ISSN 2411-7323

Int Journal of Social Sciences Management and Entrepreneurship 3(1): 1 - 20, April 2019
 www.sagepublishers.com

EFFECT OF CHANGE MANAGEMENT STRATEGIES ON THE PERFORMANCE OF COMMERCIAL BANKS IN KENYA

NDEGWA LOISE WANGECHI

Karatina University

Abstract

The banking sector in Kenya has become very volatile following increased political anxieties, competition from new entrants, social reforms, technological advancement and globalization. Following this increased competition, banks have developed various response strategies including activities such as ICT deployment, staff training, strategic partner management and customer relationship management. Despite the heightened competition, performance of commercial banks has continued to be impressive. Could the response strategies adopted by commercial bank be the source of this impressive performance? In the banking industry in Kenya an appropriate and competent strategic capability is a key basis for such effective response strategies. Commercial banks in Kenya have to contend with the dynamics of a changing competitive environment because of increased globalization and internationalization effects. It exerts pressure on Banks to be proactive and to formulate successful strategies that facilitate proactive response to perceived and actual changes in the competitive environment. Strategic responses are ones that are aimed at differentiating an organization from its competitors in a way that is sustainable in the future. This study sought to fill this gap by seeking to establish the effect of change management strategies on the performance of commercial banks in Kenya. Chapter two reviews the theoretical review, conceptual framework, and empirical review, critique of existing literature, research gap and summary of the chapter. The study is based on the acquired needs theory, customer relationship theory systems theory and agency theory. The study adopted a descriptive cross-sectional survey. The target population of this study comprised all the 40 commercial banks in Kenya. The unit of analysis comprised of 623 management employees working at the head office of Commercial bank in Kenya. A sample of 83 respondents was selected for this study. The questionnaire was the selected instrument or tool for data collection for the study. The study carried out a pilot study to pretest and validate the questionnaire Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version, 21) and presented through percentages, means, standard deviations and frequencies. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. Multiple regressions were done to determine the effect of change management strategies on the performance of the commercial banks in Kenya. The study found that capacity building strategies positively affected the performance of commercial banks in Kenya. The study revealed that customer relations management strategies positively influenced the performance of commercial banks in Kenya. The study found that strategic partner's management affects the performance of commercial banks in Kenya. The study revealed that ICT deployment affects the performance of commercial banks in Kenya. The study recommends that there is need for the management of commercial banks in Kenya to continuously train their staff on new banking services. The study also recommends that there is need for the management of commercial banks to adopt customer relationship management strategies; there is need to commercial bank to have proper strategies put in place to manage their strategic partnership. The study recommends that there is need for the management of commercial banks to design policies and regulations that will encourage deployment of ICT.

Key words: capacity building, customer relations, partner's management, ICT deployment, strategies

Introduction and Background of the Study

The environment in which commercial banks operate has become more volatile, unpredictable and very competitive. Ever increasing competition from other financial institution and entry of other players in each sector of any industry necessitates the design of response strategies to guarantee their performance and gain a competitive edge (Mohamed, 2012). Strategists have to anticipate the reaction of others (Gerry & Kenan, 2012). Competition is neither a matter of coincidence nor bad lack as observed by Mohamed (2012). Infact competition is healthy to the development of the banking industry. The banking industry in Kenya has witnessed a growing number of players competing head-on, thus to remain competitive, they have to formulate and implement strategies that will enable them attract and retain customers. Players in this sector have experienced increased competition over the last few years resulting from increased innovations and new entrants into the market like micro finance institutions.

In an ever-changing global economy, Johnson and Scholes (2013) notes that organizations must find ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Because of the fact that changes are a necessity in private as well as public sector, every organization must change with the environment otherwise, it would become irrelevant. Rose and Lawton (2013) observes that changes in the service institutions arise out of the need for efficiency, economy, effectives, performance evaluation ethics and market concerns. Rising demand for services and expectations of quality of those services have placed extreme pressure on managers and their organizations, depicting change as a continuous episode in the life of corporations.

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant, 2015). 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 & Epstein, 2010) and their market value outside the organization as well as their position and influence inside the organization. This has forced the commercial banks to use varying competitive strategies depending on whether they want to defend the existing markets or to enter into new ones, (CBK, 2014). This study seeks to establish the effect of change management strategies on the performance of commercial banks in Kenya.

Statement of the Problem

In Kenya, performance of commercial banks has continued to be impressive. In 2015 first quarter, the banking sector recorded Ksh. 37.3 billion pre-tax profits, which was an increase of 2.7 percent from Ksh. 36.32 billion registered in the quarter ending December 2014 (CBK, 2015). Similarly, the profitability of the sector increased by 11.7 per cent from Ksh. 33.4 billion registered in March 2014 to Ksh. 37.3 billion in March 2015 (CBK, 2015). Information Technology in the banking industry improves service delivery in the retail banking industry. Wayland & Cole (2009), consider customer knowledge and customer-connecting technology as the foundations of customer connected strategy for service delivery.

In the banking industry appropriate and competent strategic capability is a key basis for such effective response strategies (Kamau, 2011). Commercial banks in Kenya have to contend with the dynamics of a changing competitive environment because of increased globalization and internationalization effects (CBK, 2015). The banking environment is exerting pressure on banks to be proactive and to formulate successful strategies that facilitate proactive response to be perceived and actual changes in the competitive environment. Strategic responses are ones that are aimed at differentiating an organization from its competitors in a way that is sustainable in the future (Mohamed, 2012).

A number of empirical studies have been conducted on the response strategies both in commercial banks and other industries. For instance, Mwangi (2011) examined strategic responses by Chase Bank Kenya Limited to environmental changes in the banking sector. Ndunge (2012) examined response strategies to challenges of competition by horticultural export firms in Kenya. Mwanga (2012) studied effects of automated teller machines on customer retention in commercial banks in Meru town, Kenya. Finally, Njiru (2013) examined strategic responses to changes in the external environment by universities in Kenya. From the empirical studies above, it can be noted that the existing studies have not covered the entire banking industry while others have covered other contexts which have different operating environment dynamics from those of commercial banks. This study therefore sought to fill this gap by seeking to establish the effect of change management strategies on the performance of commercial banks in Kenya.

Objective of the Study

General Objective

The general objective of the study was to establish the effect of change management strategies on the performance of commercial banks in Kenya.

Specific Objective

The specific objective of the study were

i. To establish the effect of capacity building strategies on the performance of commercial banks in Kenya

ii. To establish the effect of customer relations management strategies on the performance of commercial banks in Kenya

iii. To determine the effect of strategic partner’s management on the performance of commercial banks in Kenya

iv. To determine the effect of ICT deployment on the performance of commercial banks in Kenya

LITERATURE REVIEW

Theoretical Review

The theories assisted in appreciating how various change management affect the performance commercial banks in Kenya. The theories discussed are the acquired needs theory, customer relationship theory systems theory and agency theory.

Acquired Needs theory

McClelland, a well-known psychologist at the Harvard University, studied employee's behaviour. He used the Thematic Apperception Test (TAT) to measure employee motivation in satisfying various needs and found out that employees craved the need for achievement, the need for power and the need for affiliation (Kreitner and Kinicki, 1998). The acquired needs theory focusses on the diversity of people and is rooted in culture. It assumes that needs are acquired or learned on the basis of our life experiences.

When a need is strong, it will motivate the person to engage in behaviour that satisfies that need. Achievement is represented by the drive to excel, accomplish challenging tasks to achieve a standard of excellence. Achievement motivation depends on childhood, personal and occupational experience and even the type of organisation. According to this theory some people have a compelling drive to succeed. They strive for personal achievement rather than for the rewards of success. They have a strong desire to do something better or more efficiently than it has been done before. Individuals high on achievement needs often make good entrepreneurs running their own business (Johns, 1996).

Kreitner and Kinicki (1998) state that the need for achievement is defined by the following desires: to accomplish something difficult; to master, manipulate, or organize physical objects, human beings or ideas as rapidly and as independently as possible; to overcome obstacles and attain a high standard; to excel one's self; to rival and surpass others; and to increase self-regard by successful exercise of talent.

According to McClelland, as cited by Robbins (1998) the need for power is the desire to influence and control one's environment. The need for personal or institutional power can be a motivator in organisations. This is the desire to have an impact and to feel that one is in charge. Kreitner and Kinicki (1998) points out that the need for power reflects an individual's desire to influence, coach, teach, or encourage others to achieve. People with a high need for power, like to work in groups and are concerned with discipline and self-respect. Kreitner and Kinicki add that there is a positive and negative side to this need. The negative side is characterized by an "if I win, you lose" mentality. On the other hand, people with a positive orientation to power focus on accomplishing group goals and helping employees obtain a feeling of competence. The study used the acquired need theory to establish the effect of capacity building strategies on the performance of commercial banks in Kenya.

Customer Relationship Management Theory

Customer relationship theory was developed by Westch, (2005). According to the theory, customer relationship management is a combination of relationship marketing and customer centric where justice theory had applied in customer relationship theory. Justice theory involves the elements of trust, satisfaction and loyalty where these elements should have in the relationship between customers and organizations. There are three types of justice theories namely distributive, interactional and procedural. Distributive justice means the perception an individual holds the fairness of outcome. Interactional justice is perceived fairness of the interpersonal interaction in decision process. Finally, procedural justice is a fairness of the process.

Customer relationship marketing is a limited part of the marketing relationship structure, which is the creation and development of long-term, profitable and interactive relationships with both existing and potential customer. In all marketing activities a customer oriented approach is strategic to companies nowadays than before. Therefore, relationships with customers have to be maintained effectively (Lahtinen & Isovita 1994). Through customer relationship management systems and organization is able to enhance its performance. The study used customer relationship theory to establish the effect of customer relations management strategy on the performance of commercial banks in Kenya.

Agency Theory

Agency theory addresses the Agency issue in which one party (the principal) delegates work to another (the agent), who performs that work (Jensen & Meckling, 1976). There is an agency relationship when the actions of one individual affect both his welfare and that of another person in an explicit or implicit contractual relationship. The individual who undertakes the actions is the agent and the person whose welfare (utility), measured in monetary terms, is affected by the agent's actions is called the principal (Akaranga, 2010). The typical case of agency relationship is the one that exists between an employer (the principal) and his employee (the agent). In an agency relationship, the principal wants the agent to act in the principal's interest. However, the agent is expected to have his own interest and consequently, he may not act in the principal's best interests.

An agency relationship is a contract under which one or more persons (the principal), engage another person (the agent) to perform some service on their behalf which involves delegating some decision making Authority to the agent. If both parties to the relationships are utility maximizers, there is a good reason to believe that the agent will not always act in the best interests of the principal (Jensen & Meckling, 1976). Then, the principal's problem is consequently to design an incentive contract that induces the agent to undertake actions that will maximize the principal's welfare. However, both the principal and agent are confronted with uncertainty. This uncertainty may appear in various ways. First, the principal is uncertain about actions undertaken by the agent and/or information held by the agent. The mainstream-economic theory terms the principal's uncertainty state asymmetric information. There is a state of asymmetric information because the agent holds information that the principal does not have. Second, uncertainty bears on the outcomes of the agent's actions. An agent is uncertain about the outcomes of his actions. For the principal, this latter phenomenon manifests itself more precisely in the fact that the principal is uncertain about the causality between agent's actions and the outcomes. This state of uncertainty and the resulting state of asymmetric information that exists between the principal and his agent impose certain constraints which complicate the forming of the contract (Artley, 2011; Akaranga, 2010).

The Agency theory addresses the Agency issue in which the principal delegates work to another the agent, who performs that work. An agency relationship is a contract under which the principal, engage the agent to perform some service on their behalf which involves delegating some decision making Authority to the agent. Through strategic partnership the bank acts as the principal where it delegates it key function to agent to gain competitiveness. The study used the agency theory to determine the effect of strategic partner's management on the performance of commercial banks in Kenya.

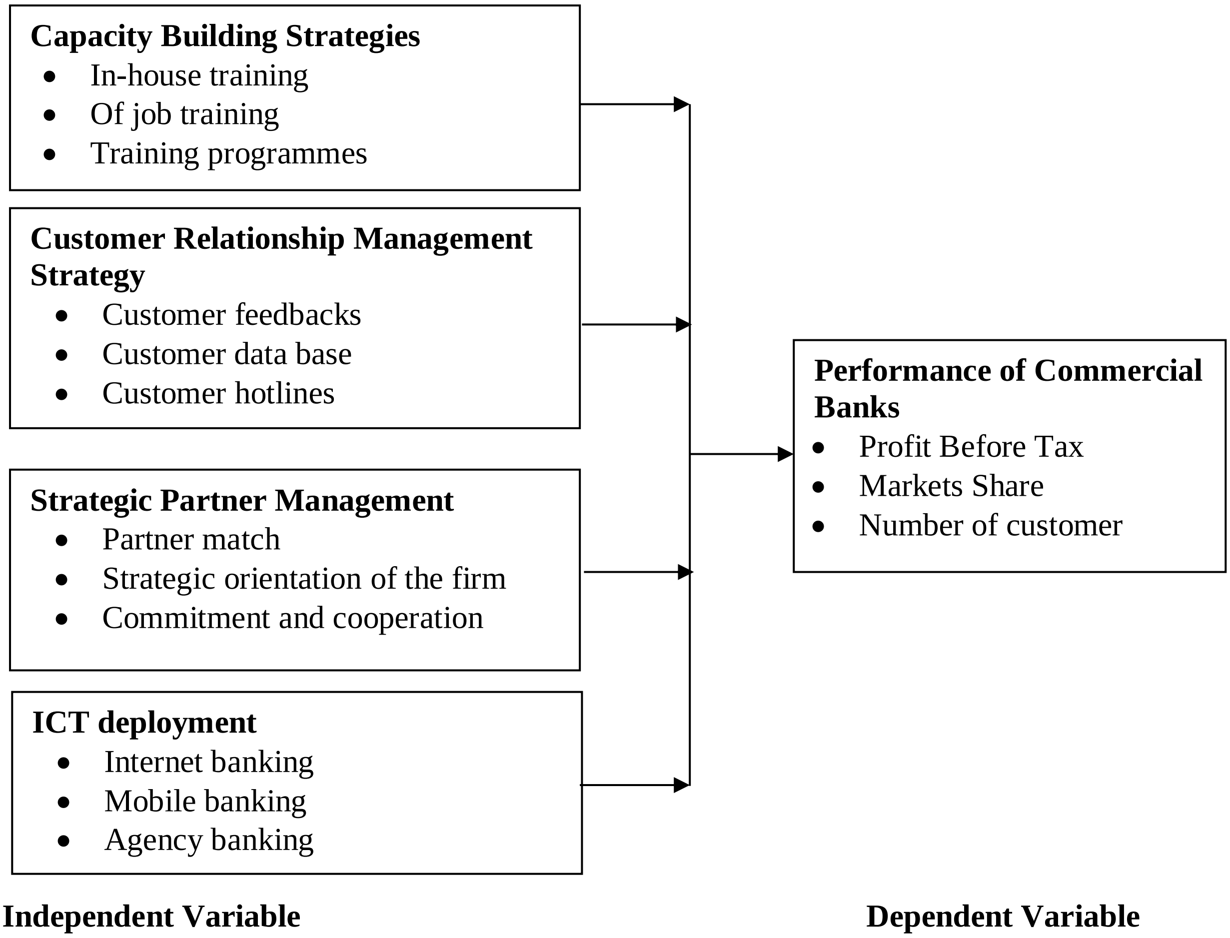
Systems Theory

Systems theory springs from biology and its content free and applicable to many fields of study. Systems theory can be defined as a working hypothesis, the main function of which is to provide a theoretical model for explaining, predicting, and controlling phenomenon (Bertalanffy, 1962). One common element of all systems is described by Kuhn (1974) as knowing one part of a system enables us to know something about another part. The information content or a piece of information is proportional to the amount of information that can be inferred from the information (Kuhn, 1974). Systems can be either controlled (cybernetic) or uncontrolled. In controlled systems information is sensed, and changes are effected in response to the information.

Kuhn (1974) refers to this as the detector, selector, and effect or on functions of the system. The detector is concerned with the communication of information between systems. The selector is defined by the rules that the system uses to make decisions and the effect or is the means by which transactions are made between systems. Communication and transaction are the only intersystem interactions. Communication is the exchange of information, while transaction involves the exchange of matter-energy. All organizational and social interactions involve communication and/or transaction. Kuhn's model stresses that the role of decision is to move a system towards equilibrium. Communication and transaction provide the vehicle for a system to achieve equilibrium. "Culture is communicated, learned patterns... and society is a collective of people having a common body and process of culture". A subculture can be defined only relative to the current focus of attention. When society is viewed as a system, culture is seen as a pattern in the system. Social analysis is the study of communicated, learned patterns common to relatively large groups (of people) (Kuhn, 1974).

According to systems theory the information content or a piece of information is proportional to the amount of information that can be inferred from the information. Systems are controlled or uncontrolled. In controlled systems information is sensed, and changes are effected in response to the information. Through the adoption of various information systems (ICT) the bank is able to improve its performance. The study used the system theory to determine the effect of ICT deployment on the performance of commercial banks in Kenya.

Conceptual Framework



Empirical Review

Capacity Building Strategies

Ng and Siu (2014) collected data on 800 state-owned manufacturing enterprises and non-state-owned manufacturing enterprises from a survey in Shanghai to assess the effects of training on firm performance. The study by Ng and Siu (2014) estimated the impact of training on firm performance in SOEs and non-SOEs. They found that managerial training had a positive and significant effect on sales in both SOEs and non-SOEs. However, technical training made no contribution to firm productivity. The study also indicated that training objectives have three major dimensions, namely enhancing working relationships, tackling skill deficiencies, and skill development. In addition, SOEs tend to focus more on skill development whereas non-SOEs concentrate on enhancing both working relationships and skill development.

Thang and Quang (2015) used data from a study of 137 cross-sector enterprises to estimate the impact of training on firm performance. The survey was conducted in 2003. They found that there was a positive association of training with market share and organizational performance. In a follow-up paper, Thang and Quang (2015) indicated that (FIEs) tended to provide more on-the-job training than other types of enterprises. However, off the job training was preferred less by FIEs than by SOEs.

Thang, Thu and Buyens (2012) studied the impact of training programmes on firm performance by using the data from the VESI 2011. From a survey of 196 companies, the major findings indicated that the companies which implemented training in 2010 had increased sales and productivity (0.18 percent) in manufacturing companies. In addition, manufacturing companies which implemented training programmes after 2009 increase of 0.32 percent in total sales and productivity per year between 2000 and 2010. However, the authors found no statistically significant effect on 2009-2011 percentage change in sales and productivity of nonmanufacturing companies if these companies provided training after 2009. The survey result also shows that manufacturing companies have been solely focusing on training for technical engineers. The econometric analysis method in this study which assisted the authors in overcoming the limitations of estimation depends on the accuracy of the assumption regarding the cost of training and the accuracy of the subjective estimates of firm performance (Bartel, 2010).

Customer Relations Management Strategies

Elmuti, Jia and Gray (2011) conducted a study on Customer Relationship Management strategic application and organizational effectiveness show the result from surveyed 500 financial service providers in the United States that 79% of the respondents agreed that the greatest barrier of CRM success comes from lack of leadership and management skill, while 64% of respondents agreed on poor data quality and inadequate data concerning their customer, competitors and markets, and 51% of respondents reported on top management support respectively, Moreover, it is a clearly indicate that most of the organizations were less understanding of the requirements and benefits of CRM by different functional managers in the surveyed firm (Elmuti, Jia & Gray, 2011).

Wambura (2012) in her study on challenges of implementation of customer relationship management strategy in Nairobi city water and Sewerage Company. The main goal of the study was to determine the challenges of implementing customer relationship management (CRM) strategy in Nairobi City Water and Sewerage Company (NCWSC). The study employed a cross section survey design where respondents were interviewed at a one point in time study. The study mainly used primary data which was information gathered directly from respondents by use of an interview guide. The major challenges identified included: many employees were resistant to embrace new technology at their places of work and stuck to the manual way of running operations i.e. change management; few employees in essence knew what CRM meant hence appreciate the concept to a less extent, the strategy applied by management was not effective hence faced resistance and inconsistent and inaccurate customer data; inadequate skills of the implementation team, data migration, knowledge transfer, and evaluation of the system among others.

Thuo, Kibera, K’Obonyo and Wainaina, Gituro (2014) conducted a study on customer relationship management and competitiveness of commercial banks in Kenya. The study utilized a descriptive correlational research design. A survey methodology was employed for data collection. The study found statistically significant positive linear relationships between CRM practices and organizational competitiveness. The study also established that the relationships between CRM practices and marketing productivity, marketing productivity and organizational competitiveness, organizational factors and marketing productivity and the moderating role of organizational factors on the relationship between CRM practices and marketing productivity were all significant. However, the relationship between organizational factors and organizational competitiveness was found not statistically significant. The overall conclusion of the study was that organizational competitiveness is not significantly influenced by the mere existence of a range of organizational factors within the firm such as age, size, and ownership structure, type of customers served, corporate reputation, and duration of CRM implementation or even technology level. Rather, organizational competitiveness is achieved through appropriate CRM practices and marketing productivity.

Strategic Partners Management

Zaheer and Bell (2015) tested the interaction between innovative capabilities and sparse network structure in explaining firm performance and found that highly innovative firms with access to many structural holes outperform rivals. This suggests that more innovative and proactive firms will be better able to utilize the access to diverse information provided by sparse network structures, and will thus perform better in the future. Thus, in this case, the network rich with structural holes' complements and enhances the firm's advantage-creating tendencies.

A research by Dyer (2013) and Dyer and Nobeoka (2010) have examined the network of relationships that automakers in the U.S. and Japan have established in order to remain competitive. Their research also has shown that the automotive industry exhibits the characteristics of a strategic network. For example, there is much long-term contracting and many close relationships between the automakers and suppliers. There is a high level of technology and information transfer between firms, for example the exchange of engineers between firms. Clearly the automakers are the most powerful members of the network and shape the direction of the whole network.

ICT Deployment

Onyango (2014) did a study on the influence of information communication technology investment on organizational performance, a case of Kenya Revenue Authority**.** This study is descriptive in nature hence it was employed descriptive case study design. This methodology was commonly used in case studies because it involves seeking information rather than testing. The study used a questionnaire as the research instruments for data collection. SPSS Version 20 computer program was used for data analysis. Quantitative data was presented into frequencies, percentages and tables while qualitative data was organized into themes/categories according to the objectives of the study. The study established that ICT Investment costs had a negative influence on the organizational performance at Kenya Revenue Authority. The study also revealed that competent employees with ICT skills positively enhanced organizational performance at Kenya Revenue Authority. The research established that ICT policy and regulations had a positive effect on organizational performance at Kenya Revenue Authority. The study revealed that ICT had a positive impact on organizational performance at Kenya Revenue Authority.

Juma (2012) did a study the impact of ICT adoption on financial performance of commercial banks in Kenya. The purpose of the study was to establish the Impact of ICT adoption on financial performance of commercial banks in Kenya. The research design used was Correlation. The population of study was the commercial banks in Kenya. The data collection instrument used was questionnaire which was administered by the researcher through drop and pick method. The study found out that ICT improved the operations, improved the liquidity and the asset quality in commercial banks in Kenya. This not only increased their markets but also helped the organizations to remain competitive in the market. ICT also deepen liquidity of banks in existing markets, for example by reducing excessive reliance on a narrow base of depositors for funding and improves on earnings, asset quality and this increased efficiency in the operations as a whole and especially in commercial banks in emerging markets and developing countries such as Kenya.

Nyapara (2013) conducted a study on the relationship between information communication technology usage on efficiency among commercial Banks in Kenya**.** The aim of this project is to evaluate the various factors that ICT usage has brought in place to meet productivity, customer satisfaction and service delivery in the banking industry. Case study research design was adopted for this research work; to study 43 licensed commercial banks according to the Central bank of Kenya (2012). The questionnaire was used as instrument to collect data for the study. The questionnaire was administered on the sampled population, which were dully completed and returned to the researcher. The data collected were analyzed and interpreted. Relevant findings were made from the study on the efficiency and application of ICT in banking sector. The finding shows that ICT adoption in banks has led to improvement of operational efficiency and reduced information costs.

Performance of Banks

Karagoz and Oz (2008) notes that work on organizational performance started in the 1930's. It has been defined as proficiency of the organization at having access to the essential resources (Henry, 2011). Lejeune and Vas (2009) observes that majority of business oriented organizations have used profitability measure of business economic performance. He also notes that when measuring profitability, organizations will monitor growth in sales. Deform and Nyssens (2010) established that other measures that have been used for organizational performance include organizational survival, changes in number of employees. Financial measures of organizational performance have been criticized as not being adequate. They do not show the full picture of an organizations performance some non-financial measures that have been adopted include market share, patents received, and stakeholder satisfaction.

McCann (2004) views organizational performance as the ability of the organization's successful fulfillment of their goals through core strategies. Other scholars have defined organizational performance as the adequacy of internal business processes, or the satisfaction of key constituencies. There is no single sufficient measure of organizational performance

Venkatraman and Ramanujam (2006) says that there are three general domains of organizational performance; financial performance, operational performance, and the influence of stakeholders. Drucker 1954 argues that the ultimate measure of an organization's performance is survival. To this end, he gives eight performance aspects that are crucial for survival (An *et. al.,* 2011). These are; market standing, innovation, productivity, physical and financial resources, profitability sufficient to cover the risk premium for being in business, manager performance, worker performance and attitude, and public responsibility. Hertelendy (2010) notes that different measures to organizational performance have been used over time with critics saying that no sufficient reasons for the measures have been given.

Research Methodology

The study adopted a descriptive cross-sectional survey. This research design is thus most appropriate since the objective of the study in establishing the effect of change management strategies on the performance of commercial banks in Kenya. The target population of this study comprised of all the 40 commercial banks in Kenya. According to the CBK, commercial Banks can be stratified into large, medium, and small on the basis of the size of their market share.

The study population for this study was senior employee (management level) of commercial banks at their head office in Nairobi. The study population composed of 623 members of staff in at management level currently working at head office of commercial banks in Kenya. Employees at the management level were selected as they have relevant information on the effect of response strategies on the performance of the commercial banks in Kenya.Sampling frame was the list of 623 members of staff at management level currently working at head office of commercial banks in Kenya. The study used Fisher, Laing and Stoeckel (1983) formula to arrive at the sample size of the study. The sample size of the study was 83 respondents out of 623, which represented 13.32% of the target population.

The questionnaire was the selected instrument or tool for data collection for the study. The questionnaire was administered to each member of the sample population. The questionnaire was developed with reference to the research objectives aimed at answering the research questions. The researcher administered the questionnaire individually to all respondents of the study. The study exercised care and control to ensure all questionnaires issued to the research assistants were received and to achieve this, the researcher maintained a register of questionnaires, which are given out to each research assistant and which are returned. The questionnaires were administered by a research assistant.

The study carried out a pilot study to pretest and validate the questionnaire. Cronbach's alpha methodology, which is based on internal consistency, was used. The researcher selected a pilot group of 20 individuals from the target population to test the reliability of the research instrument, which represented 10% of the study population. The pilot data was not be included in the actual study. Validity addresses the problem of whether a measure measures what it is supposed to measure. Therefore, the study gave questionnaires to 20 respondents who helped the researcher in knowing whether the key aspect of desired information was provided by the respondents using the questionnaire.

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale. 0.7 to be an acceptable reliability coefficient

Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version, 21) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (Version 21) to communicate research findings. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions.

The study conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable. Correlation analysis helped to detect any chance of multicollinearity. Multiple regressions were done to establish the effect of change management strategies on the performance of commercial banks in Kenya. Quantitative data was presented through statistical tools such as frequency distribution tables, pie-charts, bar-graphs and in prose form for easy understanding.

Results And Findings

Descriptive Statistics

Capacity Building Strategies and Performance

The study found that majority of the respondents agreed that Customer hotlines has assisted in improving the image of our bank over time as shown by a mean of 4.96, Customer data base help our bank to identify the most profitable customer as shown by a mean of 4.95, Customer relationship management enables our bank to increase the number of customers as shown by a mean of 4.91, Customer data base enables our bank discover new clients and increase profits as shown by a mean of 4.88, Customers feedback enables our bank to analyze the customer profiles as shown by a mean of 4.85. This is line with Kumar and Shah, (2014) who suggests that CRM offers firm strategic benefits, such as greater customer satisfaction and loyalty higher response to cross-selling efforts and better word-of-mouth publicity. Overall, there is a strong sense that CRM efforts improve firm performance. Boulding and colleagues (2015) also note that CRM has the potential to enhance both firm performance and customer benefits through the dual creation of value. According to this view, CRM enables firms to augment the value they extract from customers, while customers gain greater value because firms meet their specific needs.

Customer Relationship Management Strategies and Performance

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard dev.
Customers feedback enables our bank to analyze the customer profiles	0	0	0	11	64	4.85	1.86
Customer data base help our bank to identify the most profitable customer	0	0	0	4	71	4.95	2.09
Customer relationship management enables our bank to increase the number of customers	0	0	0	7	68	4.91	1.99
Customer hotlines has assisted in improving the image of our bank over time	0	0	0	3	72	4.96	2.13
Customer data base enables our bank discover new clients and increase profits	0	0	0	9	56	4.88	1.93

Strategic Partner's Management and Performance

The study found that majority of the respondents agreed that commitment and cooperation of partners increase our bank profitability as shown by a mean of 4.96, commitment and cooperation of partners increase our bank market share as shown by a mean of 4.95, strategic orientation enable the bank to discover new customers as shown by a mean of 4.88, strategic orientation in our bank have improved the banks performance as shown by a mean of 4.85, partner match has enable our bank to form strategic alliance with mobile telecommunications as shown by a mean of 4.81, partner match has enable our bank to strategic alliances with insurance companies as shown by a mean of 4.77, strategic orientation formed have helped in increasing customer numbers as shown by a mean of 4.72. This is in line with Thompson and Martin (2010) who observed that today; companies have found that they can realize many of the benefits associated with vertical integration by entering into long term-term cooperative relationships with companies in industries along the value added chain. Examples of strategic cooperative relationships are strategic alliance, mergers, acquisition and joint ventures.

Strategic Partner's Management and Performance

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std. Dev.
Partner match has enable our bank to strategic alliances with insurance companies	0	0	0	17	58	4.77	1.67
Partner match has enable our bank to form strategic alliance with mobile telecommunications	0	0	0	14	61	4.81	1.77
Strategic orientation formed have helped in increasing customer numbers	0	0	0	21	54	4.72	1.56
Strategic orientation in our bank have improved the banks performance	0	0	0	11	64	4.85	1.86
Strategic orientation enable the bank to discover new customers	0	0	0	9	66	4.88	1.93

Commitment and cooperation of partners increase our bank profitability	0	0	0	3	72	4.96	2.13
Commitment and cooperation of partners increase our bank market share	0	0	0	4	71	4.95	2.09

ICT Deployment and Performance

On the respondents' level of agreement on statements related to ICT deployment and performance management and performance effect on performance of commercial banks. The study found that majority of the respondents agreed that Investment in in internet bank in our bank has enabled the minimization of administrative costs as shown by a mean of 4.96, their bank has invested in internet banking systems which has improve our banks profitability as shown by a mean of 4.93, their mobile banking system is compatible with other systems in this bank, which has led to increase in number of customer as shown by a mean of 4.89, In their bank agency banking has been crucial in delivering innovative customer services, which has increase our customer base as shown by a mean of 4.84, In their bank the mobile banking is flexible enough to support the growth of the banks market share as shown by a mean of 4.81, In their bank agency banking has been crucial in assisting employees to enhance their performance and profitability of the bank as shown by a mean of 4.80. This is in line with (Alu, 2012) who stated that Technological innovation such as the use of computer automation and electronic banking influences speed of bank services delivery, enhanced management decision making and saving time.

ICT Deployment and Performance

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
Our bank has invested in internet banking systems which has improve our banks profitability	0	0	0	5	70	4.93	2.06
Investment in in internet bank in our bank has enabled the minimization of administrative costs	0	0	0	3	72	4.96	2.13
Our mobile banking system is compatible with other systems in this bank, which has led to increase in number of customer	0	0	0	8	67	4.89	1.96
In our bank the mobile banking is flexible enough to support the growth of the banks market share	0	0	0	14	61	4.81	1.77
In our bank agency banking has been crucial in delivering innovative customer services, which has increase our customer base	0	0	0	12	63	4.84	1.83
In our bank agency banking has been crucial in assisting employees to enhance their performance and profitability of the bank	0	0	0	15	60	4.80	1.73

Correlation Analysis

		Performance	Capacity building strategies	Customer Relationship	Strategic Partner Management	ICT deployment
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	75				
Capacity building strategies	Pearson Correlation	.609**	1			
	Sig. (2-tailed)	.000				
	N	75	75	75		
Customer Relationship Management	Pearson Correlation	.645**	.802**	1		
	Sig. (2-tailed)	.000	.000			
	N	75	75	75		
Strategic Partner Management	Pearson Correlation	.330	.270	.093	1	
	Sig. (2-tailed)	.053	.116	.597		
	N	75	75	75	75	
ICT deployment	Pearson Correlation	.216	-.008	-.237	.638**	1
	Sig. (2-tailed)	.973	.965	.170	.000	
	N	75	75	75	75	75

From the findings on the correlation analysis between response strategies and performance of commercial banks, the study found that there was positive correlation coefficient between performance and customer relationship management strategies as shown by correlation factor of 0.645, the study also found a positive correlation between performance and capacity building strategies as shown by correlation coefficient of 0.609, association between performance and strategic partner management was found to have positive relationship as shown by correlation coefficient of 0.330, the study also found a positive correlation between performance and ICT deployment as shown by correlation coefficient of 0.216.

Regression Analysis

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table below the value of adjusted R squared was 0.731 an indication that there was variation of 73.1% on the organizational performance due to changes in capacity building strategies, customer relationship management strategies, strategic partner management and ICT deployment at 95% confidence interval. This shows that 73.1 % changes in organizational performance could be accounted to changes in capacity building strategies, customer relationship management strategies, strategic partner management and ICT deployment. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table below there was a strong positive relationship between the study variables as shown by 0.874.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874[a]	.764	.731	.12225

From the ANOVA statics in the table below, the processed data, which is the population parameters, had a significance level of 0.1% which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. The F calculated value was greater than the F critical value (4.180>2.502) an indication that there were significant difference between organizational performance and capacity building strategies, customer relationship management strategies, strategic partner management and ICT deployment. The significance value was less than 0.05 indicating goodness of fit of the model.

ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.488	4	0.372	4.180	.001
	Residual	6.23	70	0.089		
	Total	7.718	74			

The established regression equation was

$Y = 0.878 + 0.305\ X_1 + 0.071\ X_2 + 0.158\ X_3 + 0.245\ X_4$

From the above regression equation, it was revealed that holding capacity building strategies, customer relationship managements strategies, strategic partner management and ICT deployment to a constant zero, organizational performance would stand at 0.878, a unit increase in capacity building strategies would lead to increase performance by a factor of 0.305. A unit increase in customer relationship management strategy would lead to increase in performance by factors of 0.071. A unit increase in strategic partner management would lead to increase in performance by a factor of 0.158 and unit increase in ICT deployment would lead to increase in performance by a factor of 0.245. The study further revealed that staff trainings, customer relationship management, strategic partner management and ICT deployment were statistically significant to affecting organization performance, as all the p value (sig) were less than 0.05. The study also found that there was a positive relationship between organization performance and capacity building strategies, customer relationship management strategy, strategic partner management and ICT deployment.

Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.878	0.157		5.592	.016
	Capacity Building Strategies	0.305	0.078	0.402	3.910	.001
	Customer Relationship Management Strategies	0.245	0.067	0.182	3.657	.005
	Strategic Partner Management	0.158	0.048	0.183	3.292	.010
	ICT deployment	0.071	0.023	0.091	3.087	.020

CONCLUSION AND RECOMMENDATION

Conclusion

Capacity Building Strategies and Performance

From the findings, the study concludes that capacity building strategies has a great effect on the performance of commercial banks in Kenya. From the findings the study found that capacity building strategies positively affected the performance of commercial banks in Kenya, thus the study concludes that capacity building strategies positively affects the performance of commercial banks in Kenya.

Customer Relationship Management and Performance

The study revealed that customer relations management strategy positively influenced the performance of commercial banks in Kenya. The study thus concludes that customer relations management strategy positively influenced the performance of commercial banks in Kenya.

Strategic Partner's Management and Performance

From the finding the study concludes that strategic partner's management affects the performance of commercial banks in Kenya as the study found that strategic partner's management affects the performance of commercial banks in Kenya.

ICT Deployment and Performance

From the finding the study revealed that ICT deployment affects the performance of commercial banks in Kenya. Thus the study concludes that ICT deployment affects the performance of commercial banks in Kenya.

Recommendations

Capacity Building Strategies and Performance

From the findings the study recommends that there is need for the management of commercial banks in Kenya to continuously train their staff on new banking services, as the study found that capacity building strategies positively affected the performance of commercial banks in Kenya.

Customer Relationship Management Strategies and Performance

The study also recommends that there is need for the management of commercial banks to adopt customer relationship management as response strategy as the study revealed that customer relations management strategies positively influenced the performance of commercial banks in Kenya.

Strategic Partner's Management and Performance

From the finding the found that strategic partner's management affects the performance of commercial banks in Kenya, there is need to commercial bank to have proper strategies put in place to manage their strategic partnership.

ICT Deployment and Performance

The study recommends that there is need for the management of commercial banks to design policies and regulations that will encourage deployment of ICT as it was revealed that ICT deployment affects the performance of commercial banks in Kenya.

Area for Further Studies

This study sought to establish the effect of response strategies on the performance of commercial banks in Kenya. The study recommends that the study should be replicated to other industries like Insurance industry. The study also recommends that a similar study should be conducted in public sector.

REFERENCES

Akaranga, E. M. (2010). *The Process and Effects of Performance Contracting in Kenyan Public Sector*. MBA Project. United States International University (USIU), Nairobi.

Akintayo, D. I. (2011). Influence of workers` training on reduction of industrial conflict in industrial organizations in South-West Nigeria. *Int. J. Human Res. Stud*. 2: 23-30.

Allen, T. and Morton, M. (2014). *Information Technology and the Corporation of the 1990s*, New York: Oxford University Press.

Argenti P (2012). Crisis Communication: Lessons From 9/11. *Harvard. Business Review*. 80(12):103-109.

Arrow KJ (2013). Global climate change: a challenge to policy. *The Economists' Voice*. 4(3): 1-5.

Artley, W. (2011). *Establishing Accountability for Performance*. Volume 3. Oak Ridge Institute for Science and Education.

Bartram, S. and Gibson, B. (2012). *The Training Needs Analysis Toolkit*, 2nd ed. Amherst, MA: HRD Press, Inc.

Bertalanffy, L. Von (1962). Democracy and Elite: The Educational Quest. *New Currents in Modern Thought*, 19: 31-36.

Betcherman, G., McMullen, K. and Davidman, K. (2012). *Training for the New Economy: A Synthesis Report, Canadian Policy Research Network*, Ottawa, 117

Buhalis, D. and Law, R. (2012) Progress In Tourism Management: Twenty Years On And 10 Years After The Internet: The State Of E-Tourism Research. *Tourism Management*, 609–623.

De Goede M (2012). *Beyond Risk: Premediation And The Post 9/11 Security Imagination*. Secure. Dialogue 39(2-3):155-176.

DiMaggio, P.J. & Powell, W.W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, Vol. 48, No.2, 147-160.

Doug, M. and Scott, W.R. (2014). Organizations and Movements. *In Social Movements and Organization Theory*, Gerald Davis, Doug McAdam, W. Richard Scott, and Mayer Zald. New York: Cambridge University Press

Dyer, J. H. & Nobeoka, K (2000) Creating and Managing a High Performance Knowledge-Sharing Network: The Toyota Case. *Strategic Management Journal* 21 345–367

Fajana, S. (2012). *Human resource management*: An introduction. 1st edition, Macmillan Publisher, 455-469.

Garcia, M. (2015). Training and business performance: The Spanish case. *International Journal of Human Resource Management*, 16(9), 1691-1710.

Gholami, R., Emrouznejad, A., and Schmidt, H. (2012). *The Impact of ICT on Productivity of Airline Industry.* Operations and Information Management. Aston Business School.

Gitau, P (2011) *Strategic Responses by Citibank Limited to External Environmental Challenges.* Unpublished MBA Project, University of Nairobi

Global Economics Crisis Resource Center (2010). Global economic crisis: impact on international business. South-Western: Cengage Learning: Mason, OH.

Hengst, M., and Sol, H. G. (2011). *The impact of information and communication technology on Inter-organizational coordination: Guidelines from theory.* Informing Science, Special Series on Information Exchange in Electronic Markets. Retrieved from http://www.businessdictionary.com/

Ingwe, K.S (2012) Strategic *Responses by the National Bank of Kenya Limited to Challenges of Globalization.* Unpublished MBA Project, University of Nairobi

Jensen, M. & Meckling, W. (1976). Theory of the firm: Managerial behaviour agency costs and Capital structure. *Journal of Financial Economics*.

Kevin, J. (2012). *Information technology and sustained competitive advantage*: a resource-based analysis. MIS Quarterly,487–505.

Kisienya, L (2012) *Strategic Responses to Competitive Environment by Mobile Telephony Firms in Kenya.* Unpublished MBA Project, University of Nairobi

Kombo, D.K. and Tromp, D.L.A. (2009). *Proposal and Thesis Writing: An Introduction.* Paulines Publications Africa.

Kothari, C. (2010). *Research Methodology: Methods & Techniques*, 2nd edition. New age International Publishers, New Delhi, India.

Kuhn, A. (1974). *The Logic of Social Systems*. Jossey-Bass, San Francisco.

Laudon, C. and Laudon, P. (2013). *Management Information Systems*. New Jersey. Prentice-Hall.

Lyod, L. and Reynolds, G. (2014). *Labour economic and labour relations*: 4th edition, New Jersey: Prentice Hall.

M'iti, M. K (2011) *Strategic Responses by Internet Service Providers in Nairobi to The Growth of Mobile Telephony Industry in Kenya.* Unpublished MBA Project, University of Nairobi

Meyer, J.W., and Rowan, B. (1991). Institutionalized Organizations: Formal Structures as Myth and Ceremony. *American Journal of Sociology*, Vol. 83, No. 2, 340 - 363.

Miano, C. G (2011) *Strategic Responses to Competition in The Insurance Brokerage Sector by AON Kenya Insurance Brokers Limited.* Unpublished MBA Project, University of Nairobi

Mohamed, K. A (2012) *Strategic Responses to Environmental Changes in The Pharmaceutical Industry in Nairobi Kenya.* Unpublished MBA Project, University of Nairobi

Mokhlis, S. (2013). Determinants of Choice Criteria in Malaysia's Retail Banking: An Analysis of Gender-Based Choice Decisions. *European Journal of Economics, Finance and Administrative Sciences*,1(2)1450-1467.

Mugenda, O.M., and Mugenda A.G. (2008). Quantitative and Qualitative Approaches (3rd ed.). Nairobi: Acts Press

Mugweru, C. W (2012) *Strategic Responses of Barclays Bank of Kenya Limited to Challenges in The External Environment.* Unpublished MBA Project, University of Nairobi

Mukiri, P. K (2012) *Strategic Responses by East African Breweries Limited to Changes in The External Environment.* Unpublished MBA Project, University of Nairobi

Muthaura, F (2011) *Strategic Responses by Stockbrokers in Kenya to External Environment*

Mwanga, S., (2012*). Effects of Automated Teller Machines On Customer Retention in Commercial Banks in Meru Town, Kenya*. Unpublished Thesis. University of Nairobi.

Mwangi, M. C. (2011). *Strategic responses by chase bank Kenya limited to environmental changes in the banking Sector*, Unpublished MBA Thesis, University of Nairobi.

Nandi, V. F. A (2011) *Strategic Responses to Competition by Barclays Bank of Kenya Limited in The Credit Card Issuing Business.* Unpublished MBA Project, University of Nairobi

Ndunge, M. M. (2012). *Response strategies to challenges of competition by horticultural export firms in Kenya,* Unpublished MBA Thesis, University of Nairobi

Njiru, K, N. (2013). *Strategic responses to changes in the external environment by universities in Kenya*. Unpublished MBA Thesis, University of Nairobi.

Okari, H, Katula, B and Nyanumba, P (2016) Contemporary Strategic Approaches towards Sustainable Competitiveness in the Kenyan Banking Industry. *International Journal of Innovative Finance and Economics Research* 4(1):19-24, Jan.-Mar. 2016

Okeahalam, C.C. (2011). *Structure and conduct of commercial banking sector in South Africa*. [Online] Available: http://www.tips.org.co.za/files/499.pdf (September 17, 2011)

Okereke C, Wittneben B, Bowen F (2013). Climate change: challenges business, transforming politics. Bus. Soc. 48(4) 584-586.

Olaniyi, A. A (2014). *Manpower development and training in work organization: Case study of Nigerian Breweries Plc*. Unpublished MED Project, University of Ibadan, Ibadan.

Omole, M.A.L. (2014). Training and re-training: *A variable of technological development. J. Indust. Edu*., 14(2): 76-85

Pearce II J.A, Robinson Jr. R.B. and Mital A. (2012). *Strategic Management: Formulation, Implementation and Control*, 10th Edition.

Pfeffer, J., and Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective.* New York: Harper & Row.

Rosner, R. (2013). *Training is the answer* … but what was the question? Workforce, 78, 42-50.

Smith, R. (2004). Exploring the usefulness of a conceptual framework as a research tool: A researcher's reflections. *Issues in Educational Research,* Vol 14, *2004*, University of New England.

Smith, R. (2014). Exploring the usefulness of a conceptual framework as a research tool: A researcher's reflections. *Issues in Educational Research,* Vol 14, *2004*, University of New England.

Straetmans STM, Verschoor WFC, Wolff CCP (2012). Extreme US stock market fluctuations in the wake of 9/11. J. Appl. Econ. 23(1):17 - 42.

Thompson A. A, Strickland A. J. and Gramble, J. E. (2008): *Crafting and Executing Strategy, The Quest for Competitive Advantage*, 16th Edition.

Thompson, K. and Strickland, C. (2012). *Strategic Management*: Concepts and Cases, Irwin, New York

Zymelman, M. (2010). *The Economic Evaluation of Vocational Training Programmes*. London: The John Hopkins University Press, pp. 12-26.