*IOSR Journal of Business and Management (IOSR-JBM)*
*e-ISSN:2278-487X, p-ISSN: 2319-7668. Volume 26, Issue 5. Ser. 8 (May. 2024), PP 11-23*
*www.iosrjournals.org*

# Strategic Change Management Practices And Organizational Performance Of Selected Commercial Banks In Nakuru County, Kenya.

Anne Wanjiku Ndirangu & Janet Muthimi, Phd
[1]*department Of Business Administration, Kenyatta University*

**Abstract**
*Commercial banks performance in Kenya has been on a decline in terms of their customer efficiency, customer confidence and loss of consumers. Commercial banks in Nakuru County are implementing changes so as to overcome these challenges. Therefore, this study examined the influence of strategic change management practices (organizational learning, leadership, and communication) on organizational performance. Assimilation theory, transformational leadership theory, social exchange theory of communication, and balanced scorecard model were used as the study's theoretical foundations. A descriptive-correlational survey that targeted 204 management staff from 33 commercial banks in Nakuru County, Kenya was used. The 127-sample size was determined and respondents were selected via stratified random sampling. The questionnaire was piloted and was found to be valid and reliable at the 0.7 threshold. Using SPSS, the three variables explained 55.9 % of variation on organizational performance; individually, organisational leadership and learning had positive effects while communication did not have any effects on bank performance. The study concludes that organisational leadership followed by organisational learning contribute to performance while organizational communication does not. Managers are encouraged to implement knowledge creation practices including innovation, brainstorming, benchmarking, R&D, and exchange programmes. In terms of leadership, managers should act role models and this means acting and upholding moral, ethical values in their everyday interaction with employees and this will motivate them to achieve organisational goals during the change management process.*

**Keywords:** *Strategic change management practices, organisational learning, leadership, communication, organisation performance*

Date of Submission: 21-05-2024 Date of Acceptance: 31-05-2024

## I. Introduction

Globally, evidence indicates companies are pursuing strategic transformation to gain or maintain a competitive advantage or response to market changes by reengineering, restructuring, and/or innovation approach (Wiedner et al., 2017). Strategic change management practices (SCMPs) are important to firm performance by providing a chance to ensure that there is resilience for firms experiencing a significant change in their internal or external environment (Kaberi & Kung'u, 2022). The SCMPs are performed to make sure that firms maintain change management and reduce their resistance to change. These practices support organisational and behavioural adjustments to ensure that change is sustained and accommodated (Wakonyo & Muchemi, 2020). These practices enhance the strategic position of a firm to respond effectively to change without encountering significant constraints that negatively affect its operations (Asa, Nautwima & Khom-Oabes, 2023).

**Statement of the Problem**

The performance of commercial banks has been experiencing a decline. In terms of customer efficiency, the number of customers served by one employee reduced from 2,211 to 2,044 between 2021 and 2022. In terms of market share, there was a decline for all the three (Tier I, II, III) categories of banks large peer group (75.6% to 46.7%), medium peer group (16.29% to 16.41%), and small peer group (8.82% to 8.58%) during the same period (Central Bank of Kenya [CBK], 2021, 2022). In response to these challenges, commercial banks in Nakuru County have adopted innovation techniques (Karanja, 2021), functional strategies (Njogu & Kipkorir, 2022), investment diversification (Jelagat & Muoki, 2020), and making operational changes (M'mbwanga & Anyieni, 2022) so as to enhance their performance. These changes require a strategic change management approach so as to remain on the path of achieving organisation's vision and mission during these changes. However, there is a dearth of empirical evidence on SCMPs and organisational performance of commercial banks in Nakuru County and this is a gap the study filled.

**Research Objectives**

**General objective**

This study examined effectiveness of strategic change management practices and performance of selected commercial banks in Nakuru County, Kenya.

**Specific objectives**

The study was guided by the following specific objectives:

i. To establish influence of organizational learning on organizational performance of selected commercial banks in Nakuru County, Kenya
ii. To determine role of organizational leadership on organizational performance of selected commercial banks in Nakuru County, Kenya
iii. To assess influence of organizational communication on organizational performance of selected commercial banks in Nakuru County, Kenya

## II. Literature Review

**Theoretical Literature Review**

**Assimilation Theory**

The Assimilation Theory of learning was proposed by Ausubel et al. (1978) and it explains that organization learning is an action-based process of change that occurs when an individual learns from first-hand experience; these approaches describe learning as rational, quantifiable, and observable. The theory was further developed by Nevis, DiBella, and Goulds (1995) who developed a model of learning that is based on 3 distinct phases of knowledge acquisition, knowledge sharing, and knowledge retention/utilisation. Knowledge acquisition refers to the creation or development of insights, skills, and associations, knowledge sharing is the diffusion of what learning has occurred while knowledge utilisation or retention is the integration of learning to make it widely available and generalizable to emerging contexts (Leavitt, 2011).

According to Leavitt (2011), there are 7 learning orientations to provide a description of the mindset and methods from which learning occurs and these consist of value-chain focus, documentation mode, dissemination mode, knowledge source, learning focus, skill development focus, and product-process focus. Assimilation theory has been critiqued in its application in organizational learning as it does not give managers a chance to be able to acquire, share, and utilize the knowledge steps it outlines. A second criticism is its effectiveness in the modern context of firms as changes are fast and may overcome staff capacity to cope and assimilate with the increased demands due to change. Additionally, a frequent critique of the theory is its focus on newcomers despite the usual argument that assimilation is a lifelong process (Mousa, Massoud, & Ayoubi, 2021).

In this study, assimilation theory is relevant in measuring organisational learning among commercial banks in Nakuru City County. The three process of Knowledge creation, retention, and transfer. The questionnaire includes items on how the organisation provides an environment and system for which to facilitate creation of knowledge; the interaction between employees as a factor that contributes to retention of the acquired knowledge; and the mechanism in which sharing of information is adapted in the specific commercial bank in this case. Other studies (Chomngam, 2015; Mousa et al., 2021) have also used this theory to understand organizational learning in commercial banks.

**Transformational Leadership Theory**

Downton (1973) is credited with introducing theory of transformational leadership by providing it a description of leadership that is charismatic, inspires, and transactional. Burns (1978) contributed to the theory and distinguished transactional leadership as that where there is an exchange between leaders and their subordinates while transformational leadership was limited to those leaders that have ability to influence change in individual's values and attitudes of their followers to match the goals and vision of their leaders. These dimensions of leadership although developed from political leadership were now introduced to organizational leadership.

In the 90s, other scholars (Bass, Avolio, & Atwater, 1996) distinguished transformational leadership into 4 separate levels. Idealized influence defines leaders that are charismatic and have the ability to be simple and tact in delivering messages. Two, inspirational motivation are those leaders that are motivated and ready to commit to organisational vision of encouraging their team members to commitment by raising their sense of purpose, fostering community, and team spirit (Mutali, 2017).

Third, intellectual stimulation points to those leaders with the ability of inspiring followers to think independently and "outside the box" while promoting critical thinking. Lastly, leaders exhibiting individual consideration are able to attend to every follower's individual needs and provides encouragement to members to focus on the way each of them contributes to an overall goal (Mutali, 2017).

The theory has been criticized for its likely misuse when motivation has no moral responsibility and this leads to risks that followers may develop an interdependent relationship with leaders and use this as an encouragement to go against firm goals (Chaplin-Cheyne, 2021). Criticisms have also been levelled on the theory for its highly elitist nature as well as placing a significant status of its "heroic" description of leader at expense of their followers (Bose & Haque, 2011). Individual consideration, intellectual stimulation, inspirational motivation, and idealized were used to measure transformational leadership variable.

**Social Exchange Theory**

The SET was advanced by Homans (1958) and introduced the notion that we need to observe social behaviour as a means of interaction that is founded on exchanges between two parties that are influenced by rewards and sanctions from engaging in a specific behaviour. Social exchanges are different from those economic exchanges as the former were not defined but are more subjective and based on individual perception. The main principle of SET is mutual dependency suggesting that participants in a relationship are motivated to interact so as to achieve value in a desire  to avoid loss while increasing gains. At the same time achieve some extent of continuity of a relationship in time rather than a onetime interaction (Neill, 2018).

Scholars (Blau, 1964; Emerson, 1976) have defined SET in the organisational context as an action that leads to a reaction which is based on rewards for value exchange through power, trust, commitments, and reciprocity. Commitment refers to actors being ready to perform their duties based on their relationship with other employees while power describes the dependency among actors to perform their duties and this can be influences by the difference in dependence. Trust is defined as the expectations of the actor on others that they will correctly and justly implement their duties for mutual benefits with little or no monitoring. Reciprocity means relationships are bidirectional.

The SET has faced criticism by its simplification of social relations in organisations that can be complex and are influenced by several factors to consider in terms of whether to proceed with or end the relationship. SET has been accused of addressing altruism or selflessness as it explains that a person will often act rationally but feelings and emotions can influence communication but the theory ignores irrational behaviour of individuals in communication (Karanges et al., 2014). Despite these criticisms, the SET was used to measure communication between managers and their subordinates using the constructs; trust, reciprocity, commitment, and power.

**Balanced Score Card Model**

The BSC was advanced by Kaplan and Norton (1992) for assessing performance of organisations and is explained by 4 different perspectives. The focus in creation of value for their customers is the customer perspective of the BSC. Secondly, the priority given to strategic actions of an organisation to create shareholder satisfaction is the focus of internal business processes perspective. Third, focusing on profitability and risk is the purview of the financial perspective. Lastly, organisations creation of an environment that supports the innovation, growth, and change in an organization is the learning and growth perspective (Sharaf-Addin & Fazel, 2021).

The BSC has been criticized for being one-size-fits all theory that may have the potential to harm the organization that aims to be creative and innovative (Voelpel, Leibold, & Eckhoff, 2006). Secondly, the BSC has been accused of appealing to the emotional side of managers rather than being reliant on logic in its use of rhetorical and dramaturgical devices that make the BSC literature engaging and exciting for the readers (Nørreklit & Mitchell, 2014). Third, BSC has been critiqued for being a top-down approach for strategy implementation and this may result to reduced acceptance from employees.

The BSC is a measurement system used to identify areas of strength and those that require some immediate sort of action (Madsen & Stenheim, 2015). In this study, its 3 components were used to measure organisational performance of commercial banks. Thus, BSC is relevant as it addresses the organizational performance of banks using its 4 perspective which were used to measure performance along with the market share aspect.

**Empirical Literature Review**

**Organizational Learning and Organizational Performance**

Using Bank of America, Smith (2021) qualitative case study method and gathered information from employees and senior managers and was able to find that organisational learning positively influenced performance. The organizational learning component was measured by the staff development and training initiatives, communication, and teamwork had contributed to productivity and efficiency. The research was limited to one case and these findings may not be generalized to commercial banks in Nakuru City County. The research also used qualitative methods which will not be used as the objective of this study is to collect information from a relatively larger sample and different units of analysis.

Including different commercial banks, Johnson and Smith (2015) explored association between organizational learning commercial banks' performance using a mixed-method approach. The outcome indicated a positive effect of organisational learning on performance with aspects including communication, training, and leadership contributing significantly to organisational learning effectiveness. The findings are unique to commercial banks in the U.S. and are not generalizable to those in Nakuru City County. Furthermore, the data was collected from senior managers and the present study included three management level staff.

In South Korea, Kim, Watkins, and Lu (2016) collected their information from 100 commercial banks' staff to examine relationship between performance of banks and learning. Analysis indicated a positive influence on organizational performance from organizational learning; other findings indicated that employees that had attended training indicated higher levels of productivity and job satisfaction thereby indicating that providing employees benefitting from development and training programmes were more likely to contribute to better organizational performance. However, performance was limited to financial and knowledge components while this study included customer perspective to measure organizational performance.

In India, Jain (2020) undertook an investigation into influence of organisational learning and commercial banks' performance employees from 5 institutions by employing a survey design that sampled 200 respondents. Descriptive, correctional, and regression statistical analysis was performed and a positive impact of organisational performance from learning (training and development) was established. However, the measurement of performance was limited to financial aspect which is only one aspect of an organization's performance.

In Pakistan, Khan and Akbar (2017) included the moderating function of human capital between learning and performance among commercial banks employing a quantitative method that was adopted from which 200 respondents' interviews were using a structured questionnaire. There was a positive connection between firm performance and organizational learning; moreover, there was a moderating influence of human capital on this relationship implying that training and development initiatives were important in organisational learning. However, the study investigated the moderating role of variables in this relationship which will not be considered in the present study.

Using Guaranty Trust (GT) Bank in Nigeria, Tan and Olaore (2021) case study aimed to determine the relationship between organizational learning and human resource productivity and effectiveness. A positive relationship between learning and management performance was found showing learning had an influence on efficiency and effectiveness for staff at all levels of the organizational hierarchy. The findings could not be generalizable to other banks since the case study approach was adopted.

Ouma and Kombo (2016) used a food manufacturing companies to measure how organizational learning influenced performance using knowledge-based theory as its theoretical underpinning. A correlational research design that targeted 87 firms in the 7 sub-sectors in manufacturing. A beneficial relationship between the variables was found. The study was done in the manufacturing sector which operates at entirely different environments and dynamics and thus its results may not be generalizable to the commercial bank industry.

Keter, Rop, Sang, and Kiruithe (2019) did research on organizational learning dimensions on performance of selected commercial banks from Kisii and Nakuru City County employing cross-sectional survey research design that selected 257 staff. The dimension of team learning was a proxy for organisational learning measured by learning of new knowledge and skills, equal treatment among themselves, regarding collective achievements, valuing members in the organisation, goal adaptation, discussion and brainstorming of resolutions, issues, sharing goals, and improving cohesion. The analysis unveiled that team learning had a positive effect on organisational performance. The findings were not generalizable to Nakuru City County banks as the research was from Kisii County. Furthermore, team learning is not supported by theory and thus this research includes knowledge creation, retentions, and transfer adopted in this study.

**Leadership and Organizational Performance**

Zia-ud-Din et al. (2017) did their research on the strategic leadership impact on performance of employees finding a significant effect among the variables. The managers in strategic positions were the respondents who also revealed that engagement in work also mediated among employee performance and leadership. Performance was limited to employee performance and not organisational performance that represented only one component of measurement of organisational performance.

Islam and Islam (2017) in Bangladesh assessed relationship between strategic leadership and commercial banks performance using a questionnaire to interview employees and top managers. Multiple regression analysis revealed strategic leadership did have an effect on performance. Banks with a clear vision, mission, and strategic direction performed better than those that lacked these elements. The study also found that banks with effective communication and leadership practices were better equipped to deal with challenges, leading to improved performance. The sample was limited to top management and employees implying input from other middle-level and low-level management staff were not included and thereby only a fraction of management perspectives was captured.

Onu, Akinlabi, and Egbuta (2018) organizational performance and strategic leadership among firms in Nigeria's manufacturing sector exploring aspects such the Chief Executive Officer (CEO) ability to initiate change. The outcome indicated strong significant effect of leadership on performance. The investigation was done in the manufacturing sector which operates at entirely different environments and dynamics and thus its results may not be generalizable to the commercial bank industry.

Nzuki (2016) investigated the SCMPs adopted at ABSA bank finding top management was engaged in facilitating change at the organisation by offering training and motivating staff to adapt to new organisational changes. The success of any change management was dependent on the comprehension of the process among managers and this was achievable by providing management with training so as to acquire these skills. These findings were limited to Barclays bank and may not be generalizable to the other commercial banks in Nakuru County.

Olaka, Lewa, and Kiririo (2018) did research on strategy implementation and strategic leadership among banks and positive relationship between strategy implementation and establishing balanced organisation control and determining strategic direction. The dependent variable was not on organizational performance but was on strategy implementation but the study is useful on leadership; aspects used may be adapted to the present research.

Mwaura (2017) combined interviews, surveys, and secondary data to gather data from employees and managers to examine performance outcomes from strategic leadership influence. Strategic leadership had positive effects on performance; banks with leaders who were proactive and innovative in their approaches to decision-making performed better than those that did not; effective leadership practices including good communication, delegation of authority, and creating a positive work environment were key drivers of performance. The study included secondary data to measure variables and this limited the findings due to quality of secondary data available to measure performance and leadership.

Similarly, Abashe (2016) did research on strategy implementation and strategic leadership relationship among commercial banks using a sample of 106 managers selected via probability sampling. The study found leaders that develop strategic vision, strategies and set goals, made informed decisions affects all contributed to strategy implementation. However, the dependent variable was strategy implementation but leadership factors can be used to create a measure for leadership in this study.

Nyangoka (2016) examined influence of strategic leadership on bank profitability among 33 banks measuring strategic leadership by clear and concise vision, well design corporate strategy, and well-trained staff. Financial ratios were used to measure success of banks. Strategic leadership was shown to be critical for bank success. The study was limited to profitability aspect of performance and this was measured using objective parameters that do not provide recommendations for managers to implement to enhance organizational performance.

Ogechi (2016) was interested in strategic leadership and SME performance using a descriptive research design. Strategic leadership practices considered was effective management of corporate resources, guiding corporate strategic direction, organisational balanced controls, ethical practices, and encouraging organisation culture. Strategic leadership positively affected SME performance. However, SMEs were featured and not in commercial banks and these results is not generalizable to the commercial banks sector.

Mutali (2017) study assesses the different behaviour and styles on change management and the realization of employee morale, change objectives, overall satisfaction, and motivation within their jobs. Leaders adopted various styles were present in the company dependent on the need to change and most respondents were involved in the process of making decision in the firm. The analysis was focused on leadership styles and this is only one aspect of leadership and this study goes further by concentrating on transformational leadership and its perceived contribution to improved organizational performance.

**Communication and Performance**

In a sample of 50 U.S. commercial banks, Johnson and Smith (2015) studied the influence of strategic communication on financial performance relying on data collected via interviews and questionnaires from clients as well as bank staff. A positive effect of communications on financial performance was evident; moreover, effective strategic communication contributed to a better firm reputation, customer trust, and financial performance by profitability. This research was limited to financial performance which is only one aspect of organizational performance while other components from the BSC will be adopted.

In their research in Nepal, Shrestha, Parajuli, and Paudel (2019) performed an exploration into how the experience of banker's influence communication in commercial banks focusing on their effectiveness and understanding level in a workplace. An extensive desk review supplemented by a literature review were used to provide an in-depth knowledge on the topic finding that new technologies for communication transformed the exchange and storage of information among commercial banks. The desk research approach was adopted meaning no participants were included and there is need for empirical evidence for this association.

Chepkosgei, Mwangi, and Kinyua (2020) did their research on examining effect of channels of communication, communication technologies and feedback on performance using descriptive research. The 145 respondents were selected using stratified random sampling and they revealed that performance was affected by strategic communication. These findings were limited to state corporations and may not be generalizable to commercial banks as these are private and profit-making organisations.

Wakonyo and Muchemi (2020) investigated how practices for managing change affected service delivery of the Uasin Gishu county national police service (NPS) from its 158 respondents. Employee involvement positively affected performance and effective communication was critical to performance and this required the support of senior management. This study was limited to a state agency and these results may not be generalizable to a profit-making organisation as commercial banks.

Otieno, Waiganjo, and Njeru (2015) did their research on organization performance based on their employee communication among horticultural firms using qualitative and quantitative data revealed employee communication was a significant factor explaining organisational performance. This study was focused on employee communication which is not part of strategic communication function; moreover, the findings were only generalizable to commercial banks as the research was in horticultural sector.

## III. Research Methodology

The descriptive-correlation survey design was used in this study as it allows for one to examine cause-and-effect relationships between organizational learning and organizational performance. This design enabled extensive description, analysis, and testing of the relationship between independent and dependent variables.

**Population, sample size, and sampling method**

The 33 commercial banks in Nakuru County made for the unit of analysis and the units of observation is the 204-management staff. The Yamane (1967) sample size formula presented below was used to arrive at the 127 participants as distributed in Table 3.1.

$$n = \frac{N}{1 + N(e)^2}$$

Where:
n = Sample size
N = Population
e = Acceptable sampling error (95%)

**Table 1: Target Population and sample size**

| Management level | Population | Sample Size |
|---|---|---|
| Top management | 34 | 21 |
| Middle management | 68 | 42 |
| Low management | 102 | 64 |
| **Total** | **204** | **127** |

**Data collection instrument**

A structured questionnaire was used to gather information for each of the variables using a 5-point Likert scale as follows: Organisational learning (9 items), communication (12 items), leadership (11 items), and organizational performance (21 items). The instrument's validity and reliability were determined using internal consistency test where the Cronbach's Alpha coefficient calculated following the pretest met threshold of 0.7 and was therefore deemed reliable and valid.

**Data analysis**

Version 26 of the Statistical Package for the Social Sciences (SPSS) was used to undertake descriptive analysis including mean, standard deviation, frequency distributions, Pearson (*r*) correlation, and multiple linear regression analysis at the 95 % confidence level.

$$\mathbf{Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon}$$

Where:
Y = Organizational performance
$\alpha$ = Constant
$\beta_1 - \beta_3$ = Beta coefficients
$X_1$ = Organizational learning
$X_2$ = Organizational leadership
$X_3$ = Organizational communication
$\epsilon$ = error term

## IV. Results And Discussion

**Response rate**

**Table 2: Response rate**

| Questionnaires | Number | Percent |
|---|---|---|
| Administered | 127 | 100.0 |
| Returned | 109 | 85.8 |
| Non-response | 18 | 14.2 |

Table 2 shows 109 questionnaires were returned from the administered representing a response rate of 85.8%. This was achieved by conducting follow-ups with participants to respond and submit their surveys back during the three-week data collection exercise. The acceptable response rates advocated for educational research is 70% based on De Vaus (2013) arguments.

**Background information**

Background or demographic information is important for researchers as this data provides a snapshot of those that findings can be generalized.

**Gender**

**Table 3: Gender distribution among respondents**

| Gender | Frequency | Percent |
|---|---|---|
| Male | 67 | 61.5 |
| Female | 42 | 38.5 |
| **Total** | **109** | **100.0** |

More respondents were male (61.5%) and female represented the remaining 38.5% as Table 3 shows. The findings indicate there is still a significant gap in terms of gender representation in management in the banking sector and this requires further and greater efforts from individual organisations to create, implement, and enforcement of gender diversity and representation in the commercial banking sector. The industry does have a large pool of staff who are female; however, this large representation in the sector does not translate to women being in leadership positions in the industry.

Additionally, women have also attained higher educational qualifications and also meet the minimum requirements for senior leadership positions in the sector but these does not translate to the number of women in these positions. This implies that women are yet to reach equal number of representations of senior leadership positions in the sector compared to their male colleagues (Juma, 2020).

**Education level**

**Table 4: Educational qualifications among respondents**

| Education | Frequency | Percent |
|---|---|---|
| Diploma | 7 | 6.4 |
| Bachelor's Degree | 63 | 57.8 |
| Master's Degree | 39 | 35.8 |
| **Total** | **109** | **100.0** |

There were more managers with an undergraduate degree representing the 57.8% followed by those who had a postgraduate degree represented at 35.8% with the least numbered respondents had a diploma as summarized in Table 4. The outcome of these findings can be attributed to the relevance of a Bachelor’s Degree as a minimum qualification for a management level position while most managers are pursuing further education as a requirement for promotion in management that is based on experience and higher educational qualifications. The diploma level of education can be attributed to qualifications in expert or professional certifications in information technology (IT) and certified public accountancy (CPA).

**Management level**

**Table 5: Management level distribution among respondents**

| Management level | Frequency | Percent |
|---|---|---|
| Low level management | 22 | 20.2 |
| Middle level management | 71 | 65.1 |
| Top level management | 16 | 14.7 |
| **Total** | **109** | **100.0** |

In regards to management levels, most were in middle management level (65.1%), followed by low level management (20.2%), and top-level management (14.7%) as shown in Table 5. Middle management are charged with facilitating change in an organization therefore provide greater validity and reliability of the findings. The top management staff engagement in the study was minimal as these employees of an organisation may not be readily available to participate in research.

There was a relatively small representation of low-level managers who are engaged in developing their subordinates' skills by driving and leading major business initiatives. In conclusion, middle managers shared their experiences with change management as they critical for the process of change implementation. In terms of change management process in organisations, most models developed focus on the phases of execution from the perspective of middle-managers (Johansson & Svensson, 2017).

**Experience**

**Table 6: Experience distribution among employees**

| Experience | Frequency | Percent |
|---|---|---|
| Less than 2 years | 11 | 10.1 |
| 3-6 years | 40 | 36.7 |
| 7-9 years | 25 | 22.9 |
| More than 10 years | 33 | 30.3 |
| **Total** | **109** | **100.0** |

Table 6 shows managers with 3 – 6 years management experience accounted for 36.7% followed by 30.3 % with more than 10 years. Those with 7 – 9 years represented 22.9% while 10.1% had less than 2 years. In terms of experience, more managers had more than 10 years' experience with the majority having 3-6 years experiences. The relatively greater number of respondents with more than 10 years had more knowledge and "ins and outs" of the sampled banks and therefore provides some validity to the findings. The least represented group of respondents were those that had been in the organization for less than two years which means that the findings may be as accurate as possible.

**Descriptive statistics**

This section is a presentation of descriptive statistics for each of the four variables in terms of their central tendency presented for all the four variables.

**Organizational learning**

The study analyzed organizational learning and performance where a rating scale from 1 to 5 was provided; 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. The results were shown in Table 7.

**Table 7: Organizational learning**

| Statements on Organizational learning | Mean | Std. Deviation |
|---|---|---|
| The bank has a system that facilitates learning among its staff | 3.74 | 1.004 |
| The bank facilitates learning at the individual level | 3.70 | 1.143 |
| The bank facilitates learning at the team level | 3.91 | 0.986 |
| The bank facilitates learning at the organizational level | 3.81 | 1.014 |
| Staff ask for other staff with experience to teach them at the job | 3.74 | 0.985 |
| Staff always share reports with other staff members | 3.44 | 1.067 |
| Staff asks other staff for new knowledge | 3.55 | 1.050 |
| Staff asks other staff for new information | 3.75 | 1.020 |
| The organization facilitates knowledge sharing among teams | 3.90 | 0.952 |
| The organisation facilitates incentives for knowledge sharing | 2.72 | 1.346 |
| Managers share knowledge to their subordinates | 3.69 | 1.025 |
| Colleagues will share knowledge with me if I ask them to | 4.11 | 0.809 |
| **Aggregate Scores** | **3.60** | **1.033** |

The findings from Table 7 showed that banks had a system that facilitated learning among staff as shown by mean score 3.74, standard deviation 1.004. The bank facilitated learning at the individual level as seen by mean score 3.70, standard deviation 1.143. The results indicated bank facilitated learning at the team level as shown by mean score 3.91, standard deviation 0.986. The results indicated banks facilitated learning at the organisational level as shown by mean score 3.81, standard deviation 1.014. The findings show staff asked other staff with experience to assist them in their job as seen in mean score 3.74, standard deviation 0.985.

The results show staff always shared reports with other staff members as shown by mean score 3.44, standard deviation 1.067. The findings revealed staff asked other staff to acquire new knowledge as shown by mean score 3.55, standard deviation 1.050. The findings show staff asked other employees for new information as seen in mean score 3.75, standard deviation 0.952. The findings indicate that banks facilitated incentives for sharing knowledge as shown by mean score 2.72, standard deviation 1.346. The results show that managers share knowledge to their subordinates as shown by mean score 3.69, standard deviation 1.025. The findings showed managers shared knowledge with their subordinates when they asked for it as shown by mean score 4.11.

The results indicate that employees were sharing knowledge in their organizations as indicated by respondent agreement. Knowledge sharing that consists of sharing what has been learnt and utilization of knowledge involves combining learning to make it readily accessible and used in emerging situations. The findings are similar to those of Wanjohi and Muchemi (2023) in which practices of sharing knowledge among banks in Nyeri was positively perceived; however, those staff working in teams has trouble sharing knowledge. In similar, Shami, Rehman, and Bin Dost (2019) found evidence to indicate that implementing practices of sharing knowledge in the organisation would increase chances for reaching high performance.

However, findings revealed that banks did not provide any incentives for sharing knowledge among its employees. This concern is not new as Wanjohi and Muchemi (2023) made recommendations for banks to give incentives for employees to share knowledge and promote this culture suggesting that presently, employees were not incentivized to share knowledge. Based on the principles of SET, Ibrahim, Abdul-Talib, and Jedin (2018) explained that there was a need for banks to create strong interpersonal relationships among team and group members to motivate them to share knowledge.

**Leadership**

The study analyzed organizational leadership and performance where a rating scale from 1 to 5 was provided; 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. The results were shown in Table 4.7.

**Table 8: Organizational leadership**

| Statements on Organizational Leadership | Mean | Std. Deviation |
|---|---|---|
| Management staff assist subordinate employees to develop | 3.59 | 1.020 |
| Management staff provide feedback on performance | 4.08 | 0.807 |
| Management staff give individualized attention | 2.96 | 1.036 |
| Manager support new and innovative ways of working | 3.55 | 1.093 |
| Managers encourage employees to think in new ways | 3.57 | 1.057 |
| Managers create environment for questioning assumptions | 3.11 | 1.125 |
| Managers create environment for question perspectives | 3.08 | 1.081 |
| The management staff give example for high ethical behavior | 3.94 | 0.951 |

| | | |
|---|---|---|
| Management staff instill pride in the employees | 3.51 | 0.978 |
| Management staff gain respect from their subordinates | 3.66 | 1.091 |
| Management staff benefit from trust from their subordinates | 3.58 | 0.864 |
| Management staff communicate optimism about future goals | 3.74 | 0.966 |
| Management staff challenge followers with high standards | 3.41 | 1.073 |
| Management staff make organizational vision understandable | 3.72 | 1.001 |
| Management staff provide meaning for the task at hand | 3.77 | 0.846 |
| **Aggregate Scores** | **3.66** | **0.972** |

The findings in Table 8 revealed that management staff provided feedback to their subordinates on their performance by a mean score of 4.08, standard deviation 0.807. The findings revealed that management staff assisted subordinate staff to develop by a mean score of 3.59, standard deviation 1.020. The analysis revealed that managers supported new and innovative ways of working as seen by a mean score of 3.55, standard deviation 1.093. The results indicated managers encourage staff to think in new ways by a 3.57 mean score, standard deviation 1.057. The findings revealed managers created environment for questioning assumptions with a mean score of 3.11, standard deviation 1.125. The outcome showed that managers created environment for questioning perspectives as seen by a mean score of 3.08, standard deviation 1.081. The results indicated management staff give examples for high ethical behaviour by a mean score of 3.94, standard deviation 0.951. The study revealed that management staff instils pride in their employees by a mean score of 3.51, standard deviation 0.978. The findings indicated management staff gained respect from their stakeholders by a mean score of 3.66, standard deviation 1.091. The findings show management staff benefited from trust from their subordinates by a 3.58 mean score and standard deviation 0.864. The results indicate management staff communicated optimism about future goals as shown a mean score of 3.74, standard deviation 1.966. The output showed management staff challenged followers with high standards by a mean score of 3.41, standard deviation 1.073. The management staff made organisational vision understandable for staff by a 3.72 mean score, standard deviation 1.001. The management staff provided meaning for the task at hand as shown by 2.96 mean score, standard deviation 1.036. Management staff gave personal attention to those marginalized in the organisation by 2.96 mean score, standard deviation 1.036. The study also found that organisational leadership

These results revealed management staff was influential in the performance of employees as they provided feedback on their performance. This is in line with Eboh, Eke, and Agu (2017) research that found managers provided constructive feedback on performance on a regular basis, supervisor(s) provided feedback and suggestion for performance management, and managers provide ongoing performance feedback to prevent problems from arising. Abdullahi and Bett (2018) found that commercial banks encouraged managers to give feedback to encourage employees set their own goals, judge own performance and take full responsibility. The feedback allows the both manager and employee to give more of themselves to the process and the organisation (Pather, 2014).

**Communication**

The study analyzed the effect of organizational communication on performance of selected commercial banks in Nakuru county, Kenya where a rating scale from 1 to 5 was provided; 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. The results were shown in Table 9.

**Table 9: Organizational communication**

| Statements on Organizational communication | Mean | Std. Deviation |
|---|---|---|
| I receive timely communication from my direct supervisor | 3.68 | 0.951 |
| I receive adequate communication from my direct supervisor | 3.60 | 0.982 |
| I receive complete communication from my direct supervisor | 3.56 | 1.075 |
| Employees are willing to assume additional responsibilities | 3.33 | 1.255 |
| Employees are willing to take personal initiative | 3.66 | 1.226 |
| The employees are involved during its change processes | 3.52 | 1.077 |
| The employees share expectations from organization changes | 3.45 | 1.126 |
| Knowledge sharing between managers/subordinates is mutual | 3.25 | 1.029 |
| Knowledge sharing between managers/subordinates is fair | 3.28 | 1.010 |
| Managers show high levels of personal involvement | 3.59 | 1.047 |
| Management use their power to assist others solve problems | 3.50 | 1.077 |
| The manager is likely to use their power to bail me out | 2.48 | 1.191 |
| **Aggregate Scores** | **3.41** | **1.087** |

The findings illustrated that managers were likely to use powers to bail out employees in the workplace by a 2.48 mean score, standard deviation 1.191. The findings show employees received timely communication from their direct supervisor by a mean score of 3.68, standard deviation 0.951. The results revealed employees received adequate communication from their direct supervisor by a mean score of 3.56, standard deviation 1.075. The findings' revealed employees were ready to accept additional responsibility by a mean score of 3.33, standard deviation 1.255. The results indicated employee's readiness to take personal initiative by a mean score of 3.66, standard deviation 1.266.

The results revealed that employees were involved in the change processes by a mean score of 3.52, standard deviation 1.029. The findings show employees shared expectation from organisation changes by a mean score of 3.45 and 1.126 standard deviation. The study showed that knowledge sharing between managers and their subordinates was mutual as seen in a mean score of 3.25 and 1.010 standard deviation.

The results revealed that knowledge sharing between managers and their subordinates was fair by a mean score of 3.28 and 1.047 standard deviation. The findings show there was knowledge sharing between managers and their subordinates by a mean score of 3.28 and mean score of 1.010. The managers showed high levels of personal involvement with their subordinates by a mean score of 3.59 and 1.047 standard deviation. The findings showed that managers used their powers to assist subordinates to solve their problems by a mean score of 3.50 and standard deviation of 1.077.

The major finding was disagreement that managers were likely to use powers to bail out employees at the workplace suggesting that managers did not use their position and influences to assist subordinates dealing with a problem at the workplace. According to Melkamu (2023), social roles should be enhanced in an organisation so as to promote informal or personal communication among staff and this can further influence commitment to the organisation. Wikaningrum and Mas'ud (2020) suggest that banks should encourage and facilitate the process of communication through the provision of rewards, the development of communities of practice, forums that create interacting opportunities, mentoring systems, and job design that facilitate interpersonal communication and collective problem-solving.

**Organizational performance**

The study analysed organizational performance where a rating scale from 1 to 5 was provided; 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. The results were shown in Table 10.

**Table 10: Organizational performance**

| Statements on Organizational Performance | Mean | Std. Deviation |
|---|---|---|
| The bank continuously makes effort to serve customers fairly | 4.27 | 0.812 |
| The customer has access to managers and officials of the bank | 4.11 | 0.985 |
| Customer complaints are dealt with directly with them | 3.94 | 0.936 |
| The bank identifies customers opinions in product evaluation | 3.81 | 0.947 |
| The bank creates services to meet/exceed customer satisfaction | 4.05 | 0.865 |
| The bank undertakes review of its internal procedures | 4.04 | 1.027 |
| The bank's administrative processes facilitate task completion | 3.88 | 0.836 |
| The bank's management is engaged in creating staff capabilities | 3.72 | 0.934 |
| The bank's management creates skills of employees | 3.83 | 1.035 |
| The bank's management rewards employee creativity | 3.31 | 1.128 |
| The bank provides adequate career development programmes | 3.12 | 1.168 |
| There has been an increase in the bank's profits | 3.45 | 1.258 |
| There has been an improvement in the bank's operating income | 3.45 | 1.182 |
| The bank has reduced business expenses to increase profits | 3.68 | 0.971 |
| The bank has been able to reduce its dependency on loans/debt | 3.08 | 1.156 |
| The bank has experienced a growth in its sales of products | 3.50 | 1.135 |
| The bank has increased in its return-on-investment | 3.55 | 1.134 |
| The bank has maintained its market share in the recent past | 3.28 | 1.231 |
| The bank's market share has been on an upwards trajectory | 2.92 | 1.362 |
| The bank's market share has been declining/shrinking | 3.10 | 1.146 |
| There are opportunities for increasing bank's market share | 3.12 | 1.112 |
| **Aggregate Scores** | 3.11 | 1.212 |

The findings show an overall mean score for organisational performance was 3.11 and standard deviation of 1.112. The findings indicated banks continuously made effort to serve customers fairly as shown by mean score

4.27, standard deviation 0.812. The results indicated customers have access to officials and managers as shown by mean score 4.11, standard deviation 0.985. The results revealed banks created services to meet customer satisfaction as shown by mean score 4.05, standard deviation 0.865. The results revealed that weaknesses and strengths of the bank was dependent on its internal procedures as shown by mean score 4.04, standard deviation 1.027. The analysis revealed that market share of banks has been growing as shown in mean score 2.92, standard deviation 1.362.

The results show customers complaints were dealt with directly as shown by mean score 3.94, standard deviation 0.936. The results show that customers opinions in product evaluation was identified by the bank by mean score 3.81, standard deviation 0.947. The results showed the bank's administrative processes facilitated task completion as shown by mean score 3.88, standard deviation 0.836. The outcome indicates that bank's management is engaged in creating staff capabilities as shown by mean score 3.72, standard deviation 0.934.

The results revealed that bank's management created skills of employees by mean score 3.83, standard deviation 1.035. The findings show bank's management rewards employee creativity as shown by mean score 3.31 and standard deviation 1.128. The results indicated that bank's provided adequate career development programmes as shown by mean score 3.12, standard deviation 1.168. The findings show that banks experienced an increase in their profits as shown by mean score 3.45 and standard deviation 1.258.

The findings revealed that there was an improvement in their operating incomes as seen by mean score 3.45, standard deviation 1.182. The results illustrate that banks had reduced their expenses to increase their profits as shown by mean score 3.68, standard deviation 0.971. The results revealed that banks have been able to reduce their dependency on debt and loans as seen by mean score 3.08, standard deviation 1.156. The findings show banks have experienced a growth in their sales as shown by mean score 3.50, standard deviation 1.135.

The study found the bank has increased their return on investments (ROI) as shown by mean score 3.55, standard deviation. The banks have been able to maintain market share as seen by mean score 3.28, standard deviation 1.231. The findings show banks market share has been on a decline as shown by mean score 3.10, standard deviation 1.1.46. The findings show there are opportunities for increasing market share of banks as shown by mean score 3.12, standard deviation 1.112.

There was agreement that banks serve customers fairly and this contributed to better organisational performance and supports Mwangi (2017) who established that positive perceptions of customer services promote loyalty to the organisations. Secondly, respondents agreed that customers were able to access managers and officials and this supports those findings of Obioha and Garg (2018) showed that increased customer access to officials and managers contributed to their loyalty and therefore overall performance of the organisation.

Third, findings revealed banks created services to exceed customer satisfaction and this agrees with those of Kulkarni and Tilak (2023) where banks that consistently met the expectations of their customers were able to retain them and there was greater chance of them recommending the bank to others. This consequently led to positive word of mouth (WOM) marketing and thereby companies achieve brand growth and customer acquisition. Fourth, banks were found to undertake review of their internal procedures corroborating the findings from Okab (2014) which revealed that banks with risk management control were more likely to witness better organisational performance.

The respondents disagreed on the upward trajectory of market share of commercial banks implying that there was a decline in market share of the sampled banks and this evidence aligns with data from the CBK. For example, during 2019/2020, the large peer group had their market share decline 74.68 % to 74.55 % (CBK, 2020). During 2020/2021, medium peer group banks market share also declined from 17.21% to 16.41 % and this trend also contributed during 2021/2022 where it further declined to 16.29%. Those in the Small Peer group market share decreased from 8.82 % to 8.58 % in the year 2021/2022 (CBK, 2021). CBK, 2022).

**Correlation coefficient analysis**

**Table 11: Correlation coefficients**

| | | Organizational learning | Organizational leadership | Organizational communication |
|---|---|---|---|---|
| Organizational learning | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| Leadership | Pearson Correlation | .591** | 1 | |
| | Sig. (2-tailed) | 0.000 | | |
| Communication | Pearson Correlation | .527** | .754** | 1 |
| | Sig. (2-tailed) | 0.000 | 0.000 | |
| Organizational Performance | Pearson Correlation | .613** | .706** | .531** |
| | Sig. (2-tailed) | 0.000 | 0.000 | 0.000 |
| | N | 109 | 109 | 109 |

** Correlation is significant at the 0.01 level (2-tailed).

Table 11 indicates correlation coefficients from the Pearson (*r*) Product Moment Correlation that show positive and significant association between all independent variables with organisational performance. Organizational leadership ($r = 0.706$, $p < 0.05$), organizational learning ($r = 0.613$, $p < 0.05$), and organizational communication ($r = 0.531$, $p < 0.05$) moved in the same direction with organisational performance and this necessitated further inquiry into this relationship using regression analysis in the subsequent section.

**Regression analysis**

Table 4 indicate that the three variables (organisational learning, leadership, and communication) explained 55.9% variation on performance of commercial banks in Nakuru County. Additionally, this effect was found to be statistically significant [$F$ (3, 105) = 44.382, $p$ = .00)]. The coefficients indicate that organizational learning ($\beta = 0.288$, $p < 0.05$) and organizational leadership ($\beta = 0.485$ $p < 0.05$) had a positive and significant effect on performance of commercial banks. However, organizational communication ($\beta = -0.049$, $p > 0.05$) had a negative but statistically insignificant effect on performance.

**Table 12: Regression output**

| R | R Square | Adjusted R Square | Std. Error of the Estimate | | |
|---|---|---|---|---|---|
| .748a | 0.559 | 0.546 | 0.416 | | |
| | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| Regression | 23.041 | 3 | 7.68 | 44.382 | .000[b] |
| Residual | 18.171 | 105 | 0.173 | | |
| Total | 41.212 | 108 | | | |
| | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
| | **B** | **Std. Error** | **Beta** | | |
| (Constant) | 0.968 | 0.241 | | 4.010 | 0.000 |
| Learning | 0.288 | 0.076 | 0.308 | 3.785 | 0.000 |
| Leadership | 0.485 | 0.089 | 0.57 | 5.418 | 0.000 |
| Communication | -0.049 | 0.081 | -0.06 | -0.602 | 0.548 |

## V. Conclusion

The study concludes that creating knowledge is an important aspect of organisational learning that commercial banks should focus on so as to improve their performance during a change process. Secondly, the study concludes idealized influence as a component of leadership where managers act as role models for their subordinates, acts as an added advantage for their performance during a change management process. Third, it is the conclusion that trust should be at the forefront of managers undergoing change in their banks; it should be maintained and improved to contribute positively to performance during the change management process.

## VI. Recommendations

The study recommends that managers should focus on knowledge creation in their promotion of learning when undergoing any changes. Therefore, managers should strive to implement knowledge creation practices including innovation, brainstorming, benchmarking, research and development (R&D), and exchange programmes.

The transformational leadership style is recommended by practicing their idealized influence on subordinates by being role models in the change management process. The research recommends that managers actions should be guided by their sense, values, and views of the organisation mission.

The study suggests that managers should strive to be trustworthy in their exchange with subordinates with any information they exchange during the change management process. Thus, managers portraying trust in their interaction with subordinates means that both parties will benefit mutually from this interaction and these exchanges can result in positive outcomes in the change management process. Therefore, managers as agents of change should use every opportunity to create trust by being honest, authentic, and transparent in their communication with subordinates.