EFFECT OF STRATEGIC CHANGE ON PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CENTRAL BUSINESS DISTRICT

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ABSTRACT

The main objectives of the study was to determine the effect of strategic change on performance of Commercial Banks in Nairobi central business District. The study specific objectives was to determine the; effect of organization structure change on performance of Commercial Banks in Nairobi central business district; determine effect of leadership style change on performance of Commercial Banks in Nairobi central business district; determine effect of new technology adaptation change on performance of Commercial Banks in Nairobi central business district and determine effect of employee training change on performance of Commercial Banks in Nairobi central business district. The study was informed by Organizational Life Cycle Theory, Contingency theory, three-step change theory and lippitt’s phases of change theory. The study adopted a descriptive survey research design. The current study, in carrying out the investigations, adopted a descriptive survey research design. The total population was 255 head of departments drawn from 25 banks within Nairobi CBD. Stratified and random sampling technique were used to select 119 respondents. The study used the questionnaire in data collection. Data analysis was conducted using descriptive statistical measures such as, mean, standard deviation and variance to give glimpse of the general trend. The findings indicate organization structure change, leadership style change, technology change and employee training change has significant effect on performance of commercial banks. The study recommends that technology change, employee training change and organization structure change is of essence and therefore there is need for employee training so that they can develop the appropriate knowledge and skills to work efficiently, and achieve bank objectives, banks to embrace new technology in bank operations so that they are ahead of the competition. The study concludes that technology change, employee training and organization structure should be tailored to improve the performance of Commercial Banks in Nairobi central business District.

Keywords: performance, organization structure, leadership style, technology, employee training and commercial banks
Introduction

Performance of any organization is one of the mechanisms to gain people’s commitment towards achieving the stated objectives of the organization. Banks performance has implications to organization’s health and ultimately its survival. The banks' management effectiveness and efficiency in making use of resources is highly reflected by high performance and this in turn contributes to the country's economy at large (Naser & Mokhtar, 2004).

Organization performance is very essential to management and other stakeholders such as shareholders, debt holders and the government as it is an outcome which has been achieved by an individual or a group of individuals in an organization related to its authority and responsibility in achieving the goal legally, not against the law, and conforming to the morale and ethic (Iswati & Anshoria, 2007). Increased competition, rapid change, reduced resources and mounting employee expectations, have all combined in such a way that organization are being expected to achieve more out of less (Neely et al., 2006). However, in the competitive market environment, financial institutions seeking to improve their performance cannot simply rely on quality, but also no change.

Recognizing the need for change and leading organizations through that change is one of the most challenging for any leadership. Change is the only constant in today’s life – for individuals and organizations. Strategic change should be effective, for example have the ability to move freely, have the ability to influence others, and directing the working forces in the target systems and administrative units (Harem, 2004). Balogun & Hailey (2008) argue that all organizations are currently undergoing some type of change.

Many of these change programs arise from management such as culture change, business process engineering, empowerment and total quality. For banks to improve on their performance and continuously evolving business environment, it must be able to successfully manage the change which is as a necessity. Even though there has not been consensus as to the framework for organizational strategic change and bank performance, there seem to be an agreement that change, management improves bank performance (Balogun & Hailey 2004).

Strategic changes defined as the effective management of a business change such that executive leaders, managers and frontline employers work in concert to successfully implement the needed process, technology or organizational changes (Korir, Mukotive, Loice & Kimeli, 2012). Moran & Brighton (2011) defined strategic changes the process of continually renewing an organization direction, structure and capabilities to serve the ever-changing needs of external and internal customers. Most organizational managers today would agree that change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics, and the political environment all have a significant effect on the processes, products and services produced.

Strategic change thus now become inevitable and turns to be a regular feature of business life. Kibwana, (2012) suggests that those that fail to
accept and embrace change will have a limited future. One of the major reasons that necessitate strategic change in modern enterprises is the evolution of technology. New raw materials, products, methods and operations, require organizations to adapt and implement new technologies, and employees to constantly update their knowledge Rukunga, (2003. Another reason that makes strategic change necessary, is the one streamlined by the new patterns of globalization, mergers, acquisitions and corporate restructuring.

Strategic change has become an increasingly pervasive phenomenon in both business and human service organizations due to forces such as globalization and technology (Walumbwa, 2008). Strategic change is seen as a necessary concept for organizations to compete in the ever changing and competitive business environment. Most of organization has experienced change. Yet despite organization’s familiarity with change, success in implementation is relatively rare. It was estimated that 70% of strategic change initiatives fail completely (Kibwana, 2012). Among those deemed successful, 75% of them fail to achieve their intended result (Korir et al, 2012). Despite these low success rates, organizations still continue with the change managements in an attempt to adapt and respond to the changing economic conditions, technological innovations, customer and client expectations and a shifting workforce. It was estimated that 56% of organizations are undergoing three or more complex changes at one time or another (Kim, 2006).

The history of Commercial Banks in Kenya dates back to 1896 when the KCB’s predecessor, the National Bank of India opened an outlet in Zanzibar. Eight years later in 1904, the bank extended its operations to Nairobi, which had become the headquarters of the expanding railway line to Uganda (Cornett, 2004).

In 1986, Kenya's financial sector experienced a crisis that resulted in 37 failed banks. Loans in default were at the centre of the financial crisis. To protect Kenya's commercial banks from undergoing a similar crisis, the Parliament passed a series of regulations to govern the banking industry, and the Central Bank of Kenya strengthened its regulatory role. The Banking Act was amended in 1999, and installed a capital requirement (a minimum amount of liquidity available at all times) at commercial banks. Risk assessment and credit rating agencies were also created in Kenya to govern the distribution of loans (Ongeri, 2013).

Kenya currently has 43 licensed commercial banks and one mortgage finance company. Of these 44 institutions, 31 are locally owned and 13 are foreign owned. Citibank, Habib Bank and Barclays Bank are among the foreign-owned financial institutions in Kenya. The government of Kenya has a substantial stake in three of Kenya’s commercial banks. The remaining local commercial banks are largely family owned. Commercial banks in Kenya accept deposits from individuals and turn a profit by using the deposits to offer loans to businesses with a high interest rate (Amihud, 2013).

Statement of the Problem

Strategic change management in an organization is usually required when changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics and the political environment occur to the environment in which an organization operates (Hoque, 2014). Commercial banks in Kenya have been responding viciously to the financial environmental changes to improve on banks’
competitive situation (CBK, 2013). KCB Group Limited has implemented change programs such as restructuring, mergers, bank process reengineering and development of alternative distribution channels like e-banking, defining new roles for staff, development of corporate identity and culture change aimed to deliver bank growth, increase productivity, drive efficiency, rationalize costs, enhance stakeholder value and improve profitability. However, many organizations are occasionally faced with challenges that force them to adjust or change (Burnes, 2015).

Studies have been conducted on strategic change for example Kibwana (2012) on strategic change practices at local authorities in the Coastal Province of Kenya. Mwirigi (2012) also studied management of strategic change by commercial banks in Kenya and Mutwiri (2012) on Strategic Management Practices at Kenya authority. However, while the above research outcome provides valuable insights on strategic change, they have not induced a clear effect of best strategic change practices on bank performance in Commercial banks in Kenya. Given the gaps poised by the above empirical studies, this study poses the research question: “what is the effect of strategic change on performance of commercial banks in Nairobi central business district?”. This study sought to answer the following questions; are there strategic change practices in commercial banks of Kenya? and does strategic change affect bank performance?

Literature Review

Thompson, Strickland & Gamble (2007) postulate that the essence of organization structure change is to build a market position strong enough and an organization capable enough to produce successful performance despite unforeseeable events, potent competition, and internal difficulties. Well formulated organization structure change strategies help marshal and allocate an organization’s resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents. It enables a company to gain, as effectively as possible, a sustainable edge over its competitors. It also assists organizations to develop a comparative advantage or an edge over competitors and creates sustainable competitive advantage.

Various empirical studies have been done to establish the relationship between strategic planning and bank performance with varied conclusions. The initial studies include that done by (Thompson et al., 2007). (Thompson et al., 2007) studied 36 companies employing the approach of examining the performance of each company both before and after organization structure change was initiated. The comparison showed that organization structure change outperformed the banks with no strategic change on all the performance measures that were used.

Steele, (2005) in an attempt to cross-validate (Thompson et al., 2007), study, surveyed 10 companies, comparing performance of banks who had adopted strategic change and those who hadn’t over a 7-year period. Based on the survey results, He concluded that banks who had adopted strategic change outperform those who hadn’t and hence, supporting the results of (Thompson et al., 2007).

Johnson, Scholes & Whittington (2005) in his survey compared the growth of sales in companies over a 5-year period before strategic change was introduced, and over a period of 5 years after strategic change was introduced. The results of the
comparison led Johnson to conclude that companies with strategic change outperformed companies with little strategic change.

Johnson et al., (2005) employed a meta-analytic approach using data from 26 previously published studies and concluded that strategic change positively influences bank performance. Johnson et al., (2005), surveyed 82 Belgian Business banks and reported a link between strategy and performance. They noted that strategy enables a bank to strengthen its competitive position, and facilitates integration and coordination of members’ behavior. He observed that the main reason for the introduction of formalized strategic change is to improve company performance through the development and implementation of better strategies. Managing a large business without a strategic change is like trying to organize a car rally without a map, not impossible, but difficult. Published research from Africa also indicates that strategic change is an effective tool in improving bank performance. Ongaro (2004), conducted a study on organization structural change practices at Kenyatta National Hospital (KNH), he concluded that organization structural change was needed in service industries and that implementation of reforms was successful at KNH.

Balkin (2000) asserts that structural change within an organization is inevitable if great performance is to be achieved. Due to the competitive global landscape, organizations have to continuously adapt their strategies to remain in the market. Strategy change is most often met with resistance, and more so when the change involves downsizing. The effects of downsizing on employee morale, performance and commitment have been studied by numerous authors and a number of models for strategy change implementation consequently suggested.

Leadership change is one of the key driving forces for improving bank performance. Leaders, as the key decision-makers, determine the acquisition, development, and deployment of organizational resources, the conversion of these resources into valuable products and services, and the delivery of value to organizational stakeholders. Thus, they are potent sources of managerial rents and hence sustained competitive advantage (Rowe, 2001). Prior research has examined various factors to explain the growth of banks, but the role of the leadership style of CEO has not been studied. Understanding relationships between performance, leadership styles, business strategies, and management systems should provide clues on how the growth paths of fast track banks differ from those of lazybones. Prior research has focused on diverse personal, bank, and market characteristics that influence small business success.

Crespi (2003) in his study argues that the attitudes and behaviors change of the leaders substantially shape the functioning of smaller banks. In fact, owner/CEOs of small businesses have a strong influence on bank functioning and overall performance. The CEO of a small business, such as a restaurant, regional real estate agency, printing and publishing bank, or even a small local beauty salon, is often the operational manager as well as the leader of the bank. These CEOs are often involved with vendors and customers. They would be in charge of financial control and reporting systems and they tend to supervise operations and handle personnel decisions. At the same time, they continue to be the CEOs who frame the bank’s vision and effectuate it through strategic planning.
Hence, the leadership change, which is indicative of their tendency in managerial behaviors and actions, is an essential ingredient in the mix of factors that influence a bank’s success (Avolio, 1999). A related premise underlying this study is the likelihood of a strong correlation between leadership change and bank characteristics. Specifically, it is posited that in order for a bank to succeed, the business strategies and management practices have to fit or match the owner/CEO’s leadership style. In other words, certain types of business strategies and management systems are more appropriate than others for particular types of leadership styles and success is more likely when there is such an internal consistency.

Leadership change helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done. The level of integration and interdependencies that are needed for the new work environment as well as global competition require leadership that goes beyond the more basic transactional styles, which involve contingent reinforcement and management by exception, to styles that are more intellectually stimulating, inspirational, and charismatic (Avolio, 1999). Further, leadership change creates a strategic vision, communicate that vision through framing and use of metaphor, model the vision by walking the talk and acting consistently, and build commitment towards the vision (McShane & Von Glinow, 2000). This view suggests that leadership change will result in high levels of cohesion, commitment, trust, motivation, and performance in these new organizational environments.

Numerous studies have reported positive relationships between leadership change and outcomes at the individual level and bank levels (Avolio, 1999; Kirkpatrick & Locke 1996). Most recently, many empirical studies have reported that leadership change has a positive impact on follower performance and bank outcomes (Avolio 2003; Jung & Sosik 2002; Walumbwa, 2002).

Oparanma (2010) found that organizational technology change is an important variable to be considered when organizational performance in consideration. The results published by Zain, Ihsak, & Ghani (2009) show that technology change motivates the employees to be committed to their organization. Research has shown that technology is related to organizational forms and performance (Jang, 2001), that growth rate is a determinant of business strategy. Under a similar logic, technology and growth can also be related to organizational culture. Technology is one of the most salient factors among banks.

Technological change has proved to positively correlate with profitability in developed countries, though, in most instances, these investments take time to realise (Hanel & St-Pierre, 2002). For example, Hanel & St-Pierre (2002) found out that technological change has a positive impact on profitability, especially in sectors with significant levels of patent protection. Similarly, in a study using Irish panel data, Love et al. (2009) discovered that technological change is more significant for less profitable banks. Also, Klette & Kortum (2004) observed a positive correlation between technological change and productivity across banks.

Technology change has a considerable impact on corporate performance by producing an improved market position that conveys competitive advantage and superior performance. A large number of studies focusing on the technology
change-performance relationship provides a positive appraisal of higher innovativeness resulting in increased corporate performance (Wu et al., 2003).

Farooq (2011) mentioned in his study that training and development programs, as one of the vital human resource management practice, positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. This relation ultimately contributes to supreme organizational performance. The result of Farooq (2011) study depicts the positive correlation between training and employee performance as r=.233. Thus, the results reveal that it is not possible for the bank to gain higher returns without best utilization of its human resource, and it can only happen when bank is able to meet its employee’s job related needs in timely fashion. Training is the only ways of identifying the deprived need of employees and then building their required competence level so that they may perform well to achieve organizational goals.

Bakar (2003), reports that there is a positive correlation between effective training program and employee productivity, however to make it possible, it is the responsibility of the managers to identify the factors that hinders training program effectiveness and should take necessary measures to neutralize their effect on employee performance. In addition, Ahmad (2003), concluded that high level of employee commitment is achieved if training achieve learning outcomes and improves the performance, both on individual and organizational level. These findings are also consistent with the results of Kim (2006) research work.

Although the above literature provides the evidences regarding the benefits of training and its positive influence on employee performance, Cheramie et al., (2007), argued that, management, mostly feel hesitant while investing in its human resource due to various reasons. Sometime, in spite of receiving effective and timely training programs, employee are intended to cash it for the sake of their own market value and employment opportunity, or willing to change job just because of higher salaries, and thus, bank investment in training results as a cost rather than profit.

Performance is the end result of activities while strategic planning aims to improve the quality of these results. It can be measured by quantitative methods (net or gross profit, return on investment, equity or capital and return on equity employed) or qualitative methods (absenteeism levels, job satisfaction, industrial relations, team work, best management practices, Corporate Social Responsibility, new product development, operational sufficiency, employee and stakeholder satisfaction, among others (Foster, 1993). Organizational performance is used as one indicator of effectiveness for small and large businesses and is a fundamental concern of many practicing managers. Ultimately, success and growth will be gauged by how well a firm does relative to the goals it has set for itself and as Sababu (2007) states; the formal strategic management systems significantly influence organizational performance.

The concept of bank performance implies measuring the results of a bank's policies and operations in monetary terms. These results are reflected in the bank's return on investment, return on assets, value added. Performance differences in banks are often the subject of academic research.
and government analysis (Verreynne and Meyer 2008). The underlying motivation for this kind of research is the quest for those factors that may provide banks with a competitive advantage and hence drive bank profitability.

However, despite the attention for and importance of the topic, defining a specific industry has always been a subject of discussion. It is likely that average performance differs among different competitive arenas or businesses within an industry just as the average performance differs among industries. By considering businesses instead of the industry as the primary unit of analysis, researchers may gain a more in-depth knowledge of the rivalry patterns between banks and drivers of performance (Houthoofd, 2006).

One of the major discussions in strategy concerns the determinants of bank performance. Academics from various backgrounds have focused on explaining bank performance and on identifying the sources of inter-bank performance differences (Chang, 2000). However, despite the importance of these issues, assessing the relative impact of strategic change on performance has received scant empirical study. On top, these issues have only been seldom addressed within the context of developed nations (Chang & Singh, 2000).

Methodology

The current study, in carrying out the investigations, adopted a descriptive survey research design. The total population was 25 banks within Nairobi CBD. From the 25 banks database, there was a total of 225 head of departments. The sample was obtained using coefficient of variation. Nassiuma, (2000) asserts that in most surveys, a coefficient of variation in the range of $21\% \leq C \leq 30\%$ and a standard error in the range $2\% \leq e \leq 5\%$ is usually acceptable. Using Nassiuma formula a sample of 119 head of departments were selected. The data collection instruments used in this study was a questionnaire and interview guide.

The study conducted initial data analysis using simple descriptive statistical measures such as, mean, standard deviation and variance to give glimpse of the general trend. However, correlation analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of $P=0.05$ (Sekaran, 2003). Multiple regression analysis was applied to analyze the relationship between a single dependent variable and several independent variables (Hair et al., 2005).

Results and Discussions

Regression Results

According to table below, the R value indicates a relatively strong correlation between predictor variables and the consequent variable (firm performance). This is because the R value is positive (.812). This means that firm performance that the studied commercial banks recorded was attributed to a certain percentage of predictor variables. According to the value of the R-Square, 65.9% of the firm performance could be explained by independent variables. Therefore independent variables would have a 65.9% influence on the performance of the studied commercial banks while the remaining 34.1% could be attributed to other factors other than predictor variables.

Table 1: Model Summary
Findings in table 1 showed that organization structure change had coefficients of estimate which was significant basing on $\beta_1 = 0.097$ (p-value = 0.001 which is less than $\alpha = 0.05$) thus we conclude that organization structure change has a positive and significant effect on firm performance. This suggests that there is up to 0.097 unit increase in firm performance for each unit increase in organization structure change. The effect of organization structure change is more than the effect attributed to the error, this is indicated by the $t$-test value = 1.486. Consistent with the results, Thompson et al., (2007) posit that organization structure change helps in building a market position strong enough to produce successful performance despite potent competition, unforeseeable events and internal difficulties. This implies that those firms that have made use of organization structure change are likely to outperform those with no strategic change on all the performance measures.

The results are also in line with that of Johnson, Scholes & Whittington (2005) elucidating that companies with strategic change outperformed companies with little strategic change. In a similar vein, Johnson et al., (2005) in their meta-analytic approach concluded that strategic change positively influences bank performance. The results are also in line with that of Balkin (2000) asserting that structural change within an organization is inevitable if great performance is to be achieved.

Table 2: Coefficient of Estimate

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-</td>
<td>0.444</td>
<td>-2.362</td>
</tr>
<tr>
<td>Organization Structure Change</td>
<td>0.179</td>
<td>0.121</td>
<td>0.097</td>
</tr>
<tr>
<td>Leadership Style Change</td>
<td>0.329</td>
<td>0.115</td>
<td>0.237</td>
</tr>
<tr>
<td>technology change</td>
<td>0.303</td>
<td>0.118</td>
<td>0.246</td>
</tr>
<tr>
<td>Employee straining change</td>
<td>0.508</td>
<td>0.105</td>
<td>0.407</td>
</tr>
</tbody>
</table>

a Dependent Variable: firm performance

Research findings also showed that leadership style change had coefficients of estimate which was significant basing on $\beta_2 = 0.237$ (p-value = 0.005 which is less than $\alpha = 0.05$) implying leadership style change has a significant effect on firm performance. This indicates that for each unit increase in leadership style change, there is 0.237 units increase in firm performance. Furthermore, the effect of leadership style change was stated by the $t$-test value = 2.846 which implies that the standard
error associated with the parameter is less than the effect of the parameter. Cognate to the results, Crespi (2003) in his study argues that owner/CEOs of small businesses have a strong influence on bank functioning and overall performance. Similarly, Avolio, (1999) notes that leadership style change is an essential ingredient in the mix of factors that influence a bank’s success. The results are also in tally with that of McShane & Von Glinow, (2000) indicating that leadership change creates a strategic vision, communicate the vision through framing and use of metaphor hence improving the overall firm performance.

According to Sekaran (2000) a correlation of +1 implies a perfect positive linear relationship between variables. As presented in table 2, all the independent variables had a strong positive correlation with effect of strategic change on performance of Commercial Banks in Nairobi Central business district which are the dependent variable (p-value <0.01). Table 2 demonstrates that employee was found to have a statistically significant strong positive correlation with performance of commercial banks (r=0.508, p=value =0.000).

In addition, findings showed that technology change had coefficients of estimate which was significant basing on $\beta_3 = 0.246$ (p-value = 0.012 which is less than $\alpha = 0.05$) implying technology change has a significant effect on firm performance. The results suggest that technology change brings about improved firm performance. As such, for every unit increase in technology change there is also an increase in firm performance by the same unit. Furthermore, the effect of technology change was stated by the t-test value = 2.575 which implies that the standard error associated with the parameter is more than the effect of the parameter.

In line with the results, Zhang & Liu (2006) indicate that technology change contributes to the organizations healthy working environment which in turn increases the proficiencies of individual, teams and the entire organizations. As well, Oparanma (2010) found that organizational technology change is an important variable to be considered if organizational performance is to be improved. Further support to the study findings is by Jang, (2001) who provided evidence of link between organizational technology change and bank related performance outcome. Also, Klette & Kortum (2004) observed a positive correlation between technological change and productivity across banks. The results are also in tally with that of Cainelli et al. (2006) indicating that technological change has a positive impact on the economic performance of banks. Besides, Hall (2011) found out that there is a positive relationship between technological change and productivity.

Finally, findings showed that employee training change had coefficients of estimate which was significant basing on $\beta_4 = 0.407$ (p-value = 0.000 which is less than $\alpha = 0.05$) thus employee training change has a significant effect on firm performance. This suggests that there is up to 0.407 unit increase in firm performance for each unit increase in employee training change. The effect of employee training change is four times the effect attributed to the error, this is indicated by the t-test value = 4.846. This conforms to a study by Farooq (2011) indicating that training and development programs positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job.
Discussion of the findings

The findings indicated that the bank’s chain of command is flexible. As well, there was a strong feeling of togetherness to other businesses and a job structure. It was however not fully established if the bank usually has a job structure after sometime and whether decision making is influenced by other groups outside the bank. Besides, there was doubt whether the banks’ hierarchy keeps on changing with time and modern business environment and if the bank explains thoroughly the reasons for the change to all employees and other stakeholders.

The second research question sought to determine effect of leadership style change on performance of Commercial Banks in Nairobi central business district. Results show that the leadership in place in the bank has led to the realization of objectives, motivated employees and led to the implementation of strategy. Furthermore, the managers are willing and able to try new things and balance risk/reward. They are also willing to fully appreciate another person’s experience of change and not attach a value judgment to it. There is however doubt if the bank keeps managers who bring new changes to the bank, immediately fires leaders who do not bring back change to the bank, regularly changes its customers and experiences change in leadership.

The next research question aimed at determining the effect of new technology adaptation change on performance of Commercial Banks in Nairobi central business district. It was found out that the bank uses the available technologies in bank operations. The technology is fast and efficient and has enhanced good customer relation. Consequently, embracing of new technologies is an advantage. In addition, the bank has increased online marketing and the online communication with clients and staff. Also, the bank has implemented IFMIS together with E-procurement and ERP. Furthermore, the bank has implemented new electronic communicative devices within the banks and has adopted modern technologies on online payments and depositing.

The final research question aimed at determining the effect of change in employee training on performance of Commercial Banks in Nairobi central business district. It was found out that the banks allow new innovative ideas among new employees and encourages creativity among them. Besides, the bank regularly hires new employees with expertise in different areas and ensures employees are regularly trained to bring new change to the commercial banks.

Conclusion

Organization structure change is of essence in that it helps marshal and allocate an organization’s resources into a unique and viable posture hence improving the overall performance. In most cases, firms that have embraced organization structure change have a flexible chain of command and a feeling of togetherness thus making it possible for them to have an edge over competitors and sustainable competitive advantage. It can therefore be said that organization structure change has actually enhanced the performance of the banks in central business district.

Also, leadership style change helps banks to achieve their objectives by linking job performance to value rewards and ensuring that the resources required to meet the said objectives are available. As such, the leadership style change facilitates the improvement of performance. This is especially the
case when the bank’s strategies are in line with the leadership style in place. Also, leaders and subordinates can also influence each other in order to achieve organizational goals. For instance, when the leaders are willing to fully appreciate another person’s experience of change and to not attach a value judgment to it, improved bank performance is realized. Set objectives are realized, employees are motivated and there is implementation of strategy. As such, leadership style change positively influences bank performance.

In addition, the study established that technology adaptation change has a positive impact on bank performance. Technology change improves the market position for firms which is indicative of superior performance. Through technology adaptation change, banks are able to make use of technologies that are fast and efficient. The technology enhances their good customer relation and increases both their online communication with clients and staff and enhances good customer relation. It can therefore be said that technology adaptation change is key in enhancing bank performance.

Finally, employee training change is crucial since it increases employees’ level of understanding on the job they are tasked with. Specifically, it is pivotal to the realization of high output levels in the bank. In the event that employees recognize the organization has interest in them through offering training programs, they are likely to apply their best efforts to achieve organizational goals thus enhancing organizational performance.

**Recommendations**

The study has established that organization structure change has a positive and significant effect on the performance of commercial banks in central business district. It is therefore utmost necessary for banks to have a flexible chain of command so that they can effectively adapt to the challenges in the external environment and in turn counter potent competition. There is also need for organzational members to have a feeling of togetherness to the business and a job structure that is in line with the overall objectives of the organization. Besides, it is also important for the bank to explain thoroughly the reasons for changes to its employees and stakeholders so as to facilitates integration and coordination.

The study has established that leadership style change is a key driving force for improved bank performance. It plays a role in enhancing or retarding the interest and commitment of the individuals in the organization. Therefore, it is utmost necessary for managers to be willing to fully appreciate person’s experience of change and to not attach a value judgment to it. They also need to be willing and able to try new things and balance risk/reward. The leadership in place should be a source of motivation to the employees, lead to realization of objectives and the implementation of strategy.

Also, technology adaptation change has a positive and significant influence on the performance of commercial banks. There is therefore need for banks to embrace new technology in bank operations so that they are ahead of the competition. Such technology will also enhance their good customer relation and increase their online marketing. It is thus crucial for the banks to embrace new technology by making use of new electronic communicative devices within the banks and the adoption of modern technologies on online payments and depositing.
Finally, employee training change has exhibited a positive and significant influence on the performance of commercial banks. There is therefore need for employee training so that they can develop the appropriate knowledge and skills to work efficiently, and achieve bank objectives. Also, banks need to allow new ideas among new employees and encourage creativity among them. In addition, banks should engage in hiring new employees with expertise in different areas and ensure that they are regularly trained.

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