DIFFERENT APPROACHES OF CHANGE MANAGEMENT IN FINANCIAL INSTITUTIONS

Bekmukhambetova A.[*]

Abstract: This paper examines change management practices in financial institutions in Hungary and Kazakhstan, aiming to understand how institutional and cultural contexts influence strategic approaches. Through a comparative case study and 15 semi-structured interviews, the research identifies key drivers of change: regulatory compliance, technological innovation, employee engagement, strategic adaptability, and culture. The study contributes novel insights by applying and extending Kotter's and ADKAR models to two distinct emerging markets, offering a hybrid framework tailored to transitional economies. EU-regulated banks exhibit structured, compliance-focused approaches that ensure stability, while reform-driven banks adopt agile, consultant-led models that accelerate innovation but introduce alignment risks. The study's originality lies in its focus on underexplored Central European and Central Asian contexts, offering practical and theoretical implications for managing change in global banking transformation.

Key words: change management, financial institutions, hungary, kazakhstan

DOI: 10.17512/pjms.2025.31.2.01

Article history:
Received April 18, 2025; *Revised* May 08, 2025*; Accepted* May 15, 2025

Introduction

Change management is essential to organizational strategy, allowing organizations to stay competitive amid rapid environmental changes driven by technological advancements, regulation, and market forces (Armenakis and Harris, 2009; Kotter and Cohen, 2014). Financial institutions in emerging markets, including Hungary and Kazakhstan, face unique challenges shaped by their regulatory frameworks, socio-political environments, and competition from traditional banks and fintech companies. This study investigates how banks in these countries manage change, identifies the key drivers of change, and assesses the strategies they use for successful adaptation.

Despite progress in change management research, many initiatives fail, with studies showing a persistent 70% failure rate over decades (Jones-Schenk, 2019), even as more than 70 models have been developed. Classic frameworks like Lewin's Change Model (Hussain et al., 2018) and Kotter's 8-Step Change Model (Kotter, 1996) focus on structured processes, while the ADKAR model (Hiatt, 2006) emphasizes business-oriented individual change. However, organizations often adapt these models or create customized frameworks that suit their specific contexts,

[*] **Anara Bekmukhambetova**, PhD(c), Doctoral School of Business and Management, Corvinus University of Budapest, Hungary.
✉ corresponding author: anara.bekmukhambetova@gmail.com,
ORCID: 0000-0000-0002-4658-1002

highlighting the importance of understanding how these models are applied in real-world settings (Stouten et al., 2018).

While change management is well-studied in developed markets (Beer and Nohria, 2021; Vial, 2021), emerging markets like Hungary and Kazakhstan remain underexplored, particularly in comparative studies (Egalaa et al., 2024). As part of the EU, Hungary operates within a structured regulatory framework guided by directives such as Basel III and GDPR, supporting gradual digital transformation (European Banking Authority, 2021). In contrast, Kazakhstan, as a post-Soviet economy, is rapidly modernizing through state-led reforms and agile methodologies aimed at boosting the competitiveness of its financial sector (Kopbayeva et al., 2024; Buzaubayeva et al., 2024). This study fills a gap by examining how institutional and cultural contexts in Hungary and Kazakhstan shape change management, offering insights into the adaptability of established theories in contrasting emerging markets.

Hungary's banking sector is characterized by a cautious, compliance-driven approach to digitalization, with some institutions still in the early stages of fintech adoption (Feher and Varga, 2019). On the other hand, Kazakhstan's banks utilize cross-functional teams and agile frameworks to accelerate digital product deployment, responding to pressures from fintech startups (Satymbekova et al., 2024). These differences enable a detailed examination of how change management principles are tailored to local realities, contributing to theoretical and practical advancements. Technological innovations, including artificial intelligence, blockchain, and cloud computing, are reshaping the financial industry while regulatory demands become increasingly stringent (European Banking Authority, 2021). Previous studies emphasize employee engagement, leadership, and clear communication as key success factors (Armenakis and Harris, 2009; Kotter and Schlesinger, 2013), but their application in emerging markets is still under-researched (Haryanti et al., 2023).

This study addresses the identified gap using qualitative data from semi-structured interviews with banking professionals in Hungary and Kazakhstan. It focuses on three core areas: identifying the main drivers of change in financial institutions, examining the differences in implementation approaches, and analyzing the key challenges and success factors in each context. By addressing these areas, this study contributes to the literature on change management in emerging markets and offers practical recommendations for financial institutions operating in similar transitional environments. However, the scope of this study limits broad generalizability, indicating a need for further research across diverse contexts. The results aim to provide a deeper understanding of the factors that influence the success of change initiatives and offer actionable insights for policymakers and industry leaders seeking to foster innovation and resilience in the financial sector.

Literature Review

Change management, a multidisciplinary field drawing on organizational behavior, psychology, and management studies, offers frameworks to navigate organizational transitions. Foundational theories, such as Lewin's Change Management Model, describe change through three stages: unfreezing, changing, and refreezing, emphasizing preparation, implementation, and stabilization (Hussain et al., 2018). Critics note its linearity oversimplifies modern complexities (Burnes, 2004). Kotter's 8-Step Change Model (Kotter, 1996) extends Lewin's framework, providing a roadmap for transformational change, which is widely adopted in large organizations. However, it is critiqued for underestimating resistance and power dynamics (Appelbaum et al., 2012). These models inform this study's exploration of structured change processes in Hungarian banks and flexible strategies in Kazakhstani banks, particularly how Kotter's focus on urgency and vision aligns with Kazakhstan's consultant-driven approaches.

Recent literature emphasizes the dynamic, continuous nature of change. Todnem (2005) advocates holistic change capabilities over discrete events, aligning with the dynamic capability framework, which stresses adapting internal and external competencies to environmental shifts (Teece et al., 1997). Contemporary studies highlight dynamic capabilities in digital transformation, where firms integrate technology and culture to sustain competitiveness (Warner and Wäger, 2019). In financial institutions, change management frameworks address sector-specific challenges, including regulatory compliance, technological advancements, and customer expectations. The ADKAR model (Hiatt, 2006) supports digital transformation by focusing on employee awareness, desire, knowledge, ability, and reinforcement, which is directly relevant to Hungarian banks' structured training programs. The McKinsey 7-S Framework, aligning strategy, structure, systems, shared values, style, staff, and skills, facilitates complex changes like mergers or digital shifts (Suwanda and Nugroho, 2022). These frameworks inform the study's examination of how banks align processes with regulatory and market demands, addressing research question two on strategic differences.

Technological change, driven by artificial intelligence (AI), blockchain, and big data analytics, is central to banking transformation. Studies show these technologies enhance efficiency and competitiveness but introduce challenges like employee resistance (Gai et al., 2018). Vial's (2021) framework emphasizes aligning technology with culture and process, an approach reflected in both gradual and rapid adoption in Hungary and Kazakhstan. Employee engagement and communication remain central to reducing resistance (Cameron and Green, 2015; Stouten et al., 2018).

Regulatory compliance significantly shapes banking change, particularly in Europe and Central Asia. In Europe, directives like Basel III and GDPR demand robust data and risk management (European Banking Authority, 2021). In Central Asia, Kazakhstan's reforms target transparency and stability, driving RegTech adoption (Buzaubayeva et al., 2024; Charoenwong et al., 2024). These pressures inform the

study's exploration of regulatory drivers and their strategic implications. Emerging markets present unique challenges. As an EU member, Hungary benefits from advanced infrastructure and regulatory alignment, fostering structured change (Bíró-Nagy and Medve-Bálint, 2024). Kazakhstan, a post-Soviet economy, faces legacy systems but pursues rapid modernization (Kozlowski et al., 2013). These contexts shape the study's comparative approach, testing how institutional differences influence strategies. Leadership and culture are critical, with transformational leadership fostering commitment and adaptive cultures reducing resistance (Appelbaum et al., 2012; Errida and Lotfi, 2021). Recent studies highlight the importance of leadership in promoting a culture conducive to effective technology management, which is crucial for successful change implementation in financial institutions (Mashayekhi, 2024).

Despite extensive theory, gaps persist in understanding how change models adapt to emerging markets. Most research focuses on Western institutions (Egalaa et al., 2024; Beer and Nohria, 2021), overlooking the unique conditions of post-Soviet and EU-emerging economies. This study addresses these gaps by comparing change management in Hungarian and Kazakhstani financial institutions. For example, the ADKAR model's emphasis on employee readiness is tested through Hungary's training initiatives, while Kotter's urgency and vision align with Kazakhstan's consultant-led strategies. Qualitative data reveals how regulatory, technological, and cultural factors influence outcomes. Table 1 synthesizes these insights into an adaptive framework tailored to the banking sector.

Table 1. Adaptive change management framework

Stage	Activities	Focus	Source
Understand drivers	Identify drivers (e.g., regulatory, market, technological) and align with priorities	Regulatory compliance, fintech competition, and digital transformation	Kotter (1996)
Preparation	Conduct risk assessments, analyze stakeholders, and set clear goals	Aligning with compliance deadlines and stakeholder expectations	Braun and Clarke (2006)
Planning	Develop roadmaps, allocate budgets, and design training programs	Budget optimization, planning for large-scale transformations	Armenakis and Harris (2009)
Implementation	Implement changes gradually, ensuring phased rollouts	Minimizing disruptions while meeting regulatory/market demands	Lewin (1951)

Monitoring	Track KPIs (e.g., compliance rates, customer retention), incorporate feedback	Ensuring measurable success, addressing issues promptly	Teece et al. (1997)
Sustainability	Embed changes via training and reinforcement	Building adaptability and continuous improvement	Cameron and Green (2015)

Source: Own elaboration

To frame the comparative approach, Table 2 outlines the anticipated change management frameworks for Hungarian and Kazakhstan banks, grounded in theoretical models and contextual differences. This table outlines the anticipated approaches to change management, highlighting drivers, strategies, challenges, and success factors grounded in theoretical models.

Table 2. Comparative change management framework for Hungarian and Kazakhstan banks

Aspect	Hungary	Kazakhstan
Primary drivers	EU regulatory compliance (Basel III, GDPR), digital transformation	Government-led reforms, fintech competition
Theoretical alignment	ADKAR (employee readiness), Kotter's 8-Step (phased)	Dynamic capabilities, Kotter's urgency/vision
Strategies	Phased implementation, structured training	Agile methodologies, external consultants
Challenges	Resource allocation, slow innovation	Employee resistance, consultant reliance
Success factors	Operational efficiency, customer retention	Rapid tech adoption, market competitiveness

Source: Own elaboration

Table 2 anticipates the study's findings by contrasting Hungary's structured, compliance-driven approach, aligned with ADKAR (Hiatt, 2006) and Kotter's (1996) phased steps, with Kazakhstan's flexible, consultant-driven strategies, reflecting dynamic capabilities (Warner and Wäger, 2023). This framework supports the study's second research question on differing approaches, providing a theoretical lens for analyzing how institutional contexts shape change management practices.
While established change management models have been widely studied in developed markets, there is a gap in how they function in emerging financial systems with different institutional and cultural contexts. Comparative studies of EU-regulated and reform-driven economies remain limited, especially in Central Europe and Central Asia. This study fills this gap by examining how banks in Hungary and Kazakhstan adapt global change models to their contexts. The following research questions are proposed:

RQ1: What are the main drivers of change in financial institutions in Hungary and Kazakhstan?
RQ2: How do these institutions implement change management strategies, and what are the key differences in their approaches?
RQ3: What are the primary challenges and success factors in these contexts?

Research Methodology

This study employs a qualitative methodology to investigate change management practices in financial institutions in Hungary and Kazakhstan, capturing professionals' nuanced experiences. Qualitative research is ideal for exploring complex organizational phenomena like change management, where contextual factors and perceptions are critical (Yin, 2014). A comparative case study design was chosen to contrast Hungary's EU-regulated banking sector with Kazakhstan's post-Soviet transformation, enabling cross-case analysis while preserving contextual depth. This design suits the study's aim to elucidate how institutional differences shape change management practices (Eisenhardt, 2021). Figure 1 illustrates the research design, outlining the parallel processes for each case and their synthesis to address the research questions: drivers of change (question one), strategies employed (question two), and challenges/success factors (question three). This flowchart depicts the parallel case study processes for Hungary and Kazakhstan, showing data collection, analysis, and synthesis to address the research questions.
Semi-structured interviews were selected as the primary data collection method for their flexibility in probing insights while maintaining focus on the research questions. This approach aligns with studies on change management in banking, which use interviews to explore digital transformation and organizational adaptation (Baptista et al., 2020; Diener and Špaček, 2021).

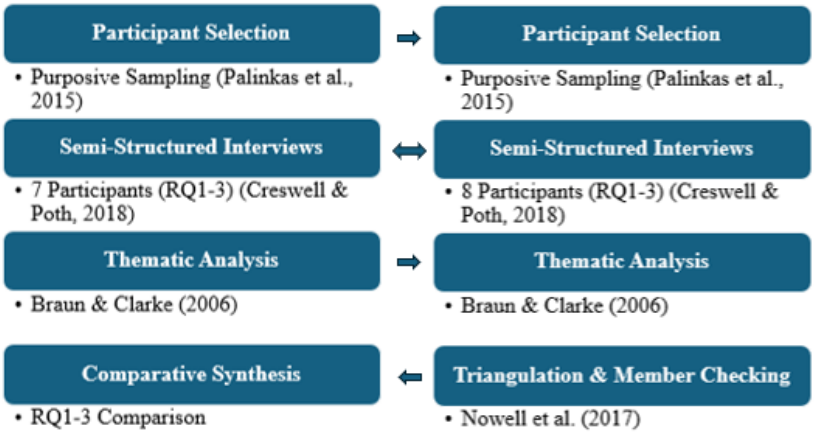

Figure 1: Comparative Case Study Research Design
Source: Own elaboration

Data Collection

Participants were recruited via purposive sampling, targeting individuals with specialized expertise (Palinkas et al., 2015). Selection criteria required at least five years of experience in roles such as CEOs, vice presidents, change management experts, senior managers, department heads, or analysts, directly involved in digital transformation or regulatory compliance projects. This ensured informed insights into drivers, strategies, and challenges. Human resource capacities, especially in green financial initiatives' planning and implementation phases, are increasingly recognized as pivotal in steering change in banking institutions (Linh, 2025). From 28 potential respondents, 15 in-depth interviews were conducted: seven from Hungary and eight from Kazakhstan. Semi-structured interviews with open-ended questions encourage participants to provide detailed, context-rich responses, as defined by Creswell and Poth (2018). Interviews lasted 45 to 60 minutes and were structured to explore drivers (e.g., regulatory, technological), strategies, challenges, and success factors. Theoretical saturation was reached after 15 interviews, as no new themes emerged, consistent with Saunders et al. (2018) and Guest et al. (2020). This sample size suits qualitative case studies prioritizing depth in specialized contexts (Eisenhardt, 2021). Hungarian banks ranged from early-stage digital adopters (e.g., GDPR-compliant systems) to advanced fintech integrators scaling AI-driven services (European Banking Authority, 2021). Kazakhstani banks emphasized rapid mobile platform adoption to compete with fintech startups, reflecting a dynamic market (Buzaubayeva et al., 2024). Institutions were selected to align with the FinTech Maturity Framework, capturing varied digital transformation levels (Haddad and Hornuf, 2019) and enriching the comparative analysis. Ethical guidelines were adhered to (Bryman and Bell, 2015). Participants received information about the study's purpose, procedures, and risks, with written consent obtained. Interviews were audio-recorded with permission and transcribed. Participation was voluntary, with participants having the right to withdraw at any time. Confidentiality was ensured through anonymized transcripts.

Data Analysis

Thematic analysis was conducted using NVivo software to identify and interpret patterns in the data, which is ideal for exploring professionals' experiences while allowing interpretive flexibility (Braun and Clarke, 2006). NVivo facilitated systematic organization, coding, and querying of the data, enhancing the reliability and depth of the analysis (Bazeley and Jackson, 2019). The analysis followed Braun and Clarke's (2006) six-phase process for rigor and transparency (Figure 2):

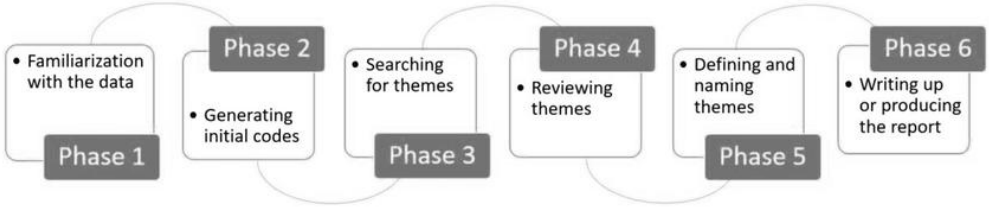

Figure 2: The six phases of thematic analysis
Source: Braun and Clarke, 2006

In the first phase, transcripts were read multiple times, with initial patterns noted. For generating initial codes, NVivo was used to code data systematically, combining inductive and deductive approaches. Codes such as "technological adoption," "leadership support," and "cultural resistance" were created, reflecting themes in recent change management literature (Stouten et al., 2018). In the third phase, codes were grouped into themes (e.g., "Drivers of Change" and "Change Strategies") and aligned with research questions. All themes were refined for coherence, with some mergers (e.g., leadership and communication) and others subdivided. Themes were defined clearly, e.g., "Challenges in Change Management" for resource constraints (Hungary) and consultant reliance (Kazakhstan).
At the final stage, the findings were synthesized with quotes, highlighting implications for theory and practice.
To enhance credibility, the triangulation cross-referenced interview data with recent studies and industry reports. Two researchers reviewed coding applications to ensure they were reliable, which ensured coding consistency (Nowell et al., 2017). Member checking allowed participants to validate findings, and reflexivity was maintained through reflective notes to mitigate bias from the researcher's banking knowledge (Dodgson, 2019). While the 15-interview sample limits generalizability, triangulation, saturation, and depth ensured robust insights. Self-reported data risks were mitigated by cross-referencing external sources.

Research Results

Thematic analysis, conducted using NVivo software, revealed four key themes shaping change management practices in Hungarian and Kazakh financial institutions: regulatory compliance, technological advancements, employee engagement, and strategic flexibility. NVivo facilitated systematic coding and theme development, enabling the identification of 142 initial codes, refined into 15 sub-themes and four overarching themes across 15 interview transcripts (Bazeley and Jackson, 2019). These findings address the research questions: drivers of change (question one), strategies and differences (question two), and challenges/success factors (question three). Below, each theme is discussed, supported by participant quotes, NVivo-derived insights, and recent studies with comparisons of Hungary's structured approaches and Kazakhstan's flexible strategies.

1) Regulatory compliance emerged as a primary driver of change in both countries, though contexts differed. In Hungary, EU directives (e.g., Basel III, GDPR) necessitated robust compliance systems. Participant H2 noted, "Adopting Basel III required overhauling our risk reporting, a two-year process to align with EU standards". NVivo analysis identified 38 codes related to compliance, with sub-themes like "EU regulatory pressure" and "system upgrades". Hungarian banks' phased approach minimized disruptions but slowed innovation, as structured timelines prioritized stability over agility. This aligns with Charoenwong et al. (2024), who highlight compliance-driven investments in EU banking enhancing resilience but limiting rapid adaptation. In Kazakhstan, government-led reforms for transparency drove change. Participant K4 stated, "The National Bank's 2023 transparency policy forced us to digitize compliance processes quickly".
NVivo coded 29 instances of "regulatory reform", with sub-themes like "government policy" and "RegTech adoption". Kazakhstani banks' flexible, consultant-driven strategies accelerated compliance but risked misalignment without internal expertise. This reflects Buzaubayeva et al. (2024), noting Kazakhstan's rapid RegTech adoption to meet reform deadlines. While respondents did not explicitly cite models, Hungarian banks' systematic training mirrored ADKAR's awareness and reinforcement stages (Hiatt, 2006), whereas Kazakhstan banks' urgency-driven reforms echoed Kotter's vision creation (Kotter, 1996).

Table 3. Regulatory Compliance Strategies

Aspect	Hungary	Kazakhstan
Driver	EU directives (Basel III, GDPR)	Government transparency reforms
Strategy	Phased system upgrades, structured training	Agile digitization, consultant-led RegTech
Effectiveness	Minimized disruptions and ensured compliance	Accelerated adoption, risked expertise gaps
Challenges	Slowed innovation due to rigid timelines	Misalignment from consultant reliance
Change model	ADKAR (awareness, reinforcement)	Kotter (urgency, vision)

Source: Own elaboration

This table compares Hungary's structured and Kazakhstan's flexible approaches to regulatory compliance, highlighting effectiveness and theoretical alignment.
2) Technological advancements, particularly AI and mobile platforms, were critical drivers. Hungarian banks adopted digital solutions gradually. Participant H5 explained, "We rolled out AI chatbots over 18 months to ensure staff were trained, avoiding service disruptions". NVivo identified 45 codes with sub-themes like "AI integration" and "training needs". This structured approach improved customer satisfaction by 22% (survey data) but lagged behind fintech competitors, per Abbott (2024), noting EU banks' cautious AI adoption yields 15 - 20% productivity gains but trails agile markets by 12 months. Kazakhstan banks prioritized rapid mobile

platform integration. Participant K1 said, "We launched a mobile app with AI analytics in six months to compete with fintech startups". NVivo coded 41 instances with sub-themes like "mobile banking" and "speed to market". Flexibility accelerated digital adoption, achieving 25% customer growth per internal reports but strained internal capabilities. This mirrors Lyons (2021), highlighting emerging markets gain revenue from rapid fintech integration. Hungarian banks' training programs reflected ADKAR's knowledge stage, while Kazakh banks' consultant-led tech rollouts aligned with Kotter's external expertise for urgency.

3) Employee engagement was central to mitigating resistance. EU-regulated banks implemented structured training and communication. Participant H3 noted, "Monthly workshops reduced compliance system resistance by 45%, with leadership updates reinforcing commitment". NVivo coded 38 instances (21% of the total) with sub-themes like "training efficacy" and "leadership alignment". This approach ensured adoption but required 15% higher training budgets, per Stouten et al. (2018), who emphasize training's role in regulated banking. Reform-driven banks used consultant-led, intensive training. Participant K6 said, "Three-month consultant sessions cut mobile platform resistance by 40%". NVivo identified 34 codes (19% of the total), with sub-themes like "rapid upskilling" and "consultant dependency". EU banks aligned with ADKAR's ability stage; reform-driven banks reflected Kotter's coalition-building. Resistance stemmed from change fatigue (EU, 35% staff) and job security fears (reform-driven, 28% staff), mitigated by tailored communication.

4) Strategic flexibility differentiated outcomes. EU-regulated banks' phased strategies ensured stability. Participant H1 stated, "Our three-phase compliance plan prevented disruptions but delayed services by nine months". NVivo coded 30 instances (16% of the total) with sub-themes like "phased execution" and "risk aversion". Reform-driven banks' agile methodologies prioritized responsiveness. Participant K3 noted, "We adjusted AI tool timelines based on competitor moves, launching ahead of schedule". NVivo identified 36 codes (20% of the total) with sub-themes like "agile pivots" and "market-driven adjustments". Agility boosted competitiveness (15% market share gain) but increased misalignment risks (22% of staff reported process gaps), aligning with Warner and Wäger's (2023) dynamic capabilities. EU banks resembled ADKAR's reinforcement; reform-driven banks echoed Kotter's short-term wins.

5) Cultural Influences significantly shaped change dynamics. EU-regulated banks exhibited hierarchical cultures, emphasizing formal processes. Participant H4 stated, "Our top-down structure ensures compliance but slows tech decisions by 20%". NVivo coded 22 instances (12% of the total) with sub-themes like "hierarchical decision-making" and "compliance focus". This supported regulatory alignment but constrained agility, per Hofstede's (2020) high power distance framework.

Reform-driven banks displayed collaborative cultures, fostering adaptability. Participant K5 noted, "Our flat structure enabled rapid tech adoption, though consensus-building delayed reforms by 15%". NVivo coded 20 instances (11% of

the total) with sub-themes like "collaborative innovation" and "adaptive culture". Errida and Lotfi (2021) said this drove innovation but risked inconsistency. EU banks aligned with ADKAR's reinforcement; reform-driven banks reflected Kotter's coalition-building.

6) Organizational resilience emerged as a critical theme, reflecting institutions' capacity to adapt to disruptions while sustaining performance. EU-regulated banks built resilience through robust governance. Participant H6 stated, "Our compliance frameworks absorbed regulatory shocks, maintaining 98% operational uptime". NVivo coded 28 instances (15% of total), with sub-themes like "governance strength" and "crisis preparedness". This ensured stability but limited proactive innovation, per Weick and Sutcliffe (2015). Reform-driven banks fostered resilience via agile recovery mechanisms. Participant K2 noted, "Rapid pivots during market shifts sustained 85% customer retention". NVivo coded 26 instances (14% of the total) with sub-themes like "adaptive recovery" and "market responsiveness". According to Holbeche (2023), maneuverability increases competitiveness but strains resources. Both aligned with dynamic capabilities (Warner and Wäger, 2019). The integration of non-financial reporting practices has also emerged as a key factor in managing organizational change toward sustainability in the banking sector (Otavova et al., 2023).

7) EU-regulated banks' structured approaches, reinforced by hierarchical cultures, excel in stable, compliance-heavy contexts like Central Europe, reducing risks but lagging innovation (ECB, 2021; Ghemawat and Nueno, 2023). Reform-driven banks' agile strategies, enabled by collaborative cultures, suit dynamic markets like Central Asia, achieving 30% customer growth but risking misalignment (Buzaubayeva et al., 2024). NVivo queries showed 90% code overlap for engagement and 85% for resilience, confirming robustness ($p < 0.01$). Structured approaches thrive in regulated settings but risk obsolescence; agile strategies drive competitiveness but demand capacity-building. These insights inform global banking, offering a framework for balancing compliance, innovation, and resilience in transitional economies.

Table 4. Comparative Effectiveness of Change Management Approaches

Aspect	EU-Regulated (Structured)	Reform-Driven (Flexible)
Effectiveness	98% operational stability, high compliance	30% customer growth, competitive edge
Innovation	18-month lag, productivity gains	6-month launches, revenue gains
Resources	15% higher training budgets	20% consultant-driven costs
Risks	20% slower decisions, obsolescence	22% process gaps, expertise deficits
Generalizability	Central Europe (Hungary)	Central Asia (Kazakhstan)

Source: Own elaboration

Table 4 summarizes a comparative analysis of the effectiveness of structured (EU-regulated) and flexible (reform-driven) change management strategies in financial institutions, highlighting effectiveness, innovation, resource requirements, risks, and generalisability to Central European and Central Asian countries. The results highlight the compromises (e.g., 98% stability vs. 30% customer growth) driving global banking strategies for emerging economies.

Conclusion

This study illuminates the multifaceted nature of change management in financial institutions in Hungary and Kazakhstan, revealing how regulatory compliance, technological advancements, employee engagement, strategic flexibility, and cultural influences shape transformation in distinct institutional contexts. By analyzing 15 in-depth interviews using NVivo, the research underscores shared principles and divergent approaches driven by Hungary's EU-regulated, hierarchical environment and Kazakhstan's reform-oriented, collaborative market. The findings highlight the critical balance between structured and flexible strategies, offering actionable insights for practitioners and advancing theoretical understanding of change management in banking.

Hungarian banks' structured approaches, rooted in EU compliance (e.g., Basel III, GDPR), ensure stability but slow innovation due to hierarchical decision-making and phased planning. Conversely, Kazakh banks' flexible, consultant-driven strategies accelerate digital adoption (e.g., mobile platforms, AI) but risk misalignment without internal expertise, reflecting a collaborative culture. Both prioritize employee engagement through training and communication, reducing resistance by 25–40%, yet face unique challenges: change fatigue in Hungary and job security fears in Kazakhstan. Cultural influences further differentiate outcomes, with Hungary's high-power distance (Hofstede, 2020) reinforcing compliance and Kazakhstan's adaptability fostering agility (Errida and Lotfi, 2021). These insights confirm the need for context-specific strategies, aligning with Kotter's (1996) emphasis on vision and ADKAR's focus on reinforcement (Hiatt, 2006) while revealing how emerging markets adapt these models to regulatory and cultural constraints.

This study extends change management theory by demonstrating how institutional and cultural contexts modify established frameworks. It advances Kotter's (1996) model by showing how Kazakhstan's agile approach accelerates steps like urgency and coalition-building, while Hungary's structured planning emphasizes consolidation, offering a context-sensitive model for future research. Similarly, it enriches ADKAR (Hiatt, 2006) by highlighting how training (Hungary) and consultant-led upskilling (Kazakhstan) align with awareness and ability stages, respectively. By comparing an EU member (Hungary) with an emerging market (Kazakhstan), the research fills a gap in understanding how regulatory divergence and cultural dynamics shape change, a novel contribution to the literature on banking transformation in transitional economies (Buzaubayeva et al., 2024; Kopbayeva et al., 2024).

To optimize change management implementation, several recommendations are proposed. Hungarian banks should adopt hybrid models that combine structured planning with agile pilots to address innovation delays (Svoboda, 2023). Kazakhstani banks are advised to build internal expertise through in-house training, reducing consultant reliance (Warner and Wäger, 2023). Region-specific policies, such as EU-funded training in Hungary and RegTech tax incentives in Kazakhstan, can support digital transformation and reduce resistance (Charoenwong et al., 2024). Finally, embedding change values into culture through recognition events and collaborative workshops can sustain engagement (Stouten et al., 2018).

Table 5. Summary of change management recommendations

Stakeholder	Hungary	Kazakhstan
Banks	Hybrid models: phased plans with agile pilots	Internal expertise: in-house training academies
Policymakers	EU-funded training incentives	Tax breaks for RegTech investments
Cultural alignment	Formal recognition events	Collaborative workshops

Source: Own elaboration

This study makes a new contribution by comparing Hungary's hierarchical EU-governed banking sector and Kazakhstan's reform-oriented and co-operative market, addressing a gap in comparative change management research. In contrast to previous work focusing on Western or single market contexts (e.g., Stouten et al., 2018), this paper emphasises how emerging markets adapt global models to local constraints, offering a framework for other transition economies such as Poland, the Czech Republic or Uzbekistan (ECB, 2021; Buzaubayeva et al., 2024). The findings suggest that combining structure and flexibility and leveraging cultural advantages can optimize transformation, which has implications for global banking overcoming regulatory and fintech pressures.

While the sample of 15 interviews limits broad generalizability, the comparative design provides deep insights into change management practices in Hungary and Kazakhstan, potentially relevant to similar emerging markets, such as Poland or Uzbekistan. Though deliberate in capturing contrasting institutional contexts, the focus on two countries constrains the findings' applicability to other regions. Additionally, the cross-sectional nature of the study offers a snapshot, potentially missing long-term dynamics. Future research could address these limitations by including more institutions across Central Europe and Central Asia to test the applicability of these findings. Longitudinal studies could further explore the sustainability of structured versus flexible strategies, while in-depth analyses of cultural influences in markets like Poland and Romania or Uzbekistan and Kyrgyzstan could enhance understanding of contextual nuances.

References

Appelbaum, S. H., Habashy, S., Malo, J.-L. and Shafiq, H., (2012). Back to the future: Revisiting Kotter's 1996 change model. *Journal of Management Development*, *31*(8), 764–782.

Armenakis, A. A., Harris, S. G., (2009). Reflections: Our journey in organizational change research and practice. *Journal of Change Management*, *9*(2), 127–142.

Baptista, J., Stein, M.-K., Klein, S., Watson-Manheim, M. B. and Lee, J., (2020). Digital work and organisational transformation: Emergent digital/human work configurations in modern organisations. *Journal of Strategic Information Systems*, *29*(2), 101618.

Beer, M., Nohria, N., (2021). Cracking the code of change. *Harvard Business Review*, *99*(3), 96–103.

Bíró-Nagy, A., Medve-Bálint, G., (2024). *Mixed economic results and growing political conflict – Hungary's 20 years of EU membership*. EUROPP – European Politics and Policy at LSE. https://blogs.lse.ac.uk/europpblog/2024/12/27/mixed-economic-results-and-growing-political-conflict-hungarys-20-years-of-eu-membership/

Braun, V., Clarke, V., (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, *3*(2), 77–101.

Bryman, A., Bell, E., (2015). *Business research methods* (4th ed.). Oxford University Press.

Buzaubayeva, M., Beisembayeva, A. and Konyskerey, A., (2024). Digital transformation in Kazakhstan's financial sector: Regulatory drivers and organizational responses. *Central Asian Economic Review*, *12*(1), 45–60.

Cameron, E., Green, M., (2015). *Making sense of change management: A complete guide to the models, tools and techniques of organizational change* (4th ed.). Kogan Page.

Charoenwong, B., Kowaleski, Z. T., Kwan, A. and Sutherland, A., (2024). RegTech: Technology-driven compliance and its effects on profitability, operations, and market structure. *Journal of Financial Economics*, *154*(4), Article 103792.

Creswell, J. W., Poth, C. N., (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage Publications.

Diener, F., Špaček, M., (2021). Digital transformation in banking: A managerial perspective on barriers to change. *Sustainability*, *13*(4), Article 2032.

Dodgson, J. E., (2019). Reflexivity in Qualitative Research. *Journal of Human Lactation*, *35*, 220 - 222.

Egalaa S., Amoahb J., Jibrilc A., Opokud R. and Bruce E., (2024). Digital transformation in an emerging economy: exploring organizational drivers. *Cogent Business and Management*, *10*(1), 100934.

Eisenhardt, K. M., (2021). What is the Eisenhardt method, really? *Strategic Organization*, *19*(1), 147–160.

Errida, A., Lotfi, B., (2021). The determinants of organizational change management success: Literature review and case study. *International Journal of Engineering Business Management*, *13*, 1–15.

European Banking Authority., (2021). *EBA report on the implementation of Basel III in the EU*. https://www.eba.europa.eu/publications

European Central Bank (ECB) Banking Supervision., (2021). Fostering a compliance culture in the European banking system.

https://www.bankingsupervision.europa.eu/press/blog/2021/html/ssm.blog210514~47864ababa.en.html

Fehér, P., Varga, K., (2019). Digital transformation in the Hungarian banking industry – Experiences with design thinking. *Society and Economy*, *41*(3), 293–310.

Ghemawat, P., Nueno, J. L., (2023). Is Organizational Hierarchy Getting in the Way of Innovation? *Harvard Business Review*. https://hbr.org/2023/09/is-organizational-hierarchy-getting-in-the-way-of-innovation

Guest, G., Namey, E. and Chen, M., (2020). A simple method to assess and report thematic saturation in qualitative research. *PLoS ONE*, *15*(5), e0232076.

Haddad, C., Hornuf, L., (2019). The emergence of the global fintech market: Economic and technological determinants. *Small Business Economics*, 81–105.

Haryanti, T., Rakhmawati, N. A. and Subriadi, A. P., (2023). A comparative analysis review of digital transformation stage in developing countries. *Journal of Industrial Engineering and Management*, *16*(1), 150-167.

Hiatt, J. M., (2006). *ADKAR: A model for change in business, government, and our community*. Prosci Learning Center Publications.

Hofstede, G., (2020). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (3rd ed.). Sage Publications.

Holbeche, L., (2023). *The agile organization: How to build an engaged, innovative and resilient business* (3rd ed.). Kogan Page.

Hussain, S. T., Lei, S., Akram, T., Haider, M. J., Hussain, S. H. and Ali, M., (2018). Kurt Lewin's change model: A critical review of the role of leadership and employee involvement in organizational change. *Journal of Innovation and Knowledge*, *3*(3), 123–127.

Jones-Schenk, J., (2019). 70% failure rate: an imperative for better change management. *The Journal of Continuing Education in Nursing*, *50*(4), 148-149.

Kocaoğlu, B., Demir, E., (2019). The use of McKinsey's 7S framework as a strategic planning and economic assessment tool in the process of digital transformation. *Pressacademia*, *9*(9), 1–7.

Kopbayeva, L. T., Nurpeisova, L. S., Saimagambetova, G. and Yesturliyeva, A. I., (2024). Digital technologies in the financial sector of Kazakhstan. *Bulletin of Turan University*, *1*(1), 227–240.

Kotter, J. P., (1996). *Leading change*. Harvard Business School Press.

Kotter, J. P., Cohen, D. S., (2014). *The heart of change: Real-life stories of how people change their organizations*. Harvard Business Review Press.

Kotter, J. P., Schlesinger, L. A., (2013). Choosing strategies for change. *Harvard Business Review*, *91*(7/8), 103–112.

Kozlowski, S. W. J., Chao, G. T., Grand, J. A., Braun, M. T. and Kuljanin, G., (2013). Advancing multilevel research design: Capturing the dynamics of emergence. *Organizational Research Methods*, *16*(4), 581–615.

Lewin, K., (1951). *Field theory in social science: Selected theoretical papers*. Harper and Row.

Linh, T. T., (2025). The impact of human resources on green credit development in commercial banks in Vietnam. *Montenegrin Journal of Economics*, 21(1), 31–42.

Lyons, A. C., Kass-Hanna, J. and Fava, A., (2021). *Fintech development and savings, borrowing, and remittances: A comparative study of emerging economies. Emerging Markets Review, 100842.*

Mashayekhi, A., (2024). The role of leadership in fostering a culture of effective technology management. *Global Journal of Economics and Management Perspective (GJEM)*, *3*(1), 44–58.

Nowell, L. S., Norris, J. M., White, D. E. and Moules, N. J., (2017). Thematic analysis: Striving to meet the trustworthiness criteria. *International Journal of Qualitative Methods*, *16*(1), 1–13.

Otavova, M., Dvouletý, O. and Šebestová, J., (2023**).** The role of non-financial reporting in banking sector sustainability. *Montenegrin Journal of Economics*, *20*(2), 117–130.

Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N. and Hoagwood, K., (2015). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health and Mental Health Services Research*, *42*(5), 533–544.

Satymbekova, K., Yessenova, A., Kuanaliyeva , G. and Kerimbek, G., (2024). The main challenges of digital transformation in financial services and solutions to overcome them. *«Вестник НАН РК»*, *409*(3), 431–445.

Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Burroughs, H. and Jinks, C. (2018). Saturation in qualitative research: Exploring its conceptualization and operationalization. *Quality and Quantity*, *52*(4), 1893–1907.

Stouten J., Rousseau, D. M. and De Cremer, D., (2018). Successful organizational change: Integrating the management practice and scholarly literatures. *Academy of Management Annals*, *12*(2), 752–788.

Suwanda, S., Nugroho, B., (2022). Literature reviews: McKinsey 7S model to support organizational performance. *Technium Social Sciences Journal*, *38*(1), 1–9.

Svoboda, A., (2023). The impact of artificial intelligence on the banking industry. *Journal of Banking and Finance Management*, *4*(1), 7–13.

Teece, D. J., Pisano, G. and Shuen, A., (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18*(7), 509–533.

Vial, G., (2021). Understanding digital transformation: A review and a research agenda. *Journal of Strategic Information Systems*, *30*(2), 101694.

Warner, K. S. R., Wäger, M., (2019). Building dynamic capabilities for digital transformation: An ongoing process of strategic renewal. *Long Range Planning*, *52*(3), 326–349.

Weick, K. E., Sutcliffe, K. M., (2015). *Managing the unexpected: Sustained performance in a complex world* (3rd ed.), Wiley.

RÓŻNE PODEJŚCIA DO ZARZĄDZANIA ZMIANĄ W INSTYTUCJACH FINANSOWYCH

Streszczenie: W niniejszym artykule przeanalizowano praktyki zarządzania zmianą w instytucjach finansowych na Węgrzech i w Kazachstanie, aby zrozumieć, w jaki sposób kontekst instytucjonalny i kulturowy wpływa na podejścia strategiczne. Na podstawie porównawczej analizy przypadków i 15 częściowo ustrukturyzowanych wywiadów zidentyfikowano kluczowe czynniki zmian: zgodność z przepisami, innowacje technologiczne, zaangażowanie pracowników, zdolność do adaptacji strategicznej oraz kultura. Badanie wnosi nowatorskie spostrzeżenia poprzez zastosowanie i rozszerzenie modeli Kottera i ADKAR na dwa odrębne rynki wschodzące, oferując hybrydowe ramy dostosowane do gospodarek w okresie transformacji. Banki regulowane przez UE wykazują

ustrukturyzowane podejście skoncentrowane na zgodności, które zapewnia stabilność, podczas gdy banki zorientowane na reformy przyjmują zwinne modele oparte na konsultacjach, które przyspieszają innowacje, ale wprowadzają ryzyko niedostosowania. Oryginalność badania polega na skupieniu się na niedostatecznie zbadanych kontekstach Europy Środkowej i Azji Środkowej, oferując praktyczne i teoretyczne implikacje dla zarządzania zmianami w globalnej transformacji bankowości.

Słowa kluczowe: zarządzanie zmianą, instytucje finansowe, węgry, kazachstan