Managing Change in Banking Organizations: The Case of a UK Commercial Bank

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Abstract. This paper examines the planning and implementation of organizational change in business organizations. The prior research and literature on models of change illustrates different perspectives of change in organizations. The chosen methodology for this research is a case study. The target organization under examination is a commercial bank operating in London, UK. The name and identity of the bank are confidential for reasons and request by the organization itself. The level of data sources of this research is secondary. Data sources are based on documents and sources which were provided by organization management. The findings of the case study indicate strong congruence between theory and practice.

Keywords: Models of Change, Managing Change, Commercial Banks, Action Research Model of Change, Lewin Model of Change.

1. Introduction

In today's new reality of business leadership paradigm, change is the only constant. The new millennium has witnessed several aspects of change including information technology, battle for superior talents, information overload, diversified environments, customer changing trends and demographics, economical and geopolitical drivers of change. The challenge that faces successful and even visionary organizations is how sustain successful effective change in a way to preserve core values and purposes on the one hand; and manage changing cultural and operating practices and specific goals and strategies on the other hand (Collins and Porras, 2002) (Collins, 2002). The purpose of this research is to examine effective models of organizational change in banking organizations which could be applied in real arena of business organizations. The research aims to investigate the interaction between theoretical models of change and implementation of change in real world cases

of business organizations.

2. Managing Change at Banking Industry

Managing change at business organizations requires diagnostic approaches performed by organizations. Banking organizations are no exception to this rule. Several studies examined changing environments in banking industry and its effect on banks strategies, management styles, decision making paradigms, organizational cultures, human resources practices (Storey et al., 1997, Fletcher, 2012, Slattery and Nellis, 2005, Ullah, Ali and Azam, 2016, Ali and Sattam, 2017, Palečková, 2017, Lloyd-Walker and Cheung, 1999).

A recent study on Nigerian Banking sector explored the association between cultural values in banking organizations and HR outcomes and found significant positive relationship, emphasizing the need for corporate strategies and core values to develop co-workers organizational behaviors in banking sector (Atikua, Fields and Abe, 2017).

Banking sector has been subject of scrutiny of external and internal forces in many countries, particularly in the UK, since the 1980s (Dalati, 2008). Technology, in particular the internet, is a key driver of internal changes. Internal change has been greatly amplified by the same factors such as internet, leadership and organizational structure and innovation. The internal changes are causing major delivery changes. The synergies of these forces will bring about a major transformation of the banking sector. The future of banking sector has undergone major change further more with advancement of worldwide telecommunication infrastructure, lower operational cost and customer increasing trend of self-service technology including ATMs, online banking and other technology oriented services and applications (Jayawardhena and Foley, 2000, Ahmad, 2005).

In the twenty first century environment, banking industry in the UK is facing significant challenges of developing and sustaining competitive advantage due to different factors related to globalizations, information exploitation, customer changing demographics and social tends   most importantly product diversification (Ahmad, 2005).

3. Prior Research on Models of Change

Different models of planned change examined the implementation of change programs in organizations (Lewin, Cartwright and Price, 1951, Kotter, 1996, Reason and Bradbury, 2008, Cummings and Worley, 2009, McGuire and

Hutchings, 2006, Johnson, 2004, Kotter, 2007, Butcher and Atkinson, 2001, Milling and Zimmermann, 2010, Latta, 2015, Al-Haddad and Kotnour, 2015, Cervone, 2013, Cacioppe and Edwards, 2005).   These approaches to change management in organizations examined different methods on an individual, group, and organizational levels, examining both internal, customer and external environments influencing organizations.

Kurt Lewin planned model of change is classical approach which studied factors that contribute to keeping organization environment and systems stable. Lewin believed that change is achieved through modification of the factors which keep organization environment stable. Lewin identified two forces which are acting in opposite directions. The first type of forces are those factors that endeavor to maintain the status quo as stable and static. The second are those factors which push for change. To change the status quo, Lewin argues, agents of change should increase forces demanding change, decrease forces maintaining the status quo, or apply both strategies. According to Lewin model of change, there are three stages of change implementation which are unfreezing stage followed by moving and transformation process, and finally refreeze (Lewin, Cartwright and Price, 1951).

Kotter(1996) developed an eight- stage process of change and successful transformation for organizations. Kotter elaborates on the changing paradigm from the old reality of the 1960s to new reality of the 1990s. The old reality is characterized by stability and mentality of "if it isn't broke, do not fix it."; whereas the new reality of globalization is characterized by uncontrollable forces, turmoil, turbulence, threats and opportunities. Kotter (1996) describes the process of change in 8 stages in organizations starting with establishing a sense of urgency by the agent of change, then generating the directorial partnership and coalition. This will be followed by developing vision and strategy, then communicating the vision, empowering people to take action, while producing short term wins, consolidating gains and producing more change, and finally institutionalizing new approaches in the organization culture.

Another classical model of change is referred to as Action Research Model, which examines change as a process starting with diagnoses of the organization and data collection, action planning and implementation, as well as careful evaluation of outcomes of change. The model comprises of eight stages staring with problem identification, then consulting with OD practitioner, who will eventually and in conjunction with the organization perform data collection and preliminary diagnoses. This will be followed by providing feedback to the client organization, which will consequently be discussed and examined as joint

diagnoses of the problem where a client – consultant effective joint diagnoses is performed. Next stage examines development of a joint action plan, which will be implemented subsequently. Finally, data will be collected after the action has been implemented to evaluate the outcomes of the action and provide further feedback to the organization. (Reason and Bradbury, 2006, Reason and Bradbury, 2008).

A model of planned change developed by Cummings and Worley examines four stages of change in organizations. These stages comprise awareness of change and so entering and contacting with OD practitioner; secondly diagnosing the organization system and understating problems and causes for these problems. Third stage examines planning and change though intervention. Finally, an evaluation of the outcomes of intervention and change process is performed assessing the success of the change and intervention program (Cummings and Worley, 2009).

These different approaches of organizational change are subject to contrast and comparison at later stages in this research and will be evaluated for practical application in real case business organization. For example, in both Lewin and Kotter models of change there exists forces which strive to maintain the stability of the environment and the status quo, whereas other opposing forces are going in the opposite direction of change and transformation. All investigated models are deficit based in the sense that they all examine problematic and undesirable or negative approach the organization is going through and investigate methods of transforming the organization to a better future reality.

4. Methodology

This research poses the following research question: What is an effective model of change which can be implemented in banking organizations? To answer the research question, a case study approach is employed. A case study methodology, also identified as "case history" is robust research methodology which examines various facets of a single organization, situation, event, personality in an in depth perspective at a phase of particular time (Cooper and Schindler, 2014). Case studies are preferred as a method to address the "How" and "Why" questions, as the researcher has little control over events and when the aim is to focus on a phenomenon in practical real - life context (Yin, 2012). Case studies are appropriate for situations where the research is primary concerned with understanding rather than hypothesis testing (Eisenhardt, 1989). Case study methodology is applied when a researcher's objective is to examine a single organization and identify aspects associated with it" (Ghauri and

Grønhaug, 2010).

This research is based on an MBA dissertation conducted between July and December 2002 at University of Wales, Bangor at Bangor Business School and Regional Development in the United Kingdom. At the stage of selecting the target organization, 4 banking organizations were addressed, namely AI AHLI Commercial Bank B.S.C in Bahrain, The Royal Bank of Canada, HSBC Bank, and XY Commercial Bank. Out of these four organizations, the only positive reply was from YX Commercial Bank.

The target organization for this research is a commercial bank operating in the UK. The identity of the bank will not be clarified for confidentiality and anonymity reasons, as it was a crucial condition and a request by organization management. The site visit to the bank was in August 2002. The meeting was conducted with the HR executive manager where, the discussion was about the bank's new strategic issues, vision statements; and the outcome of new planned change process initiated by new CEO as compared with the previous one.

The researcher has a responsibility of approaching organization and should handle ethical issues related to confidentiality, anonymity and privacy. The researcher also should possess communication and persuasion skills to motivate organization to cooperate and achieve better accessibility of data.

This research is based on collection of secondary data. The sources of data and documents were provided by the bank HR executive manager during the site visit. Data sources in this research consists of bank annual report 2001, company newspaper (April 2002) and (August 2002), memorandum by the chief executive to all staff, and two memorandums from the HR executive manager to all staff. The first memorandum provided by HR management (November 2001) contained information and documents related to focus groups which was performed by XYCB after appointment of new CEO in October 2001. The second memorandum (December 2001) contained information and documents related to staff Survey Attitude. A content analysis is performed mainly on the above-mentioned memorandums as well as other documents provided by the organization.

5. The Case of XYCB

The case of XYCB examines study processes, strategies and performances in organizations applying the theoretical background of the study into the real arena. XYCB was going through a process of strategic change and introduction of a new leadership. The case examines organizational situation which was characterized by turmoil and turbulence after 11th of September 2001. There

was a need for new leadership bringing new vision and values for the organization. This need was represented by the appointment of a new CEO in October 2001.

The organization is an international commercial bank incorporated in the United Kingdom that was founded in 1970s. The bank provides international trade solutions to clients trading in and out of developing markets in the Middle East and Africa. The bank's focus is on the Mediterranean region and its market coverage has expanded in the recent years. The bank handles business through its association with an international banking group which is one of leading International banking and organization financial services that handles the business in Mediterranean countries and has a correspondent banking network and knowledge of its shareholders. The bank's largest shareholder is the abovementioned International group which stands as one of the world international banking and financial services organizations, with a considerable number of offices in countries and territories in Europe, the Asia – Pacific region, the Americas, the Middles East and Africa.

XYCB specializes in trade services and handles business from a wide range of issuing banks- including some international well-known banks. The services offered by the bank include issuance and confirmation of Documentary Letters of Credit (L/C), receivable discounting, bonding and guarantees, cross-border leasing, trade finance (including pre-export facilities) and project related lending. The bank is active in foreign exchange and a market leader in the emerging currencies of the Mediterranean region. XYCB also handles a significant number of trades and its L/Cs, throughout the extensive network of the international group's offices and its correspondents in most of the world financial centers. XYCB is regulated in the UK and the International Group exercise the right to nominate the bank's Chairman and Chief executive (Dalati, 2002).

The supreme level of the hierarchy is the board of directors, which consisted of 12 members. The Chairman is nominated by the principal shareholder of the bank who has a 46.51 % of the ownership of the Bank. This rule also applies to the chief executive who is positioned in the three levels of the board, management committee and Executive management team. The second level of hierarchy is the management committee, which also consists of 6 members: The Chairman, Chief Executive, the deputy chief executive and general manager and other members of the board and one member from the Executive Management team. The third level of the hierarchy is the Executive management, which consists of nine members: the new appointed chief executive, the deputy chief

executive, the executive manager of the Human Recourses, the executive financial controller and company secretary, the executive treasurer, the chief executive Operating officer, executive general manager of marketing and sale, executive head of management of Information Systems and the executive head Audit and compliance. The fourth level consists of the managers who are handling the bank's operation as the financial control, management information system, Business development, Treasury, administration, internal audit, lending and marketing, correspondent banking, Human resources, credit and risk, treasury administration, credit administration, Treasury marketing, banking operation, credit control, and trade services managers. Finally, the fifth level of hierarchy is the staff in XYCB. The total staffing establishment at the end 2001 was 150 members, a decrease of 2 members over 2000. During the year 2001 a number of trainees were recruited as well as some more experienced staff. As part of this recruitment the opportunity was taken to bring in additional Mediterranean speakers in both front and back offices (Dalati, 2002).

In his statement by the end of 2001, the Chairman in XYCB, pointed out to the economic situation globally pointing out to the concerns about the health of the US economy and the depth of its slowdown after the tragic event of September the 11th 2001, which caused a blow to confidence around the world, and the decline in interest rate in the US. ((Dalati, 2002). The chairman introduced the new CEO as the new leadership in XYCB which provided an opportunity to revisit the bank vision and values. The management style of the new CEO was different from management style of the old CEO. The old leadership at XYCB emphasized on bureaucratic management style. The old leadership style was a very directive and authoritarian. The emphasis was on the management control and authority (Dalati, 2002). The character of this new CEO, who will be anonymous, will be clarified by analyzing his presentations, his speech to the staff through the team briefing that was held after he was appointed as the new CEO in XYCB. Examination of traits and character of chief executive officer will be on basis of data provided by organization annual report and Memorandum.

In his message "A New Vision for XYCB" the chief executive points outs that business organization issues are steadily improving, whereas the" people issues" require more attention. To diagnose organization situation at XYCB, external consultants from organization development background were brought to run two communication methods. The first exercise was conducted by performing interviews and solution focus groups administered by external consultants. The second was an Attitude Survey questionnaire conducted by

management consultants and practitioners ((Dalati, 2002).

According to documents provided by organization which explains the methods undertaken to diagnose the internal environment at XYCB, and after analysis of the documents, the assumption in this research is that in diagnosing organizational problems at XYCB, the initial step was to study organization environment and its subsystems and interrelationships. To do this, two data collection and communication methods were carried out at the same time by external consultants. These two methods will be explained in the next sections.

The first method comprised interviews undertaken by external consultants who were brought to conduct solution focus groups with staff at XYCB. Consultants were brought to focus on work groups with a section of employees over 50% of staff. External Consultants were asked to conduct discussions with groups of staff in the first half of October 200l. The purpose the MCA solution groups was to clarify the extent to which staff identified with the Bank's Brand and Mission Statement as well as clarifying any barriers which were hindering the development and improvement of the business. In addition, this exercise also aimed at focusing on the problems and obstacles that were stopping staff from doing work successfully (Dalati, 2002). The feedback report that was written by the external consultants identified and stressed on certain issues under the following headings:

One of the issues addressed in the solution group exercise was the staff commitment to the bank mission statement. The report said:

"The Senior staff would like to see the mission statement embedded in the business planning process so it becomes a genuine guide to all management activity"

The report pointed out that the sense of commitment and engagement with the mission statement is very little. People do not value the importance of the mission statement, or see it as relevant or very meaningful to them. The mission statement is not regarded as very inspirational in places. In addition, employees doubted whether XYCB could be seen as innovative in its products and services, as well as being a popular and preferable place for its employees. They see customers as the principal and main target for the mission statement, and that people issues in XYCB valued or carefully considered. The report also said that a number of people saw the mission statement for the first time through the focus group which indicates that this exercise was very heathy and critical.

Staff at XYCB did not fully understand the significance and rationale of the mission statement in the organization to what extent this makes a difference for of overall performance and identity of the organization. Low staff morale is

seen as the principal barrier to higher levels of engagement with the mission statement. No matter how much employees understand the future direction of the business in the bank, they are unwilling to commit themselves completely until they feel valued and appropriately rewarded (Dalati, 2002).

Organizational culture of the bank was one of the issues that were discussed in the focus groups. In the report, the stress was on the general atmosphere of the organizational culture. Staff members described the climate as "dictatorial and oppressive, with a tendency to focus on errors". This makes people feel unappreciated and means they are afraid to put themselves or their ideas forward for fear of criticism or reprisal. (Dalati, 2002).

What may be observed from the report of the focus groups is that, XYCB was considered as a friendly environment to work for, with a sense of a family feel, good teamwork spirit, and a flexible approach. On the other hand, one of the issues, mentioned in the report, which needed attention and work on, was the patriarchal dictatorial climate that existed in XYCB, with a tendency to focus on errors. According to personal communication with HR executive manager, this is a very crucial point that could affect people's performance, creativity and innovation, particularly when they feel that their opinions are unappreciated, so they become troubled with pulling themselves or their ideas forward for the fear of criticism or reprisals.

The report indicates that people are afraid of putting on their ideas, or making suggestions, then the organization will make a valuable loss to its resources. This idea was stressed by the new CEO who urged on the importance of encouraging the staff to speak out and explore new ideas with their managers (Dalati, 2002).

Another point which was stressed was that the people were "unclear about what behavior is valued by the bank and felt they get little recognition and feedback on their work." (Dalati, 2002). People also consider that the experience, commitment and flexibility of longer serving members of staff is neither adequately recognized, nor financially rewarded by the organization. Some members of the older staff consider that their contribution is devalued by the recruitment of unprofessional staff to perform the same or less than themselves.

There is a clear notion that the staff is fully aware of the organizational culture that they would like to see themselves in, as well as the gap between the present culture and the perfect and desired image of the culture they would like to see themselves in. They would like to see themselves in a stronger and more caring organization that is capable of responding quickly to challenges and more

willing to involve and engage its people.

Certain ideas were stressed in the report of the focus groups by the staff as a means of way to move from the present culture to the desired one including strengthening managers' capability to lead their teams, emphasizing frankness and openness in responding to staff feedback, focusing on constructive approach to learn from mistakes, establishing clarity about XYCB standards and values and what this organization expects from its people, re-evaluation of the constraints placed through internal controls to reduce bureaucracy, and a positive reception and approval of people's efforts.

Winning and retaining customers was another crucial issue that was addressed. In the external consultant's report. The report said:

"People want to support other departments but sometimes feel prevented from doing so by a need to act in the best interest of their own department." (Dalati, 2002).

In the focus groups, people put forward a range of both positive and negative reasons for XYCB to win and maintain customers. Reasons were classified into positive and negative points. Positive reasons are that this organization is strong and professional through its customer- focused and could achieve a long-term relationship with customers. Negative reasons were that the bank limits itself to a specific category of customers, customers that other banks would not work with. Moreover, any of the XYCB's customers have a shareholding in XYCB. The feedback report stressed that there is a strong commitment with regard to the people towards the internal customer in spite of the fact that the employees' relationships between some departments are not always perfect. There is real desire for employees to support other departments, but they feel prevented from doing so by a need to act in the best interest of their own department (Dalati, 2002)

Moreover, the report stressed that staff awareness of brand and customer needs, particularly those in customer facing roles. The staff regards the brand as being reasonably strong 'where it matters although none of the people heard of XYCB before joining the company. According to report, staff awareness of the brand and the expectations of customers is rather limited among the non-customer facing staff. The views are mixed with regard whether people see themselves as "living the brand". Some of the people accept very readily that their behavior does at all times impact on the way XYCB is perceived while others find it very difficult to see how their role impact on the overall brand image (Dalati, 2002).

Communication was an important issue in the report of the focus groups. On

average, staff score was about 6.5 out of 10, which is favorably similar in comparison to the UK average in business communication which is about 6 out of 10.

The report said:

"People would value more opportunities for open, free- ranging discussion. They feel that the current processes are too tightly controlled and focused". (Dalati, 2002).

One method of communication is team briefing, which is a method of face - to face communication in groups about 10-20 employees ((Torrington, Hall and Taylor, 2009). The quality of team briefing session varies significantly departments with some lasting up to 40 minutes and others no more than 5 minutes. The group leader provides up-to-date organizational information explaining the reason and rationale of this meeting, while the employees have the opportunity to ask questions. This exercise was strongly advised by external consultants. It is seen as a good way of communicating message about the business; although it could be seen as limited only to the topics the management wants to address and communicate about.

The report pointed out that some of the staff are frustrated about the quality of response they get to their questions that were put at the end of the briefing session. The feeling here is that their questions are not being answered properly and they are deliberately kept in the dark. Some of the staff also report pressure to ask question in the sense that it will reflect in a positive way on the department (Dalati, 2002).

Other topic discussed in the focus groups was the Inspiration scheme in XYCB. The inspiration scheme in XYCB is way of communication between the staff and the Management. Although staff appreciates the intention of the inspiration scheme, there is some disappointment at how it works. The general opinion of the people in XYCB is that it is of competitive nature, and they are unclear about how a reward is calculated. One suggestion was to equate the idea directly to the financial implication of the change (Dalati, 2002).

The quality of communication in XYCB was also measured in the focus groups. The report stated that staff are concerned about the quality of the communication between some departments. In some cases, some of the people admit not to be doing all what they could do to improve the situation as they are concerned more about the situation in their own department. This, reflects upon the same point discussed previously, namely customer service and staff relationships within different departments. The staff would appreciate more opportunities for openness and cooperation among the different departments in

XYCB; the people also value more opened and free- ranging discussions. According to the external consultant feedback report, communication channels in XYCB were too tightly controlled and focused.

The major concern was how to make the bank mission statement more appealing and motivating to people. To be able to achieve this, the staff must see a strong and appealing mission statement so that it would have an effective impact on the mind of the staff. They also would appreciate seeing a more meaningful and detailed meaning embodied in the mission statement that would clarify more about the description and objectives of the organization.

The report urged that the staff strongly want to feel more involved in the development and the implementation of the mission statement. They want to see it practically in the business, not just put up on the wall ; also to examine and agree what it means to the staff and 'how they could contribute to achieve it. Also the report discussed that the staff suggestion to situate the mission statement at the center of business by making it an integral element of orientation and other communication processes such a team briefing. The staff would like to see a more direct link between their own jobs and the overall mission of the bank and suggested that more time should be given in explaining to people how each one individual role fits and contributes to the who le picture of the organization.

The second data collection method comprised staff Attitude Survey, which was conducted by the external management consultants. The staff response rate of the questionnaire, was 74%. The most popular responses produced by the survey were related to teamwork, work organization and efficiency, and communication. The Staff Attitude Survey, which was the second communication exercise, was conducted by the external consultants by the end of 2001. The purpose of this method was to examine staff's attitude towards working in XYCB. It also aimed at investigating staff attitude of the advantages and the disadvantages for employees' relations, communication, performance and other aspects of people issues, to know what is currently positive, and what could be improved in the future. The results showed that the business organization issues were steadily improving, but that the people issues required more attention. The result of staff attitude survey showed positive and negative areas. It also indicated seven areas of strength with favorable responses of 63% - 74 % with teamwork being the most favorable of all issues, work organization and efficiency, communication, supervisory practices, working relationships, organization change and reaction to the survey. It exposed a strong sense of team work and a good response to organizational issues. It also stressed on

seven areas of weakness which needed attention and development. These points were pay and benefit which generated the highest unfavorable response rate of 37%, followed by development 30%, Job satisfaction, Innovation, loyalty and commitment, Employment, security and salary satisfaction and People Management (Dalati, 2002).

6. Results of the Survey

The overall areas that were focused on the Staff Attitude survey were teamwork. Work Organization and efficiency, communication, working relationships, supervisory practices, organization change, reaction to survey, job satisfaction, staff involvement, planning, people management, management leadership, recognition and performance management, employment security satisfaction, development, innovation, customer focus, quality, pay and benefit and loyalty and commitment.

After analyzing the results, the following conclusions were pointed out; organizational issues are improving positively, while people's issues are going backwards and needs further attention. There is, though, a strong expectation that communication at XYCB is viewed positively by the staff. There is an improvement in the views to organizational issues since 1997, whereas people management in XYCB is regarded as neither strength, nor a weakness. A crucial point in this respect is that XYCB does not seem to have responded effectively to the recommendations given in the 1997 staff survey (Dalati, 2002).

There were seven areas of strength that were resulted from the Staff Attitude Survey. These areas were teamwork, work organization and efficiency, communication, supervisory practices, working relationships, organization change, and the reaction to the survey.

The first area of strength in XYCB is teamwork at a rate of 74% of favorable response. Second is work organization and efficiency generating 72%; communication is third 71 % favorable response, whereas supervisory practices were fourth at 69 %; as well as working relations which was also 69%: the sixth favorable response was organization change which generated 68% and finally reaction to the survey was also a point of strength at 63 % of favorable response.

There were also seven areas of weakness and concern that needed attention and examination. These areas were: pay and Benefits, customer focus and qua lily, level of morale, development, job satisfaction, innovation and people management. The figures show that pay and benefits was the first area of concern at a rate of 37% of unfavorable responses, followed by development 30 % of unfavorable response; third was the job satisfaction as the third a rea at
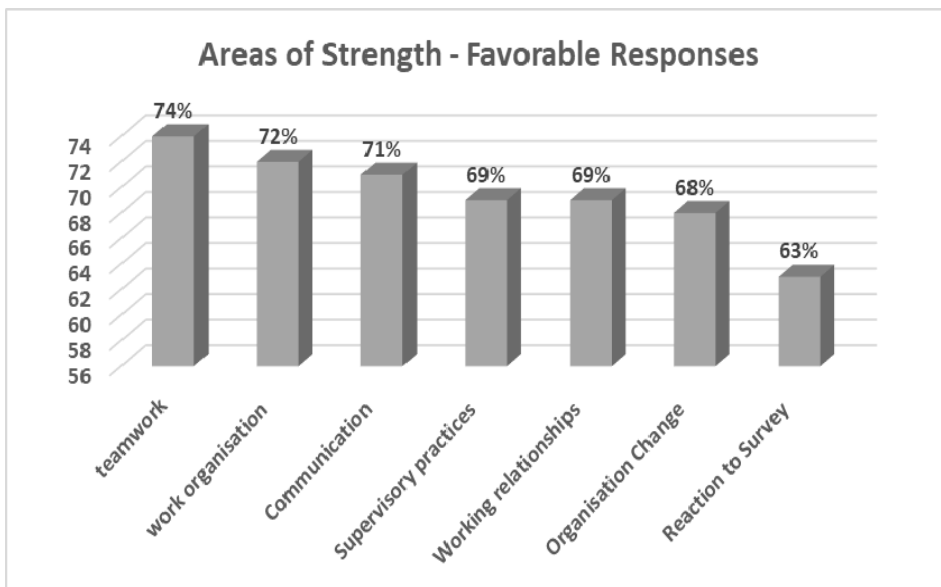
a 24% of unfavorable response.

Figure 1. Areas of Strength – Source Dalati 2002

Fourth was innovation at a rate of 22 %, whereas loyalty and commitment had 20% of unfavorable response rate. Sixth was employment security satisfaction at a rate of 20 % and finally people management was the last area of weakness at a rate 20% of unfavorable response.

It is worthwhile mentioning at this stage that in 1997 a previous staff survey review was conducted and that it was focusing on the same issues and tackled the same points that were mentioned in 2001 Staff Survey. Team Briefing was introduced to XYCB in 1997 and it was improved in staff survey conducted in 2001. Figure 3 shows the comparison between the two surveys conducted in 1997and 2001 for favorable responses to specific issues that were presented in the surveys.
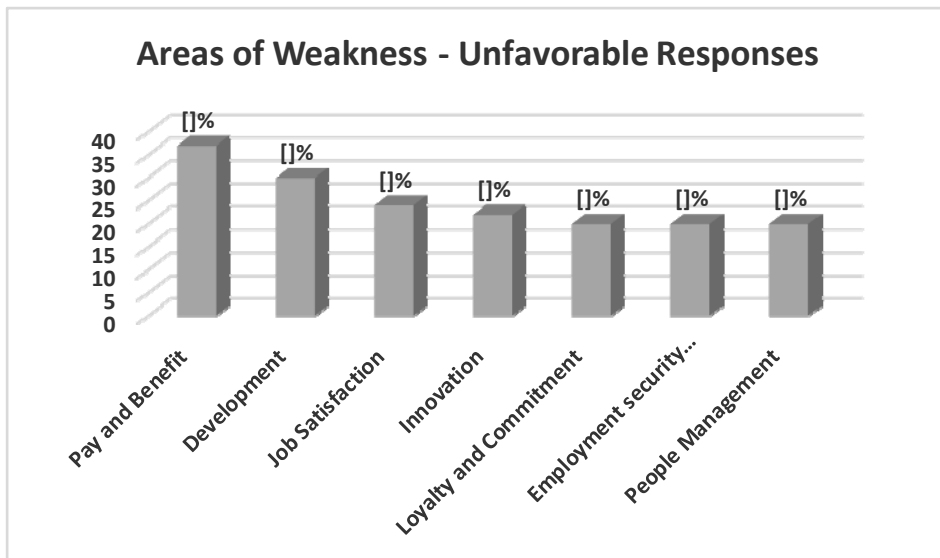
Figure 2. Areas of Weakness - source Dalati 2002

When comparing the two results of 1997 and 2001 survey, they suggest that employees' satisfaction with people issues has declined, but their satisfaction with organizational issues has increased. Return rate has declined from 74 in 1997 % to 72 % in 2001, whereas development was improving from 45% in 1997 to 46 % in 2001.
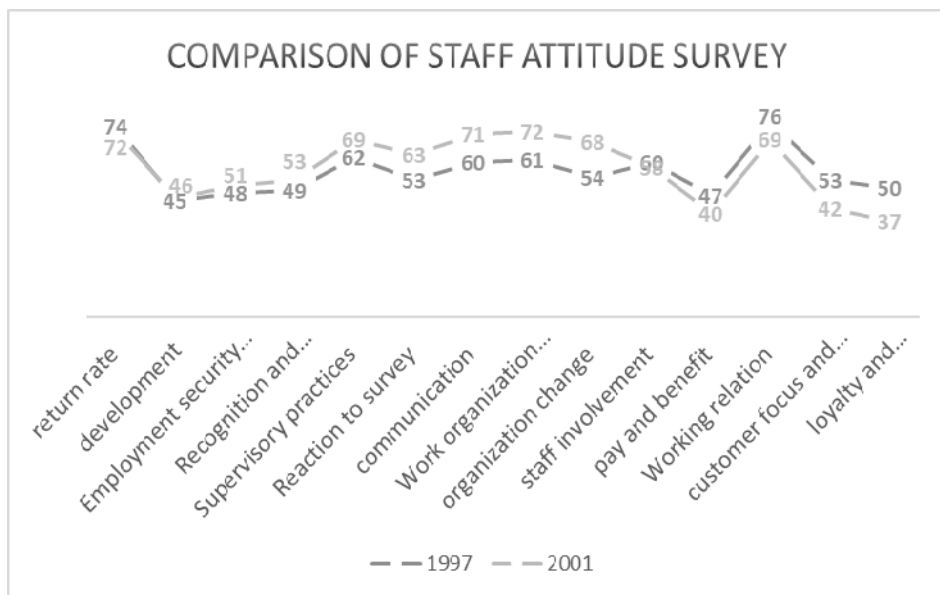

Figure 3. Comparison of Staff Survey- source Dalati 2002

Employment security satisfaction was also improving from 48 % in 1997 to 51% in 2001. Recognition and performance management increased from 49 % in 1997 to 53% in 2001. Supervisory practices also were improving from 62% in 1997 to 69% in 2001. Reaction to survey was improving from 53% in l997 into 63% in 2001, as well as communication which also improved from 60% in 1997 to 71 % in 2001. Work organization and efficiency showed a considerable improvement from 61% in 1997 into 72% in 2001 as well as organization change which increased from 54% to 68% in 2001. However, staff involvement was one of the areas which declined from 60% in 1997 to 58% in 2001 as well as pay and benefit which also fall from 47% in 1997 to 40% in 2001. Working relation also showed a declination from 76% in 1997 to 69% in 2001 as well as customer focus and quality which decreased from 53% in 1997 to 42% in 2001. Finally, loyalty and commitment also declined from 50% in 1997 to 37% in 2001.

The results and responses of the two communication exercises i.e. the solution groups and staff Attitude survey were analyzed and used as a ground for a workshop by the Executive Management Team (EMT). The workshop resulted with new concerns, objectives and new values. It is extremely interesting to see the impact of the new CEO on the bank vision, mission and values. The New vision and values statements were developed and replaced by the old mission statement as a reaction to the objections and concerns presented previously in the focus groups about the former mission statement.

7. Designing and Implementing Intervention at XYCB

The report from external consultants who conducted was represented by the new statement that summarized the organizations focus groups said that "The Senior staff would like to see the mission statement embedded in the business planning process so it becomes a genuine guide to all management activity" so the feedback from focus groups and was reviewed with the new Vision for XYCB was produced with new set of values to emphasize it. The new vision and values were developed according to what staff believed about XYCB. The new vision was represented by the new statement which summarized the organization new mission statement and objectives:

"Working together to serve our niche market and secure future success"

The first part of bank new vision statement "working together" could be summarized by organization aim and emphasize teamwork in the system as a whole; and as the vision statement recognizes that if XYCB wants to make real progress, organization leadership has to manage and to model the way for others

to make progress and to pull together. The awareness to the bank different roles, skills and strengths was also crucial point to the organization success.

The second part of the vision statement "To serve our niche market" emphasizes two focal points. The first point is stress on effectiveness in services and offering high quality products and high level of services which would distinguish the organization from the competition. The second point is the recognition that XYCB will continue to operate within its niche markets, while expanding this market place to achieve better business spread. However, the fundamental focus will be on the Mediterranean Arab States.

The final part of the vision statement "secure our future success" recognizes that the security of the organization future rests upon its success in both individual and collective sense. This success should be experienced throughout the organization, the customers and the shareholders. By being successful in offering the best service to the customers, and strengthening the business relationship between the bank and the customers, they will continue to do business. The commercial success will be translated to into financial success for the shareholders in terms of delivering the return on the capital. By doing so, XYCB objective was to manipulate on the benefits of that success, in terms of increased job security and a fair reward for their people.

The report developed from focus groups said that "Low staff morale is seen as being the principal barrier to higher levels of engagement with the mission statement. However, people understand the future direction of the business as they are unwilling to commit themselves fully until they feel valued and appropriately rewarded" (Dalati, 2002). The reaction to this was by reviewing the bonus scheme by the executive management team and obtaining the directors agreement to change the trigger mechanism. The effect of the change was to increase the size of the bonus pool by over 50% compared to previous year. Another aspect of change was represented by the introduction of the suggestion scheme where employees put forwards their innovative proposals and ideas to their mangers in terms of customer service. In consequence, the manager encourages staff member to submit an inspiration and recommends an award in liaison with the EMT.

Another point that was discussed by the EMT and the board of directors was the pay system and salaries in XYCB. The average salaries were 7% behind the median level of peer banks. As a result directors agreed that the short fall should be addressed, and an increase of 7% in the total salary bill was authorized with effect from 151 April 2002 (Dalati, 2002).

Communication was one of the points of strength in XYCB at 71% rate of

favorable response. However, the report by the focus groups stated that "staff would value more opportunities for open free-ranging discussions and feel that the current processes are too controlled and focused". The change process between executive management and staff was by improving the team briefing process, as it has been introduced earlier in 1997 Staff survey, with the core briefing being directly sent to everyone two days before the team brief meeting starts. Six months after joining XYCB, the new CEO gave a presentation to all staff updating them with the progress the bank was making with the new initiatives contained in the strategic plan:

"I arrived last October amid a flurry of activity in terms of exercises designed 10 seek your views about the direction and culture of the bank and what it felt like to work here. Two exercises were carried out at the same lime, the interviews and Solution Groups conducted by consultants from MCA and Staff Attitude Survey conducted by Institute of Management. The reports from both organizations were circulated to everybody end of November and the beginning of December, with further comments and views being invited and reviewed. Working together with my EMT colleagues we have now had several months to analyze steps to address issues that you identified. So now it is time to update you on what actions we have taken so far. Please take time to read the following pages and let us know how you feel things are going now. In the mean time I would like to meet with all of you during May and June and so I have arranged for a series of lunch time meetings in the Dining room on the fifth floor. Every Tuesday and Thursday I will be lunching with about eight different members of staff and I want to use these meetings to hear what you think about the bank, what it is like to work here, what could we do better, and how we could be even more successful. Without your comments, your expertise, and your enthusiasm we can achieve very little, but with it we can fulfil our vision of: "Working Together to Serve Our Niche Market and Secure Future Success".

The analysis of CEO speech indicates a management style which emphasizes on open communication system approach. The lunch meetings where staff meets in small groups and have the opportunity to have lunch with the CEO where they can exchange their views directly in an informal setting, is also another communication method applied to open communication channels between management and staff. Management was listening to staff views, exercising influence on them in an indirect way by giving them more opportunity to meet, socialize with CEO and know him thoroughly and involving them in the making of the overall direction of the bank, strategy,

vision, mission and values.

Other aspects of change were discussed with the Board of Directors and agreement was obtained to improvement in holiday entitlement and flexibility, increases in Company Car Scheme limits and allowances, extend and increase the Interest free Car Loans for junior managers (Dalati, 2002).

8. Discussion

The purpose of this research is to examine the relationship between classical theoretical models of change and implementation of planned change on a commercial bank operating in the UK. XYCB was an organization going through an organizational change process. The problems which were examined in the organization are mainly related to the management style, people's issues and pay and benefits. The previous leadership - management was replaced by a new leadership represented by the appointment of a new CEO who initiates the change process in the organization. There are clear results of change in consequence of the focus groups, staff survey review and the workshop conducted by the Executive Management Team. Reflecting on the models of change examined in the prior literature, there is a resemblance and simulation between theory and practice in the sense that the theoretical models of change and the case of XYCB are deficit based. Both in theory and practice the organization is experiencing specific undesirable situation which requires organizational development and change from a negative current reality to a desirable better future. Both in theory and practice there is a careful examination of the current organization environment is performed, where collaboration between the OD practitioner who is the consultant, and client organization is critical to effective diagnoses. Both in theory and practice there is emphasis on collecting and analyzing diagnostic data and information through various methods including qualitative approaches (interviews, observations, focus groups), or quantitative approaches (Survey questionnaires). Also providing feedback for diagnostic information is emphasized both in theory and practice. Both in theory and practice there is emphasis on designing and implementing intervention as examined theory and the case of XYCB where change was planned and implemented by the introduction of new mission statement, suggestion scheme, pay system and salaries, holiday entitlement and flexibility and other organizational aspects. This research argues that deficit oriented models as Action Research Models of change is suitable for practical application in real world cases of business organizations.

9. Conclusion

In conclusion, the aim of this research is to investigate effective theoretical models of organizational change; and the application of theory on practical real cases in business organizations. The case under investigation is a commercial banking organization whose name and identity will not be revealed for confidentiality reasons. The data sources of research are based on documents, annual report, and memorandum provided by the target organization. The interaction between theory and practice illustrates that Action Research Model of change is suitable and effective model for practical application and can be successfully applied in the case of banking organizations. The examination of organizational change in business undergoes a very sophisticated mechanism which takes into consideration micro and macro environment factors be to examined and scrutinized. The case of XYCB was a practical example of banking organization in the UK going through transformation process in a turbulent environment, which undergoes a planning and implementation of organizational change.

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