Navigating Change: Insights Into Financial Institutions in Hungary and Kazakhstan

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Abstract

This study investigates how financial institutions in Hungary and Kazakhstan manage organisational change in response to regulatory transformation, technological innovation, and shifting organisational expectations. Both countries represent post-socialist economies undergoing financial modernisation, yet they differ significantly in institutional design and governance culture. The objective of this research is to compare change management strategies and identify the internal and external factors that shape successful or unsuccessful transformation. A qualitative methodology was employed, based on twenty semi-structured interviews with professionals from commercial banks and financial authorities in both countries. Thematic analysis was conducted using NVivo software, guided by a framework that examined leadership, employee engagement, regulatory adaptation, and digital readiness. The results show that while both countries face similar pressures, including employee resistance, digital capability gaps, and compliance burdens, their approaches diverge. Hungarian institutions adopt structured, EU-aligned strategies with participatory leadership and planned communication. Kazakhstani banks follow regulator-driven, top-down approaches shaped by centralised institutional authority. Leadership style, organisational culture, and institutional maturity were found to be key differentiating factors. These findings underscore the importance of context-sensitive change strategies in the financial sector. Global models of change, such as ADKAR and Kotter's framework, require adaptation to national realities. The study recommends that institutions invest in inclusive communication, staff development, and regulatory-aligned planning to improve transformation outcomes. By offering a comparative, practice-based perspective, this study contributes new insights to the literature on change management in transition economies.

Keywords: organisational change, financial institutions, change management, Kazakhstan, Hungary

JEL codes: G21, M14, O33

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Introduction

In today's financial sector, the ability to manage change effectively is more important than ever. Banks and financial institutions face increasing pressure to adapt to fast technological developments, more complex regulations, and growing expectations from customers and society. Change is no longer something that happens occasionally. Instead, it has become a regular part of how organisations operate and survive. Institutions that cannot respond to these developments may risk losing their competitiveness or even their stability (PwC, 2023; Accenture, 2024). However, successfully managing change is still a significant challenge. According to Beer and Nohria (2000), around 70% of change initiatives fail to meet their intended goals. Other studies also show that unclear communication, employee resistance, and weak leadership are among the most common reasons for failure (Kotter, 1996; Prosci, 2024). Suggesting potential layoffs within the bank can elicit emotional responses, leading to resistance or disruptive behaviours that bank leadership may struggle to manage (Adesegha, 2024).

This study focuses on two countries that have gone through major economic and institutional transitions over the past three decades: Hungary and Kazakhstan. Both countries moved from centrally planned economies to market-oriented systems in the early 1990s. Although they share this historical starting point, their paths of development have taken different directions. Hungary became a member of the European Union in 2004 and aligned its financial regulations with EU standards. This opened access to larger financial markets and encouraged reforms in supervision and technology. The Hungarian banking sector has shown steady progress in areas like fintech adoption, mobile banking, and leadership support for digital transformation (NB Vestnik, 2024).

On the other hand, Kazakhstan has developed its financial system under a nationally driven strategy. The National Bank of Kazakhstan has played a central role in promoting risk-based supervision, financial innovation, and digital modernisation. Between 2017 and 2021, the share of people using digital payment systems in Kazakhstan increased from 54% to 78%, showing how quickly the market is adapting (National Bank of Kazakhstan, 2025).

Choosing Hungary and Kazakhstan allows for an interesting and relevant comparison. Both countries began their financial reforms during the same period, and both had to rebuild their institutions after the collapse of state socialism. At the same time, their different geographic locations, political alliances, and regulatory environments provide essential contrasts. Hungary follows European Union regulations and benefits from shared European digital infrastructure. Kazakhstan is part of the Eurasian Economic Union and relies more on national programs and strategies. These differences help us better understand how financial institutions adapt to change in different institutional and cultural contexts. They also show that global models of change management, such as Kotter's eight-step model (1996) and the ADKAR framework (Hiatt & Creasey, 2012), need to be interpreted and applied in specific national contexts.

In both countries, the banking sector faces similar internal challenges. These include employee resistance, limited integration between legacy systems and new technologies, and difficulties maintaining transparency during change processes. In Hungary, the leadership's commitment to innovation is strong, but many banks still struggle to fully digitalise their services and internal systems (NB Vestnik, 2024). In Kazakhstan, regulators have introduced a few programs to support financial digitalisation and cybersecurity, but institutional inertia and staff's fear of job losses can slow and complicate implementation (National Bank of Kazakhstan, 2025).

This research was motivated by the need to understand how change actually happens within banks in these two countries. While there is growing research on change management in Western Europe and North America, there remains a lack of studies focusing on post-socialist financial systems. There is also a need to include the voices of practitioners and decision-makers who manage change in real institutions, rather than focusing solely on theoretical frameworks.

The main aim of this study is to explore how financial institutions in Hungary and Kazakhstan manage organisational change. The goal is to understand what supports or blocks change in these settings, and how different factors, such as leadership, employee involvement, digital innovation, and regulatory adaptation, affect the outcomes. To guide this work, the following research question is posed: How do financial institutions in Hungary and Kazakhstan approach the management of change? What internal and external factors influence the success or failure of change initiatives? How do leadership, communication, and institutional culture shape the implementation of change? And finally, how do the two banking sectors differ or overlap in how they handle digital transformation and regulatory reforms?

This paper hopes to contribute to both academic and practical knowledge. For researchers, it offers new insights into how change management theories apply in post-socialist and emerging market contexts. For banking professionals and policymakers, it provides real-world examples and lessons that can inform better decision-making in future transformation processes.

1. Literature review

Research on organisational change in the banking sector has increased significantly in recent years, driven by the growing impact of digital innovation, regulatory transformation, and global uncertainty. Banks are expected to adopt new technologies, become more agile, and respond faster to market needs, while still maintaining trust, compliance, and operational resilience. However, implementing change successfully remains a major challenge. According to Beer and Nohria (2000) and updated figures from Prosci (2024), up to 70 % of large-scale change initiatives in the financial sector still fail to deliver expected results. These failures are often linked to poor communication, employee resistance, weak leadership, and the absence of strategic alignment between organisational culture and change goals (Kotter, 1996; McKinsey & Company, 2023; Tabrizi et al., 2019).

This study examines how financial institutions in Hungary and Kazakhstan manage organisational change, with a focus on digital transformation, leadership, internal engagement, and regulatory adaptation. The literature is reviewed across four main research areas: change management approaches, influencing factors, leadership and culture, and national differences in digital and regulatory reform. Change management in emerging economies requires flexible frameworks that account for institutional instability and cultural adaptation, especially in banking sectors shaped by post-Soviet legacies (Petrenko et al., 2024). A comparative study of CIS banking sectors reveals systemic structural gaps, with Kazakhstani banks particularly exposed to external regulation shocks and digital inefficiencies (Nurpeissova, 2025). In the context of Hungary and Kazakhstan, open banking is simultaneously a growth enabler and a compliance challenge, as differing levels of digital maturity influence strategic outcomes (Casolaro et al., 2024).

Many institutions still rely on structured change management models to guide transformation efforts. Kotter's eight-step model (1996) remains influential in both academic and practical contexts, especially in emphasising urgency, strategic communication, and cultural reinforcement. The ADKAR model developed by Hiatt and Creasey (2012) is also widely applied, focusing on five stages of personal transition: awareness, desire, knowledge, ability, and reinforcement. Recent research by Cândido and Santos (2020) suggests that while these models provide helpful guidance, their effectiveness depends heavily on local adaptation. In post-socialist countries, where management culture and institutional norms differ from Western standards, change strategies need to reflect both formal and informal organisational dynamics (Svejnar, 2002).

Several internal and external factors influence the success or failure of change initiatives. Internally, problems such as rigid hierarchies, outdated infrastructure, fragmented systems, and risk-averse cultures can delay or derail reform (McKinsey & Company, 2023; World Bank, 2022). In Kazakhstan, the National Bank has introduced reforms to modernise payment systems and reduce structural risks, including the broader adoption of cybersecurity protocols and the introduction of new reporting tools (National Bank of Kazakhstan, 2025). In Hungary, institutions have had to comply with European Union requirements on digital banking and the GDPR, which have accelerated the adoption of secure digital channels and customer data platforms (NB Vestnik, 2024; European Commission, 2023). Despite these efforts, both countries still face structural limits in integrating new systems and updating legacy practices.

Leadership and organisational culture are frequently discussed in the literature as central components of successful change. Kotter (1996) and more recent studies (Santos de Souza, 2024) emphasise that leadership commitment, communication style, and emotional intelligence play a critical role in gaining employee trust and reducing uncertainty. In financial institutions, top-down leadership is common, but cultural legacies from the socialist period can discourage open dialogue and bottom-up feedback. In a comparative study of banking sectors in Central and Eastern Europe, Krygier (2019) found that change is often perceived as a top-down directive, which can increase passive resistance unless specific efforts are made to engage staff in the process.

Recent organisational change research also links digital adoption outcomes to network effects and organisational path-dependencies, underscoring why the same technology or framework can produce different results across institutions and countries (Anacka & Lechman,2023). In banking, open banking regulation (PSD2) has become a structural driver of change, forcing process redesign and new governance of data interfaces, including security, compliance, and cross-team coordination (Peón & Sun, 2025).

Digital transformation in financial institutions often faces resistance from legacy systems and cultural inertia, particularly in post-socialist contexts (Diener & Špaček, 2021). It is considered a major driver of change in the global banking sector. In Hungary, recent surveys show an increase in investment into mobile banking, AI solutions, and platform-based services, especially among larger institutions (NB Vestnik, 2024). However, the challenges of complete integration and digitisation of customer service remain (European Banking Authority, 2023). In Kazakhstan, the central bank's Financial Stability Report (2025) shows a rapid expansion in digital payments, growing use of mobile applications, and state support for fintech development. At the same time, the report warns about uneven digital maturity, cybersecurity risks, and institutional resistance to automation, especially in legacy organisations. Further, comparative evidence from 30 emerging economies shows that institutional maturity and infrastructure significantly moderate the impact of digital transformation on socio-economic outcomes (David, 2025).

Several international reports and academic studies confirm that digital change alone is not enough without a corresponding shift in culture and leadership. Tabrizi et al. (2019) argue that transformation fails not because of technology itself, but because organisations do not prepare people and processes to adapt. Similarly, Santos de Souza (2024) points out that employees' emotional reactions to change are often ignored, leading to hidden forms of resistance that undermine formal strategies. These insights are particularly relevant for emerging economies like Hungary and Kazakhstan, where rapid change meets deeply embedded structures and attitudes.

Although useful national statistics and consultancy reports are available, there remains a lack of in-depth qualitative research exploring how change is experienced by banking professionals in these countries. Most academic studies focus on economic reforms, financial stability, or technology trends, without capturing the internal dynamics of institutions managing change. This gap is important because local culture, institutional memory, and leadership behavior can strongly influence how global change models are applied in practice.

This study responds to that gap by examining how managers and professionals in the banking sectors of Hungary and Kazakhstan experience and manage organisational change. Using interview-based qualitative methods, the study connects theoretical frameworks with real institutional practice. It aims to generate a new understanding of how internal capacity, cultural context, and regulatory direction intersect during complex transformation processes.

2. Methodology

This research uses a qualitative methodology to explore how financial institutions in Hungary and Kazakhstan manage organisational change. Given the complex and context-dependent nature of change processes, qualitative methods are considered suitable for capturing the perspectives, experiences, and decision-making logic of institutional actors (Bryman, 2016; Silverman, 2021). The study aims to provide in-depth insight into how professionals working in banks understand and approach change in real-world settings, especially in post-socialist environments where formal structures and informal norms often interact in unique ways. Cross-country qualitative comparison has proven especially effective in illuminating divergent institutional responses to change in transition economies (Bekmukhambetova, 2025).

The primary data for this study were collected through semi-structured interviews with senior professionals from financial institutions in both countries. A total of 20 interviews were conducted, 10 in Hungary and 10 in Kazakhstan, between February and April 2024. Participants were selected using purposive sampling based on their roles in managing, leading, or implementing change within their institutions. These roles included department heads, digital transformation officers, compliance leads, and change management consultants. To protect respondents' confidentiality, personal identifiers have been removed, and institutions are referred to in general terms.

Interview questions were designed to explore four main areas: (1) the approach to managing change in the organisation, (2) key factors that influenced success or failure, (3) the role of leadership and internal culture, and (4) external pressures related to regulation and digitalisation. The interviews were conducted in English, Hungarian, or Russian, depending on the participant's preference. Where needed, responses were translated and reviewed to ensure accuracy.

All interviews were recorded (with consent), transcribed, and imported into NVivo 15 for thematic coding. Thematic analysis followed the six-phase process outlined by Braun and Clarke (2006), which includes familiarisation with the data, generating initial codes, searching for themes, reviewing themes, defining themes, and writing up findings. This approach allowed the researcher to identify both common patterns and important differences between the two country contexts. The coding focused on content related to change management practices, organisational behaviour, leadership communication, employee engagement, regulatory adaptation, and use of digital tools.

Ethical approval for the study was obtained through the university's research ethics committee. All participants provided informed consent and were assured that their responses would remain confidential and anonymised. Data were stored securely and used only for research purposes.

This methodology allows for the collection of rich, detailed data that reflects how change is experienced and implemented within real financial institutions. While the findings cannot be generalised to all banks in the two countries, they offer valuable insights into the dynamics of organisational change in post-socialist financial systems and contribute to the development of context-sensitive knowledge in the field.

3. Results

The analysis of twenty semi-structured interviews revealed key patterns in how financial institutions in Hungary and Kazakhstan approach organisational change. While there are shared challenges such as resistance, regulatory complexity, and digital demands, the ways in which institutions respond are shaped by national context, leadership style, and institutional maturity. The thematic findings are summarised below using tables and a visual framework.

3.1. Change approaches and strategic orientation

Participants described varying levels of structure in how change is planned and implemented. In Hungary, interviewees reported that change management often follows formal processes, especially in institutions with EU reporting obligations. Strategic planning tools, performance indicators, and external consultants were frequently used. In Kazakhstan, the process was less formalised and often driven by regulatory updates or external reform initiatives. Table 1 summarises the cross-country comparison of key themes:

Table 1. Summary of key themes from interview analysis

Theme	Hungary	Kazakhstan
Change strategy	Structured, with planning and KPIs	Reactive, often regulator-initiated
Use of M models	ADKAR and Kotter are used informally in larger institutions	More situational, guided by external consultants
Employee resistance	Strong among legacy teams, less among younger staff	Common in older institutions, often due to job security concerns
Leadership style	Participative, regular communication and feedback loops	Hierarchical, top-down decisions with limited staff input
Organisational culture	Moving from control to agility in some banks	Formal and cautious, with slow cultural adaptation
Digitalisation focus	Customer service integration, compliance tools	Mobile banking, consumer-facing apps, and uneven adoption
Regulatory influence	EU regulations (e.g. GDPR, PSD2), national alignment	National Bank-led initiatives (e.g. cybersecurity, payments modernisation)

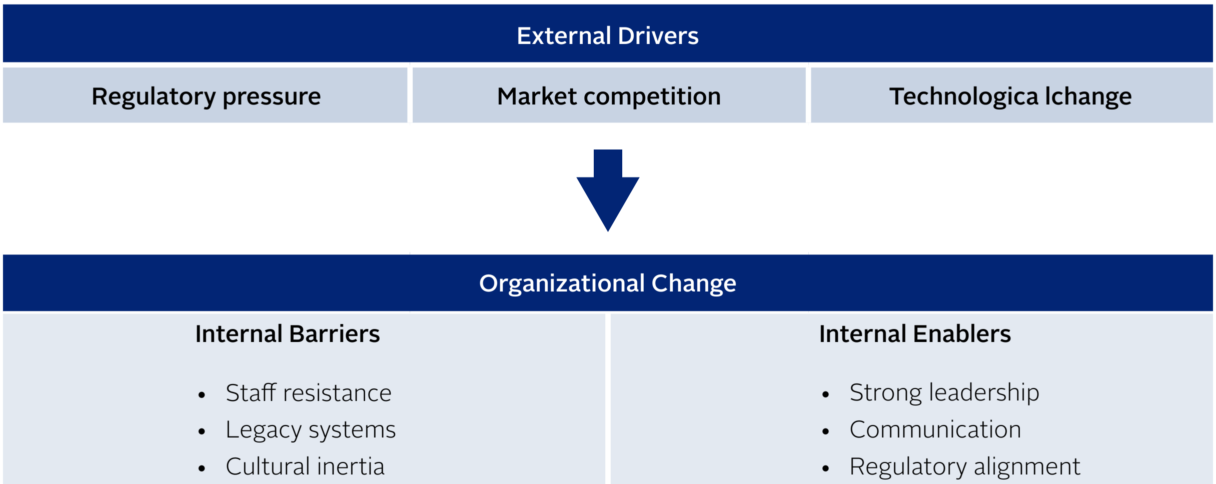
Source: Edited by the author based on interviews

3.2. Internal and external influencing factors

Internal resistance was a common theme across both countries. Staff concerns about job loss, unfamiliar technologies, and lack of participation in decision-making were mentioned frequently. One Hungarian manager stated, "Digital change is not the problem, people accepting it is." In Kazakhstan, some respondents noted that internal communication was limited, which increased uncertainty and resistance during change efforts.

External drivers were also significant. In Hungary, EU regulatory obligations strongly influenced change, while in Kazakhstan, the National Bank's digitalisation and supervisory reforms played a similar role. Some Kazakhstani participants noted that while the regulator's push was helpful, institutional readiness often lagged behind policy changes. These findings are reflected in Figure 1, which shows the balance of internal and external forces influencing organisational change.

Figure 1. Internal and external forces shaping change in financial institutions



Source: Edited by the author, based on interviews.

3.3. Leadership and culture in change processes

The role of leadership was consistently emphasised. Hungarian respondents highlighted active leadership engagement, such as town halls, weekly newsletters, and feedback surveys. In Kazakhstan, leadership tended to be more centralised. Some respondents reported that top management made decisions quickly but did not always communicate them clearly to lower-level staff. Participants from Hungarian banks noted that redesign was part of a broader initiative to shift clients to digital interfaces, consistent with migration trends observed in other emerging markets (Kaur et al., 2021).

Cultural factors also played a strong role. In Hungary, institutions appeared to be in transition from traditional, hierarchical structures toward more agile models. In Kazakhstan, a more conservative, risk-averse culture was often cited as a limiting factor in innovation and openness to change. As one respondent said, "Even when the tools are available, the mindset is not always there."

3.4. Focus areas in digital and regulatory transformation

Most participants described digital transformation as the primary area of ongoing change. Both countries showed strong commitment to mobile banking, customer-facing platforms, and digital onboarding systems. In Hungary, regulatory alignment with EU standards drove investment in data protection, compliance technology, and cloud systems. In Kazakhstan, digital growth was spurred by the National Bank's programs, especially in the payments systems sector. Interviewees in both countries cited cybersecurity as a growing concern alongside the adoption of e-banking solutions, mirroring global digitalisation trends (Chireac et al., 2025). Interviewees also discussed practical challenges in implementation. These included the integration of legacy systems, uneven digital adoption across regions or branches, and a shortage of digital talent. Regulatory compliance created both structure and pressure. Hungarian institutions reported having more support infrastructure for EU rules, while Kazakhstani professionals often described the pace of reform as "ambitious but hard to follow." The thematic coding structure (Table 2) is summarised below.

Table 2. Coding structure for thematic analysis (NVivo 15)

Parent Theme	Sub-Themes	Example Codes
Change Approach	Strategic planning, framework use, and external advice	„project roadmap", „consulting partner", „ADKAR"
Internal Resistance	Fear, lack of trust, poor communication	„job loss", „confusion", „no feedback"
Leadership and Communication	Executive visibility, updates, and feedback loops	„town hall", „weekly update", „manager emails"
Organisational Culture	Hierarchy, openness, team dynamics	„tradition", „top-down", „inertia"
Regulation and Compliance	EU directives, NBK reforms, reporting tools	„GDPR", „compliance plan", „NBK deadline"
Digital Tools and Services	Mobile banking, AI, data systems, fintech partnerships	„mobile app", „digital onboarding", „cloud"

Source: Edited by the author

The thematic analysis was conducted using NVivo 15, and the coding structure reflected both pre-defined research questions and inductively emerging topics from the data. As shown in Table 2, six main parent themes were developed, each with associated sub-themes and example codes. These codes captured recurring phrases, concepts, and patterns in participant responses. For instance, the „Internal Resistance" theme included codes such as „job loss" and „confusion," which were frequently mentioned in discussions of obstacles to digital transformation. The theme „Leadership & Communication" included references to weekly updates, top-down decisions, and feedback loops, indicating different levels of executive engagement in change processes. This coding framework enabled systematic comparison between the two country cases and helped organise complex qualitative data into meaningful categories for interpretation.

4. Discussion

This study examined how financial institutions in Hungary and Kazakhstan manage organisational change, with particular attention to digital transformation, leadership practices, employee engagement, and regulatory adaptation. Drawing on qualitative insights from banking professionals in both countries, the findings demonstrate that although many challenges are shared, such as internal resistance, institutional inertia, and rapid regulatory change, the nature of change implementation is highly context-specific. Institutional history, governance models, and regulatory frameworks all shape the strategies available to managers and their perceived capacity to execute transformation effectively. Operational capabilities such as service continuity, crisis readiness, and workforce flexibility are essential outcomes of digital transformation, particularly in response to systemic shocks like COVID-19 (Zhu & Jin, 2023).

4.1. Strategic approaches to organisational change

The findings reveal meaningful variation in how change is conceptualised and managed. Hungarian institutions tend to adopt structured, formal approaches to transformation. Strategic planning tools, performance indicators, and the use of external consultants, particularly those with EU or international expertise, are common practice. This reflects the broader influence of European Union norms and accountability structures, which promote institutional alignment with measurable change objectives. In contrast, respondents in Kazakhstan described a more reactive orientation toward change, often shaped by regulatory directives rather than proactive internal strategies. This approach aligns with the top-down governance culture described by Svejnar (2002), in which external policy actors drive institutional agendas.

While participants in both countries referenced globally recognised models such as Kotter's eight-step process (1996) and the ADKAR framework (Hiatt & Creasey, 2012), these were typically adapted informally to suit institutional realities. These findings support earlier research by Cândido and Santos (2020), which argues that formal change models can offer functional structure, but their success is dependent on the flexibility of application in complex environments. The reliance on external consultants also suggests a degree of institutional caution and the perceived need for expert guidance in managing systemic reform.

4.2. Barriers and enablers of change

The analysis identified a consistent set of internal and external factors shaping the success or failure of organisational change. Internally, resistance to change remains a significant barrier, particularly among legacy teams who express concern over job security, shifting expectations, and the perceived pace of transformation. These concerns were more acute in Kazakhstan, where hierarchical organisational cultures limit open discussion and upward feedback. Santos de Souza (2024) has noted that emotional responses to change, such as fear, anxiety, or disengagement, often go unaddressed in institutional planning, leading to hidden resistance that undermines formal initiatives. In Hungary, generational divides in digital literacy also contributed to resistance, although these appeared to be decreasing in more innovation-oriented banks.

Externally, regulatory pressure and technological disruption emerged as dominant change drivers. In Hungary, compliance with EU legislation such as the General Data Protection Regulation (GDPR) and the revised Payment Services Directive (PSD2) has required banks to implement significant internal reforms in data architecture and digital onboarding. In Kazakhstan, the National Bank has pursued a modernisation agenda, focusing on financial digitalisation, cybersecurity, and risk-based supervision (National Bank of Kazakhstan, 2025). However, several respondents noted that when regulatory initiatives advance more quickly than institutional capacity, operational stress and ambiguity may follow. This finding echoes McKinsey & Company (2023), which warns of "compliance fatigue" among financial institutions in rapidly evolving regulatory contexts.

4.3. The role of leadership and institutional culture

Leadership emerged as a crucial determinant of change outcomes. In Hungary, senior executives were generally perceived as visible, communicative, and willing to engage staff in the change process. Examples included regular town halls, internal newsletters, and feedback mechanisms that encouraged dialogue across hierarchies. This reflects a shift toward participatory leadership styles consistent with institutional modernisation and the diffusion of EU best practices. In contrast, leadership in Kazakhstan remained more hierarchical, with decisions frequently made at the top and relayed downward with limited space for negotiation or feedback. While this model enabled rapid decision-making, it also led to lower staff ownership of change initiatives.

Institutional culture functioned as both a constraint and an enabler. In Hungary, several institutions are transitioning from stability-oriented, risk-averse cultures to more agile and collaborative environments, particularly in banks with active partnerships in the fintech sector. In Kazakhstan, by contrast, several respondents described their institutions as "compliance-driven" or "slow to adapt," reflecting the continued dominance of bureaucratic norms. These dynamics are consistent with Krygier's (2019) analysis of post-socialist public-sector change, in which inherited administrative cultures resist rapid organisational innovation, even under modern policy frameworks.

4.4. Digital transformation and regulatory reform

Digital transformation is a shared strategic priority in both countries, though its trajectory and institutional anchoring differ. Hungarian banks are aligning digital initiatives with broader EU policy directions, integrating mobile banking, customer data platforms, and secure cloud-based services into legacy infrastructures (NB Vestnik, 2024). Kazakhstan has made rapid progress in mobile payment and consumer-facing applications, supported by state-led investment and policy incentives (National Bank of Kazakhstan, 2025). However, participants in both countries identified persistent obstacles, including integration with outdated systems, unequal digital literacy among staff, and shortages of skilled talent in IT, compliance, and cybersecurity.

Kazakhstani and Hungarian banks increasingly adopt AI-driven regulatory compliance systems, yet integration challenges persist due to limited interoperability and uneven staff preparedness (Oyegbade et al., 2023)

Recent evidence shows that digital success in banking hinges not on technology alone but on a complex configuration of strategy, employee skills, and leadership coherence (Porfírio et al., 2023). Even in technologically advanced settings, managerial resistance to change remains a critical obstacle to transformation in banking institutions (Diener & Špaček, 2021).The use of generative AI in compliance and customer services introduces both opportunities and ethical complexities, requiring banks to build new digital governance models (Thuraisamy et al., 2025).

Kazakhstani and Hungarian banks increasingly adopt AI-driven regulatory compliance systems, yet integration challenges persist due to limited interoperability and uneven staff preparedness (Oyegbade et al., 2023).

Regulatory adaptation remains a double-edged sword. On one hand, it offers structure and strategic direction. On the other hand, if misaligned with institutional capacity, it can create implementation bottlenecks. Tabrizi et al. (2019) argue that digital transformation often fails not because of the technology itself, but because organisations fail to prepare people, redesign processes, and build the cultural foundation for change. The success of digital transformation initiatives in banks has been found to depend not only on technology but also on specific configurations of leadership support, process integration, and employee capacity (Porfírio et al., 2023). The findings from both countries support this view and highlight the importance of aligning technological reform with internal readiness and staff engagement.

The comparative analysis reveals that while both Hungary and Kazakhstan are committed to institutional transformation in the financial sector, their approaches reflect differences in governance style, regulatory alignment, and institutional maturity. Both countries face internal resistance and capability gaps. Still, Hungarian banks appear to have greater access to structured support through EU integration, while Kazakhstani institutions rely more heavily on top-down initiatives from the central bank.

The study contributes to the growing literature on change management in emerging and post-socialist contexts by providing empirical evidence from two under-researched banking sectors. It shows that change strategies, while globally inspired, are shaped by local institutional environments. The results underscore the need for adaptive, culturally sensitive change practices that address both structural and human dimensions of transformation.

Conclusion

This study investigated how financial institutions in Hungary and Kazakhstan approach organisational change, with a focus on digital transformation, leadership, internal engagement, and regulatory adaptation. Drawing on thematic analysis of semi-structured interviews, the research revealed important similarities and differences between the two countries' banking sectors, offering valuable insights into how post-socialist institutions manage complex change processes.

A key correlation across both contexts is the central role of external drivers, particularly regulation and technological innovation, as catalysts for change. In both Hungary and Kazakhstan, banks are under pressure to comply with evolving regulatory standards and integrate digital tools into core operations. However, the way institutions respond to these pressures varies. Hungarian banks tend to approach change through structured planning, EU-aligned strategies, and more participatory leadership models. In contrast, Kazakhstani institutions often rely on centralised decision-making, with regulatory reform led by the National Bank serving as the primary driver of institutional change.

These disparities reflect deeper institutional and cultural differences. In Hungary, organisational cultures are gradually shifting toward agility and openness, supported by the influence of EU regulatory norms. In Kazakhstan, change is more commonly understood as a top-down process, shaped by hierarchical traditions and a strong role of the state in financial governance. These findings align with prior research on post-socialist institutional development and add new empirical detail from the banking sector (Svejnar, 2002).

The results also contribute to the broader literature on change management. While international frameworks such as Kotter's model and ADKAR are referenced in both contexts, this study confirms that their practical application depends heavily on national context and organisational capacity. Consistent with Cândido and Santos (2020), the data suggest that successful transformation depends less on rigid adherence to a model and more on leadership adaptability, clear communication, and alignment with staff readiness.

From a practical perspective, several recommendations emerge. First, both countries would benefit from more inclusive change communication practices that actively involve middle managers and front-line staff. This could help reduce resistance and increase ownership of change. Second, investments in digital talent and training should be prioritised to ensure that technological change is supported by human capacity. Finally, regulators and policymakers should consider the operational limits of financial institutions when introducing new compliance demands, particularly in environments where digital infrastructure and cultural readiness are still developing.

The contribution of this research lies in its comparative, context-sensitive approach. By examining two post-socialist banking sectors undergoing parallel but distinct transformations, this study highlights how local governance structures, regulatory regimes, and leadership behaviours interact with global change pressures. Unlike prior studies that focus on single-country contexts or macroeconomic indicators, this research offers first-hand insights from institutional actors involved in day-to-day change management. In doing so, it provides a more grounded understanding of how change unfolds in real organisations within transition economies.

Future research could build on these findings by exploring the long-term effects of digital transformation on institutional culture and employee behaviour. Comparative studies involving other post-socialist or emerging-market economies could also deepen understanding of regional patterns and adaptive strategies in financial-sector change.

This study shows that managing change in banking is not merely a technical process of modernisation, but a social, cultural, and institutional endeavour shaped by both global models and local realities. It contributes to academic knowledge and provides actionable insights for practitioners and policymakers navigating similar challenges worldwide.

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Appendix

Appendix 1. The semi-structured interviews were designed to explore how banking professionals in Hungary and Kazakhstan perceive and manage organisational change

Change Approach

- How is organisational change usually planned and managed in your institution?
- What strategies or frameworks (e.g., ADKAR, Kotter) guide change initiatives?
- How do you assess or measure the success of change processes?
- To what extent are employees involved in shaping change strategies?

Internal Resistance

- What types of resistance to change have you observed among staff?
- What are the main reasons for hesitation or lack of engagement during change?
- How does management address employee resistance or uncertainty?
- Can you recall an example where resistance affected the outcome of change?

Leadership and Communication

- How do leaders communicate change initiatives within the organisation?
- How often is feedback from employees collected and acted upon?
- What communication tools or practices have proven most effective?
- Can you describe a situation where communication either supported or hindered change?

Organisational Culture

- How would you describe your institution's culture in relation to innovation and transformation?
- To what extent does your organisation encourage collaboration and knowledge sharing?
- How do traditional or historical practices influence openness to change?
- What role does trust play in your organisation during transformation?

Regulation and Compliance

- How do external regulations (e.g., EU or National Bank directives) influence internal change processes?
- What challenges arise from meeting new regulatory or compliance requirements?
- How does your institution balance regulatory obligations with operational flexibility?
- In what ways do regulators support or hinder organisational change?

Digital Tools and Services

- What role does digital transformation play in your institution's current strategy?
- Which technologies or tools have been most impactful in recent reforms?
- What are the biggest barriers to implementing digital solutions?
- How has digitalisation changed employee roles or service delivery?