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# **Contemporary Change Management Practices and Its Relevance: Application of Maybank**

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## **Abstract**

The aim of the study is to analyze and evaluate the application of contemporary change management practices and its relevance to a Malaysian bank, especially Malayan Banking Berhad. Three selected models namely Lewin, Three-step model, Bullock and Batten Planned Change, and Kotter's Eight-Step Model are applied. The findings show that to be the leader in the region as well, Maybank needs to manage the people and change the organization accordingly. To the point, they have to divide the corporate strategy into short-term, medium-term, and long-term so that they can implement their action more promptly and get the outcome immediately. Policy recommendations are addressed.

**Keywords:** Management practices, Lewin, Three-step model, Bullock and Batten Planned Change, and Kotter's Eight-Step Model, Malayan Banking Berhad

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## **1.0 Introduction**

The banking sectors are the most important financial player in the market. From the beginning of banking history, their contribution to economic development as well as shaping the economy is remarkable and recognized. Malaysian banking sectors are categorized as conventional, Islamic, and dual banking systems. The contribution of the bank to the shaping economy of Malaysia knew no bound. But with the passes of time circles and at the age the globalization, they have to modify themselves with the digital formation. Meaning that the bank needs to digitalize its business operation, business strategy, and overall designed business model accordingly. The era of globalization implies more competition, however, more competition implies more performance.

The main purpose of the study is to analyzes and evaluates the application of contemporary change management practices and its relevance to a Maybank. The flow of the study, the main body of the analysis are reported in section 2.0 while section 3.0 shows the policy recommendation of the analysis. Section 4.0 concludes the analysis.

## **2.0 Main Body Of The Analysis**

Digital banking is part of the broader context for the move to online banking, where banking services are delivered over the internet. The shift from traditional to digital banking has been gradual and remains ongoing and is constituted by differing degrees of banking service digitization. The adoption of digital banking is also much more dependent on the demand and

behavior of customers. The analysis of Tiong (2020) implies that perceived ease of use, compatibility, and observability are important explanatory variables to influence the behavioral intention to adopt digital banking services in Malaysia. In line with that Mbama, and Ezepue (2018) states that the determinant of digital banking is service quality, functional quality, perceived value, perceived usability, and perceived risk.

Accordingly, Gupta (2012) expresses that there is a need for public sector banks to focus their strategies on factors affecting change forces for the improvement of their overall performance in the long run.

These sections have four parts namely part 1 states the competitive landscape of Maybank, part 2 implies compare and contrast the organization approach against a range of models and framework covered within the module. While part 3 shows the strength and weaknesses of the Maybank. And last but not least, part 4 expresses the conclusion and recommendation.

## **Part 1; The Competitive Landscape of Maybank**

At the age of the 21<sup>st</sup> century, everything is changing with the passes of time. Accordingly, it impacts the financial industry especially banking sectors as well. One of the main factors of changes in the internet and technology, and it's all about embracing the convergence (Wright, 2002). This explosion of the internet and technology has impacted on everything, and it's altering the banking industry as well, from branch banks and papers to networked and digitized banking services, it has already made its way in, but overall, the banking industry is still struggling to find a solution for the rapidly changing environment. Maybank has the following competitive landscapes in line with the internet and technology.

### **I. Altering the Rules of Competition**

This is one of the competitive landscape of the Maybank. The internet and technology have changed the rules of competitors in the market (Siaw and Yu, 2004). With the help of the updated technology, Maybank able to change its rules of competitors. For example, application of the operational based software, application of the online-based software those are the more helpful to get competitive advantages. Change means replacing the old one with the new expectation for having a new outcome. The environment is always competitive and needs required change

accordingly. In that case, management is the main body to lead the change. Therefore, technology is one of the best parts that would help the manager to adapt and adapt to lead the changes.

## **II. Brand Building**

Brand building solely depends on the employee's efficiency. Branding depends on the reputation of the banks while reputation of the bank depends on efficiency of the employees. How they provide services to customers. Organization make multi-million dollars of investment were solely done on the development of the brand image. Already on the Internet, organizations are performing as "informers" or experts, who help prospective buyers go for the best option, thus making the customers independent, and not be misled by the image created by the brand, and make more conscious decisions when going for a purchase (Steenkamp, 2020). The main function of the bank is to take deposits and give loans. This is also called as an intermediary role of the banks. Leading change is also more helpful for building the brand. The success of the intermediary role of the bank solely depends on the branding of the bank. They have to make themselves a place of faithfulness through keeping and managing the change.

## **III. Customer Segmentation and Relationship**

Employees of the Maybank should be more proactive in making customer segmentation and relationship. It solely depends on their efficiency. Employees need to know what kinds of products and services are demanded by the customers. Based on that analysis they have to take decision to segment and make relation accordingly. The analysis of Chen, Zhang, Hu, and Wang (2006) states that with the help of the internet a bank can target a specific market online and provide the product information, personalized web pages and services, and other data for any client when they access the company's web page. In short, the battlefield has changed, today it is brand or product variation, and focus on the most profitable clients, and to keep the customer relations and support the best, for the long-term profitability. As categorized, the main function of the banks is to take deposits and giving the loan. And so all these depend on the faithfulness of the banks. Therefore, employees of the bank should be more efficient in doing their job. They need to strengthen the customer relationship by keeping, managing, and leading the required change of the organization.

## **IV. From Access in Distribution Channels to Amiss to Customers**

Banks used to invest heavily, and it was one of the main concerns too, to have the best location of the outlet, and build up their network. However, with the advent of the Internet, such resources have become less relevant. Today the customer feels easier going online and access their bank account rather than visiting a physical branch. This helps the customer to save time and make it easy to have access to the bank. Any time they can access their account and do any kind of transaction at home. These are the fruits of managing and leading the change of the internet and technology (Okeke, Ezeh, and Ugochukwu, 2015).

## **V. Regional Competition**

With the help of the internet and technology, Maybank is not only operated in Malaysia rather in South East Asia as well. This is one of the best competitive landscape of the Maybank. In line with that Maybank is not the only champion in Malaysia but also gains support as a regional leader. The findings of Gorondutse, Abdullah, Kaliappen, Chin Wei, and Hafeez (2017) states that better management and leading people to adapt and adopt the changes are the most important things. How Maybank able to adopt and adapt the change and how they manage the team to take those challenges in the organization.

## **Part 2; Compare and Contrast the Organization Approach Against a Range of Models and Framework Covered Within the Module**

### **Maybank2020: “Advancing Asia’s Ambitions With You”**

Maybank’s strategic approach are the top ASEAN community bank; They aim to be a leading retail & commercial financial services provider in ASEAN, leveraging on regional presence banking expertise and growth opportunities in ASEAN, the leading ASEAN wholesale bank linking ASIA; Maybank aspires to be the trusted ASEAN financial partner that links Asia by leveraging on ASEAN leadership capabilities to deliver client solutions across Asia, the leading ASEAN insurer; It aims to be a leading ASEAN Insurer by leveraging on synergies between Maybank’s regional banking footprint and Etiqa’s expertise in takaful & bancassurance, the global leader in Islamic finance; It plans to continue delivering innovative client-centric universal financial solutions, building on our global leadership in Islamic Finance, and finally the digital bank of choice; Maybank aspires to be the digital bank of choice by putting our customers’

preferences first and transforming to deliver next-generation customer experience. The changing and dynamic nature of Maybank are related to the models and formulas are discussed in class. Those models and formulas are discussed following.

Other models have been discussed such as Lewin, three-steps model, Bullock and Batten Planned Change, Kotter's Eight-Step Model, Beckhard and Harris Change Formula, Nadler and Tushman Congruence Model, William Bridges Managing the transition, Carnall Change Management Model, Senge et al: Systemic model, Stacey and Shaw Complex responsive processes, Senge et al: Systemic model, Stacey and Shaw Complex responsive processes. In this study three models namely Lewin, the three-steps model, Bullock and Batten Planned Change, and Kotter's Eight-Step Model have been discussed those related to the study.

According to the Lewin, three-steps model which summaries that carry out force-field analysis and work out ways to increase driving forces for change, however, take action to make those changes and make the change permanent followed by giving reward to the desire outcomes (Cummings, Bridgman, and Brown, 2016).

Based on the Bullock and Batten Planned Change, four main things need to be implemented within the organization. To adapt and adoption of the changes, the organization needs to explore the changes, make a proper plan on how to manage those changes, need to take action to implement the changes, and finally integrate all changes of the organization. As discussed by Rosenbaum, More, and Steane (2018), planned change is the transformational style that focuses attention on the end game and moving beyond the current stage.

Finally, Kotter's Eight-Step Model states that organizations should inspire people, get the right people, fix the vision and mission, empower the action to implement the vision and mission, divide the period, monitor and consolidate the improvement, and institutionalize the new strategy and changes. Appelbaum, Habashy, Malo, and Shafiq (2012) explains that Kotter's change management model appears to derive its popularity more from its direct and usable format than from any scientific consensus.

Pointing to the objective, it can be easily comparable and contestable presence approaches of Maybank along with a set of models that discuss in the study. Currently, they are very goal and objective oriented but they beyond the box. They should focus on the change in the competitive environment so that they can get competitive advantages. Because the competitive environment is depending on the change. Anytime and every time the surrounding environment is changing. Management should be careful about the changing pattern of the environment. If they can keep pace with the change, they able to get competitive advantages. Therefore, they have to keep in mind that the environment is always changeable (Lin, Chen, Liu, and Li, 2020).

### **Part 3; Identify The Strengths And Weaknesses Within The Organization Related To Its Approach Managing And Leading Change**

Strength is the power of the bank that can change the position of the bank in the competitive market. The word strength implies the superiority of the bank that makes better than its competitors. Accordingly, Maybank has a number of strength power that make them unique. For example, Maybank takes place as the largest bank in Malaysia in terms of the number of branches. It has a strong market i.e., the number of customers is more than 21 million. Maybank is not only located in Malaysia but also in the global presence (e.g. in 17 countries). More surprisingly, the dividend is yield is high when compared to industry and sector average. While ROA and ROE are substantially higher than the industry and sector average. These strengths imply the task done by human capital. According to the analysis of Stubbs (2014), the efficiency of the manager and their skill have a great role to change and manage the Maybank position by increasing its strength.

On the contrary, Maybank is not beyond the weakness. It has much of the banking operations are focused in and around Malaysia and Singapore, hence limited global penetration. Another weakness implies the much revenue comes from retail banking and Islamic banking, less revenue comes from other offerings. Management should come forward to solve the problem and change the present situation of the Maybank.

### **Part 4; Suggestion For Maybank Needs To Do Improve Its Practices**



Ideally, management should come forward to take proper decision to change the organization. The real power and real intention of the management can change and improve the organization. Their simultaneous contribution is highly appreciable. To give an excellent solution and proper shape of the existing problem and lacking, management needs to think show they can lead those changes effectively and efficiently. Management should always think positively and should take positive action. Their proactive decision and strategi policy would give a proper shape to change the organization.

In line with that my recommendation is based on the weakness of the bank. As mentioned earlier Maybank has two major weaknesses namely focusing mainly on Malaysia and Singapore and revenue only generated from retail banking and Islamic banking products and services. Therefore, they have to manage and change their trend of operation so that they can be a leader in region and presence in the global. They can divide their target into short-term, medium-term, and long-term to manage and leading the organizational changes. Maybank has to manage the manpower and take proper strategic action so that they can adapt and adopt the organizational changes accordingly.

### **3.0 Recommendation**

Management should focus on the weakness that has been discussed above. They need to be more proactive in managing and changing its organization. Based on the three models namely Lewin, Three-step model, Bullock and Batten Planned Change, and Kotter's eight-step model, management can solve existing lacking Maybank. Moreover, they should link with the objectives, strategy, policy business model is related to that model. Kotter's eight-step model states that organizations should inspire people, get the right people, fix the vision and mission, empower the action to implement the vision and mission, divide the period, monitor and consolidate the improvement, and institutionalize the new strategy and changes. Therefore, Maybank should adapt and adopt all those eight characteristics of Kotter's model into the organization along with the Lewin, Three-step model, Bullock, and Batten Planned Change model.

### **4.0 Conclusion**

This study analyzes and evaluates the application of contemporary change management practices and its relevance to a Malaysian Bank, especially Maybank. Furthermore, the competitive landscape, organizational approach, strengths, and weaknesses are reviewed and discussed. These are discussed in lien with the three selected models namely Lewin, Three-step model, Bullock and Batten Planned Change, and Kotter's Eight-Step Model. Management is the most important player to adapt and adopt the change of the organization in line with the passes of time. Although it is a leader in Malaysia, yet to be the leader in the region. To be the leader in the region as well, Maybank needs to manage the people and change the organization accordingly. To the point, they have to divide the corporate strategy into short-term, medium-term, and long-term so that they can implement their action more promptly and get the outcome immediately.

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