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Abstract

Purpose*:* The purpose of this study was to evaluate the factors that lead to resistance to change in the transformation process of Microfinance institutions in Kenya into Deposit Taking institutions.

Methodology*:* This study adopted descriptive research design. For purposes of collecting primary data, the use of a questionnaire developed by the researcher was used. Data was then analyzed using Excel and SPSS and presented in tables, graphs and charts. A total of 120 questionnaires were distributed to the above five organizations and 42 of them were returned. This represents a 35% response rate.

Results*:* The study also concluded that initiatives that reduce resistance to change have a positive association with transformation. For instance, the study concluded that training was associated with higher transformation success. Furthermore, a positive attitude towards change was associated with higher transformation success. The study also concluded that the higher the perceived benefits, the higher the transformation success. It was also noted that organizations that had a good track record of successful change attempts had successful transformations and that the credibility of the organizations determined how respondents felt about the organizations ability to implement successful transformations.

Unique contribution to theory, practice and policy: The study recommends that Leaders should as much as possible clearly define the need for the change by communicating the strategic decision as well as involving their subordinates in the planning of the change by asking them to give suggestions and ideas. Transforming MFIs should also plan for and deliver relevant training programs that develop basic skills.

Keywords: *transformation process, Microfinance institutions, Deposit Taking institutions*

1.0 INTRODUCTION

1.1 Background of the Study

Microfinance can be traced to the early 1700s, when financial organizations began to extend small loans with short repayment periods to the rural poor. Credit unions, the predecessors to microfinance institutions (MFIs), were started in 1846 in Germany as cooperative credit organizations that helped local farmers purchase livestock, seeds, and equipment. However, the credit union's reach was limited to developed countries, and hundreds of millions of people around the world continued to be excluded from the formal financial sector (Stenzel, 2009).

Consequently, Microfinance started to become a broadly known sector since the pioneering work and success of Grameen Bank in Bangladesh. The Grameen bank adopted a simple mission: to alleviate poverty by provision of small loans to economically active but disenfranchised people (Hoque, Chishty and Halloway, 2011). Microfinance institutions (MFIs) provide a variety of products including micro loans, savings and other deposit products, remittances and transfers, payment services, insurance, and any other financial product or service that a traditional commercial bank does not offer to low income clients in the banking system. However, unlike in the traditional commercial banking sector, there is an understanding that the average microfinance client does not have many assets, thus collateral is usually sought in the form of social capital (Hoque, Chishty and Halloway, 2011).

Through the 1980s, the policy of targeted, subsidized rural credit came under a slow but increasing attack as evidence mounted of the disappointing performance of directed credit programs, especially poor loan recovery, high administrative costs, agricultural development bank insolvency, and accrual of a disproportionate share of the benefits of subsidized credit to larger farmers(MercyCorps, 2006). The basic tenets underlying the traditional directed credit approach were debunked and supplanted by a new school of thought called the "financial systems approach", which viewed credit not as a productive input necessary for agricultural development but as just one type of financial service that should be freely priced to guarantee its permanent supply and eliminate rationing (MercyCorps, 2006). The financial system's school held that the emphasis on interest rate ceilings and credit subsidies retarded the development of financial intermediaries, discouraged intermediation between savers and investors, and benefited larger scale producers more than small scale, low-income producers (MercyCorps, 2006).

However, microcredit programs throughout the world improved upon the original methodologies and defied conventional wisdom about financing the poor (MercyCorps, 2006). First, they showed that poor people, especially women, had excellent repayment rates among the better programs, rates that were better than the formal financial sectors of most developing countries. Second, the poor were willing and able to pay interest rates that allowed microfinance institutions (MFIs) to cover their costs. Further, two features - high repayment and cost-recovery interest rates –permitted some MFIs to achieve long-term sustainability and reach large numbers of clients (MercyCorps, 2006).

However, it was not until the 1990s that the world saw growing enthusiasm for promoting microfinance as a strategy for poverty alleviation. The microfinance sector blossomed in many countries, leading to multiple financial services firms serving the needs of micro entrepreneurs and poor households. These gains, however, tended to concentrate in urban and densely populated rural areas. Thus, it was not until the mid-1990s that the term "microcredit" began to be replaced by a new term that included not only credit, but also savings and other financial services. "Microfinance" emerged as the term of choice to refer to a range of financial services to the poor, that included not only credit, but also savings and other services such as insurance and money transfers (MercyCorps, 2006).

In 1992, BancoSol, the first commercial bank in the world dedicated solely to microfinance was founded. Today, BancoSol offers an impressive range of financial services including savings accounts, credit cards and housing loans; products that used to be only accessible to Bolivia's upper classes (MercyCorps, 2006). With the creation of BancoSol in 1992, the microfinance industry witnessed the birth of a new trend in institutional development: the transformation of non-governmental organizations (NGOs) into regulated financial institutions. Though not embraced by all, institutional transformation has become the strategic end-objective of a large number of micro lending NGOs. The concept was born over a decade ago out of the twin goals of exponentially increasing the number of clients with access to microfinance and reducing donor dependence (Campion and White, 2001). These two goals have driven the industry toward greater integration with the formal financial sector, leading a large number of NGOs to consider transformation into privately owned regulated entities (Campion and White, 2001).

Today, practitioners and donors are increasingly focusing on expanded financial services to the poor in frontier markets and on the integration of microfinance in financial systems development. The recent introduction by some donors of the financial systems approach in microfinance which emphasizes favorable policy environment and institution building has improved the overall effectiveness of microfinance interventions (MercyCorps, 2006). However, numerous challenges remain, especially in rural and agricultural finance and other frontier markets. Today, the microfinance industry and the greater development community share the view that permanent poverty reduction requires addressing the multiple dimensions of poverty (MercyCorps, 2006). For the international community, this means reaching specific Millennium Development Goals (MDGs) in education, women's empowerment, and health, among others. For microfinance, this means viewing microfinance as an essential element in any country's financial system (MercyCorps, 2006).

It is in support of this vision by the international community to expand financial services to the poor and integrate microfinance firms in financial systems development that the Central Bank of Kenya has been in the fore front in trying to address the entry barriers for the unbanked and under banked Kenyans to access financial services. To aid this initiative, The Central Bank of Kenya operationalized the Microfinance Act in 2008.The main objective of this Act is to regulate the establishment, business and operations of microfinance institutions in Kenya through licensing and supervision.

The Act enables Deposit Taking Microfinance Institutions Licensed by the Central Bank of Kenya to mobilize savings from the general public thus promoting competition, efficiency and access. The Central Bank continues to initiate key reforms and structural changes that are necessary in the sector’s legal, regulatory and supervisory frameworks. Key among these legislative changes has been the specific amendment to the Microfinance Act in January 2011 that introduced agency definition.

The Kenyan Microfinance Institutions are registered under different Acts of parliament .The Association of Microfinance Institutions of Kenya (AMFI) is a member Institution that was registered in 1999 under the societies Act by the leading Microfinance Institutions in Kenya to build capacity of the microfinance industry in Kenya. AMFI presently has 52 member institutions serving more than 6,500,000 poor and middle class families with financial services throughout the country. AMFI is governed by a General Assembly and gets its leadership from a Board of Directors that are composed of experienced practitioners who run some of the leading microfinance Institutions in Kenya(Association of Microfinance Institutions of Kenya (AMFI), 2010).

AMFI membership ranges from large to small institutions which have diverse legal status ranging from microfinance banks, Wholesale MFI's, Retail MFI's, development Institutions and Insurance companies which represent the entire landscape of the microfinance industry in Kenya. To date, there are six Microfinances that have been licensed by the Central Bank to mobilize deposits from the general public. They are Faulu Kenya DTM Limited**,** Kenya Women Finance Trust DTM Limited, Remu DTM Limited, SMEP Deposit Taking Microfinance Limited, UWEZO Deposit Taking Microfinance Limited and Rafiki Deposit Taking Microfinance (AMFI, 2010)**.**

1.2 Problem Statement

The Central Bank of Kenya (CBK) has been taking some encouraging steps toward expanding financial access and outreach, particularly for low-income households. The financial access survey (FinAccess), conducted in 2009, showed that the usage of formal and semi-formal financial services increased from 27% in 2006 to 41.9% in 2009, while the share of the population excluded from any financial service decreased from 38.3% to 32.7%, respectively. Despite this progress, a fundamental challenge remains: an estimated 60% of the Kenyan population still does not have access to formal financial services, and the country’s financial sector is characterized by high interest rate spreads (Beck, 2009). Consequently, CBK is however optimistic that the financial inclusion gap will be significantly narrowed, through usage of DTMs bringing Kenya closer to achieving the Vision 2030 objective of economic growth, development and financial stability (Central Bank of Kenya, 2011).

The Central Bank has continually reiterated its commitment to the development of an all-inclusive financial system to serve a majority of the Kenyan populace and remains ardent in formulating policies that support innovation in the financial sector. In a speech made in January 2011 during the commissioning of REMU DTM Limited as the fifth deposit taking microfinance institution, Prof. Njuguna Ndungu, Governor Central Bank noted that the licensing of the deposit taking microfinance institutions would go a long way towards fulfilling the Vision 2030 goals of building an all-inclusive financial system through strengthening of quasi-banking institutions, promoting competition, efficiency and outreach (Central Bank of Kenya, 2011). He said that the various products and services offered by the licensed DTMs would increase competition while enhancing efficiency.

Approximately 3 years later after the operationalization of the Act, The Central Bank of Kenya has only licensed six microfinance institutions to receive deposits from the general public despite receiving numerous registrations and thus the twin goals of exponentially increasing the number of clients with access to microfinance and reducing donor dependence remains largely unattained.

Various researches have been undertaken in the sphere of microfinance transformation and have indeed offered practical guidelines for MFI's to develop the capacity to become licensed to intermediate deposits from the public while others have offered guidelines for regulators to license and supervise microfinance providers and for transforming MFI's to meet the demands of the regulators as well as shareholders (Ledgerwood and White, 2006). Research has also been carried on the process of transformation and the spin-off of NGO's into formal commercial banks (Campion and White, 2001). K-Rep bank from Kenya has been surveyed in several of these studies. However, so far, no research has been carried out to investigate the factors that affect the success of transforming microfinance firms into fully regulated deposit taking microfinance institutions in Kenya: a research and knowledge that this research study seeks to address.

1.3 Research Objectives

To evaluate the factors that lead to resistance to change in the transformation process of Microfinance institutions in Kenya into Deposit Taking institutions.

2.0 LITERATURE REVIEW

2.1 Empirical Review

Resistance is a force that slows or stops movement (Maurer, 1996). Bridges (1986) suggests that resistance is an incomplete transition in responding to change. Similarly, Kotter (1995) suggests that resistance is an obstacle in an organization's structure that prevents change. Other researchers define resistance to change by its displayed behaviors. For example, Hultman (1995) argued that resistance consists of two dimensions: active and passive. Active resistance includes behaviors such as being critical, selective use of facts, sabotaging, and starting rumors. Passive resistance is displayed by behaviors such as public support, but failure to implement the change, procrastinating, and withholding information or support.

Indeed many change efforts start out well, but do not succeed because leaders fail to anticipate internal resistance (Beaudan, 2006). Moreover, accumulated failed changes often create cynicism among members, creating a cycle wherein subsequent change efforts become more and more difficult to implement (Stanley, Meyer and Topolnytsky, 2005). Even in the wake of successful changes, individuals may experience change fatigue, a sense of being overwhelmed by the sheer number of planned change initiatives they are expected to adopt (Beaudan, 2006). Within the organizational change literature, employee participation and effective communication are cited as two of the most effective means to increase the change readiness of individuals (Armenakis and Harris, 2002; Holt, Armenakis, Field and Harris, 2007; Wanberg and Banas, 2007).

Forms of Resistance to Change

Individuals may respond to change in a variety of ways (Piderit, 2000). Not surprisingly, therefore, when examining employee responses to change, researchers have often focused on different elements or aspects of the phenomenon. Resistance to change is a form of organizational dissent that individuals engage in when they find the change personally unpleasant or inconvenient. This dissent can take a variety of forms (Piderit, 2000).

Resistance to change tends to manifest itself primarily through a low engagement in pro-change behaviors (Herscovitch and Meyer, 2002; Giangreco and Peccei, 2005). This aspect of dissent broadly corresponds to Herscovitch and Meyer (2002) notion of resistance as a general failure to comply with explicit requirements for change. This includes a failure to cooperate with the change, in the sense of failing to engage in behaviors "that involve going along with the spirit of the change and require modest sacrifices", as well as a failure more actively to champion the change by engaging in behaviors' "that promote the value of the change to others inside and outside the organization". Dissent and resistance, however, can also manifest themselves in more active forms of anti-change behavior, such as speaking out against the change in public, or actively trying to undermine its implementation in the organization (Herscovitch and Meyer, 2002).

Consequently, when the operational personnel are presented with a new directional, business or strategic plan, they laugh because they do not believe the organization really means it, they cry, or at least become very depressed, because they know the organization does not have the resources (people, time, tools and money) to implement the plan successfully or they toss it aside, because they cannot see their participation or accountability in implementing the plan: they may not even see any benefit to their personal goals if the plan is actually consummated (Simpkins and Paknejad, 2008).

Typologies of Resistance to Change

While there are numerous studies addressing possible reasons why people resist change, there is not a common typology that comprehensively addresses all potential sources of resistance. However, Holt et al. (2007) offer insight into this topic through their observation that change readiness scales typically assess along four dimensions, including the content of the change, the context of the change, the change process and factors related to individuals involved in the changes. Considering the close relationship between readiness and resistance, these four common dimensions serve as a robust foundation for the development of a resistance typology.

For the purpose of this review, the readiness dimension of change context will be embodied in the resistance domain of organizational factors, the readiness dimension of individual attributes will be embodied within the resistance domain of personal factors, and the readiness dimensions of content and process will be included into a single resistance domain, labeled change specific factors.

Personal Factors

Personal factors are a potential source of resistance to change and encompass numerous facets to consider. These facets include, but are not limited to personal attributes such as disposition, current issues in an individual's life and even concerns related to their personal external environment. In regard to personal attributes, for example, individuals may simply possess a low tolerance for change (Schlesinger and Kotter, 1979). In other cases, individuals may resist change simply because the change represents uncertainty, and they fear the unknown (Karim and Kathawala, 2005).

From a dispositional perspective, it is instructive to consider the "Big 5" personality type, openness to experience, with individuals high in this trait depicted as being more open minded and willing to attempt new things (Nikolaou, Tomprou and Vakolar, 2007). Conversely, individuals with lower levels of the trait, openness to experience, are likely to be less interested in trying new things. Intuitively, then, this can be applied to the context of change since organizational change often requires individuals to engage in new routines and activities. Thus, individuals with lower levels of openness to experience might be less supportive of organizational changes and more prone to resist change to the extent that it requires them to engage in new activities.

It is readily acknowledged that individuals have a multitude of needs. Maslow (1987) developed a widely accepted hierarchy of needs that are common to most individuals. It is therefore edifying to consider this hierarchy, elucidating five levels of individual needs, in the context of resistance to change. The second level in hierarchy, safety needs, reflect an individual's "need to operate in an environment that is physically and psychologically safe and secure, one free from threats of harm" (Greenberg and Baron, 2008). Thus, it could be argued that anything in an individual's environment which poses a threat to their security could be potential source of resistance. This resistance could be prompted by personal concerns related to the fear of losing a job or a reduction in benefits. It could also extend to the individuals non-work life (Palmer, Dunford and Akin, 2006), wherein other factors that threaten the perception of security, ranging from personal illness, loss of a close relative or loved one, or even the threat of a natural disaster could conceivably have an indirect effect on an individual's resistance to change, prompted by the fact that they are concerned about other issues in their lives. These concerns in their personal lives could lead to a sense of instability that is, then, extended to the work environment, where their sense of instability could make them less willing to support organizational changes because they are preoccupied with issues in their personal lives.

Organizational Factors

There are a host of organizational factors that could evoke resistance to change. Organizational factors leading to resistance could include the perceived credibility of the organization, the perceived credibility of those leading the change, and also the organization's history or track record related to change. Karim et al. (2005) for example, list distrust of management as a significant cause of resistance. In this same study, politics is also offered as one of the primary antecedents of resistance. Over time, organizations undertake a number of changes. In turn, individuals develop a sense of an organization's history as it relates to change (Palmer et al., 2006). If organizations have successfully implemented changes in the past, individuals might have more confidence in the probability of success for current changes, and, thus, be less likely to demonstrate resistance. On the other hand, some organizations have a track record of botched change attempts that could lead to a sense of cynicism amongst employees (Armenakis and Harris, 2002). This is important to note since researchers have found that resistance is related to cynicism (Stanley et al., 2005). Aside from the organization's history of change, individuals may also resist change because they perceive that there are too many changes being undertaken simultaneously (Palmer et al., 2006).

Factors Specific to Change Itself

These factors might include the processes undertaken to implement the change (Palmer et al., 2006), as well as the specific content encompassed within the change. With regard to process related resistance, individuals perceiving that processes were flawed may have a tendency to exhibit higher levels of resistance than those who perceived the process to be logical and equitable.

Resistance may also result from factors related specifically to the content of the change. For example, individuals may lack clarity or understanding related to the change, thus resulting in resistance (Alas, 2007). Furthermore, individuals may not view the change, itself, as being appropriate for the organization, thus prompting them to resist the change. This particular source of resistance is directly related to the specific nature or content of the change. Concerns about the content of the change may lead to additional resistance if individuals perceive that the change will have an undesirable impact on them (Carter, 2008). The perceived negative impact, in turn, could include concerns about how the change may impact their job, how the change may impact their friendships (Karim and Kathawala, 2005).It is important to note, as Palmer et al. (2006) contend, that resistance to change comes not just from employees, but management as well. For example, Jacobsen (2008) notes that resistance may result from middle managers failing to get involved in the change process.

3.0 RESEARCH METHODOLOGY

This study adopted a descriptive research design. This study focused on microfinance firms in Kenya that have transformed to Deposit Taking Institutions since the operationalization of the Microfinance Act in 2008.The sampling frame for this study was a list of employees in the deposit taking section of the business of the Microfinance Institutions. This was provided by the various Human Resource Departments. The population for this study relates to the employees who were involved in the deposit taking section of the business only. This population consisted of 120 employees and considered a small number thus; a census study was carried out. A total of 120 questionnaires were therefore distributed across the five institutions. Data was collected from primary sources through the use of questionnaires which were structured. Data processing and analysis started in the field, with checking for completeness of data and performing quality control checks. The data was then sorted, coded and then captured into a Statistical Package for the Social Science (SPSS). Specific variables were presented using frequency tables. Means, standard deviations, coefficient alphas and correlations were among the variables that were measured. The data was then interpreted and presented using tables, graphs and charts.

4.0 RESULTS AND DISCUSSIONS

4.1 General Information

4.1.1 Response Rate

A total of 120 questionnaires were administered to employees in various microfinance institutions. After eliminating one response from due to missing values, 42 questionnaires were used for the analysis. This represents a response rate of 35%. A response rate of about 35% is a commonly achieved response rate as suggested by Bryman and Bell (2007) and Dillman, Smyth and Christian (2009).

4.1.2 Gender of Respondents

The findings indicate that majority of the respondents (52%) were female while (48%) were male. These findings seem to imply that the organization gender was predominantly female as shown in figure 1 below.

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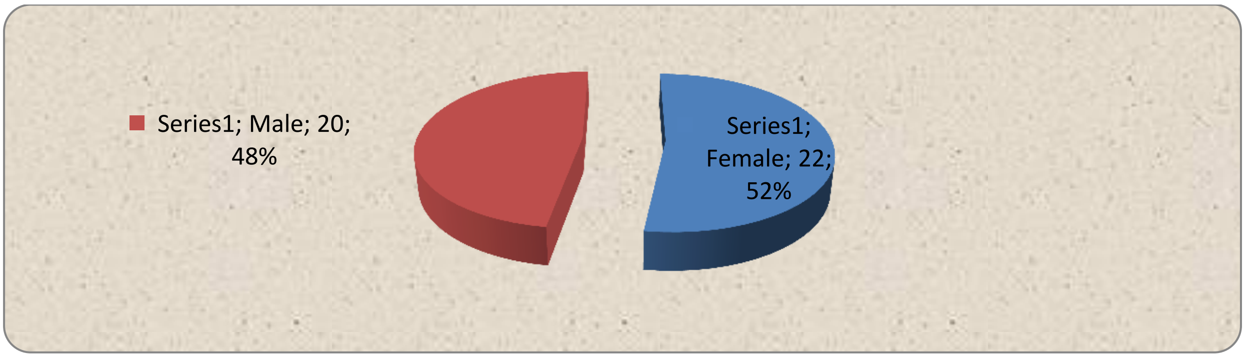

Figure 1: Gender

4.1.3 Age of Respondents

As illustrated in figure 2 below, the findings revealed that a majority (38%) of the respondents were aged between 30-34 years, followed by (29%) respondents whose age was between 35 to 39 years while (24%) of the respondents aged between 25 to 29 years. Only 9% of the respondents were over 40 years old. These findings seem to imply that the respondents of the study were youthful and might have been the reason behind the successful transformation in all the organizations as we shall see later on this study. Younger people are generally less rigid and more open to change as compared to the older people.

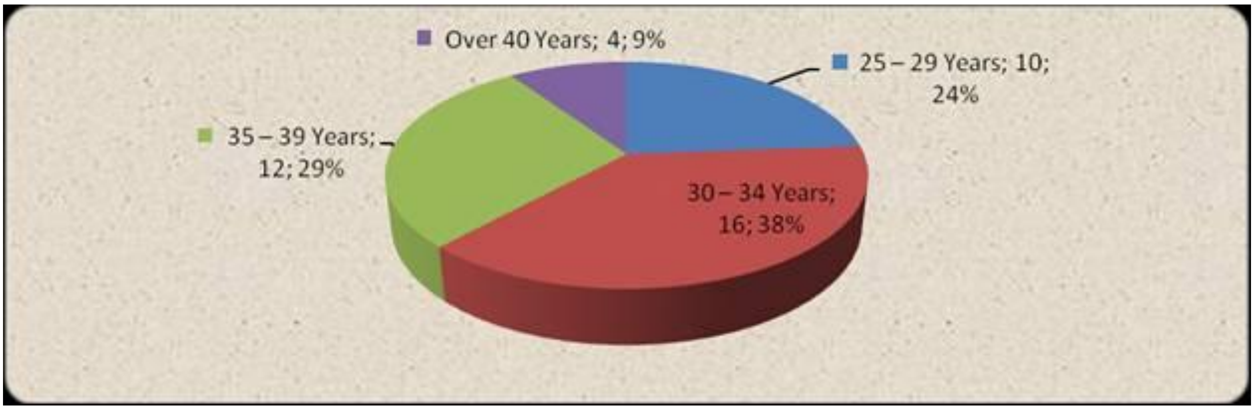

Figure 2: Age of Respondents

4.1.4 Number of Years

As illustrated in figure 3 below, the findings revealed that a majority (45%) of respondents had been in the organization for a period of 3-4 years, while 26% of the respondents indicated that they were in the organization for 5-10 years and 22% were in the organization for 1-2 years. Only 7% of the respondents had been in the organization for over 10 years.

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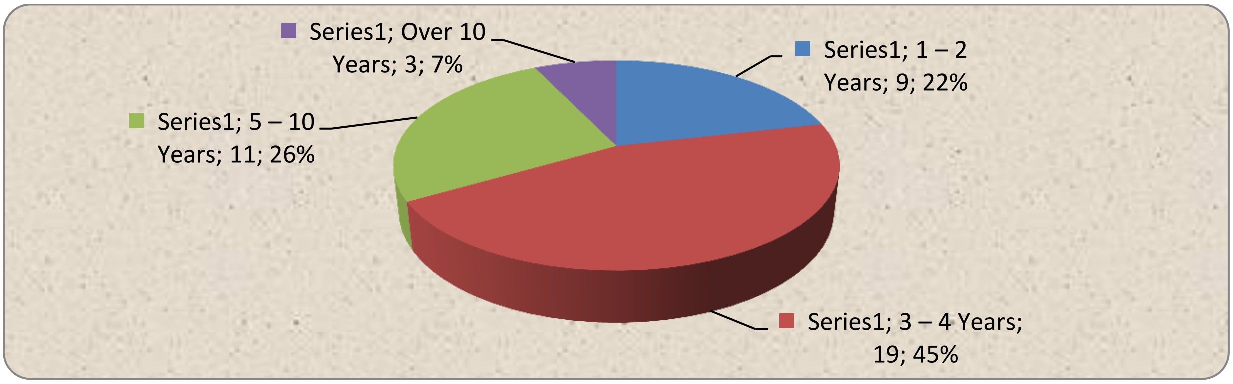

Figure 3: Number of Years in Employment

4.2 Descriptive Statistics

4.4.1 Frequency Distribution on the Factors that Lead to Resistance to Change

Attitude towards Change

Results in table 1 below revealed that a majority (64%) of the respondents strongly agreed that the change was a good idea and another 36% agreed with the statement. A majority of the respondents (64%) also strongly agreed with the statement that they co-operated actively to realize the change while the remaining 36% respondents agreed with this statement. Finally the findings revealed that majority of the respondents (64%) agreed that the change had been properly implemented while 17% of the respondents strongly agreed. Only 19% of the respondents were neutral about how well the change had been implemented in their various organizations.

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Table 1: Attitude towards Change

Question	Scale	Distribution	
		f	**%**
I believe the change was a good idea	Strongly Disagree	0	0%
	Disagree	0	0%
	Neutral	0	0%
	Agree	15	36%
	Strongly Agree	27	64%
	Total	42	100%
I co-operated actively to realize the change	Strongly Disagree	0	0%
	Disagree	0	0%
	Neither agree nor disagree	0	0%
	Agree	15	36%
	Strongly Agree	27	64%
	Total	42	100%
The change has been properly implemented	Strongly Disagree	0	0%
	Disagree	0	0%
	Neither agree nor disagree	8	19%
	Agree	27	64%
	Strongly Agree	7	17%
	Total	42	100%

Perceived Benefits of Change

Results in table 2 revealed that a majority (52%) of the respondents disagreed that the opportunity for promotion was much less in the present than it was twelve months ago, while 26% strongly disagreed with the statement. The study findings also indicated that 71% of the respondents disagreed that the change process makes them feel insecure and 24% strongly disagreed with the statement.

Table 2: Perceived Benefits of Change

Question	Scale	Distribution	
		f	%
The opportunity for promotion is now much less than twelve months ago	Strongly Disagree	11	26%
	Disagree	22	52%
	Neutral	9	21%
	Agree	0	0%
	Strongly Agree	0	0%
	Total	42	100%
The change process makes me feel insecure	Strongly Disagree	10	24%
	Disagree	30	71%
	Neither agree nor disagree	2	5%
	Agree	0	0%
	Strongly Agree	0	0%
	Total	42	100%

Involvement in Change

Results in table 3, further revealed that majority 64% of the respondents agreed that they were sufficiently informed about the planning of the change while the remaining 36% strongly agreed. A majority (55%) of the respondents agreed that they had been adequately trained to help them manage the change. However though, only 36% of the respondents agreed to having received adequate support from their superiors while dealing with the change and 7% strongly agreed with the statement.

Table 3: Involvement in Change

Question	Scale	Distribution	
		f	%
We were sufficiently informed about the planning of the change	Strongly Disagree	0	0%
	Disagree	0	0%
	Neutral	0	0%
	Agree	27	64%
	Strongly Agree	15	36%
	Total	42	100%
We have been adequately trained to help us manage the change	Strongly Disagree	0	0%
	Disagree	7	17%
	Neither agree nor disagree	11	26%
	Agree	23	55%
	Strongly Agree	1	2%
	Total	42	100%
We receive adequate support from our superiors	Strongly Disagree	0	0%
	Disagree	8	19%
	Neither agree nor disagree	16	38%
	Agree	15	36%
	Strongly Agree	3	7%
	Total	42	100%

Organizational Factors

The study findings in table 4 revealed that a majority of the respondents were proud to tell people about the organizations they work for with a high response rate of 38% and 31% for agree and strongly agree respectively. In addition, a majority of the respondents did not view their organizations to be taking up too many changes at the same time as 74% of the respondents disagreed with the statement that ‘there are too many changes taking place at the same time’.

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Finally, most of the respondents (81%) agreed that their organizations had the ability to implement change successfully and another 14% strongly agreed. Only 5% were neutral about their organization's ability to implement successful change.

Table 4: Organizational Factors

Question	Scale	Distribution	
		f	**%**
I am proud to be able to tell people that I work for this organization	Strongly Disagree	0	0%
	Disagree	0	0%
	Neutral	13	31%
	Agree	16	38%
	Strongly Agree	13	31%
	Total	42	100%
There are too many changes taking place at the same time	Strongly Disagree	0	0%
	Disagree	31	74%
	Neither agree nor disagree	11	26%
	Agree	0	0%
	Strongly Agree	0	0%
	Total	42	100%
The organization has the ability to successfully implement the change	Strongly Disagree	0	0%
	Disagree	0	0%
	Neither agree nor disagree	2	5%
	Agree	34	81%
	Strongly Agree	6	14%
	Total	42	100%

4.3 Inferential Statistics

4.3.1 Correlation between Resistance to Change and Success in Transforming MFIs to DTMs

The research sought to find out if there is any correlation between resistance to change and success in transforming MFIs to DTMs. The correlation analysis in Table 5 indicates that there is a positive and significant correlation between initiatives that reduce resistance to change and the successful transformation of DTMs. This was supported by a correlation coefficient of 0.405 and a probability value of 0.008. This implied that there is a significant positive relationship between resistance to change and transformation of MFIs to DTMs: r=0.405, p<0.01.

Table 5: Correlation between Resistance to Change and Success in Transforming MFIs to DTMs

		Resistance to change	Successful Transformation
Resistance to change	Pearson Correlation	1	.405**
	Sig. (2-tailed)		.008
	N	42	42
Successful Transformation	Pearson Correlation	.405**	1
	Sig. (2-tailed)	.008	
	N	42	42

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

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussion

This study also sought to evaluate the factors that lead to resistance to change in the transformation process. Results revealed that a majority of the respondents (64%) strongly agreed that the change was a good idea and that they also co-operated actively to realize the change. A majority of the respondents also disagreed that the opportunity for promotion was much less in the present than it was twelve months ago, with 26% strongly disagreeing and 52% disagreeing. Furthermore, 64% of the respondents agreed that the change had been properly implemented and 17% strongly agreed. Only 19% were neutral about the proper transformation of their organizations. This can be inferred to mean that most of the respondents generally thought the change was a good idea and that the transformation to the DTMs had been implemented appropriately and was indeed successful.

Furthermore, most of the respondents did not feel insecure as a result of the change process happening in their organizations. 71% of the respondents disagreed that they were insecure, 24% strongly disagreed and only 5% of the respondents were neutral about the feeling of insecurity. This goes on to show that the change process had been properly communicated to staff and they were assured of job security. These findings concur with Karim and Kathawala (2005) who asserted that individuals may resist change simply because the change represents uncertainty, and they fear the unknown. This is similar to Carter (2008) who notes that individuals may not view the change itself as being appropriate for the organization, thus prompting them to resist the change. This particular source of resistance is directly related to the specific nature or content of the change. Concerns about the content of the change may lead to additional resistance if individuals perceive that the change will have an undesirable impact on them (Carter, 2008). The perceived negative impact, in turn, could include concerns about how the change may impact their jobs, how the change may impact their friendships (Karim and Kathawala, 2005).In this case, the fact that most employees were not insecure about the change and felt that the whole change process was a good idea for their organizations, could have contributed a great deal to the successful transformation of the MFIs.

Results further revealed that majority of the respondents (64%) agreed that they were sufficiently informed about the planning of the change while the remaining 36% strongly agreed. This portrays very good communication skills from the top leadership. A majority of the respondents (55%) also agreed that they had been adequately trained to help them manage the change. This is an indication that the management carefully identified the gaps and new skills needed in bringing about the change and operating in the new environment and adequately trained and coached the subordinates. However though, only 36% of the respondents agreed to having received adequate support from their superiors while dealing with the change and 7% strongly agreed. As per the literature review, the process of change may be better facilitated if the leader shows individualized consideration where he or she provides support, coaching and guidance to the employees. Coaching and guiding behaviors are particularly important in large-scale transformation and in the development of self-managing work teams (Ford and Ford, 1994).

However, a majority of the respondents were proud to tell people about the organizations they work for with a high response rate of 38% and 31% for agree and strongly agree respectively. In addition, a majority of the respondents did not view their organizations to be taking up too many changes at the same time as 74% of the respondents disagreed with the statement that 'there are too many changes taking place at the same time'. Palmer et al. (2006) notes that aside from the organization's history of change, individuals may also resist change because they perceive that there are too many changes being undertaken simultaneously. This is similar to Taylor-Bianco and Schermerhorn (2006) who assert that even when people are committed to change and are highly motivated to support it, they can be overwhelmed by a performance context of change. They may feel the need to pause, refresh, and consolidate their energies and accomplishments before rejoining the eager rush toward an uncertain future. We therefore see the implications of carrying out too many changes at the same time the result of which may lead to adverse motivational implications. The sampled MFIs appear not to have suffered the problem of implementing too many changes at the same time as per the results findings and may have therefore contributed a great deal to the successful transformation to DTMs.

Moreover, most of the respondents (81%) agreed that their organizations had the ability to implement change successfully and another 14% strongly agreed. Only 5% were neutral about their organization's ability. As per literature review, some organizations have a track record of botched change attempts that could lead to a sense of cynicism amongst employees (Armenakis and Harris, 2002). Organizational factors leading to resistance could include the perceived credibility of the organization, the perceived credibility of those leading the change, and also the organization's history or track record related to change. Karim et al. (2005) for example, list distrust of management as a significant cause of resistance. It appears

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that the staff of the sampled MFIs deems their organizations to be credible and believe that they have the mechanisms and resources to implement successful change.

Lastly, the correlation analysis indicated that there is a positive and significant correlation between initiatives that reduce resistance to change and the successful transformation of DTMs. This implied that there is a significant positive relationship between resistance to change and transformation of MFIs to DTMs: $r=0.405$, ($p<0.01$).From the review of literature, the process of change may be facilitated with less resistance where leaders provide individualized support, coaching and guidance to the employees. Coaching and guiding behaviors are particularly important in large-scale transformation and in the development of self-managing work teams (Ford and Ford, 1994).

5.2 Conclusions

The study also concluded that initiatives that reduce resistance to change have a positive association with transformation. For instance, the study concluded that training was associated with higher transformation success. Furthermore, a positive attitude towards change was associated with higher transformation success. The study also concluded that the higher the perceived benefits, the higher the transformation success. It was also noted that organizations that had a good track record of successful change attempts had successful transformations and that the credibility of the organizations determined how respondents felt about the organizations ability to implement successful transformations.

5.3 Recommendations

Bearing in mind that change is inevitable, one of the most important responsibilities of a leader in periods of transformation is to reduce people's resistance to change. The researcher therefore recommends to the leadership of transforming MFIs to appreciate the fact that there may be resistance to change. This understanding will help them to anticipate resistance, identify its sources and reasons and give them the ability to appropriately channel resources and energy to ensure the success of the change efforts. Leaders should as much as possible clearly define the need for the change by communicating the strategic decision as well as involving their subordinates in the planning of the change by asking them to give suggestions and ideas. Transforming MFIs should also plan for and deliver relevant training programs that develop basic skills. This can be achieved through conducting meetings, communication, teambuilding, self-esteem as well as personal coaching.

5.4 Areas for Further Research

This study investigated the factors that lead to resistance to change in the transformation process only. Future studies may therefore be conducted on the same topic and take into account additional factors that might affect the transformation. For example, the study may seek to analyze the organizational structure of MFIs and how it influences the transformation of MFIs to DTMs. Studies may also be conducted to investigate the role of organization politics and the role of the choice of competitive strategy and the impact they may have on the successful transformation of MFIs to DTMs.

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