills, and have the ability to focus on the change vision and objectives. Change team members should also be analytical, creative, insightful, and open-minded.

The study sought to establish if temperament is a characteristic that contributes to change management implementation at Kenya Commercial Bank – Nairobi County. 82% of respondents agreed. However, this is a new finding as no specific study has been done to analyse how temperament contributes to change management.

The study sought to establish whether the people responsible for change hold regular meetings to stimulate ideas for improvement. 86.2% of respondents strongly agreed to this. The finding concurs with earlier studies which indicate that active involvement may include chairing executive steering committees, presiding over reward ceremonies, continuing to communicate in large and small forums, and visibly adopting required behaviors of the change effort. By staying actively involved, top-level executives demonstrate their support of a change, which will help it to succeed.
The study aimed at establishing if the people responsible for change encourage excellence through employees’ own behavior. 87.2% of respondents agreed and this finding is in line with previous studies which emphasize that one way to establish a compelling need is for organizational leaders to change first and then continue to adhere to the desired behaviors (Kandt, 2002).

The study sought to establish whether the leaders responsible for change are always punctual and well prepared. 92% of respondents strongly agreed. This concurs with studies by Newcomb (2005) indicates that there are specific requirements for successful leaders: (1) Leaders must have the ability to assess the environment on a continuous basis; (2) Leaders must know what their visions are and be able to gain support for them; and (3) Leaders must have the ability to execute the planning in order to achieve the vision that they have established.

The study aimed to find out if being customer focused is an aspect that affects change management practices in Kenya Commercial Bank –Nairobi County. 84% of respondents agreed. This concurs with Kandt (2002) who states that an organization must capture the needs and desires of its customers since their perceptions of its strengths and weaknesses are vital to its success.

The study sought to establish if being visible and available is an aspect that affects change management practices in Kenya Commercial Bank –Nairobi County. 91% of respondents strongly agreed. When an organization is going through change, it is time for management to exercise leadership. They should become the role models for the rest of the staff and exhibit
behaviors that demonstrate what is expected from employees in relation to the change. This would be consistent with social learning theory (Bandura, 1986; Miller and Dollard, 1941) and the concept that people learn through observation of others.

The study aimed to establish if excellence is an aspect that affects change management practices in Kenya Commercial Bank –Nairobi County. 88.6% of respondents strongly agreed. This is a new finding as there are no previous studies discussing the relationship between championship excellence and change management practices.

The study sought to establish if acting with integrity is an aspect that affects change management practices in Kenya Commercial Bank –Nairobi County. 82% of respondents agreed. This is in line with earlier studies which indicate that personnel most directly affected by change must exhibit several traits and skills that permit them to effectively adopt change. Such traits include intelligence and integrity, among many others (Kotter, 1998).
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study established a number of findings. The summary of the findings are outlined hereunder. The chapter also outlines conclusions made from the study and makes recommendations for further studies.

5.2 Summary of the findings

The objective of the study was to establish the perception of employees on change management practices at Kenya Commercial Bank – Nairobi County. The researcher used arithmetic mean and percentages when analyzing the responses. A mean of 4 and above meant that respondents strongly agreed and anything below 3 meant that respondents strongly disagreed with the statements. Most of the responses had a mean of 4 and above hence showing that a number of factors greatly influenced employee perception on change management practices.

It is also evident that leadership, communication, organisation culture, change agents and the employees’ readiness to accept change are all great factors of change management at Kenya Commercial Bank – Nairobi County.

Respondents however disagreed that there was a clear vision that governs change in the organization, and that there is adequate training to enable employees cope with the change in management.
Poor organizational structure causes resistance among some employees hence affecting change management practices. Education background is also a characteristic that contributes to change management implementation at Kenya Commercial Bank-Nairobi County.

Lack of proper knowledge and system incompatibility are factors that greatly challenge change management practices in Kenya Commercial Bank-Nairobi County. Acting with integrity, being customer focused, being visible and available combined with championship excellence are aspects of change that affected change management practices in Kenya Commercial Bank –Nairobi County.

5.3 Conclusions

From the findings the study concludes that leadership, communication, organisation culture, change agents and the employees’ readiness to accept change are all great factors of change management at Kenya Commercial Bank –Nairobi County. Communication helps people work through their concerns. Employee adaptability influences change management and poor organizational structure causes resistance among some employees. Resistance serves as a warning signal directing the timing of technological changes, Education background is also a characteristic that contributes to change management implementation at Kenya Commercial Bank –Nairobi County and the institution's is a powerful driving force in implementation of change management.

The study concludes that lack of proper knowledge poses a challenge in change management. Change agents, System incompatibility and personality influence change management practices in Kenya Commercial Bank –Nairobi County.
5.4 Recommendations

In order to ensure that change management is easily accepted and effectively adopted there is need for Management of Kenya Commercial Bank –Nairobi County to increase employee participation and involvement during the change process; this will reduce resistance to change and increase acceptability of change among employees.

There is also need for the management of Kenya Commercial Bank-Nairobi County to increase employee involvement during change process as this will increase their level of acceptance of change and positively increase employee attitude towards change as they will feel part of the change management process.

The management of Kenya Commercial Bank –Nairobi County needs to urgently create an organization-wide communication/ feedback loop that will ensure efficient communication is maintained between the management and employees, thus ensuring immediate action can be taken upon feedback. This will indeed accelerate the change management process.

5.5 Limitations of the study

All data is self-reported, thus, there was no way to separate method variance from true score variance. It is possible that method variance bolstered or weakened the magnitude of relationships between predictors and outcomes. To reduce the possibility of mono-method bias, future studies should aim to incorporate other methods (e.g., direct observations) so as not to rely solely on subjects’ reports. Another limitation is that because data in this study is cross-sectional it was not possible to make causal inferences regarding predictor/outcome
relationships. As Greenberg and Barling (1999) have suggested, future studies should aim for longitudinal designs so as to enable true causal inferences.

5.6 Recommendations for Further studies.

Similar studies may be extended to other financial institutions such as Savings Cooperatives and Insurance companies in order to understand the perception of employees on change management practices financial markets in Kenya. Similarly the studies can be done for other banks in other countries.
REFERENCES


Bullock, R And Battern, D. (1985) Group And Organization Studies, It’s Just a Phase We are Going Through a Review and Synthesis of OD Phase Analysis.


Collins A. Carval (1990), *Managing change in Organizations*, Prentice Hall.


Kanter, R. M. (1999) “Change is everyone’s job: Managing the extended enterprise in a globally

Kasima C (2004). *The change management practices & resistance to change in multinational oil companies in Kenya*


Lengnick- Hall, C. A. And Lengnick- Hall, M. L. (1988), Strategic Human Resources Management Review


Ogwora E. M., Strategic Change Management at the National Cereals and Produce Board, Unpublished MBA Project, University of Nairobi.


Regina Eisenbach (1999), *Journal of Organizational Change Management*, Volume 12,


Simons, T. L. (1999), Behavioral Integrity as a Critical Ingredient for Transformational


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

Appendix I: Questionnaire

This questionnaire consists of two parts; kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

SECTION A: DEMOGRAPHIC DATA

1. Gender..............................................................................................................................

2. What is your education level? (Tick as applicable)
   i. Primary [ ] Secondary [ ]
   ii. College [ ] Bachelors’ degree [ ]
   iii. Others-specify……………………………………………………………..

3. Years of service/working period (Tick as applicable)
   Less than 1 year [ ] 6-10 years [ ]
   1-5 years [ ] Over 10 years [ ]

4. Please indicate your job category
   Administration [ ] Finance / Accounts [ ]
   Human Resource [ ] IT [ ]
   Operations [ ] Marketing [ ]
   Other (specify)……………………………………………………………………
SECTION B: PERCEPTION OF CHANGE MANAGEMENT PRACTICES IN KENYA COMMERCIAL BANK-NAIROBI COUNTY.

To what extent do the following aspects affect change management practices in KCB-Nairobi. Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ readiness to accept change is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change management is communicated effectively within the department</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some failure in internal communication have sometimes led to failure of implementation of change management in the bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisation culture is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The institution's culture is consistent with the change management strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The institution's culture is a powerful driving force in implementation of change management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System incompatibility is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change agents is a great factor of change management at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a clear vision that governs change in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is adequate training to enable employees cope with the change in management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Employee resist implementation of change within the institution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resistance plays a crucial role in influencing the organization toward</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>greater stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee tend to refuse new responsibilities brought about by change in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial abilities is a characteristic that contributes to change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management implementation at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education background is a characteristic that contributes to change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management implementation at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor organizational structure causes resistance among some employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience is a characteristic that contributes to change management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>implementation at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temperament is a characteristic that contributes to change management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>implementation at KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The people responsible for change hold regular meetings to stimulate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ideas for improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The people responsible for change encourage excellence through</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>employees’ own behavior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The leaders responsible for change are always punctual and well</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>prepared</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Being customer focused is an aspect that affects change management practices in KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being visible and available is an aspect that affects change management practices in KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Championship excellence is an aspect that affects change management practices in KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acting with integrity is an aspect that affects change management practices in KCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR PARTICIPATION!!!!!