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Abstract: This paper is primarily based on a case study of a leading bank in Pakistan, that is, MCB Bank Ltd. Four established change models have been applied to the bank to find out how a change comes in/ is brought in, managed, and how it affects organizational environment and its stakeholders, particularly customers and employees. The four established change models applied are the change management approach by Ansoff and McDonnell; the change management model by Kurt Lewin; the 7S framework by Thoman J. Peters and Robert H. Waterman; and the change management model developed by Stephanie Elam. The study covers a change management aspect such as strategic intervention technique; a need for change management; resource implication; planning change; strategies in change management; system effectiveness; managing resistance to change; leadership issues; cultural issues; people issues; external environment issues; workable approach to overcome change resistance; appropriate model and implementing the model.

Keywords: Banks and Change Management, Technology and Banks, Innovation and Banks

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Introduction to MCB Bank Ltd

One of the leading financial institutes of Pakistan, established on July 9, 1947, is Muslim Commercial Bank (MCB). Spanned on its 60 years history, the bank left remarkable signs of progress in the development of financial endeavours, quality

in the affairs of banking, ethical and social values, and a professional impression. The bank has observed both nationalization like other organizations and privatization.

The MCB as an organization made tremendous progress in its periods of privatization. It works as a foreign bank as well with its branches working in Sri Lanka. The achievements of the bank includes Global Depository Receipt (GDR), alliance with Maybank of Malaysia, branches in Azerbaijan and Hong Kong, as well in Dubai, the United Arab Emirates (UAE), and Bahrain. In Pakistan, MCB has been working as one of the most effective banks in the country with more than 1,200 functional branches and 789 ATMs to serve to more than five millions of customers and clients.

As one of the most well reputed financially stable pioneering role playing organization, MCB has assets worth Rs. 815 billion in total. It establishes its financial reliability to the extent that it has positioned in the international market to represent Pakistan on the global banking and finance scene.

The credit goes to MCB in various financial adventures that made it the focal point of various reputable institutes internationally. This has earned the bank awards from SAFA (SAARC), MMT, Euromoney, Asian Banker and Asia Money. In spite of this charming background and foreground of MCB as financial machinery, some reforms remain to be made in order to bring better banking experiences (MCB, online).

The current study focuses the change management practices aspect of MCB limited within the context of its upgrading from mere Symbols to CBS 8.5.

1.0 Strategic Change

There are four types of change and they can be abbreviated as 4-Ps for easy reference: product, process, position, and paradigm innovations. The first is product innovation where a new product is introduced to the market, for instance a new mobile set, a new computer, or a new model of car etc., while the process innovation is, as the name suggests, bringing change in a certain process like manufacturing, delivery and making. The position innovation, on the other hand refers to change in the context for the introduction of a new product, in other words, a position is acquired. The paradigm innovation reflects those algorithms which work behind all organizational services and processes like online banking systems (Ansoff, I.H. and McDonnell, E.J., 1990).

There are two types of change on the bases of the nature 'change' in itself shows; incremental and radical. The incremental change refers to the kind of equilibrium in a continued process of change within the organization. All other aspects of business which can be increased in any terms include incremental change like management, use of technology, products and services provided and so on. The radical change, however, refers to fundamental changes being brought into the infrastructure of the project. These can be the areas of marketing, advertising, IT business, well management systems and, above all, launching user friendly products and services (Bessant, J. and Tidd, J., 2007).

Change can also be categorized on the basis of complexity, i.e. system and component change. System is made up of various components while the change may occur in a certain component which will affect the whole system in one way or another. It has been observed that change at higher levels of the system poses more complexity and intricacy than the components at lower level of the business (Bessant, J. and Tidd, J., 2007).

Commented, "The next few decades will bring about an avalanche of change and that most people and organizations will not be prepared for the vastly accelerated pace of change", by Alvin Toffler (Future Shock, 1970), that clearly elaborate on the point of bringing change. The main focus here is on the human resources available within the organization. Their behaviour matters and hence motivation comes as a solutions as suggested by Chalrs Handy (Understanding Organization, 1995), motivation is the key point in raising the morale of the employees working. Their behaviour must be predicted and then renovated as well as reshaped in the best favour of the organization reflecting best professionalism. Thus controlling, predicting and motivating are the key points in transforming the old ways into a new effective modernized system (Gagliardi, 1986)

1.1 The Four Established Models

In our case of MCB Bank Ltd, we will discuss the transition of core banking software from "Symbols" to the new version "CBS 8.5".

1.1.1 Change Model 1

The first model of 'change management' relies on the environmental dynamics or, in other words, forces that produce movement from within the environment. The organization is seen from its environmental factors responsible for change.

These factors are predictable, as the threats and opportunities can be observed clearly by studying them and implementing them this way later on. Naturally humans are gregarious and are likely to be affected by the environmental forces. The change will occur slowly but with a momentum that would ultimately lead to a significant difference from its previous state after some time (Ansoff and McDonnell, 1990).

1.1.2 Change Model 2

The second 'change management model', in the words of Kurt Lewin (Kritsonis, A, 2005), comprises of three steps; unfreeze, change and refreeze. The three stages are planned in advance, especially the first one, 'freeze'. Obviously there would be some traits, norms, values and routines in an office where almost everyone working is complacent about their work and efficiency. Such attitudes and behaviours have to be discouraged, this is freezing stage. This will need motivation on the part of the implementers. Reaction on the part of the subject of change is expected and that is the reason some systems of punishment and reward have to be introduced. Old behaviours are to be discouraged and punished while the new ones and desirable ones are to be rewarded. Edger Schein (2002) suggested the removing of individuals working in an organization from their current duties and shifting them to other units where they can be of use to the institution. Other factors like socialization, disturbance from unwanted clients, unnecessary chit-chat with co-workers, unreliable information spreading and other unwanted experiences must be brought under control in order to bring harmony in the smooth running of the office.

Reward is linked with desired attitude and behaviour which is the result of high motivation and a working environment where everyone feels the sense of ownership. The responsibility on the part of the administration is to ensure and build an environment of confidence that satisfies the working lot inside the organization.

The 'unfreezing stage' in the eyes of Edgar Shien (2002) is the removal of undesirable expectations on the part of the employees and at the same time the necessary learning anxiety must be induced. The learning anxiety would create the desire to learn new skills, improve knowledge and performance. This may create tension among some working individuals and they would resist. Here, the system of reward and punishment work or in other words 'carrot and stick' rule should be introduced with the system. This is because of the fear and the absence of psychological safety and confidence in the organization. Provided psychological safety, the human resource can be motivated for positive change.

The most important in this regard is the belief of the employees working in the office. This may also be termed as symbolic or cognitive change which is more permanent than the previous one which only targeted the outward compliance of orders being carried out. More significant and meaningful change can be brought in the presence of a strong belief and confidence that some actions are rewarded and it is sure while others are undesirable and are sure to be punished. In psychology, shock therapy is used to bring a positive change in the behaviour of an individual, for instance, a father slaps his kid for some action which he doesn't want him to do. The same psychology can be applied in official environment as well where performance is sure rewarded (Shien E, 2002).

Transition is the second stage of change and it can be termed as transformation. It is simply moving from the previous undesired state to the desired one. The transformation stage is the crucial period of unrest and anxiety for most of the working individuals. In such conditions, the organization goes through turmoil and has to bear both new and old systems influences. This period is comprised of upheavals and the productivity of the organization is affected at least for some period of time.

The process of transformation may be taken to involve two kinds of mechanisms: identification and internalization. Identification is merely the knowledge of what needs to change and it requires a role model for others to follow. This kind of role model can be an individual, an executive officer, another well-established organization and, in some instances, another country where disciplined organizational structures are already working. On the other hand, internalization means to inculcate what is necessary among the human lot working in the organization and it is linked with their behaviour. It is more important because of its permanency and relevancy. It is a fact that mere knowledge can never be the power. In order to convert the model of knowledge into power from a mere identification into a practical shape of internalized movement or from theoretical form to material form, practice is mandatory. Only the practical shape of knowledge brings power to the organizational structure.

The 'refreeze' refers to the stability and consistency of the newly adopted system which is the third stage of the model. The new ways are institutionalized and there is a tendency not to let the officials go back to the old ways of doing things. The maintenance of such state needs on the part of the administration to cater the psychological and physical needs of the employees especially within the context of reward which should always go for those individuals who work according to the desired behaviour (Shien, E, 2002).

The Kurt model has some implications that revolve around the best possible management of change. It says that change is primarily a phenomenon that can be initiated and implemented. The natural way of treating 'change' on behalf of general masses is to resist it initially. This natural resistance can be controlled by good guidance and management. There must be proper sequence and order in the continuum of events and activities. Most important for success in any organization is the 'attitude', this will activate the 'behaviour'. Attitude is the inner feelings and thinking which, when changed, manifests in the form of behaviour which is the outward action performed by an individual. When the context has changed, behaviour will change automatically. Here, the reward system must be effective in order to sustain the desired state of working.

1.1.3 Change Model 3

The third change model is in reality an adaptation from another such model elaborated as 7S Framework, and is known as "Higgins 08S-Model". The previous 7S-Model was developed by Thoman J. Peters, Robert H. Waterman, Jr., 1982. The traditional management functions: planning, organizing, staffing, leading and controlling, support the 8S-Model. It can be said that 8S-Model is an addition and further explanation of the traditional view (VU, Online).

1.1.3.1 Strategy

An idea that is sharp enough to carry out a certain thing is known as a strategy. Purely in the business context, there are four types of strategies: corporate, business, functional, and process. Corporate strategy is concerned mainly with the 'how' portion of running a business and it is linked with decision-making on funds allocation and de-allocation. On the other hand, business strategy explains the planning part of running such business that attracts more attention from customers and having a winning edge over other competitors in the market. The functional strategy is the one that causes a certain business objective like marketing, operations, IT, human resource management, innovation, research and development, while process strategy means to smooth the process or day-to-day operations of a business in order to improve both quantity and quality.

1.1.3.2 Structure

There are many things involved in the 'structure' of an organization; control, jobs, authority, appointments, departments, administration and mechanism. There

could be many problems and issues found in a structure like interdepartmental conflicts, centralization versus decentralization, delegation of authority and many others. Need for harmony naturally comes in order to resolve these issues. Structural harmony can be brought by promoting policies which are friendly and benefiting to the employees working in an organization.

1.1.3.3 System and Processes

The strategy adopted should be closely linked with the system and processes. It means that daily routine activities being carried out in an office should be systematic and well organized like capital budgeting system, manufacturing units, information technology systems, controlling the quality of products and services. The strategy can be effective when it is compatible and consistent with the system in which it is applied.

1.1.3.4 Style (Leadership/Management Style)

There are two major kinds of style in leadership or management; transactional/professional and transformational. Transactional, also known as professional leadership style is short termed while transformational leadership or management style is more permanent and lasting. When strategy is devised, it should be kept in mind to take care of good leadership style.

1.1.3.5 Staff

As the name 'staff' suggests, many people of different qualification, cadre, skills and expertise working in an organization, the strategy is devised in order to choose and attract such individuals who are really needed by the relevant business. Success of an organization depends on human resources with required capabilities and skills.

1.1.3.6 Resources

A strategy adopted by an organization must be compatible with available resources. The main resources include human because they run the business. Other resources include buildings, property, information technology, funds for research and development.

1.1.3.7 Shared Values (Organisational Culture)

There is a need to take care of shared values while developing a strategy or a group of strategies in order to achieve business goals. It is also known as organization culture where some values are shared by all. Actually, these values are intangible assets of an organization and they play a vital role in the overall success of the business.

1.1.3.8 Strategic Performance

The devised strategy is tested for its strategic performance. Often, it is measured in monetary terms of how much profit is gained. Organisations normally work according to certain systems based on specific functions like marketing, finance, and managing human resources. Strategic performance means to achieve overall development of the business concerned.

1.1.4 Change Model 4

Stephanie Elam and Tammy Christensen (2009) at Texas Children's Hospital developed a model for helping employees adapt to changes. This model comes up with some key components of a successful change management which are the commitment to strong executive sponsorship, end-user engagement, dedicated support team, and remedial training.

1.1.4.1 Strong Executive Sponsorship

Effective use of change management practices and active involvement of leadership play a significant role in the success of the project. This active involvement of leadership raises the end user confidence and ability and enhances commitment.

1.1.4.2 End-user Engagement

Continuous and frequent communication between leaders and staff provides key status updates and reminders which help making the project a success. For a participant who could not attend the meetings or conferences, online conferences, webinars and net meetings can be arranged to ensure their engagement and increase commitment. Such frequent communication helps reducing anxiety about the ongoing changes. The communication between leaders and staff should not

just last for the implementation of the project but rather focus on the post implementation issues and problems as well.

1.1.4.3 Dedicated Support Team

Setting up one-stop portal plays a vital role in giving an easy access to finding instructions, troubleshooting material and necessary updates. This proactive approach helps reducing resistance to change. Similarly, the executives should get in touch post implementation, to provide the needed support and troubleshoot any problems or issues.

1.1.4.4 Remedial Training

This should be offered to end-users to make sure they received adequate support after implementation. Post implementation, a support team should also visit the sites in person to make sure that end users perform activities correctly and to provide coaching, if needed.

2.0 Relevance and Application of Change Model to MCB Bank LTD

In MCB Bank Ltd, the up-gradation process from Symbols to CBS 8.5 in the models explained above, is relevant and applies to it.

Applying Model 1 to MCB Bank Ltd, the environment in which the bank is operating, is basically of financial nature. Its environment comprise of economic, social, political, environmental, technological, legal and statutory requirements. On the micro level, its environment includes competitor banks, customer, market, supplier, and employees. But the most important stakeholders in its environment are regulatory bodies, that is, State Bank of Pakistan (SBP), Security Exchange of Pakistan (SECP) and other international regulatory authorities. These factors pose MCB Bank Ltd to different challenges. Threats are confronted from competitors, technological breakthroughs, changing customer needs, and employee dissatisfaction.

However, the same environmental factors give opportunities to the bank that it needs to exploit to its benefit. The opportunities are adopting cutting edge technologies, exploring and offering innovative ways to customer needs and desires, devising strategies to serve its internal customers, employees, to enhance their

morale, satisfaction level and commitment to uplift the bottom line of the bank and achieve its goals and objectives.

As far as Model 2 is concerned, MCB Bank Ltd has a core banking software, i.e. 'symbols' which is to be upgraded to new version of CBS 8.5 software for more customer satisfaction. The three-stage model 'unfreeze, change and refreeze' has been applied. The first stage, 'unfreeze', is the stopping of the previous software, 'symbols', or the old ways of doing things have to be abandoned. The performance of the software was not felt satisfactory by the retail bankers, working in an environment, also known as 'branch banking'. The transition phase was crucial for the employees as they were to adopt with the new software and its complexity was to be resolved. On the personnel part, it demanded development of new skills and knowledge.

Thus learning anxiety was introduced among the employees. They were first motivated by making them realize that the old core banking system was not flexible and more time consuming, as well it took a lot effort and energy. This has caused the bankers to work for longer hours with less productivity and less customers' satisfaction. Even complaints were sometimes received on the part of the bank clients. All these factors contributed to the learning anxiety.

Incorporating 'change' is the second stage of the model and here, various trainings were given to the employees according to the nature of their jobs. Some of the officials were displaced or they were removed from their previous duties and assigned new ones where they could perform better. Naturally, during this phase, some of the staff members felt the old version better than the new because of having to learn new items, functions and new problems being faced by them.

Getting familiar with something new is always ambiguous in the beginning and need perseverance and consistency on the part of the subject. Here, at this stage, the staff must be kept motivated in order to run them through the process of 'change' successfully.

In the final stage, i.e. 'refreeze', the newly learnt behaviours, attitudes, skills and knowledge are internalized and mastered. At this stage, they have overcome their learning anxiety and are relaxed with the new system. They are now able to satisfy their customers more effectively than ever. They have raised their income because they are now more competent. This way the desired results in the form of newly acquired knowledge are highly encouraged to be internalized or refrozen. To put it more simply, they continue working with the new system and enjoy their work.

As far the relevance of Model 3 can be established, MCB Bank strategy is a functional strategy that aims at achieving operational objective related to information technology. The structure is top to down as the strategy and other communication is cascaded down. Similarly, management style is that of transformation which brings in permanent and lasting changes. The staff the bank holds is of great variety, that is, experts in the domain of finance, information technology, operations, and marketing etc. The bank possesses significant resources in the form of physical and human resources which is evident from its bottom line and national and international operations.

The bank has its unique culture and ways of doing things. Its values include best customer service, integrity, commitment, and hard work. The bank's strategic performance has been excellent in terms of increasing shareholder values and operation and awards won in the domain of best bank over several years.

In application of Model 4, based on the author's personal observations, no significant leadership involvement was seen. As a result, there were no noteworthy changes in end-user confidence, ability and commitment. Poor end-user engagement exercises were seen. The amount and frequency of communication between the executives and end-users which is a pre-requisite for project success was not considerable enough.

However, there were some conventional training sessions on the up-gradation project. A support team was set up but was not very useful as they could not extend their support to far flung branches of the bank. Similarly, no extra one-stop portal was established where the end-user could get support from in terms of instruction and troubleshooting problems. Post implementation, support team did not play a significant role in troubleshooting the issue and extending needed support to the end-users.

MCB Bank Ltd approach to change was not much successful as this transition brought a number of problems for end-users. First, end users were not adequately trained to run the system in an efficient and effective manner. They were not quite familiar with how the system works and added new functions and changes in old ways of working on software. Customers suffered a lot from the up-gradation of the new system as a number of issues emerged due to migration from the old to the new system. Sometimes the customers could not withdraw or transfer their money. This really affected their business and personal life commitments.

Early problems turned many customers dissatisfied which resulted in bank switches. Similarly, tax was levied in areas which were tax-free zones. This also

raised another problem of cross branch transaction fee which was initially free in intra-city branches was charged. This also added fuel to the fire. Similarly, in our previous schedule of charges, customers having good deposit balance in their account were free from cross-branch transaction charges, demand drafts, payment orders etc. were charged automatically by the system. Issuing cheque books to customers which was performed manually now became centralized and started taking 5 working days. This culminated in customers' frustration.

Perhaps the biggest mistake the implementation team made was testing the project on a small scale first and then later on a large scale. They launched the project simultaneously in the entire territory of Pakistan which led to their inability to provide much needed support to branches and end-users.

3.0 Strategic Intervention Techniques

Banking systems today are very complex and it seems difficult for banks to change their existing practices. Mere introducing information technology to a work place does not constitute modernisation or upgrading; it is more than this and it takes into consideration the entire banking business. Above all, it is of critical importance to consider strategic intervention techniques for the real and effective grooming of an organization.

Strategic intervention techniques include novelty in products/service, novelty in process, complexity, legal protection of intellectual property rights, adding to or extending the range of competitive factors, timing, re-writing of the rules, robust/platform design, transfer across different application contexts, and reconfiguration of parts of the process. The application of these strategic intervention techniques is of higher value because, for instance, one offers something no one else can and in ways others cannot (faster, cheaper etc.), offers something others find it difficult to master, offers something others cannot unless they pay a license/fee, move the basis of competition e.g. from price to price and quality, first mover advantage (market share in new areas) or fast follower advantage (let someone else make the early mistakes), offers a completely new product or process concept which makes the old way redundant, offers something which provides the platform for other variants, recombining the established elements for different markets, and rethinking how bits of the system work together, building more effective networks, outsourcing, co-ordination of a virtual company.

In terms of applying the strategic intervention techniques within MCB Bank Ltd, they can result in better operation of the system. The bank should apply the

strategic intervention techniques including novelty in products, adding range of competitive factors offering price and quality, time management, robust platform design, reconfigure parts of the process that is building more effective networks.

4.0 Need for Strategic Change

Change is a phenomenon present in this universe. Being part of this nature, the reflection of change can be seen in human life and endeavours as well. All aspects of today's life are almost different from the previous ways of life due to fast technological advancements affecting areas of commerce and trade on a wide level.

There are a number of factors that accelerate the speed of change. These factors include globalization, advancing technologies, cultural diversity, environmental and economic resources. It is essential to recognise the changes and devising strategies proactively to cope with these internal and external pressures in order to sustain and improve the organizational performance. Internal factors responsible for change may include organizational structure, process and HR requirements and external factors that exert pressure to change may include government legislation, competitor movements and customer demand (Krawford, K, Online).

The forces currently impacting the need for strategic change in MCB Bank Ltd comprise of channel amplification; service accessibility; customer serviceability; data privacy and security; and simplified banking. Channel amplification is developing a right mix of assisted and self-service channels e.g. branches, call centre, ATM, kiosks, drop boxes, mobile banking, internet banking, and SMS banking, for the purpose of providing rich, unified and consistent banking experience. The second one refers to incorporating technologies to make banking accessible to broader base of customers. Customer serviceability refers to the development of a responsive, reliable, and competent service which is accessible via various channels and continuously takes feedback and keeps improving. The fourth one deals with protecting the identity of customer by ensuring that appropriate mechanisms are in place to proactively safeguard against internal and external misuse of customer information. Last but not least is making the banking system sophisticated yet simple in terms of processes and service to offer a rich and pleasant experience to customers.

Various factors are responsible for driving the need for change. For instance, in the context of MCB Bank Ltd, they include globalization and internationalization of the world has necessitated for the organizations to handle the external and internal pressures by incorporating the change in a positive manner. In the mar-

ket, the customer today is more quality conscious than ever due to the free flow of information. Needs and demands put by customers or consumers upon productive units are ever increasing and pose different challenges for today's world of business. Almost all other organizations have some relevance to banks and that's why managing change is vital in its business.

There are three important forces and factors that need ample consideration; customer satisfaction, risk managing system and rethinking of the business. These are the imperatives that may lead an organization to success in contemporary competitive environment. Business growth can be achieved by keeping customers at the central place giving them centrality. Trust of clients is achieved and thus the business is run towards profit. The organizational enterprise is capable to handle the business and minimize the risks and boost up the business by integrating risk management system. The business has long as well as short term goals. The long term goals can be achieved by rethinking the operations of the business, bringing adequate technological equipment which will improve sustainability (Core Banking Modernization, IBM, 2024).

Critical success factor for effective and efficient transformation is having network of sponsors (usually senior executives) and change support team across all roles and levels of the organization effected by the change (e.g. branch manager, teller, accountant, customer service representative etc.). Involvement of sponsors in all activities is necessary for effective implementation and go-live. The presence of sponsor is an evidence of commitment to change.

5.0 Resouce Implicatons

Success of banks depends on successful use of available resources, especially financial, human and physical resources. Metaphorically, financial resources within an organization act like blood in a human body. Acquiring new technology requires significant funds that need to be spared. Similarly, running the advances and new technology requires people at work to understand and operate the new system to doing work effectively and efficiently. This requires them to acquire new knowledge and skills to enable them to operate the new systems. Employees can be enabled to operate the new system by going through different kinds of trainings and support programmes.

Not to mention the importance of physical resources that cannot be denied. This means the provision of enabling working environment. Enabling environment

includes building(s) that support proper working conditions, electrical appliances, and furniture and fixtures.

One of the most important is architecture which should be in the form of components. In the absence of this element in the design of bank, the system will go back to the traditional ways or legacy system that actually creates complexity beyond control at some point. Each unit will be with its own system and a minor change in any of the unit would result unexpected changes in others (Core Banking Modernization, IBM, 2024).

The building of a bank must be in componentized form because such a structure should enhance the pace of progress. It facilitates the introduction of new product or service in a bank. In order to transform to modern systems, banks must first consider the work environment in terms of physical infrastructure. The second point is the platform upon which the bank will work, while the third one to serve the customers inside and outside the bank is an approach based on cases being faced by the bank. Such kind of banking environment can bring customer satisfaction in terms of package-based approach.

Another is a hybrid approach to transformation of the current banking system. The progressive approach, on the other hand, focuses on issues that will support in minimizing the number of risks involved in day-to-day banking or adopting a better strategy to avoid distractions or that thing that detract the activities from the right path.

6.0 Planning Change

In terms of MCB Bank Ltd, an appropriate and workable system having the capability of attracting more and more stakeholders in planning change can be of IBM that points out some key considerations in order to modernize a bank. They include the following;

6.1 Management of Business

The first and foremost consideration is the management of internal and external new businesses. It can also be the key functional requirements for smooth running of a business. In this connection, review of a business from time to time is important. Weekly, monthly, and even daily business reports are produced in order to properly manage the business. Proper governance will take care of fi-

nances behind a venture. This way the necessary skill gaps can be minimized. The cost can then be cut by saving time and energy. Clever and smart businesses facilitate common and easily understood vocabulary among their employees and clients. In turn, the policy is better communicated which is obviously a critical and defining factor of success.

6.2 Standardized Technology

Technology is the use of tools, equipment, methods, thoughts and ideas that lead to the solution of a certain problem. A business running in a market has to face some problems in the market and in order to cope with them effectively the business has to develop a standardized technology. The business has to develop an integrated system of equipment in a workable condition. This way some standards are defined and the business as a whole govern the system through them. The risk confronted by the business activities can then be minimized in number by following these standards. The control is, thus, provided in an effective manner. Common vocabulary is established and common set of documents is used by all concerned. The system then improves from its previous state and is able now to take more benefits in return of the available time and resources.

6.3 The Process of Design

The way of modernization to bring into a traditional banking systems, or in other words, the process of designing a business, is to consider the approach being adopted to be top-down or bottom-up. The process of designing a business can be a combined approach as well. By combining the two approaches, better results can be achieved in terms of saving precious time and other resources. The top-down approach looks at the business from futuristic point of view while the bottom-up approach takes into consideration past events. The past examples are used for better future results. The combination of the two approaches bring rather better consequences because the benefits of both can then be combined into a single whole that will ensure better performance of the business.

Both views; looking from the front or future and looking from the back or past will provide a clear view in terms of needs of the business. The bottom-up approach, for instance, is unable to tell correctly which assets are useful in the present and in the future without the support of top-down approach. The business driven processes are defined as well the kind of services the bank will provide to the customers are brought to light. In simple words, all the requirements of a

business must be considered in order to design a better business, especially Information Technology (IT).

6.4 Build versus Buy

Buying and building are the two important decisions which are to be made by the businesses as per their requirements and needs. The business functionality is mandatory in this connection to be thought over as to buy a certain product or service or to build them. It takes a lot of energy on the part of the personnel to customize a business package. At the same time, deploying or redeploying individuals or resources is not easy especially in terms of various functions the bank performs. In order to buy or build, the bank has to consider many other factors like growth of organization, skills and, above all, human resources in the context of their commitment to work for the overall development.

Other factors responsible for a 'buy' or 'build' decision, is to diagnose the needs of running the general banking practices and the like to simultaneously work with regional and corporate models. In this connection, banks that are worth mentioning are those which have successfully incorporated all information technology equipment with the banking requirements. They are in a position to handle and absorb the kind of change important for growth and development of a bank.

6.5 Reliability of the Concept

The proof of the concept being applied in order to achieve up-gradation of banks is, in fact, to ensure that the designing and all strategies implemented are sound and functioning very well. A document is produced in controlled environment elaborating all the principles and equipment. The mechanism must reflect all the elements of the project comprising various important aspects like time, functionality, construction, and workability.

The concept must represent an effective model of good governance, risks involved, and necessary changes to be introduced. Other aspects related to 'concept' are staffing of human resources according to the demands of the business, all the relevant skills are evaluated, especially the Information Technology (IT) usages for business, while individuals working within the organization must be able to take effective decisions in method selection.

The decision-making capability on the part of employees enables them to assess for better results and to evaluate their performance in perspective of a method's

efficiency. Later on they may decide on the best choice. The decision-making bodies will use problem-solving techniques and come up with workable solutions. The kind of skills required and the expected reactions in the smooth implementation of positive change are assessed in advance inside proof of concept.

6.6 Transforming the Heritage of Previous System

It is natural that changes occur with the passage of time. Old systems are either to be up-graded or modernized or they may be thoroughly left behind and replaced by totally new systems. Various old systems exist and some of them are really good and they can be easily customized for addressing the needs of modern banking. Some systems are there, which are too simple and that is the reason why it is better replace them in order to facilitate the service to consumers.

6.7 Transfer of Data

A lot of time as well as efforts are required to test data transformation or relocation. It can be from paper to electronic format which obviously requires a handsome budget allocation. The benefits of data transformation include time saving, resource best use and effectiveness of human resources available to a certain business. This will reduce the cost of the business in carrying out its necessary functions. Proper method in this regard helps in easy processing. Transferring data from an old system can be tiresome because of inconsistencies in facts and figures.

A proper strategy which is coherent with the process must be adopted in the light of right model for data collection and compilation, leaving all irrelevant, unnecessary, and redundant data.

6.8 Management of Change

Good time management results in good change management which is one of the crucial aspects of running a business. It takes a lot of energy, effort and finances to carry out disciplined time management in order to achieve success. Change means to implement new things bringing innovations in a venture, the facilitation of which brings modernization. The management must flow from top to bottom, thereby affecting each and every individual worker positively. All the concerned know the five “WH” questions revolving around any of the change being brought within the bank environment.

The actual success is management of time in the context of change. Smarter business knows the fact and understands the process of change. They work for changing their core banking system into a modernized one and thus end up with something positive and fruitful.

7.0 Strategies in Change Management

There are four key strategies that are available in the process of change management. Broadly speaking, they include evolution, revolution, adaptation, and reconstruction. Evolution change strategy is change in paradigm over long period of time. It refers to an organization's ability to devise strategies over time to cope with and adapt to the changing environment. It is also known as learning organization. Revolution refers to change strategy in the context of rapid and major strategic and paradigm change. Adaptation is the most widely used change management strategy. It occurs incrementally and is accommodated in the current paradigm. Reconstruction strategy is applicable in circumstances characterized by rapid change and commotion in an organization, for instance dealing with major cost-cutting programmes and changing market conditions.

The most appropriate strategy for change in MCB Bank Ltd., is 'Reconstruction' in order to up-grade MCB Bank Ltd in terms of its core banking system. It is one of the best change management strategies that suits the circumstances of a bank. The bank has to respond to the rapid changing market demands and centralizing and best catering to the changing customer needs and wants.

The new system has the ability to best serve the needs of banks in terms of information flow management, operation, user friendly interface, quick and access to information, data security, regulatory compliance, customer privacy, and more effective and efficient management information system.

By reconstructing strategy, more stakeholders can be involved in the development of reconstruction strategy. The major stakeholders are shareholder, customers, employees, government and regulatory bodies, competitors, and suppliers.

One of most important stakeholders is shareholders. They are the owner of the business. How they want their investment to be utilized should be respected and due return for their risk taking should be ensured. Customer is the boss as every business is all about customers. In this strategy, changing customer expectations, needs and wants are incorporated by taking their views on how they want to be serviced.

The internal customer, employees, are made part of the strategy, that is, their input and commitment to adapt to the new ways of doing business, handling their worries and concerns, and motivating them to make the change process a success. Similarly, regulatory compliance is undeniably important, therefore, these regulatory bodies are also made a part of the strategy. Their concern about the change process is given ample care as this is the cost of being in the market.

Not to forget competitors as an important stakeholder, as they need to be taken into confidence to play fair and just in the market. Last but not least are suppliers. In our example of MCB Bank Ltd up-gradation, the suppliers of the CBS they needs to be given due importance in the change process. Their ever ready support in the beginning, during and post implementation should be made sure.

8.0 System Effectiveness

For system effectiveness, internal and external factors should be considered for devising change strategy. Wood et al (2010) believe that organizational change occurs throughout an organization and affects not only one part but it may affect the whole organization e.g. hiring a new employee. He believes that neither the context in which an organization manages change nor the purpose of change management is the same for all organizations. However, the ethos of change management is the same, that is, organizational effectiveness, efficiency, ability to respond to the changing internal and external pressures.

To take into confidence more stakeholders in the development of strategy, Song, X (2009) believes the survival and development of organization depends upon the change management. The more you are able to deal with change effectively, the more likely the organization will thrive. He further reckons the organization change as a complex activity and any tiny mistake in change management can culminate in the entire failure of the organization change. This means stakeholders need to be the key part of the process.

Further, Song, X (2009) sees change management as a systemic approach to dealing with change both at organizational and individual level. Organizational change management activities involve: defining and instilling new values, attitudes, norms, and behaviours within an organization that support new ways of doing work and overcome resistance to change, building consensus among customers and stakeholders on specific changes designed to better meet their needs, and planning, testing, and implementing all aspects of the transition from one organizational structure or business process to another” (GAO, 1998)

The processes that worked well in organization include socialization of banks. A customer and a banker had more friendly and emotional involvement with each other. Due to the manual system, customers used to be served instantly, for example, in case of issuing cheque books. The employees were more facilitated in terms of getting their salaries/ allowances/ travelling and daily allowances on time and were able to get the money as desired.

Things that did not work well were particularly the lack of advances information communication technology. Paper documentation was not only tiresome but also difficult to record, classify, process, and retrieve relevant information. Sometimes customer servicing used to become more confusing and time consuming. The organization of a huge amount of data was not more effective because they occupied large spaces of shelves.

Things that could have worked better included the utilization of social interactions/relation in the best interest of the bank in terms of up-selling and cross-selling to their friends and families. Exposures to security threats in terms of various processes had the possibility to be made more secure and safe.

9.0 Managing Resistance to Change

Resistance to change in organization brings with itself an environment of politics as it creates winners and losers. Losers would engage in activities that culminates in organization conflict and would resist changing. Win-win situation is to be created to resolve the organizational conflict by ensuring interest of the parties is protected to the extent possible. However, resolving this organisational conflict is not as simple as it seems. This poses a serious threat to the organization's well-being (VU, Online).

Wood et al (2010) admit that there a great deal of literature is found on the negative aspects of managing employees resisting change. However, they do not agree with the notion that people always resist change rather they advocate that only that part of change is resisted that either directly or indirectly affect them personally such as fear of unknown, status, remuneration and comfort. Further he encourages this type of resistance and believes it to be healthy reaction that can be managed (Krawford, K. Online).

For MCB Bank Ltd, a workable approach can be based upon Oakland & Tanner (2007) who are of the view that change is not necessarily to be a painful process as it is evident from a number of failed change management initiatives and reports.

However, Wood et al (2007) come with a remedy to make change process less painful and less likely to fail by utilizing successful change management strategies along with effective communication strategies, operational alignment, readiness to change and implementation. All these will help lessen resistance to change. Further, Wood et al (2007) believe that people do not resist change if it does not affect them either directly or indirectly.

Various issues are faced during the development workable approach to overcome the resistance to change, like fear, anxiety, and status. Some of the fear that makes individuals and groups to resist change are fear of unknown, status, remuneration, and comfort. They further reckon resistance to change as a healthy reaction and can be managed effectively by effective communication and change initiatives (Krawford, K. Online).

The rate of failure of change management in organization is still alarmingly high. There are both internal and external factors that contribute to the failure of change management in organizational change.

9.1 Leadership Issues

According to Senior (2002), cited in Song, X (2009), necessary traits for successful leadership include drive (achievement, ambition, energy, tenacity, and initiative) leadership motivation (personalized or socialized) honesty and integrity, self-confidence, cognitive ability and knowledge of the business, emotional intelligence and excellent interpersonal skills. Wright (1996), cited in Song, X (2009), defines four leadership styles on the basis of behaviour. These are “concern for task”, “concern for people”, “directive leadership” and “participative leadership”. However, there is no one best style to fit all situations.

Blake (1994), cited in Song, X (2009), builds the most effective leadership style on two dimensions (employee-centred and production-centred leadership). He believes that “Team Management Style” is one of the best styles of leadership. According to Senior (2002), cited in Song, X (2009), the most popular leadership styles are “behaviour along a continuum”, “path-goal theory”, “situational theory” and “contingency model”.

Leadership styles should be changed according to different situations. Otherwise that would lead to failure of change management and ultimately to the death of an organization.

9.2 Culture Issues

According to Shein (1990), organizational culture is the basic beliefs and assumptions shared by members of organization that are operated unconsciously and portrays an organization's view of itself and its environment. Organizational culture manifests itself in three different ways, that is, observable facts, values, and basic underlying assumptions. Schwartz and Davis (1981), cited in Song, X (2009), throw light on the importance of culture in the prosperity of organization. They believe that organizational culture has the capability of altering the intended impact of well-thought changes in organization to a greater extent. In different situations, an organizational culture can be supportive of or against organizational change.

The role and influence of organizational culture in change management is of vital importance. The assessment and understanding of organizational culture help in pinpointing where are the likely resistance to change because of incompatibility between organizational culture and change management strategies. It also helps in making choice regarding whether to ignore the culture; manage around the culture and try to change the culture to fit the strategy; or change the strategy to fit the culture.

9.3 People Issues

According to Hamlin (2001), very often neither top executives nor middle managers, trainers and, developers pay enough attention to the concerns of people. One of the reasons for resistance to change in the formal organization is that the existing established and familiar working environment will be broken and threat to their self-valued interests. With the emergence of new technology, workers feel that their skills and abilities will lose value, wounding worker's self-esteem, and the trouble and fear of not being able to acquire the needed new skills.

As a result, new technology culminates in less satisfying and more boring or monotonous jobs (Heffron, 1968). Power and resources are redistributed with the organization change, for instance, changing from bureaucratic to slimmer –flatter structure would bring changes in top managerial positions and decrease in some personal interests such as unemployment, job security.

Gai (2003) believes that organizational life just does not mean formal organization such as organizational structure, strategy, and technology which can be found on official charts. There are informal organizations as well those charac-

terised by network of individuals, social relations, naturally based on common interests, hobbies, similar social status and nature of jobs and not constrained by formal organization regulations. Informal organizations have their own core leader, culture, structure, norms and rules which are not compatible with that of formal organization.

Organizational change will instil fear in the informal organization as people will perceive it a big threat to break their firmly established interpersonal relationship which is a sense of self-identity and security. This fear will lead to resistance to change. Skilling (1996), cited in Song, X (2009), suggests that understanding people issue is of vital importance. Managers need to understand both formal and informal organization culture, pay closer attention to the psychological process that people experience during planned/unplanned change.

9.4 External Environment Issue

Every organization has its own ability to respond and adapt to the external environment. Further, every organization has its unique environment in which it operates. Change managers must facilitate quick and proper adaptation to the characteristics of that environment. Heffron (1968) suggests that environment consists of five dimensions, that is, social and culture, political and legal environment, technological environment, the human environment, and the economic environment. The success of change management depends upon the successful adaptation of an organization to the external environment changes (Song, X. (2009).

9.5 Workable Approach To Overcome Resistance

To overcome resistance to change, managers should be capable of motivating change, managing the transition and shaping the political dynamics of change.

Motivating change is an attitude to behavioural change approach. It lays emphasis on manipulating attitude and behavioural change in two ways, that is, persuasion/ cognitive/emotional method and rational/intellectual method. The former one is based on psychotherapy and later one on cost-and-benefit analysis method. These are the two methods through which managers motivate their staff.

To manage the transition in an efficient and effective manner, managers need to develop switching skills in order to acquire new skills, knowledge, values, know-how of newer systems, processes, technologies, and even new strategies. In

other words, managers need to know and understand both existing ways of doing things, technological architecture and the new ways of doing things through different and new systems, processes and technology in a different working environment. Further, managers need to strike a balance for achieving harmony and smooth progression from old to new systems and ways of doing things (VU, handout).

Like other institutions, banks also have to incorporate a big deal of positive change within their infrastructure. Banks have to modernize their existing systems of operation i.e. core banking system in order to meet the challenges of modern times in terms of fast-paced market dynamics and ever increasing customer's demands. The reason of fast flow of information has made the consumers of today to have keen views on products and services and to be more quality conscious than before. The social media has given the general masses a collective voice. They are now in a position to exert more power on banks to work in their favour in the form of better relations, catering the needs of customers (Core Banking Modernization, IBM, 2024).

10.0 Appropriate Model

The history is evident of failure of the fact that majority of change management programmes have been unsuccessful. For instance, John Kotler in his research conducted in 1995, cited in Scott Keller and Carolyn Aiken (online), revealed that only 30 percent of change management programmes were successful. Similarly, McKinsey & Company's survey found astonishingly the same 30 percent success rate in 2008, cited in Scott Keller and Carolyn Aiken (online).

Appropriate model for on-going change in MCB Bank Ltd is the combination of 1) compelling story, 2) role modelling, 3) reinforcement systems, and 4) the skills required to change. This concept of change management is well grounded in psychology. However, Scott Keller and Carolyn Aiken reckon that this is the point where things fall apart. Because the four conditions mentioned above show the rational thinking and behaviour whereas they lack to consider the irrational behaviour of human beings. Rational manager faces frustrating unintended results after putting in place these four conditions using common sense. The reason they fail is their inability to take account of the irrational nature of employees.

a) Creating a compelling story

#1: What motivates you doesn't motivate (most of) your employees.

Earning bread and butter is not the only primary motivation for employees to work. Research finds that there are at least five sources of meaning and motivation for employees to work. These sources of meaning for human at work are impact on society (e.g. making a better society, stewarding resources), the customer (e.g. making it easier, superior service, better quality products), the company/shareholder (e.g. sales, profitability, high share price, reputation), the working team (e.g. sense of belonging, caring environment, working together efficiently and effectively), and "me" personally (e.g. my development, pay check/bonus, empowerment to act). Interestingly, the research revealed that the five factors of sources of meaning have the same age weight. So to motivate employees at work, all the five sources of meaning should be tapped into to unleash the maximum energy for change.

#2: You're better off letting them write their own story.

Research suggests that employees prefer choosing for themselves than being told. However, practically we see that higher management invest a great deal of time, money and energy in telling employees what to do rather than listening to them. They use different media to communicate their change story e.g. town halls, magazines, screen-savers and websites. The author believes that it is far better to listen to employees rather than telling them what to do because employees like to choose for themselves and then they show significant commitment to what they have chosen. Research reveals that when we choose for ourselves, we are far more committed to the outcome (almost by a factor of five to one).

Unfortunately, conventional change management programmes undermines this fact. The rational managers think of it as a mere waste of time to let others decide for themselves when they already know. This approach to change management fails to recognize that letting employees choosing for them bring in commitment to the outcomes which is otherwise not possible by telling them what to do.

#3: It takes both "+" and "-" to create real energy.

Change can be tackled on with deficit-based approach which is more like 'solve the problem' or constructionist-based approach which is 'capture the opportunity'. The former approach, based on linear logic and dissecting things to understand things, identifies the problem, analyses causes, proposes possible solution to fix the problem, and finally takes an action to resolve the problem. Research

findings reveal that persistent focus on ‘what’s wrong’ is not sustainable and results in unproductive fatigue, resistance and doing little to engaging people. Later one approach is based on discovery, dreaming, designing, and destiny. This approach produces more excitement and enthusiasm but culminates in risk-averse solution. Managers need to employ both approaches to bring about change more efficiently and effectively by neutralizing the downsides and maximize impact.

b) Role modelling

#4: Your leaders believe they already “are” the change

Normally, top managers believe that bringing change in them will bring change in the entire organization. This belief misleads them and they fail to realize the importance of feedback from colleagues and subordinates. A 360-degree feedback technique, either via surveys, conversations or both, should be used to find ‘what’ to change as leaders who pursue continued success need to grow and critically self-examine.

#5: Influence leaders aren’t that influential

Research findings suggest that ‘social contagion’ is less dependent on persuasiveness of ‘early adapters’ and more on how receptive the ‘society’ is to an idea. This means that a lot of scarce resources should not be invested in change leaders but rather a balance should be stuck on other four condition of change, that is, compelling story, role modelling, reinforcement system, and skills required for change.

c) Reinforcing mechanisms

#6: Money is the most expensive way to motivate people.

Compensation system should be linked with the change programme objectives in order to avoid sending mixed messages. If compensation is not linked with change objectives, employees may reckon the change unimportant and not a priority which will culminate in the failure of change management programme. It is important to link the compensation system to the change objectives in a more meaningful way to the employees which is rare in majority of companies. Interestingly, there are some less expensive ways to get employees motivated, that is, tiny gifts and small unexpected rewards. Small unexpected rewards motivate employees to a great extent. This is because employee sees them as ‘social exchange’ with the company rather than ‘market exchange’.

#7: A fair process is as important as a fair outcome.

It is interesting to note that employees could go against their own self-interest if they believe that the change process and the outcome are unfair. Change manager should pay due attention to employees' feelings about fair process and outcome while embarking on change, e.g. while taking decision about headcount reduction, changes to processes such as talent management and annual planning etc. and about customers such as sales stimulation programme, call centre redesign, pricing, etc.

d) Capability building**#8: Employees are what they think.**

Conventional change management programmes put emphasis on the traditional skills and knowledge required for desired change. However, they fail to realize the importance of soft stuff, that is, employees' thoughts, feelings, beliefs, and mindset. It is this soft aspect of a human being that drives behaviour and behaviour drives performance. Ignoring employee's paradigm is just like addressing symptoms rather than root causes. According to Bannister, it is all about mental approach and energy can be harnessed by correct attitude of mind. Change manager should strike a balance between developing the technical skills and the paradigm (mindset). This will enable technical skills to be used to their fullest.

#9: Good intentions aren't enough.

It is important to provide an enabling environment to employees where they can practice the new and desired skills and acquired knowledge. The hurdles in the way should be removed by introducing formal processes and procedures. Failing to provide an enabling environment through formal processes and procedure will not deliver the desired return and thus dooms most of the change programmes. It is important to note that training and development is a continuous process and it should not be considered as a one-off event. Training should be a part of fieldwork assignment that is directly linked with the employees' day job requiring them to practise new paradigms and skills for which they are accountable. Fieldwork assignments should be quantifiable and outcome-based. It should have the measure to indicate the level of competence gained. Further, their skills and knowledge acquired should be recognized by awarding certificates.

11.0 Implementing The Model

There are some key factors that facilitate the implementation of the model in an efficient and effective manner. The key success factors are to build a strong and proven group-wide capability to deliver large projects, to build or acquire the capability and maturity to govern and sponsor transformational change at all management levels, to build a long term business case, to develop a deep understanding of the current legacy and complexity, to adopt a no-regrets transition approach, to be realistic and transparent about the delivery risk and how it will be managed, to simplify the process, to establish the right risk sharing model with suppliers, and to put the best people you have on the project.

Similarly, environment, structure, and management orientation are the three crucial determinants for an organization to implement a change model more effectively and efficiently.

11.1 Environment

It refers to the surrounding circumstances in which an organization operates. Change in customer needs and wants warrants a change in products and strategies of the organization. The most important actor in the environment is customer. Therefore, we hear the notions such as “a customer is the boss”, “a customer is a king”, and “a customer is sovereign”. Changes in environment are coupled with changes in product line, changes in services, development of a new product or targeting customers at some market place or in terms of better quality.

11.2 Structural

Strategy-structure compatibility is a prerequisite for achieving organizational goals and objectives. There are different structures such as functional, divisional or matrix which corresponds to the strategy of an organization. The important point here is that the control depends on strategic requirement and change in strategy, for instance, in an organization where the structure was previously control oriented. However, new strategic requirements of change are to go for decentralization of control.

11.3 Management Orientation

According to recent researches, highly successful organization operates with a simple and appropriate structure with adequate staff instead of empire building. Some of the characteristics of successful organizations are to encourage entrepreneurship and risk taking, to believe in realistic rather idealistic approaches (organization should focus on actions for goal attainment as opposed to strategy formulation), to stick to one's knitting (living around the core of the business which definitely is the area of being or mission statement), to stress single values (focus of the organization is on the single value rather than n multiple values), and the consensus of employees (agreement over performance of goals that is creating a strategy for creating environment of participation, empowerment, and delegation).

11.4 Impact of Internal and External Circumstances

When the internal and external circumstances are considered, some challenges come the way which needs to be tackled and treated in order to implement the model for change in MCB Bank Ltd more effectively. However, banks will face different set of challenges in their core banking transformation if they have operations in multi-cultural economies.

Key challenge to banking transformation programme is that sponsor (senior executives) usually has to juggle competing business, regulatory compliance, project priorities, and driving innovation to cater to the needs of ever changing customer needs.

Other challenges are: taking decision quickly and creating a sense of urgency in banks which are considered and should be risk averse, selecting and deploying right people to carry out the project, managing smooth transition for both employees and customers throughout and beyond the project, appointing a sponsor (change champion) empowered with decision making and rewarded for managing project deadlines and delivering the project outcomes. He/she should communicate the business case to the staff so there are no misunderstandings and big picture is clear to all, devising a business plan with integrated communication strategy and plan. Creating plan at the project inception will help getting staff engaged.

Besides the challenges briefly described above, Ernst and Young identify the major risk associated with modernizing/ upgrading core banking system which are

delivery risks, going over budgets, over schedule, and doing so in a high profile. Because of the critical nature of launching such a big IT project, delivery risks is significant as during the go-live phase, it takes only a small slip to capture an unwanted headline in the paper the next morning.

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